

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

4 AUGUST 2022

PRESENT: G Warwick (GMB) (Chair)

Councillor M Chaplin (Sheffield CC), N Doolan-Hamer (Unison), R Fennessy (South Yorkshire Police), D Gawthorpe (Scheme Member Representative), A Gregory (Scheme Member Representative) and D Webster (Scheme Member Representative)

Officers: J Bailey (Head of Pensions Administration), G Graham (Director), A Palmer (Governance and Risk Officer) and G Richards (Governance Officer)

C Scott (Independent Advisor to the Board)

Apologies for absence were received from N Gregory and Councillor K Richardson

1 **WELCOME AND APOLOGIES**

The Director 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**

None.

5 **DECLARATIONS OF INTEREST**

With regard to Item 9 Appendix C, which was an update on Rotherham MBC's administrative performance levels, D Webster commented that in his role as Head of Audit at Rotherham MBC, his Team were responsible for reviewing payroll. He had discussed the matter with J Bailey and Clare Scott and it had been decided that there was no need to declare an interest but that the Board should be made aware of the situation.

The Board was comfortable with this and the Director agreed that it was not prejudicial but it was important to mention for the sake of transparency.

6 ELECTION OF CHAIR

G Graham informed members that discussions had taken place prior to the meeting and, if the Board was agreeable, G Warwick had agreed to continue as Chair for the ensuing year.

RESOLVED – That G Warwick be elected Chair of the Local Pension Board for the ensuing year.

7 ELECTION OF VICE-CHAIR

Similarly, following discussion before the meeting, R Fennessy had agreed to continue as Vice-Chair for the ensuing year, if the Board was agreeable.

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

8 MINUTES OF THE MEETING HELD ON 28 APRIL 2022 AND ACTIONS AND MATTERS ARISING

RESOLVED – That the minutes of the meeting of the Board held on 28th April 2022 be agreed as a true record.

9 QUARTERLY ADMINISTRATION UPDATE

J Bailey introduced Lee Mann and Alan Rogers from Rotherham MBC who were in attendance, as requested by the Board at its last meeting, to provide an update on performance relating to long-standing individual member queries which members had expressed concerns about.

Members noted that, following years of good performance reporting, problems arose between late 2018 to early 2020 culminating in SYPA formally raising concerns in April 2020.

Three main areas of concern were highlighted. These were:

- Individual Member Queries
- Monthly Data Collection (MDC) File Submission
- Payment Discrepancies

An investigation found two main causes for the reduction in performance levels:

- Lost MDC interface functionality, and general disruption, caused by the implementation of a new HR & Payroll system at RMBC.
- The transfer of five key activity strands from SYPA to RMBC.

A programme of work to address the issues was agreed with both SYPA and RMBC investing significant time and resource to tackle the issues. It was noted that substantial progress had been achieved during the last two years with two of

the three areas of concern fully addressed and key aspects of the third progressed, but there remained a backlog of individual member queries to be cleared.

The briefing gave full details of all three areas of concern and the solutions identified and implemented.

With regard to individual member queries, based on the resolution of most of the underlying query causes and the addition of resource to the Pensions Team, the original expectation was that the query backlog would be worked down over period of 6 to 12 months.

This planned clearance of the backlog had not yet been delivered due to a number of factors. The progress made and the impacting factors were detailed within the briefing as was a Clearance Plan.

It had become evident that further resource was required to clear the backlog and budgetary approval had now been given to recruit two additional temporary posts (for 12 months) within the Pensions Team with a sole focus on the SYPA backlog.

The target was to clear the backlog by the end of the financial year. It was noted that this would be a challenging target that would be monitored on a regular basis as activity was progressed.

J Bailey confirmed that two of the three areas of concern had been successfully addressed. With regard to the Clearance Plan, SYPA would meet regularly with RMBC and offer support where possible. The plan to clear the backlog seemed realistic and would be kept under constant review.

In answer to a question from A Gregory, L Mann agreed that filling the temporary posts could be a challenge, but there would be an opportunity for internal development and, if necessary, agency staff could be used.

