

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

3 NOVEMBER 2022

PRESENT:

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

Officers: J Bailey (Head of Pensions Administration), J Stone (Corporate Manager - Governance), G Graham (Director), R Green, A Palmer (Governance and Risk Officer) and Webster

C Scott (Independent Advisor to the Board)

Apologies for absence were received from G Warwick and G Richards

1 WELCOME AND APOLOGIES

Apologies for absence were received from G Warwick and in his absence R Fennessy chaired the meeting

The Chair welcomed everyone to the meeting and introduced two new members to the board. K. Richardson and R. Nurennabi

2 ANNOUNCEMENTS

G. Graham advised that the Authority had been nominated for four awards. Two in the Pensions for Purpose awards and two in the LAPF awards.

3 URGENT ITEMS

None.

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

Review of Border to Coast position, Organisational Resilience and Sustainability and any discussion resulting from Head of Pensions report on the current Pensions Administration system in use at the Authority.

5 DECLARATIONS OF INTEREST

G. Graham is now a Governor at Barnsley College who are an employer in the Fund and declared this for the record.

6 MINUTES OF THE MEETING HELD ON 04/08/2022 AND ACTIONS AND MATTERS ARISING

RESOLVED – That the minutes of the meeting of the Board held on 4th August 2022 be agreed as a true record.

7 QUARTERLY ADMINISTRATION UPDATE Q2

J Bailey presented an update on administration performance and issues for the period from July 2022 to September 2022. The case work performance was unavailable for distribution with the report and on this occasion was provided separately.

Main Points:

Staffing - The Authority has been successful in recruiting to existing vacancies, including a key appointment of a Benefits Team Manager following the incumbent obtaining a promotion externally.

The organisational resilience report recently presented to the Staffing Appointments and Appeals Committee will result in a number of new vacancies over time which will be reported in future updates.

Sickness Absence - sickness absence has increased significantly for both short-term and long-term absence this quarter. Absence for Covid related illness is no longer reported separately, but records suggest over 50% of the short-term absences were Covid related, with a spike in July.

The incidence of long-term absence mainly represents two staff on long-term absence, both are now on phased returns and are being managed and supported in line with the Attendance Management arrangements, so a reduction is expected in Quarter 3.

Employer Performance – No concerns in respect to employers submitting their Monthly Data Returns.

Employer individual query reporting - ongoing dialogue between SYPA and Rotherham MBC payroll services in relation to the volumes of outstanding queries for employers for whom they provide a payroll support service and Rotherham MBC attended the last Board meeting to report on their improvement plans. There has been an increase in clearance rate, although not to the extent that had been planned, and additional resources are being allocated.

Members sought reassurance both that other employers receiving services from Rotherham were aware of these issues and about potential consequences by the end of the financial year if the situation had not been resolved.

J. Bailey advised that other employers had been briefed by Rotherham MBC but he will also write to them and provide reassurance.

The overall position is being kept under review and if necessary, further action could be taken in January if the situation is not acceptable and currently there were only 10 outstanding queries for the 30 other employers served by Rotherham Members were assured that a further review will be conducted at the end of December to allow the additional resources assigned to take effect.

If the position reached at that point is unacceptable, it will be for the Board to discuss what the next step would be and they may be asked to attend the next Board meeting.

R Nurrenabi noted a perception of employers of a deterioration in service for employers. J Bailey acknowledged this and noted that there had been a lack of understanding with some staff regarding monthly data submissions. Staff training has addressed the matter.

Contribution Payments – No issues to advise the Board on.

Scheme Member Engagement - The percentage of members satisfied has dropped below 90% so some further analysis was carried out to identify the root causes. There were 11 members who were dissatisfied and feedback was sought from them.

In response the following actions have been actioned:

An update to the retirement process is in hand so that each time a case is put on hold an e mail is sent to the scheme member to keep them updated on the situation responding to the criticism that members are not aware on progress with their case.

There were inconsistencies between the advertised response time for on line queries and the agreed performance standards along with some resource pressures within the Customer Services Team. Both issues have been addressed.

A considerable number of issues had been raised about tax codes and in particular the approach of applying a so-called “emergency code” when a pension comes into payment and staff do not have access to P45 information.

