

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD (REMOTE)

8 AUGUST 2024

PRESENT: Riaz Nurennabi (Sheffield Hallam University) (Chair)

Martin Badger (Unison), Councillor Linda Beresford (Rotherham MBC), Debbie Carrington (Employer Representative), Andrew Gregory (Scheme Member Representative), Nicola Gregory (Academy Representative), Councillor Ken Richardson (Barnsley MBC), David Webster (Scheme Member Representative) and Sheldon McClure (Unite)

Officers: Gillian Taberner (Assistant Director – Resources), Debbie Sharp (Assistant Director - Pensions), William Goddard (Head of Finance and Performance), Gina Mulderrig (Governance Officer) and Annie Palmer (Team Leader - Governance)

Neil Mason (Independent Advisor to the Board)

Councillor George Jabbour (North Yorkshire Council and Border to Coast Joint Committee)

1 **WELCOME AND APOLOGIES**

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

2 **ANNOUNCEMENTS**

None.

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 **APPOINTMENT OF VICE CHAIR**

Due to the completion of the term of the previous Vice Chair, eligible members of the Local Pensions Board had been asked to express their interest prior to the meeting in becoming a candidate for the position of Vice Chair to the Local Pensions Board. One candidate submitted a valid nomination, and the Board was asked to vote on the election of the candidate.

RESOLVED: David Webster was elected Vice Chair of the SYPA Local Pensions Board with immediate effect for the 2024/25 municipal year.

7 MINUTES OF THE MEETING HELD ON 25/04/2024

RESOLVED: That the minutes of the meeting of the Board held on 25 April 2024 be agreed as a true record.

8 REVIEW OF ACTION TRACKER

Members noted the items proposed to be closed and agreed this should be actioned before the next meeting of the Board.

9 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Assistant Director- Resources presented the report to provide Local Pension Board members with an update on current governance related activity and regulatory matters.

Members queried when the procedure manuals for budget monitoring work would be completed and asked whether the Board should be concerned about tackling perceived waste in the pensions system in the upcoming pensions review announced following the King's Speech on 17 July 2024.

The Assistant Director – Resources explained that the full calendar of all Finance reporting deadlines had been produced and that officers were finalising the procedure manuals and testing these while going through the Q1 budget monitoring process with completion expected toward the end of August 2024 in time to present to the Authority on 12 September 2024.

The Independent Adviser explained that the Chancellor of the Exchequer had referenced tackling perceived waste in relation to investment fees in the LGPS in the upcoming pensions review announced by the Government following the announcements in the King's Speech.

RESOLVED: Members noted the updates included in the report.

10 INDEPENDENT GOVERNANCE REVIEW REPORT

The Assistant Director – Resources presented the Local Pension Board members with the Governance Review undertaken by Aon.

Members noted the mainly positive performance of SYPA as reported in the Governance Review and thanked officers for their work in making the Authority so creditable. The Chair offered the Board's support and assistance, if required, to the informal working group formed to collaborate on the creation of a draft action plan to address the findings and recommendations arising from the review report. The working group met in July and was due to meet again on 23rd August, with a view to bringing the action plan to the Board in the November meeting.

RESOLVED: Members noted the report and the actions being taken.

11 UPDATE ON DECISIONS MADE BY AUTHORITY

The Assistant Director – Resources provided Local Pension Board members with an update on decisions made by the Authority and its Committees between meetings of the Authority. It was also explained that from this point onwards, any private reports produced by the Authority would be accessible via the secure online Reading Room accessible to Board members rather than being added to future LPB agendas.

The Independent Adviser requested officers expand this agenda item going forwards to add increased context for the Board when summarising decisions made by the Authority or by delegated officers. The Assistant Director – Resources agreed to look at developing this report for future meetings of the LPB.

RESOLVED: Members noted the decisions included in the report.

12 CORPORATE RISK REGISTER

The Team Leader – Governance presented the report to provide members of the Board with the opportunity to review the updated Risk Register which supports the corporate strategy.

Members praised the presentation of the content in the report and queried whether the Board is asked to review all changes to the scores in the risk register.

