

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

25 APRIL 2024

PRESENT: R Nurennabi (Sheffield Hallam University) (Chair)
N Doolan-Hamer (Unison) (Vice Chair), D Gawthorpe (Unite), Cllr K Richardson (Barnsley MBC), D Webster (Employee Representative), Cllr E Hoddinott (Rotherham MBC), Andrew Gregory (Scheme Member Representative), G Warwick (GMB) and N Gregory (Academy Representative)

C Scott (Independent Advisor to the Board)

Officers in Attendance: G Graham (Director), G Taberner (Assistant Director – Resources), D Sharp (Assistant Director – Pensions), J Stone (Head of Governance and Corporate Services), A Palmer (Team Leader – Governance), G Mulderrig (Governance Officer)

K McWilliam (Aon) and L Robson (Aon)

1 WELCOME AND APOLOGIES

The Chairman welcomed everyone to the meeting. There were no apologies.

2 ANNOUNCEMENTS

The Chairman thanked Nicola Doolan-Hamer, Garry Warwick and Emma Hoddinott for their service as they would be stepping down as Members of the Local Pension Board at the end of the 2023-24 municipal year.

3 URGENT ITEMS

None.

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

Item 17 was considered in the absence of the public and press by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 15.02.2024 AND ACTIONS AND MATTERS ARISING

RESOLVED: That the minutes of the meeting of the Board held on 15 February 2024 be agreed as a true record.

7 REVIEW OF ACTION TRACKER

Members noted Action 15 on the Action Tracker regarding service pressures was due to be closed with the agreement of the Board. It was posited that this was an ongoing piece of work and, as such, should remain an open Action.

The Chairman commented that Action 8, regarding succession planning for Board Membership, should remain open and be subjected to ongoing monitoring.

The value of Action 27, a Member Induction Session before the first meeting of the 2024-25 municipal year, was questioned given the experience ongoing Board Members already had.

The Director and the Head of Governance explained that the planned session was for all existing and new Members. It is scheduled to include contemporary information regarding SYPA and pension investment and administration as well as providing training and development opportunities.

8 GOVERNANCE, REGULATORY AND POLICY UPDATE (INCLUDING PROGRESS ON AUDIT ACTIONS)

The Head of Governance and Corporate Services presented Item 8 regarding governance and regulatory issues currently affecting SYPA including details of the Independent Governance Review being undertaken by AON, the imminent appointment of the Chief Finance Officer of South Yorkshire Police as an Employer Representative to the Board and succession planning for Union Representative and Independent Advisor vacancies and Chair and Vice Chair positions.

Members stated that they needed clarity on succession planning regarding the Chair and Vice Chair and were clear that these positions should be voted on by the Board each year rather than succession from Vice Chair to Chair being assumed or written into the Constitution.

The Head of Governance clarified that the Board could shape its own arrangements and no changes had been made to the Constitution regarding Chair and Vice Chair provision and election; the Board will continue to need to vote on these positions annually.

Members questioned whether they would be shown feedback from the final version of the Corporate Assurance Plan 2024-25 contained in Appendix A on Item 8 particularly the Performance Management Framework and the Pentana Risk System.

Senior Officers assured Members that the Board will be updated on the Corporate Assurance Plan 2024-25 and that there are plans to present the Pentana Risk System to Authority and Board Members as soon as practicably possible.

Members requested officers review the term and rotation arrangements for Board membership due to the lack of synchronisation with Board and Council terms of office resulting in the increased need for succession planning.

The Director expressed understanding of the situation and noted the issue for future review.

The Chairman queried how the Board would be supported in the period between the current Independent Advisor leaving and a new appointment being made.

The Director stated that the planned timeline for the appointment of a new Independent Advisor was intended to minimise time the Board was without an Advisor. The Director, the Chair of the Board and the Chair of the Authority are scheduled to interview candidates ahead of the next Board meeting and, if a suitable candidate is found, appoint them as soon as possible in line with the Constitution.

RESOLVED: Members noted the updates included in the report and verbal update.

9 UPDATE ON DECISIONS MADE BY AUTHORITY

The Head of Governance and Corporate Services presented the table of decisions made by the Authority and the Audit and Governance Committee in February and March 2024.

Members queried the significant rise in the budget detailed in the Review of the Corporate Strategy 2024 – 2027 considered at the 8 February 2024 Authority meeting and noted that investment management fees were not included in the budget.

The Director explained that the rise in planned spending was due to the cost of planned additional staffing needed to manage workload. It was also explained that investment management fees were not calculated as part of the budget as they are calculated by asset value which is variable and is therefore forecast as part of the Medium Term Financial Strategy which was approved by the Authority at the 8 February 2024 meeting.