Work is in hand to change this approach which should lead to fewer members having to contact HMRC directly on this issue.

J. Bailey confirmed a trend analysis will be included in the next quarters report.

N. Dolan-Hamer asked about the specific comment received “When I contacted you regarding my underpayment, I was referred to payroll who no longer hold my full employment records. So unfortunately, I lost 2 years of my pension.”

J. Bailey confirmed that particular case had been followed up with the member. It was a misunderstanding on behalf of the member.

A return had not been received from a previous employer and this was resolved, so the member had not lost two years pension, it was an administration error on behalf of the employer that was resolved. In addition the monthly data collection process now in operation makes this scenario extremely unlikely in the future.

Scheme Member Engagement – Customer Centre - Feedback for the Customer Centre continues to be reasonably positive overall, satisfaction levels were slightly below 90% this quarter. An electronic survey was issued to 3,662 members with an email address who had contacted us by phone over the months of May, June and July 2022 to ask about their experience of our service delivery and for ideas on service improvements.

The 11% who were dissatisfied represented 51 individuals. Many do not leave specific comments it is often difficult to identify any recurring concerns but there are some clear themes that continue to emerge in relation to the accessibility of the online portal as well as some comments around offering face to face appointments.

Face to face appointments are again being offered to members. Appointments are also being offered throughout December and January for members who are struggling to access the Mypension site.

Member communication by e-mail - As with the telephony survey, the ratings have dropped slightly below 90% for this quarter. The response rates are relatively low and not all members provide information. Follow ups are undertaken separately with those who leave contact details. From the information received, a number of members continue to be unhappy with the use of the secure email system (Egress) for sending personal information.

Much of this seems to relate to a reluctance to create an Egress account. A project is underway to review the information currently being sent via secure email with a view to redirecting as much of this traffic as possible via the portal (albeit we have to recognise that some members would prefer not to use the portal either).

New Joiner Survey - As part of wider engagement with scheme members, feedback was sought into how members who had recently joined the scheme rated our service.

A survey was issued to 701 members who had joined the scheme in May, June and July 2022. The new joiner survey specifically asks about the welcome email/letter, including registration for the online portal. Only 55% of new joiners who responded were satisfied which needs to be improved and a project to address this will be led by the new Communications Officer.

One issue identified from this survey was delays in contacting new members after they have been automatically enrolled by their employer at their first pay day. This is a result of the way in which monthly data submissions are processed and this is

being addressed both through the reorganisation of their resources devoted to data submissions and through process changes to allow earlier dispatch of joiner packs.

Annual Benefit Statements (ABS) and the triennial valuation – Statutory deadlines for the issuing of statements was met. The data was also submitted to the actuary for the triennial valuation exercise.

Indicative results for employers have been received from the actuary. For employers joining the scheme post April 2019, the former actuary worked differently so their starting position was not set in a way the new actuary would have preferred. As a result, it has led to a short delay in informing employers of the outcome of the review in order to ensure that results are fully verified.

Workload Performance - Overall case volumes completed in the Quarter increased slightly compared with the previous quarter, this reflects a return to normal processing levels following a drop in Quarter One when the Projects Team were focusing on data quality work ahead of the 2022 valuation submission.

The overall number of non-priority cases completed has increased slightly but completion on target has dropped this quarter. The main issue causing this is the number of aggregations and unprocessed leavers which are being completed out of time. The Board had previously requested clarity on timescales for addressing the long-standing backlog in aggregations and J Bailey had explained that with workload pressures in other areas, this had been difficult to predict but would continue to be looked at.

Performance levels remained static for the individual subject areas when compared with Quarter One. There was a significant increase in the volumes of general enquiries and this was due to the concentration of annual benefit statements issued in the quarter.

The processing time figure for Active retirements are slightly misleading, in that when a query is passed to the employer by the authority, there is currently no way to remove that time from the processing time figure. While acknowledging that the length of time is a concern for members, some of the delay is due to factors outside the Authority's control.

The Projects team focus for the next six months will be on clearing outstanding Aggregation cases. This has been delayed from the previously proposed timescale due to other commitments for that team.