The Team Leader – Governance explained that the Risk Register was reviewed on an ongoing basis by the Senior Management Team and presented quarterly to the Board and the Authority but that comments and input from members on any aspect of the register were always welcomed and that key risks and changes would be highlighted each time a report is presented.

Members enquired whether they could receive training on the risk management software used to produce the Risk Register.

The Team Leader – Governance stated that an overview of the system and the mechanisms and functions used therein to produce the Risk Register would be useful for members and agreed a presentation would be organised when practical for officers and members.

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

13 COMPLIANCE WITH PENSIONS REGULATOR GENERAL CODE OF PRACTICE (BI-ANNUAL UPDATE)

The Assistant Director – Resources presented the report to provide Local Pension Board members with an update on the current status of compliance with the Pensions Regulator’s (TPR’s) General Code of Practice.

Members noted the overall positive nature of the report but drew attention to the number of amber (compliant in some but not all areas) and red (not currently compliant) elements of the Authority’s reported performance and noted the large number of actions needed to become fully compliant and queried how this was going to be achieved and whether there was a deadline.

The Assistant Director – Resources explained that an action plan to complete the actions needed to gain full compliance would be produced with focus on consolidating, streamlining and prioritising the work needed. It was explained that there was much crossover within the report and with the Governance Review report meaning that any single action may be able to solve multiple issues making the task of full compliance less intense than the report suggests. It was explained that the TPR’s General Code of Practice came in at the end of March 2024 and required pension schemes to make their best endeavours to become fully compliant within one year. SYPA has completed a compliance review detailing its status and is compiling an action plan to make the necessary changes putting it in a good position to meet the deadline.

Members noted that SYPA was aiming to meet ‘best practice’ compliance requirements to the General Code of Practice and requested the next update include details of minimum compliance requirements and ‘best practice’ requirements to demonstrate the difference. Members also asked how officers would report progress to the Board and asked urgent actions be highlighted.

The Assistant Director – Resources drew members’ attention to the summary in the report and explained that this will be continually updated and presented to the Board every 6 months and that methods for best reporting any progress and issues would evolve as the project developed with the relevant level of detail for Board scrutiny.

Members noted the plan to review Cybercrime Risk using the Pension Regulator Cyber Guidance and asked whether this could be combined with the Governance Review and/or the Compliance Review to simplify the workload.

The Assistant Director – Resources explained that the review of Cybercrime Risk was planned to be carried out as part of the consolidation and update of existing SYPA cybercrime related policies to gain compliance with TPR Code of Practice before the end of the calendar year but that the whole project will be looked at with streamlining and simplifying the action plan where possible and tracking progress.

Members asked for clarity on how the compliance review and subsequent actions related to the Corporate Risk Register and the use of the risk management software.

The Assistant Director – Resources explained that the Risk Register may need to include the actions and changes resulting from the risk review and the software will aid the risk owners in managing any risks. The risk management software also has a performance management framework module which is currently being developed to monitor the Corporate Strategy and that actions from the compliance review will be added to this where necessary.

RESOLVED:

Members noted the update on compliance with the TPR's new General Code of Practice and actions identified.

14 DRAFT AUTHORITY ANNUAL REPORT FOR LOCAL PENSION BOARD REVIEW

The Assistant Director – Resources presented the first draft of the Authority's Annual Report for 2023/24 to the Board for review and comments.

Members asked how oversight of the areas for improvement was maintained and how this can be presented to the Board.

The Assistant Director – Resources explained that oversight and actions relating to areas for improvement was part of the Annual Governance Statement contained within the Annual Report. The Annual Governance Statement is presented to the Audit and Governance Committee annually in March and then the Authority in June. The Annual Report containing the Annual Governance Statement is then presented to the Board in August. The Assistant Director – Resources offered to cover actions from the Annual Governance Statement in the Governance, Regulatory and Policy Update standing item on LPB agendas.

Members questioned whether the 'Limited' assurance opinion of the Procurement Compliance section of the Internal Audit Review 2023/24 was of concern.

The Assistant Director – Resources reassured members that all necessary steps had been put in place immediately following the review to reach a compliant assurance level but that the timing of the review prevented this being recorded in the 2023/24 report. It was stated that an extensive action plan was put in place to raise Procurement Compliance assurance level to 'Reasonable', were it to be reviewed again, and that this work will be covered for members in detail at an upcoming training session.

