

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

27 APRIL 2023

PRESENT: G Warwick (GMB) (Chair)

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

C Scott (Independent Advisor to the Board)

Officers in attendance: G Graham (Director) J Stone (Head of Governance) S Ghuman (Deputy Clerk) N Keogh (Interim Assistant Director – Pensions) A Palmer (Team Leader – Governance) J Webster (Service Manager – Customer Services) L Grayson (Service Manager – Benefits) B Illidge (Communications Officer) R Green (Business Support Officer)

1 **WELCOME AND APOLOGIES**

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

2 **ANNOUNCEMENTS**

The Director introduced two new members of staff to the Board, Nigel Keogh (Interim Assistant Director – Pensions) and Sukdave Ghuman (Service Director – Law & Governance from Barnsley Council) who has taken on the role of Deputy Clerk.

The Service Manager - Customer Services reported the Authority have retained the Customer Service Excellence Award with a Compliance Plus rating. We have held this status since 2004. The full report will be shared with the Board when available.

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 02.02.2023 AND ACTIONS AND MATTERS ARISING

Councillor Parekh is incorrectly shown as a Scheme Member Representative.

Agreed Action: This will be amended and minutes republished.

RESOLVED: Excepting the above, the minutes were agreed as a true and accurate record.

7 ANNUAL REPORT

The Independent Advisor delivered the Annual Report. It is currently in draft form as some detail still needs revision.

RESOLVED: Members considered and accepted the report.

8 REVIEW EFFECTIVENESS OF LPB

The Independent Advisor delivered a report on the Effectiveness Review of the Local Pension Board.

Following the review, it was proposed that the Board agree the following actions:

- Developing communications between the Board and the Authority.
- Informal actions agreed at Board meetings to be recorded.
- Support the Authority in recording diversity characteristics of the Board and provide feedback on the characteristics which the Board feel are important.
- Support the Authority in amending the Board's constitution to require rotation of the chair and vice-chair roles.
- Request the Authority attempts to provide a shorter, more succinct report on pensions administration for future meetings.
- Request that the Board's chair and vice-chair work with the Authority to better manage the time at meetings to reduce time spent on pensions administration and increase time spent on broader Authority governance matters.
- Request that the Authority reflects on the Board's feedback on the on-line training and knowledge assessment when planning future activities.
- Board to further reflect on the results of the recent knowledge assessment (when available).
- Develop plan to improve succession planning for Board membership.

RESOLVED: Members agreed and accepted the recommendations.

9 GOVERNANCE UPDATE INC RECENT MEETINGS AND DECISIONS

The Head of Governance delivered a report to provide members with an update on current Governance related activity.

Key points to note:

There have been no Authority decisions taken between meetings.

Implementation of the new Pentana Risk system is continuing. A timeline has been agreed with a proposed “go live” date of 24th August 2023.

The Annual Governance Statement is being prepared and will be presented at the Authority Meeting on the 8th June 2023.

Work is underway for the Monitoring Officer to undertake coaching and mentoring with the Deputy Clerk to increase knowledge and skills. The Assistant Director – Resources officially assumed the role of Chief Finance Officer (formerly termed Treasurer) with effect from 01 April 2023.

Work on amendments to the Authority’s Constitution continues with an expected completion date of the end of May 2023 and then presented at the Authority meeting on the 8th June 2023.

On 23 March 2023, the Board completed its annual effectiveness review. Members accepted recommendations from Officers to consider a rotational Chair and Vice Chair to strengthen the governance within the Board. Expressions of interest have been received.

N. Gregory asked if a timeframe for Chair and Vice-Chair to serve on rotation had been decided. The Head of Governance advised the recommendation is for a two-year term.

D. Webster asked if during the Authority’s Constitution review any changes would be made to the Board’s Constitution and would it be presented to them for review. The Director clarified that the current review concerned the Authority’s constitution rather than that of the Board. The Board’s constitution would be reviewed prior to the next meeting with any amendments presented for consideration prior to formal approval by the Authority.

M. Parekh asked if consideration had been given to the make-up of the Chair and Vice Chair. If for example the Chair is an Employer Rep will the Vice Chair be a Employee Rep. The Director confirmed the convention is that, this should be the case.

10 TRAINING & DEVELOPMENT UPDATE

The Head of Governance presented a report to provide members with an update on training and development of members.