Statutory Disclosure Reporting - Statutory targets are generally being met in the main areas. In general terms this data shows high levels of compliance in areas that SYPA can control. This gives some indication to areas where further engagement with, and training for, employers could be beneficial. A verbal update was provided on the number of Pension Saving Statements still to be issued for 2021/22 with a plan in place for them to be completed by the end of November. Given that this was a second occurrence of this issue Management had decided that it was appropriate for the Authority to report itself to the Regulator in relation to this.

RESOLVED –

- a. That the report as presented be noted;
- b. That a copy of the report to the Regulator related to Pensions Savings Statements be made available to the Board for consideration.

8 DATA QUALITY, IMPROVEMENT PLANS AND PROGRESS UPDATES

J. Bailey delivered a report to update members on the latest iteration of the Data Quality Improvement Plan and the data scoring likely to be provided to the Pensions Regulator.

Incremental progress has been made in this area. As the figure approaches the 100% accuracy mark, it becomes more difficult to make significant improvements. The Authority currently stands at 97%.

SYPA will need to be connected to the Pensions Dashboard which is a national initiative designed to allow all individuals to access a summary of all their pension scheme arrangements in one place. The staging deadline for the LGPS is 30 September 2024.

The Pensions Administration Standards Association has published detailed guidance in relation to data accuracy. SYPA has a Data Integrity tool developed in-house and plans to further develop this over the next few months to measure the quality of the data held.

This will form part of the future reporting of the Data Quality Improvement Plan.

RESOLVED – That the report be noted.

9 BREACHES, COMPLAINTS AND APPEALS

J. Bailey presented a report to update members on the latest available record of reported breaches and provide details of complaints and appeals for the period from 1 July 2022 to 30 September 2022.

Cyber Security Incidents - There were three incidents in the quarter, two of which were the common issue of phishing emails. Fortunately, the relevant members of staff identified the emails as such and these were reported to ICT in line with our incident reporting process.

The third incident was a result of a member of staff accidentally clicking on a notification purporting to be from an anti-virus provider.

An additional course for staff has been identified and will be added to the mandatory training.

The Authority has had its security tested by a third party and achieved accreditation under the Cyber Essentials Plus scheme.

Complaints – Four complaints received in the Quarter, this is a reduction from those received in recent quarters. Two were outside of SYPA control as they were a result of either delays from third-party providers, regulatory requirements or actions not taken by the member.

Of the two complaints directly attributable to SYPA, one was from a member who was unhappy with the delay in processing his aggregation. This is a known issue.

The second was a member who experienced a delay with the payment of their retirement benefits which was compounded by SYPA after an initial employer delay. This was a training issue with an individual member of staff who did not correctly assign a workflow task and has been addressed.

Formal Appeals - Three formal appeals determined at Stage One of the IDR process. The first was a member who had initially been incorrectly provided with a transfer value quotation even though she was above the age limit to transfer and wanted this to be honoured. SYPA systems have since been updated to prevent a transfer being calculated in these circumstances but the member was compensated for the error.

The second case related to a member who had been overquoted on an estimate of benefits because of the Final Pay estimate given by the employer. This was primarily an error on the part of the employer but it would have been prudent for SYPA to have identified this when checking the case so the member was given a modest compensation award.

The final case related to a member who had been overquoted on an estimate of benefits because the service history was showing full-time and not part-time service.

This had been corrected by the employer but SYPA had not updated the records in a timely manner so, a modest compensation award was given. Arrangements have been put in place to ensure any service history corrections are actioned much sooner than happened in this case.

Future reports to include information regarding compliments received by the Authority for balance of reporting.

RESOLVED

- 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

10 REVIEW OF KEY COMMUNICATIONS

J. Bailey provided a report to provide members with the opportunity to comment on the content of scheme communications and provide suggestions for improvement.

In line with the Communication Strategy, SYPA issues newsletters to all current and past scheme members at least annually and the newsletters for active members and for pensioners are currently being drafted.

SYPA also communicates quarterly with employers in the fund.

Some changes to the format of the newsletter has been made in response to member feedback. Particularly around having white text on black background. This has been altered.

A separate communication is being prepared to advise members of the 50/50 scheme. This is in response to data suggesting members are considering opting out entirely due to the cost of living.