Members drew attention to the significant rise in fees payable in respect of external audit. The Assistant Director – Resources explained that that this was part of general increase in fees following changes in the Audit market. Public Sector Audit Appointments are the body responsible for letting the audit contracts and setting scale fees which is carried out in consultation with audited bodies. The fees are now much more realistic to ensure audits are sufficiently resourced to meet the

ever increasing complexity and work required as a result of audit and accounting standards.

The Board asked when the Annual Report was due to be published. The Assistant Director – Resources explained that the Authority was legally required to publish the Annual Report by 1 December 2024 but that the aim is to publish in mid October, once it has been approved by the Audit and Governance Committee and subject to the auditors completing their work and issuing their opinion.

RESOLVED: Members reviewed and commented upon the draft Annual Report of the Authority for 2023/24 at Appendix A of the report.

15 PENSIONS ADMINISTRATION QUARTERLY REPORT

The Assistant Director – Pensions presented the Pensions Administration Quarterly Report for Quarter 1 2024/25 in depth explaining the new format of the report and highlighting key issues.

Members praised the visuals and the narrative in the updated layout of the report.

The Board asked about the backlog of work. The Assistant Director – Pensions explained that the backlog was measured at the end of November 2023 and that while subsequent work has come in and is backlogging, this newer work will be tackled by a newly formed Processing Team and the original measure of the backlog, which is mainly comprised of complicated cases requiring specialist officers, is being kept to accurately assess progress.

Members queried whether the deadline for clearing the backlog would be met and asked how the work was being prioritised and distributed among officers.

The Assistant Director – Pensions confirmed the backlog was reducing and was being continuously monitored with the end of the project due in December 2024 in mind and that progress towards this would be reviewed in August 2024 and reported to the Board at the next opportunity. It was explained that the oldest cases were being prioritised and it was also being explored whether the Systems Team could automate processing some of the backlog. The Assistant Director – Pensions explained how teams of officers were organised in the Pensions Administration department for maximum efficiency and offered to detail this organisation further in the next report to the Board.

Members asked about the spike in casework and queried the driver for this.

The Assistant Director – Pensions explained that there had been a number of complex cases relating to aggregation which had increased workload but that there is also a more general trend of more work coming in.

Members suggested using a RAG rating system in the next report to better represent progress and highlight risks as the statistics did not necessarily always

represent status when taken out of context and priorities could be lost. It was also suggested that any risk and progress highlights be added to the start of the report in a RAG rated summary.

The Board expressed concern over the Authority's capability to progress on the McCloud project given the delay in software development. The Assistant Director – Pensions explained that this was a concern given that statutory guidelines highlight the deadline for implementation as 1 August 2025 but that legislation may allow an administering authority to determine that the McCloud implementation phase shall be regarded as extending to 31st August 2026 for specific members or classes of members and that, whilst such cases have yet to be determined, and the detail of this legislation known, this will be welcomed considering the software development delays.

The Assistant Director – Pensions was asked when the Board would have sight of a decisions regarding integrated service provider (ISP) to facilitate producing dashboards. It was stated that a decision was due to be made in Autumn 2024 and that there is a detailed decision log recording all factors and stages of the decision which will be presented to the Board, along with the decision at the next opportunity.

RESOLVED: Members noted the Pensions Administration Quarterly Report for Quarter 1 2024/25.

16 PLANNING OF THE LOCAL PENSION BOARD NEXT MEETING AGENDA

The Assistant Director – Resources presented the report setting out the draft agenda for the next meeting of the Board for discussion.

The Independent Adviser requested the Local Pension Board Work Programme be included in this section going forwards to keep members informed of upcoming reports.

RESOLVED: Members discussed and commented on the draft agenda for the November meeting as set out in paragraph 5.1 of the report.

17 PRIVATE PAPERS FROM AUTHORITY MEETING HELD ON 6 JUNE 2024

Board Members were presented with the reports considered by the South Yorkshire Pensions Authority in the absence of the public and press at the meeting on 6 June 2024.

RESOLVED: Members noted the reports.

CHAIR