The key points to note are:

The report from Hymans Robertson on our results in the 2022 National Knowledge Assessment has been received. An updated version is expected to correct the figure shown on our completion rate. It currently states 94% but we are fully compliant and do have a 100% rate.

An analysis of individual member results will be carried out in due course. This will be used to guide the training events for the next year.

The initial results set out in the report show that the overall average score for the Authority of all participating Authority and Local Pension Board members was 57.01%, ranking the Authority as 9th across 17 Funds who participated. The highest score nationally was 62.50% and the lowest 45.34%.

Some scores were amended due to error when inputting the original figures. Some fields were marked as 0% when n/a was appropriate. The average score for the Board members was 60%, compared with an average of 55% for Authority members.

N. Doolan-Hamer commented that the wording of the questions caused problems when trying to complete the assessments. Pensions is not something she does full time and some were quite technical.

The Head of Governance agreed with the point and in a feedback session with Hymans, it has been agreed to look at a more scenario/case study type assessment to reflect the role of members more accurately.

R. Nurennabi concurred with the observations on the assessment. The challenge for members is keeping up with legislative changes such as the McCloud judgement and the new Pensions Dashboard. Sessions on those as appropriate would be appreciated.

The Head of Governance advised that planned away day for members will have outside experts on hand to deliver material and speak to members. It will be a joint event with Authority members so it will be a good chance for everyone to interact and increase and share knowledge.

K. Richardson asked about the two-day induction course he attend when previously serving on the Authority. Is this still available?

The Director advised, that was the LGA Fundamentals course. It does still take place and any member of the Authority or Board would be supported if they wished to participate. The time commitment is considerable as the course now runs over three full days, hence the reason for developing the on-line training facility which is more flexible.

The Head of Governance added an internal induction course for new members is being developed that will run for 12 months providing support.

D. Webster asked if in addition to the joint training with Authority members, will bespoke training for the Board be made available given the different roles. The Head of Governance confirmed that it would.

The Chair welcomed the joint away day and if basic pensions administration training be provided to go along side the technical aspects of the scheme.

The Director advised reading material is available for members if they wish. In addition the Members Handbook is available. The Handbook is currently being updated and will be issued when available.

The Head of Governance also noted the paperless office training will be delivered as the Authority moves to using the Modern.gov app for meeting papers etc from June 2023.

RESOLVED: Members a. Noted the current position and welcome progress made in relation to compliance with mandatory training requirements.

b. Noted the initial results of the 2022 National Knowledge Assessment

11 VALUATION UPDATE

The Director delivered a report to update members on the outcome of the triennial valuation process.

Main points to note:

The Actuary has commented that South Yorkshire was the first of their final reports to be issued which is a credit both to our team and to the efficiency of the actuary's systems.

The process highlighted some areas of learning for things that did not proceed as well as they could. These will be assessed and applied to the next valuation.

As of the valuation date, the Fund had a funding level of 119%. The improved position has been driven by our investments.

There has been significant improvement in the funding levels of employers since the last valuation.

A report will be delivered to both the next Authority and Board meetings respectively that shows a comparison with other LGPS funds.

The Independent Advisor sought clarification of recommendation b in section 2. Director confirmed this has been included in error and only recommendation a is appropriate for the Board.

The Chair asked what the difference was between the Primary and Secondary employer contribution rates mentioned in the report. The Director replied the Primary rate is the Future Service Rate and the Secondary is what used to be called the Deficit Reduction rate. As we do not have a deficit, the terminology could lead to confusion.

RESOLVED: Members noted the outcome of the 2022 Triennial Valuation of the Fund.

12 COMMUNICATIONS STRATEGY

The Service Manager - Customer Services presented a report on the updated Consultation, Communications and Engagement Strategy.

Clarification was sought from the Board around the frequency of the document as it is referred to as annual. The Communications Officer replied the reference is in respect to an annual service review and not the strategy itself. This will be looked at to avoid confusion.

In future the review will take place every two years as opposed to annually. Any large changes in the interim period would be brought to the Authority and Board as appropriate.

The Board asked if the following information could be captured within future reporting:

- 1) Information on the number of members accessing their Annual Statement online or using the Retirement Quote Calculator.
- 2) How many members still receive paper copies of Newsletters.

The Service Manager - Customer Services replied no Google analytic information is available on how many users access the Annual Statements or Retirement Quote Calculator. This is something that may be possible in the future and will be looked at. The number of total users who access their MyPension account can be provided. Regarding newsletters, 2,435 members receive a paper copy.