The Board asked for clarity on what kind of debt had been written off in Item 15 at the Authority meeting on 8 February 2024.

The Director explained that the debt was made up of liquidation costs relating to the commercial property portfolio and in small part from historic overpayment to Scheme Members which was not possible to reclaim.

In response to a comment from the Chair, the Director explained that the Corporate Strategy is reviewed annually and also reviewed in depth every three years with the next review next due in March 2025. There will be a training and development session for Board Members in September 2024 to aid them in assisting the update of the Corporate Strategy.

RESOLVED: Members noted and commented upon the decisions included in

the report.

10 RISK REGISTER

The Team Leader – Governance presented the Risk Register and identified the revisions made since last reviewed by the Board. It was also reported that the Strategic Risk Register was now built on the Pentana Risk Management System and that this will be managed going forward to report accurately on risk.

RESOLVED: Members noted the revised corporate Risk Register at Appendix A.

11 BOARD EFFECTIVENESS REVIEW REPORT

The Independent Advisor to the Board presented the report and noted that findings were generally positive with evidence of continuous ongoing improvement. The report identified potential training requirements and the need for better resource provision for Members of the Board and the will of the Board to input into Authority business prior to Authority meetings rather than just giving feedback after decisions are made.

The Head of Governance and Corporate Services acknowledged the issues raised and explained that all comments to action would be entered into the LPB Action Tracker and monitored with progress fed back to the Board regularly. Further comments, requests, and feedback from the Board on areas for improvement was encouraged by Officers.

The Director picked up on the Board's request for the opportunity to give pre-decision scrutiny and explained that this was encouraged and identified the upcoming review of a number of policies where comment from the Board would be welcome. The Chair welcomed the idea of the involvement of the Board in consultations on issues and policies and accepted the depth of pre-decision scrutiny depended on the depth of Board engagement.

The Independent Advisor to the Board queried whether the Governance Review conducted by Aon had identified other options for sharing information between the Board and The Authority.

The Director explained that there had been a workshop for Board Members with the Centre for Governance and Scrutiny to examine different scrutiny techniques, including working groups to examine key reports prior to approval, and said SYPA would facilitate different methods of Scrutiny as requested by the Board.

The Director explained that the Authority did not require a Forward Plan but that the work programme for the Authority that set out the upcoming decisions and plans should be developed to build in more time for the Board to scrutinise reports and recommendations.

The Head of Governance and Corporate Services informed Members that there were plans to implement quarterly meetings between the Chair of the Authority and the Chair of the Board to improve communications and highlight any issues.

RESOLVED: Members agreed the Effectiveness Review report at Appendix A and the recommended actions therein.

12 2023/24 ANNUAL REPORT OF THE LOCAL PENSION BOARD

The Head of Governance and Corporate Services presented the draft Annual Report of the Local Pension Board 2023/24 and invited comments.

The Independent Advisor to the Board requested a correction to their term dates and this was noted. Members were asked to check the details of their training attendance in the report and inform the Governance Team of any discrepancies by 7 May 2024.

Members queried whether the training record data could communicate more obviously the past training of Members to make clear the Members has completed the training, just in a different municipal year. Officers acknowledged the need for this clarification and agreed to edit the training record design to reflect this.

RESOLVED:

- a. Members approved the Local Pension Board Annual Report 2023/24 in Appendix A of the report; and**
- b. Delegated to the Head of Governance & Corporate Services approval to update the annual report in consultation with the Chair before publication to reflect attendance at and outcomes of this meeting, including the final agreed outcomes of the Board's effectiveness review**

13 BENCHMARKING OF INVESTMENT AND PENSIONS ADMINISTRATION

The Director presented the results of Benchmarking exercises undertaken on both administration and investment activities by CEM as detailed in the report and noted the results were broadly positive reporting a low cost and high quality service despite having fewer staff and less money per Scheme Member than peer Funds. The areas for improvement were identified in the report and elaborated upon in the meeting.

Members asked for further explanation regarding the reasons behind performance in the areas for improvement, how SYPA was going to tackle these and what was the time frame for improving the metrics.

Officers explained there was a back log of work needing to be cleared and the lack of ability to prepare calculations in advance due to the implications of CARE pension schemes. It was expressed that not all metrics were equal and that the general result of the report was positive. The Director explained SYPA were investing to fund improvements in performance including funding to clear the back

log of work which would improve processes. The Assistant Director - Pensions assured Members that a Performance Officer was now in post and that increased and improved performance tracking could now take place which would identify priority areas to target. It was explained that this was ongoing work and timescales would depend on analysis of the data.

