

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

2 FEBRUARY 2023

PRESENT: G Warwick (GMB) (Chair)

R Fennessy (South Yorkshire Police), M Parekh (Sheffield City Council), N Doolan-Hamer (Unison), D Gawthorpe (Scheme Member Representative), A Gregory (Scheme Member Representative), N Gregory (Academy Representative), R Nurennabi (Sheffield Hallam University) and D Webster (Scheme Member Representative)

Officers: G Graham (Director), J Stone (Corporate Manager - Governance), J Webster (Service Manager - Customer Services) and J Ronson (Team Leader – Support & Engagement)

C Scott (Independent Advisor to the Board)

Apologies for absence were received from Councillor K Richardson.

1 **WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting and introduced a new member to the board Cllr M Parekh from Sheffield City Council.

2 **ANNOUNCEMENTS**

G Graham placed on record thanks to Councillor Chaplin for his service on the Local Pension Board.

At the LAPF awards held in December 2022, the Authority was successful in the “LGPS Fund of the Year over £2.5bn” category. It was also highly commended in the in two categories at the Pensions for Purpose awards for Impact Investing.

The Director advised that J. Bailey is currently unexpectedly absent from work for an extended period meaning that it might be necessary for officers to take some questions away and respond in writing later.

Chair thanked the Officers for their work in securing the various awards.

Following discussions with Members it has been agreed that future agenda packs for the Authority meetings will be circulated to LPB members and vice-versa.

3 **URGENT ITEMS**

None

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

Agreement that future papers that had been considered in private by the Authority meeting, would be circulated to the Pensions Board.

5 DECLARATIONS OF INTEREST

None

6 MINUTES OF THE MEETING HELD ON 03/11/2022 AND ACTIONS AND MATTERS ARISING

Minutes to be updated to include non-public agenda items.

Correction required on page 8 to amend inaccurate date.

A discussion was held about the current format and content of the minutes.

The Board agreed that their preference was for the minutes to avoid significant repetition of information from the meeting papers but they should record the discussion and challenge from the Board.

7 PENSIONS ADMINISTRATION REPORT Q3

G Graham introduced J Webster and J Ronson to Members.

Members were recommended to:

a) Comment on the content of the revised administration update and indicate any areas where they would like to receive further detail

b) Highlight any areas of administration where further assurance may be required

The Director introduced a report in the absence of the Assistant Director – Pensions

Key Points highlighted:

Priority performance has reduced by 11% which is a material decline in performance over the quarter. Further investigation of the causes for this found that the main reason was waiting for further information to enable retirement cases to be processed.

In relation to aggregations, it is important to understand that the process is in two parts: 1) The quotation stage where the member is provided with details of the impact of combining their various sets of benefits.

2) The settlement stage which occurs automatically 12 months after the quotation unless the member has expressed a preference prior to this.

Future reporting will be revised to separate the two stages of the process to allow a clearer understanding of progress to address this issue. The Board welcomed the change in reporting to allow monitoring of progress.

While the overall numbers of outstanding cases remain excessive the team have reduced Aggregation Quotes by 1,001 cases.

Performance in processing active member retirements clearly needs to be an area of focus.

Statutory Disclosure information for this quarter is not available at this time. It will be carried forward into the next quarters report.

The percentage of members who have recently retired and are satisfied or very satisfied with their experience of SYPA is back above 90%

Feedback for the Customer Centre continues to be positive overall, despite the drop in satisfied responses.

For new members who have recently joined the scheme, the satisfaction level drops to 48% A new process has been implemented and is now classed as priority work and is expected to show improvement in the next quarter.

A Gregory asked about the reduction in performance in processing death cases.

Officers noted that this requires further investigation as there is no obvious reason for this reduction in service levels other than completion of some older and perhaps more complex cases.

Standard cases are still being processed in line with previous performance levels.

A Gregory followed up asking how disputes regarding complex cases are resolved.

In general, a decision is made by the Benefits Team Manager. More difficult cases are referred to the Assistant Director - Pensions.

C Scott asked a question regarding what information Team Leaders are using to manage resources, as the information presented is lacking.

N Doolan-Hamer sought further clarification on the Aggregations performance and whether it could be being caused by a lack of staff?

Officers responded that a capacity planning exercise is being undertaken which will factor into any decision on staffing levels. Specifically, regarding Aggregations

there are two main contributing factors: 1) A lack of or delayed response from the scheme member about their preferred option.

2) The makeup of the workforce within Local Government also impacts. Within schools for example, one person can have multiple active records that can be aggregated together. They also operate fixed term contracts for an academic year and then rehire the same person the following year. These also create Aggregation work.

A new reporting method will differentiate between those cases waiting for SYPA action and those awaiting a scheme member response.