It was noted the communications sent to employers seem to be focused on administrative issues of the scheme. Are more senior staff at the employers being missed? The Service Manager - Customer Services advised this would be reviewed.

R. Nurennabi asked if other LGPS funds produced similar documents and whether they are as comprehensive. The Service Manager - Customer Services replied, yes, when comparisons have been done with other LGPS funds, the documents do contain much of the same information. The Director added, this is a statutory document we are required to produce by the LGPS Regulations.

R. Nurennabi then asked if there were any insights that could be shared with employers, regarding communications with scheme members. The Communications Officer has already started work on engaging with employers on this and providing resources to employers.

RESOLVED: Members noted the report.

13 ADMINISTRATION REPORT Q4 2022-23

The Director delivered a report to update Members on administration performance and issues for the period from 1st January 2023 to 31st March 2023.

It was clarified the figures in the table at the top of page 144, do not tie up with the figures shown in the table at the bottom of the page. This is due to some individual

case types not being included in the larger table due to the sheer number of processes involved.

There has been fall in the performance of case work processing. There has not yet been a corresponding increase in customer dissatisfaction, although some trend is present. There has also not been a marked increase in customer complaints.

The Interim Assistant Director – Pensions advised he has held talks with managers within the service on how the backlog situation occurred and the impact on processing other case work. A recovery plan is being produced which will include plan to ensure the situation does not happen again.

Much of this will be dependent on the pensions administration software being made fit for purpose and then utilising it in a more effective way. A more strategic approach about the quality of information we hold in the system will also be required.

A capacity planning review is being undertaken by the Service Manager – Benefits to ensure our resources are being utilised effectively. This will conclude by the end of May.

How the Authority reports on performance also requires review to make it more succinct and focussed. This will form part of the Administration Action Plan which will include:

- Better use of IT.
- Better allocation of work.
- Increasing staff training and understanding skills gaps.
- Prevention measures to avoid a repeat situation.
- Ensuring adequate staffing levels.

An action plan is expected to be reported to the Authority in June.

N Doolan-Hamer questioned the plans to clear the Aggregation case backlog. It was previously reported a team had been set up to deal with these, but it now appears it will fall into this review. The Interim Assistant Director – Pensions advised the pensions admin system contains a function for bulk processes to be run and work is being undertaken by our Systems Team to get that working. Currently Aggregations are being dealt with via overtime for staff.

N Doolan-Hamer questioned why this course of action was only just being considered now, when the problem has been known about for a while. The Interim Assistant Director – Pensions replied we have allowed a situation to develop where the short comings of the pensions admin system have been tolerated and internal workarounds have been used. A change of focus is needed to ensure the system is working as intended.

N Doolan-Hamer asked if staff who do the casework have been consulted about improvement initiatives. The Director replied that as the plan moves forward and becomes more detailed, more staff will become more involved.

D. Webster asked if there are still unfulfilled tasks Civica have not delivered on the actions we have previously requested. The Interim Assistant Director – Pensions replied the gap is narrowing, but yes, there are still two outstanding issues.

The Director added that there had been previous discussions with the Board on a potential change of administration system and while this remains an option the assessment of the balance of risk involved had changed significantly in recent months.

K Richardson stated that if the system is not fit for purpose, then it should be changed. The Interim Assistant Director – Pensions replied that all the functionality we need is there, we now need to make it work for us.

K Richardson requested confirmation the action plan would be presented to the Board and include timescales and objectives so they can hold officers to account. The Director confirmed that it would.

The Chair asked if the root cause was a software or lack of staff problem. The Interim Assistant Director – Pensions replied it is a combination of both.

R. Nurennabi noted that recruiting staff with LGPS skills and knowledge is very challenging and new staff require training. What impact will that have on timescales of the action plan? The Interim Assistant Director – Pensions stated we have been fortunate to recruit staff who do have some previous experience but there will still be some on the job training. This will necessitate more experienced staff being removed from case working to mentor. An allowance for this will be built into the action plan. Recruitment of staff for the systems team is more problematic.

The Director added training and development needs to be built in on an ongoing basis so a more balanced skills/knowledge base can be developed.

K. Richardson asked if software is updated in respect to the McCloud Judgement and Pensions Dashboard? The Interim Assistant Director – Pensions confirmed that it is updated as new information emerges. An internal project team is in place to prepare for new legislation.