Also, the usual message around the CPI pensions uplift has been removed. This is due to the Government not yet confirming the increase.

RESOLVED – That the report be noted.

11 COMPLIANCE WITH PENSIONS REGULATOR CODE OF PRACTICE UPDATE

J. Stone presented a report to provide members with an update on current position of compliance with the Pensions Regulator Code of Practice.

Significant progress has been made in strengthening the Authority's Governance structure.

The anticipated new Single Code had not yet been published but it does contain a greater emphasis on cyber security and as outlined elsewhere on the agenda SYPA are already taking steps to address this.

In response to a query it was stated that SYPA does gather information regarding a Register of Interest for members of the board, but it is currently not published in a particularly accessible way and work is being undertaken to try to address this.

RESOLVED – That the report be noted.

12 FUNDING STRATEGY STATEMENT CONSULTATION AND RELEVANT POLICIES

J. Bailey delivered a report to seek the Board's views on the Funding Strategy Statement and associated policies as part of a wider consultation with stakeholders.

A draft new FSS will shortly be issued to employers for formal consultation.

The main substantive change is a proposal to move to Pass Through arrangements for contractors, which has already been discussed by the Board. Beyond this significant work has been undertaken to make the document more comprehensible and user friendly.

In response to a query confirmation was given in the FSS that individual academies within multi academy trusts, can retain their individual contribution rates if they wish to do so, although the default position is for multi academy trusts to have pooled rates.

The consultation period is usually 6 weeks, but this can be extended in certain circumstances.

G. Graham advised the Board it was the intention to take the final version to the Authority meeting in December.

RESOLVED – That the report be noted and members would pass any comments directly to officers.

13 AUTHORITY GOVERNANCE UPDATE

J. Stone presented a report to provide members with an update on current Authority governance related activity. To update Members on the actions being taken in response to audit findings by both internal audit and external audit during the current financial year and in previous financial years. Finally, to provide members with an update on recent decisions made by the Authority.

Considerable activity has taken place to enhance the Authority's governance arrangements since May 2022. This has included monitoring and managing elected and Board members' knowledge and skills to ensure mandatory training compliance and expertise across the organisation.

A software system has been identified and a business case is to be presented to SMT in January with the intention of embedding and enhancing risk management arrangements and providing relevant tools and guidance for managers to be responsible for risk identified in their teams. Also to implement a second layer of assurance across the business at middle management roles level providing a tier of escalation to SMT.

Work is underway to transition the Monitoring Officer role from an external to an internal function.

A full review of the Constitution will take place. This activity will include engagement with Members of the Authority, the Director and SMT, the Independent Adviser, Auditors and Monitoring Officer to review the document and ensure a current version is ready for approval by the Authority at the first meeting of the 2023/24 municipal year in June 2023.

SYPA is also looking at the option of retaining a solicitor for help with legal matters. This process will continue throughout November.

Training sessions have been delivered to all members to increase knowledge and skills.

In response to a query J Stone indicated that there would be some involvement of Board members in the review of the Constitution, however it was emphasised that this was an exercise to ensure that the document was legally compliant and proportionate and thus of a more technical nature.

RESOLVED –

- a. That the report be noted.
- b. That members be provided with copies of the recent confidential reports on the Annual Review of Border to Coast and Organisational Resilience and Sustainability.

14 LPB MEMBERSHIP & TRAINING UPDATES

J. Stone delivered a report provide members with an update on current information governance activity and to report a reportable data breach to the Information Commissioners Office.

Considerable activity has commenced to enhance LPB members' knowledge and skills in addition to that of the wider SYPA Authority members. In June 2022 a full training needs analysis activity was undertaken by all members and the following results recorded. Only two members of the LPB had fully completed the mandatory training requirements and one member of the Authority. LGPS on-line modules should be completed within the first six months of joining SYPA.

The training needs analysis report showed an overall knowledge of 50.05% for Authority members and 40.21% for LPB members. The areas identified for urgent support of training were, investment, actuarial and funding matters also administration/funding matters.

Members continue to work with the new governance team, supported by a hybrid training model of on-line, face to face and Teams facilities to ensure training is supported and completed timely.