C Scott, on behalf of the Board, welcomed the engagement as a positive move and queried whether other employers who RMBC provided payroll services for were aware of the backlog.

It was confirmed by A Rogers that Doncaster MBC had been fully briefed.

J Bailey commented that SYPA had not directly contacted the other affected employers but would now keep them up to date with discussions and progress.

D Webster queried what would happen if the backlog was not reduced as expected.

A Rogers replied that, having tackled the root causes, and made sure the team were 'working smarter' and looking at all the other issues, the only solution would be to allocate yet more resources. The situation would be monitored regularly to ensure it was on track.

The Chair thanked A Rogers and L Mann for attending the meeting to explain the current position, it was very much appreciated.

The Director commented that the Board now needed to formally decide how to progress. There was the option to let the process run its course or receive further updates.

N Doolan-Hamer suggested that further monitoring would be needed.

J Bailey agreed and suggested an update at the next Board meeting in October, further updates could also be provided in the monthly updates which were now provided for Authority and Board members.

The Board discussed what further steps could be taken if improvement was not seen in the coming months.

J Bailey commented that the Administration Strategy could be used to issue fines but he felt that that was not needed at the moment due to the efforts RMBC were making to address the issue. Ultimately the matter could be reported to the Pensions Regulator. Again it was thought that this was not appropriate at the moment, but if the situation changed it would be imperative to ensure that all affected employers were aware of the situation.

J Bailey continued with the Administration update providing details of staffing and sickness levels. In response to a question from N Doolan-Hamer, J Bailey confirmed that staff who tested positive for Covid but were well enough to work would do so but were advised to work from home.

A lot of feedback had been received from staff regarding the Authority's flexible working policy which would be reviewed over the next few months looking at how it was working for both staff and the organisation.

C Scott queried whether productivity whilst working from home, or in general, would be looked at as part of the review.

J Bailey commented that a detailed piece of work had not yet been done due to the difficulty of like-for-like comparisons during lockdown although it was intended to look at this in the future.

He also confirmed that, at the moment, with the current establishment and no vacancies, his view was that there was enough resource to deal with the current casework. However it was recognised that development projects had been adversely impacted over the last couple of years. In the next few months the position would be clearer around the success of dealing with backlogs and this would be presented to the Board in future.

G Graham commented that he had been asked to do a piece of work for a meeting of the Staffing Committee in October around the longer-term resources and organisational resilience.

The biggest decision that would have to be made late this year/early next year in terms of running the organisation would be regarding the Pensions Administration

system if Civica had failed to deliver the improvements promised by the dates set out in the improvement plan. It was recognised that this was a massive decision both financially and operationally. The Board would be kept informed of the situation.

Members attention was drawn to the table at paragraph 5.9 which showed performance figures for the first full quarter for deferred members who had used the facility to retire online. This showed that the percentage completed within target was a lot higher than for those who had not used the facility. It was now being investigated if this could also be used for active members.

Paragraph 5.11 provided a summary of cases outstanding to 30th June 2022. There remained two areas of concern – aggregations and unprocessed leavers.

N Doolan-Hamer commented that the number of cases did not seem to be reducing as expected.

J Bailey replied that work on the valuation and Annual Benefit Statements had impacted on this area. Now the valuation was nearing completion there should be no barriers to the Projects Team focusing on aggregations and reducing the numbers in the future. By the end of next quarter it should be possible to estimate what could realistically be achieved by the end of the financial year.

The report also gave details on:

- Statutory Disclosure Reporting
- Employer Performance
- Individual Query Employer Reporting
- Contribution Payments
- Scheme Member Engagement
- Annual Benefit Statements and the Triennial Valuation
- Child Review Exercise

In answer to a question from C Scott, J Bailey confirmed that there would be an update on the Data Quality Plan at the next meeting.

RESOLVED:

- i) That the report be noted.
- ii) That an update on Rotherham MBC's performance in relation to outstanding individual member queries be brought to the next meeting of the Board.

10 REVIEW OF BREACHES, COMPLAINTS & APPEALS

A report was submitted which updated members on the latest available record of reported breaches and provided details of complaints and appeals for the period 1st April 2022 to 30th June 2022.