The Independent Advisor asked about the staffing level section of the action plan. Did the previous Resilience Report considered by the Authority address the issues? The Director confirmed the report referenced was presented to the Staffing Committee in October and deliberately deferred looking at Pensions Officer and Customer Services Officer levels until the capacity planning exercise had finished. Once the data is available, then appropriate recommendations for action will be made.

The Independent Advisor sought confirmation that efficiency targets would be included in the Action Plan, to highlight how quickly things could be done as opposed to quickly they are being done. The Interim Assistant Director – Pensions confirmed it would and comparative data will be used, while making allowances for training and development processes. Another focus will be on the checking processes to ensure it is adding value to the process.

The Director added that expected processing times for case work will also need to be introduced. This will require considerable thought on how to introduce this and

will be in consultation with the Trade Union. This will also require Team Leaders to work in different ways and exercise their responsibilities differently. The Interim Assistant Director – Pensions stated that the data on individual performance would be used to facilitate training plans and development objectives.

14 DATA QUALITY, IMPROVEMENT PLANS AND PROGRESS UPDATES

The Interim Assistant Director – Pensions delivered a report to update members on the latest iteration of the Data Quality Improvement Plan and the latest data scoring provided to the Pensions Regulator.

K. Richardson asked if the Authority is part of the Tell Us Once (TUO) Scheme.

The Director confirmed we are a part of TUO and life existence checks are carried out annually for pensioners who live abroad.

The Service Manager - Customer Services added we also use address tracing and mortality screening services from the General Registry Office and that data is received every week. This is in addition to the National Fraud Initiative undertaken every two years.

D. Webster asked about the error of Scheme Retirement Data and why it appeared not be dealt with until a bulk correction in November. The Interim Assistant Director – Pensions replied the way this data is presented is not helpful, it is a system generated data field. The numbers increase throughout the year and are then cleared by a bulk run. Consideration should be given to whether the system generated reports are focussing on the key date sets needed.

15 BREACHES, COMPLAINTS AND APPEALS

The Director delivered the report.

RESOLVED: Members noted and accepted the report.

16 RISK REGISTER (UPDATE AND ACTIONS)

The Team Leader – Governance delivered the report.

RESOLVED: Members noted and accepted the report.

17 AOB

a) The Director sought the views of the Board on the principle of a proposal raised by the Chair and Vice Chair of the Authority at their last meeting; on whether a remuneration package should be put in place for members of the Board.

A discussion was held and Members views will be fed back to the Authority.

Agreed Action: Expenses claim procedure currently in place to be circulated to Board members.

b) The Chair advised this was the last meeting for R. Fennessey as Vice-Chair. The Chair, Members and Officers thanked him for his contributions during his tenure.

CHAIR

Agreed Actions

Agenda Item	Agreed Action	Responsible Officer
6	Minutes of the meeting held on 02.02.2023 to be amended and republished.	Business Support Officer
8	Developing communications between the Board and the Authority	Head of Governance
8	Informal actions agreed at Board meetings to be recorded.	Governance Officer/Business Support Officer
8	Support the Authority in recording diversity characteristics of the Board and provide feedback on the characteristics which the Board feel are important.	Head of Governance
8	Support the Authority in amending the Board's constitution to require rotation of the chair and vice-chair roles.	Director
8	Request the Authority attempts to provide a shorter, more succinct report on pensions administration for future meetings.	Interim Assistant Director – Pensions
8	Request that the Board's chair and vice-chair work with the	Head of Governance

	Authority to better manage the time at meetings to reduce time spent on pensions administration and increase time spent on broader Authority governance matters.	
8	Request that the Authority reflects on the Board's feedback on the on-line training and knowledge assessment when planning future activities.	Head of Governance
8	Develop plan to improve succession planning for Board membership.	Head of Governance
10	Conduct an analysis of Board Members National Knowledge Assessment as a guide to future training events.	Head of Governance
10	Update the contents of the Members handbook and distribute to members.	Head of Governance
11	A report will be delivered to both the next Authority and Board meetings respectively that shows a comparison with other LGPS funds.	Director
12	Investigate the possibility of obtaining analytic information on how many users access their Annual Statements or Retirement Quote calculator online	The Service Manager - Customer Services
13	Pensions Admin Recovery Plan, with timescales and objectives, to be	Interim Assistant Director – Pensions

	presented to the Board.	
17	Expenses claim procedure to be circulated to Board members	Head of Governance