Current position shows 7 of 12 Authority members have completed all six training modules and 5 of 10 LPB members are fully compliant. One LPB member is currently not compliant in completing the initial 3 modules identified for completion by the end of September 2022.

The remaining three modules are scheduled for delivery on 10 November 2022 and 06 December 2022 to ensure all members are fully compliant by December 2022.

Moving forward, the intention is to review training and development needs of individual members on an annual basis.

RESOLVED – That the report be noted.

15 INFORMATION GOVERNANCE UPDATE REPORT

J. Stone delivered a report to provide members with an update on current information governance activity and to report on a data breach that has been reported to the Information Commissioners Office (ICO), along with the actions taken.

A data breach occurred on 19 September 2022, a bank holiday when the office was closed. The external letter box was tampered with post stolen and thrown outside the building. The documentation retrieved identified 17 scheme members documentation was tampered. Through CCTV footage it is evident that the assailant's intentions were to seek cash, and therefore the documentation was discarded. It is not known whether any further post was taken from site.

Investigation revealed documentation such as birth certificates, passport numbers and marriage certificates were damaged but not removed from site.

All internal protocols were followed and reported to the Data Protection Officer. The incident was low risk and pertained to a small number of data subjects, the decision was taken by the DPO, Corporate Manager–Governance and the Governance and Risk Officer to report the incident to the ICO. No communication or recommendations have been received by the ICO to date.

All 17 subjects have been informed of the breach and assurance provided that documentation was retrieved. Each data subject has been informed any damaged documentation will be replaced and/or costs reimbursed by the Authority. The external letter box was immediately taken out of use and post is now only accepted during office hours when it can be handed to a member of staff.

J. Bailey said SYPA does discourage members from sending original certificates to us and are pushing for more retirements to move online.

A long term solution to the issue of post being left is being worked on.

Members requested that the issue be kept open on the Breaches Record until a response is received from the ICO.

RESOLVED – That the report be noted.

16 LPB BUDGET 2023-24 (DRAFT)

G. Graham delivered a report on the Board's proposed budget for 2023/24.

The current year budget for the Board is currently expected to be underspent, although by in less than previous years.

The budget proposed for 2023/24 includes an inflationary increase for adviser costs and other running costs.

During this financial year, the Governance team have brought a renewed focus to the training requirements for members making more use of the training budget on items such as the Hymans Robertson Online modules, knowledge progress assessments and additional support and time from the Board's Independent Adviser, and the proposed budget was based on continuing this approach

RESOLVED – That the proposed budget be noted and recommended to the Authority for approval.

17 RISK REGISTER (UPDATE AND ACTIONS)

A. Palmer delivered a report to provide members of the Board with the opportunity to review the updated risk register which supports the corporate strategy.

The Board's workplan requires it to regularly review the Authority's Corporate Risk Register. The latest version of the Register, was considered by the Authority at its meeting on 8th September 2022. The latest review found no changes to the previous one.

Work is progressing on a new Risk Management Software system. A preferred option has been identified, and the Governance and Programmes & Performance teams are currently working with the provider to submit a proposal and develop a draft business case to present to SMT during January 2023.

As part of the setup of the new risk management system, training will be delivered to existing risk owners and the new system piloted with middle managers to enable the rollout of the next stage of the action plan.

This will identify next level operational risks which will be regularly reported to SMT. Subject to approval to proceed, this is planned to take place early in 2023.

D. Webster asked when the new Risk system will be brought to the board.

A. Palmer replied discussions were still ongoing and a business case was being prepared for submission to SMT. If all goes to plan, a demonstration could be given to the board after that.

J. Bailey suggested it would be at least six months as staff will need to be trained and the system imbedded in the organisation.

R. Fennesey asked how close SYPA was from moving the risks identified at level Red to Amber?

G. Graham replied as the issues are investment related. Due to the current market situation, it is unlikely the outlook will improve in the short term.

J. Bailey added Cyber Security is at Red as the threat is so voluminous. It will continue to be a significant risk for the foreseeable future.

RESOLVED – That the report be noted.

18 LOCAL PENSION BOARD WORK CYCLE 2022-23

Members reviewed the meeting cycle.

CHAIR