It was noted that there had been two cyber security incidents, seven complaints and three appeals during the period. Full details were contained within the report and appendices.

RESOLVED – That members:

- i) Note the breaches summary.
- ii) Note the outcomes of the complaints and appeals.

11 DECISIONS TAKEN BY THE AUTHORITY

The Board considered a report which provided an update on decisions taken by the Authority at its meeting June.

RESOLVED – That the report be noted.

12 CONSULTATION ON CHANGES TO THE FUNDING STRATEGY STATEMENT

A report was submitted which sought the Board's views on proposed changes to the Funding Strategy Statement as part of a wider consultation with stakeholders.

Members were informed that, at its meeting in June, the Authority approved the beginning of a consultation on changes to its Funding Strategy Statement as set out in in Appendix A.

It was noted that most of the changes were relatively technical but there was one major matter related to the way in which contribution rates for contractor bodies were set. There were detailed in full in the attached report.

In response to a question from D Gawthorpe, J Bailey informed the Board that it was the responsibility of the employer to inform staff if they were going to contract out services. SYPA was engaging with employers and reminding them of their responsibilities.

RESOLVED – That the report be noted.

13 LOCAL PENSION BOARD CONSTITUTION

The Board considered a report which presented the revised Constitution which had been approved by the Authority at its June meeting.

With regard to paragraph 3.1.1. which stated: "within one month of the possible breach, meet with the Authority Chair to discuss the breach", it was noted that this did not fit with timescales as breaches were only reported to the Board quarterly.

It was agreed that this paragraph would be re-worded at the next revision.

RESOLVED – That the revised Constitution is approved.

14 RISK REGISTER UPDATE

The Chair welcomed A Palmer, the Authority's Governance and Risk Officer, to her first meeting.

A Palmer presented a report which provided the Board with the opportunity to review the updated Risk Register, the latest version of which was attached as an Appendix to the report.

It was noted that the scores for three risks had been reduced. These were:

- G2 – Governance – Local Pension Board Knowledge and Understanding.
- G3 – Governance – Breakdown of the Control Environment
- I3 – Investment and Funding – Key Risks

The Risk Register provided commentary on the reasoning for these reductions and also the reasoning for not changing the scores for the other risks including, where relevant, the likely timescales for a change on the score.

A Palmer informed the Board that the Governance Team were looking to identify Risk Management software that would suit SYPA's needs and would then be involved in an options appraisal exercise. This would hopefully provide more functionality including trend analysis.

Cllr Chaplin requested that acronyms were avoided e.g. TCFD (Task Force on Climate-Related Financial Disclosures).

C Scott commented that at the Board's last meeting it was questioned whether there should be a risk around Border to Coast underperformance and officers were going to discuss this when they next reviewed the Risk Register.

The Director replied that the annual review of Border to Coast had just been completed and would be presented to the Authority at its December meeting. The performance of Border to Coast's products that SYPA was invested in was good and from that point of view it was felt that it was unnecessary to add another risk beyond the generic risk on investment performance that was included in the Risk Register.

RESOLVED – That the report be noted,

15 LOCAL PENSION BOARD MEMBERSHIP

J Bailey informed the Board that, since the last meeting, Barnsley MBC had appointed Cllr Ken Richardson to the Board for a 3-year term and Riaz Nurennabi, Head of Pensions Development at Sheffield Hallam University had also agreed to join the Board as an employer representative. This meant that the Board was now up to full strength.

The Chair thanked J Bailey for the update.

16 ANY OTHER BUSINESS

The Chair commented that in the pre-meeting there had been a discussion on whether a method could be devised for members to contribute to Board agendas.

G Graham commented that he would be happy to facilitate this but that timings would have to be carefully considered. There was no issue in principle just with practicalities to ensure that officers could deliver reports in line with expectations.

C Scott would take this up with J Garrison when they met next month.

In answer to a question from R Fennessy, J Bailey informed the Board that the staging date for the Pensions Dashboard had been put back to October 2024.

At the moment options were being looked at for a service provider. An update would be provided at the next Board meeting.

The Chair thanked everyone for attending the meeting.

CHAIR