Members queried whether increase in staffing budget was linked to the back log of work that had negatively impacted certain areas in the benchmarking results and how long it would take new staff to become fully effectively trained.

The Director confirmed this was the case and that there had been a conscious decision to invest in staffing to improve service for Scheme Members. The Assistant Director Pensions stated it could take up to two years to fully train Pension Officers and acknowledged that this was an investment rather than a quick fix and that retention and succession planning would also need to be considered.

RESOLVED: Members noted the results of the most recent benchmarking of the Authority's activities undertaken by CEM.

14 QUARTERLY ADMINISTRATION UPDATE - INCLUDING PERFORMANCE REPORT

The Assistant Director - Pensions presented the report.

The Chair asked for further information on the Supplemental Pension Increase referenced in section 5.5. and also queried the age of the backlog and planned timescales for clearing the backlog of work.

The Assistant Director - Pensions explained that the Supplemental Pension Increase affected the calculations needed to accurately award pensions to deferred Scheme Members and that the complexity of these calculations and the high number of Scheme Members affected contributed to a significant backlog of work. The Director added that further data was needed to process the Supplemental Pensions Increase data and to explore whether clearing this backlog could be automated for efficiency.

The Assistant Director - Pensions communicated that clearing the backlog was in progress and that setting targets for timescales was part of the ongoing monitoring that was now being tracked. The Assistant Director - Pensions acknowledged the significant age of some of the outstanding work and explained that this was down to queries to employers which have received no response or have not been actioned; these queries were now being targeted with officers using existing data and evidence to manually resolve them.

Members commented on the role of employers in preventing the clearing of the back log and that prompt and accurate information from them was crucial in improving performance. It was also posited that employers were not always made aware of issues and that better communication between SYPA and employers would prevent enquiries stalling and creating a backlog.

The Assistant Director - Pensions responded that the new Employer Engagement Team was formed to improve communications and relations between SYPA and employers to minimise the amount and the age of any outstanding work going forward and improve overall Scheme Member experience. It was stated that work was ongoing to update the efficacy with how problems and queries were communicated between employers and SYPA and how responses and resolutions were tracked and reported.

Members asked for a timescale for the implementation of dashboards once an ISP had been appointed.

The Assistant Director - Pensions stated that internal plans for implementation were being drafted and could be actioned once an ISP provider had been appointed. The timeline depended on the consultation period needed to find the optimum provider with the idea that one be appointed by the end of Summer 2024 if a suitable candidate was found. The Assistant Director - Pensions stated that the Local Pension Board would not be involved in the consultation but that the outcome and reasoning of any decision would be presented to the Board before implementation if practicable.

The Assistant Director - Pensions also suggested the scheduling of a presentation to the Board on the functionality of the proposed dashboards and how they aim to increase and improve Scheme Member engagement online.

RESOLVED: Members accepted the report and indicated the areas where they would like to receive further details.

15 REVIEW OF KEY COMMUNICATIONS

The Assistant Director - Pensions presented the report that updated Members on the information sent to Scheme Members on the Annual Benefit Statement and invited comments to inform a reorganisation of the information for the following year.

Members commented that certain key information could be summarised on page one to reach a maximum audience and avoid Scheme Members being mistakenly misled.

Members queried how e-comms was managed regarding Scheme Members who had no email or a deactivated email.

The Assistant Director - Pensions clarified that all Members needed a valid email address to access their account (unless they had opted out at a legitimate opportunity) and from there could view the Annual Benefit Statement. Scheme Members with no email or a deactivated email could not access their account or the key communications sent to them so needed to be identified and targeted regularly to add a valid address as part of a communications plan.

The Chair stated the need to reduce queries from Scheme Members to employers.

The Assistant Director Pensions stated that feedback from employers was welcomed and they will be consulted on the changes to how the Annual Benefit Statement is presented to Scheme Members to ensure minimum unnecessary queries in response to key communications. It was stated Scheme Member feedback was also welcomed and that various methods to acquire this feedback would be considered.

RESOLVED: Members accepted and commented on the report.

16 PLANNING OF LOCAL PENSION BOARD NEXT MEETING AGENDA

The Head of Governance and Corporate Services presented the draft agenda and noted the request for a presentation on the Pentana Risk Management System.

RESOLVED: Members accepted the draft agenda for the August meeting as set out in paragraph 5.1 of the report.

17 PRIVATE PAPERS (IF ANY) FROM AUTHORITY MEETINGS FEBRUARY & MARCH 2024

The Director answered any queries Board Members had on the reports consider by the South Yorkshire Pensions Authority in the absence of the public and press at meetings on 8 February 2024 and 14 March 2024.

RESOLVED: Members noted the reports.

CHAIR