D Webster questioned why it appeared the process took longer for Deferred members using the online portal as opposed to those who didn't.

N Doolan-Hamer sought clarification on the Retirement cases taking over 11 days to process.

In response officers advised that some cases are held up due to a lack of information from employers. This can be a particular issue with small employers who only deal with retirements infrequently.

R. Nurrennabi brought up the issue of Employer Web Queries not being raised and that scheme members are being advised to chase up the employer themselves.

J Webster confirmed that following this being raised at the last meeting, further training has been given to Customer Services staff to remind them that this should only occur if we have attempted and failed to gather the required data several times.

N. Gregory noted that this process had helped with flagging up issues with outsourced payroll providers that employers would otherwise be unaware of.

C Scott asked for confirmation that J Bailey had sent the agreed letter to employers as per the meeting in November. This relates to informing employers of poor performance where Rotherham provides the payroll service.

G Graham agreed to investigate whether the letter had been sent but he was able to provide assurance that the performance of both Rotherham and Sheffield Councils in handling queries had improved markedly.

N Gregory noted that Capita are mentioned in every 1/4ly report in response to information being delayed.

Officers responded that discussions are held with Capita and performance is kept under review. Due to high turnover of their staff it is often difficult to resolve ongoing problems or have regular contact with the same person.

Ultimately, the responsibility for this falls on the employers who use their services.

A new, more structured escalation process to emphasise these responsibilities for employers is being developed for incorporation into the Pensions Admin strategy and will be presented at the appropriate time.

R. Nurrennabi asked if we could hold AVC providers accountable for delays in providing information as it compromises the Authorities abilities to commence pension payments.

A lack of competition makes this difficult to achieve, although this is a national issue which has been raised with providers by the Scheme Advisory Board. A review is being undertaken by Barnett Waddingham on our behalf and further recommendations will be made following that.

N Doolan-Hamer noted that the data shows only 62 survey replies were received from over 7000 that were issued. This should be taken as positive since members did not feel strongly enough to complain and are less likely to reply if they're satisfied with the service. The Chair concurred with this; the data shows the actual number of dissatisfied responses is very low.

C. Scott asked about the Actuarial Valuation and if staff/resource pressures could impact on this and other areas the Members need to be aware of.

The Director responded that the valuation will be completed on time. The actuary is being used more than is usual and this will incur some cost but is unavoidable due to the current absences.

The main impact of the current absences had been identified as slippage on particular projects such as the work in the Pensions Admin System which will not be ready when expected. There could also be an impact on degree of impetus and leadership that could be provided for other priority work such as the McCloud Judgement and the introduction of the Pensions Dashboard.

The Chair thanked Officers for the report and the responses to questions.

8 BREACHES, COMPLAINTS AND APPEALS

The Director presented the regular report on breaches complaints and appeals.

Members were recommended to:

- a) Note the breaches summary and comment on any further reporting requirements or actions
- b) Note the outcome of complaints and appeals handled and comment on any further requirements.

Main Points:

One case of data loss. This was the result of manual error and has been resolved.

Four cyber security incidents during the quarter all of which stemmed from phishing attacks. In two of the cases staff clicked on links which could have been harmful, however, in both cases the Authority's security software stopped damage occurring.

Three complaints received in the reporting period. These point to a potential issue with how we communicate more complex issues to scheme members.

During the reporting period one appeal was determined. In this case the employer delayed resolving the case after a medical reassessment and compensation was awarded for the distress and inconvenience caused although the appeal itself was not upheld.

Members had no questions, so the Chair thanked G Graham for the report.

9 RISK REGISTER

The Head of Governance introduced a report providing members of the Board with the opportunity to review the updated risk register which supports the corporate strategy.

Members were recommended to:

Note and comment upon the revised risk register.

Main Points:

Members attention was drawn to point 5.2 and Appendix A of the report.

This outlines details relating to each risk, setting out the mitigations currently in place, and the results of the latest review including the reasoning for not changing the scores.

The following risk were assessed to have reduced:

G3 Governance– overall score reduced from 8 to 6

G4 Governance – overall score reduced from 16 to 12

I1 Investment and Funding – overall score reduced from 15 to 12

I4 Investment and Funding – overall score reduced from 10 to 5

An update was also provided on the procurement and implementation of a new Risk Management system.

N. Doolan-Hamer asked if the mitigation actions that have been put in place for cyber security meant that the risk could come down.

Officers responded that given the frequency and sophistication of these kinds of attacks, it is unlikely that the potential damage of a successful attempt could be mitigated. Therefore, the risk remains high.

R Nurrennabi noted that the efforts to combat and mitigate the problem should be reflected on the Risk Register.

N Gregory asked about the point on Recruitment and Retention. Is this risk being actively reviewed and what steps are being taken?

The Director responded that there were two elements to this building organisational resilience where a review was taken to the Staffing Committee in October and has been previously circulated to the Board. A key aim of this work is the reduction of the single point of failure risk. Separately pay and benefits review has been undertaken by an external consultant and the results are currently being considered by SMT. This is a complex piece of work which is likely to require some further work before proposals can be implemented.

There were however, some encouraging signs that where recruitment is attempted in different ways then it was possible to attract good fields with the response to the recently advertised Investment Manager role generating 20 applications and short list of 6 potential candidates.

The Chair asked what measures are in place were the expected investment returns reduced as a result of the Authorities goal of achieving Net Zero by 2030.

The Director explained that further information on the inter-relationship between expected returns and the delivery of the Net Zero Goal would be included in various reports to be considered by the Authority in March. The indications from the technical work undertaken for the Investment Strategy Review indicated that changes in asset allocation in a direction which will accelerate progress to Net Zero have no material impact on the likelihood of the strategy being successful.

Officers agreed to provide the Board with a demonstration of the new risk system.

10 GOVERNANCE UPDATE INC. DECISIONS MADE AT THE AUTHORITY

The Head of Governance presented a report providing members with an update on current governance related activity, actions being taken in response to audit findings by both internal audit and external audit and an update on recent decisions made by the Authority. Finally, to review and approve the LPB meeting cycle for 2023/24.

Members are recommended to:

a) Note the current Authority governance position, including decisions made between meetings.

b) Approve the LPB meeting cycle for 2023/24

Main Points:

The appointment of the Head of Governance to be the Monitoring Officer with effect from 1 January 2023 was approved by the Authority on 08 December 2022. In addition the Treasurer role will be transferred to the Assistant Director – Resources from 01 April 2023.

Solicitors have been appointed to undertake a comprehensive review of the Constitution and will be completed by May for presentation to the June 2023 Authority meeting.

The Governance team are now undertaking work to procure (through a suitable procurement framework) a legal retainer contract for the Authority to provide legal advice and services in all matters.

There have been no decisions between meetings since the previous meeting of the Authority.

The draft Internal Audit Plan for 2023/24 will be presented to the March Audit Committee.

A new Governance Calendar for the 2023/24 municipal year has been created to improve visibility and attendance to all scheduled meetings, seminars and training.

Resolved: The Governance Calendar was provisionally approved pending a consultation on potentially moving the August meeting.

Officers also noted that training and seminar dates are also being reviewed for future calendar cycles to better align with LPB meetings and to provide more bespoke training based on Member needs.

11 MEMBERSHIP & TRAINING UPDATES

The Head of Governance presented a report providing members with an update on current member training activity and to outline the scheduled training for 2023/24.

Members were recommended to:

- a.) Note the current position of compliance with mandatory training requirements.
- b) Note the scheduled training plans for 2023/24.

Main Points:

It is very pleasing to report that all members of the LPB had completed the mandatory baseline level of training using the Hymans online academy.

A national training needs and analysis exercise will take place 13 to 27 February 2023 through Hymans Robertson, it is hoped that this will show a marked increase in knowledge and skills compared to June 2022.

There will be a bespoke mandatory training session for members of the Audit Committee. This will be recorded and made available to Board members in the Reading Room.

12 INFORMATION GOVERNANCE UPDATE

The Head of Governance presented a report providing members with an update on current information governance activity and the response of the Information Commissioner's Office to our report of the data breach as set out at the last meeting

Members were recommended to:

a) Note the information governance activity undertaken to enhance processes and procedures.

b) Note the ICO response to the data breach previously reported.

Main Points:

Considerable activity continues to enhance information governance including IT and Cyber Security. All staff have undergone refresher awareness training and all members across the LPB and Authority have completed the Hymans online training module on cyber security.

As reported to the November meeting, a data breach occurred in September 2022. Actions were taken in response to this at the time and the breach was reported to the ICO. A response has been received advising no further action is required. The ICO were content all action had been taken and processes clearly followed. Three recommendations were suggested which were in line with the actions already planned and carried out, and that we had outlined in our report. The ICO case is now closed.

13 AGENDA FOR NEXT MEETING

The agenda for the next LPB meeting was presented and discussed.

C Scott asked if the Governance Compliance statement would be available for the meeting.

Officers responded that this is not usually presented at the April meeting and will be available later in the year.

14 ITEMS TO BE DISCUSSED IN THE ABSENCE OF THE PUBLIC

Chair sought assurance that sufficient focus was being given to all the upcoming changes, in particular the McCloud Judgement which officers provided

An update was provided on the current position with regard to the Pensions Admin system and a discussion was held to clarify various queries from members of the Board.

Chair thanked everyone for attending and closed the meeting.

15 **MATTERS ARISING**

CHAIR