

February 2024

# Governance Compliance Statement February 2024

**Document Control Information**

<b>Document title</b>	Governance Compliance Statement
<b>Version</b>	February 2024
<b>Status</b>	Draft for LPB and Audit & Governance Committee Review
<b>Owner</b>	Head of Governance
<b>Department</b>	Resources
<b>Publication date</b>	
<b>Approved by</b>	
<b>Next review date</b>	

## 1. Introduction

1.1 As a statutory public service scheme, the Local Government Pension Scheme (LGPS) has a different legal status compared to trust-based schemes and therefore, the governance arrangements are different as well. This is especially true given the interface with local democratic practice since it is elected councillors who ultimately bear responsibility for the stewardship and management of local authority pension funds. Publication of this Statement is a statutory requirement under s 55(1) of the Local Government Pension Scheme Regulations 2013, which requires:

An administering authority must prepare a written statement setting out—

(a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority.

(b) if the authority does so—

- (i) the terms, structure, and operational procedures of the delegation,
- (ii) the frequency of any committee or sub-committee meetings,
- (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights.

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and

(d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

1.2 This statement has been revised following an annual review undertaken in preparing the Authority's report and accounts for 2023/24.

## 2. Governance of the South Yorkshire Pension Fund

- 2.1 The Authority was created by the *Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987* made under the *Local Government Act 1985*, and is a Joint Authority created under that act. As such it is a local authority, albeit with a prescribed set of functions, limited to fulfilling the role of LGPS administering authority and meeting the unfunded pension liabilities of the former South Yorkshire County Council for which it is able to make a levy on the District Councils.
- 2.2 The Authority does not operate under a cabinet structure. The Chair and Vice-Chair are nominated from and elected by its own membership, but the Authority carries the strategic responsibilities of an administering authority.
- 2.3 Under Section 41 of the *Local Government Act 1985*, arrangements are made enabling the members of the district councils to raise questions at council meetings. The Authority is required to nominate a member or members to answer questions on the discharge of the Authority's functions in meetings of each of the constituent councils. One member from each district has been nominated as the Section 41 spokesperson.
- 2.4 The Authority has created three committees to support it in its work:
- 2.5 The **Audit and Governance Committee** which is responsible for fulfilling the core audit committee functions in accordance with CIPFA's *Position Statement on Audit Committees in Local Authorities and Police 2022*. Further details of the Audit & Governance Committee's functions are set out in the Authority's Constitution available at: [Governance \(sypensions.org.uk\)](https://www.sypensions.org.uk/governance).
- 2.6 The **Appointments and Appeals Committee** which is responsible for the following functions.

### Appointments and Appeals Committee

- 1) To exercise all the Authority's functions in respect of:
  - a. Appeals by staff (where a right of appeal exists).
  - b. Complaints against senior officers.
- 2) To exercise the Authority's functions in relation to the appointment of Statutory Officers and Chief Officers, subject to legislative requirements regarding the approval of statutory officer appointments by the Authority.
- 3) Determining appeals and requests under the Local Government Pension Scheme Regulations not otherwise delegated to officers.
- 4) To make appointments of Independent Investment Adviser (s) on behalf of the Authority.
- 5) To approve arrangements for the procurement of external fund managers, the Fund Actuary and Custodian
- 6) To deal with all matters concerning complaints concerning member conduct under the Standards regime.

2.7 The **Staffing Committee** which is responsible for the following functions.

**Staffing Committee:**

- 1) To approve proposals for changes to the organisation of the Authority's staffing where more than 5 posts are affected.

### 3. Representation

3.1 Unlike other Administering Authorities within the Local Government Pension Scheme, the Authority's membership is laid down in the *Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987* made under the *Local Government Act 1985*. The four district councils in South Yorkshire nominate members to the Authority, from their own elected members, in the specified proportions as shown below.

Constituent Council	Number of Members
Barnsley Metropolitan Borough Council	2
City of Doncaster Council	3
Rotherham Metropolitan Borough Council	2
Sheffield City Council	5
<b>Total</b>	<b>12</b>

3.2 In addition, the Authority has co-opted 3 non-voting members nominated by the Regional Secretaries of the three largest trade unions recognised by the National Joint Council for Local Government Services. These individuals are provided with the facility to attend and participate in meetings of the Authority and its committees, other than in matters concerned with staffing and labour relations.

3.3 The **Audit and Governance Committee** is chaired by the Authority's Vice-Chair and contains 5 other Authority Members (and may not include the Chair). Representatives from the trade unions attend as non-voting co-optees.

3.4 The **Staffing Committee** and the **Appointments and Appeals Committee** are both chaired by the Authority's Chair and each contain 5 other Authority members. Given that the major business of these Committees is concerned with staffing and labour relations, the non-voting co-opted members nominated by the Trades Unions do not routinely attend meetings of these Committees.

3.5 All Committees have full delegated powers but only the Elected Members have voting rights.

### 4. Reasons for Current Representation

4.1 Myners' first Principle states that decisions should only be taken by persons or organisations with the skills, information, and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.

4.2 Formal statutory responsibility for the LGPS and fund investment remains with the administering authority that is answerable for the effective and prudent management of the scheme. Current representation on the Authority provides the appropriate balance between accountability and inclusion as required by best practice with councillors serving on the Authority having full voting rights as a matter of course.

The Authority has approved a formal policy statement setting out the rationale for the way in which various employer and scheme member interests are represented in its governance. This is the Policy Statement on Representation which is available on the following page of the Authority's website: [Governance \(sypensions.org.uk\)](http://sypensions.org.uk)

## 5. Arrangements Outside of Formal Governance

- 5.1 The Authority is committed to inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. A separate Consultation, Communications and Engagement Strategy can be viewed on our website (at: [Pensions Policies \(sypensions.org.uk\)](http://sypensions.org.uk)) and is included with the Annual Report as required by the relevant regulations.
- 5.2 Meetings of the Authority, its committees and the Local Pension Board are webcast to provide scheme members and other stakeholders with the opportunity to see the decisions that are being made on their behalf.
- 5.3 The Authority holds an annual meeting, in October or November, to which scheme members and employers are invited to attend in person or view a livestream online. Scheme members attending receive presentations on the financial position of the Fund, a review of investment and administration performance together with news of topical issues. Attendees are encouraged to raise questions. A recording of this meeting is also made available on the Authority's website.
- 5.4 The Authority provides scheme members with periodic newsletters which cover issues such as developments in the scheme, investment performance, how to access services, scam avoidance and details of educational and awareness events.
- 5.5 The Authority, in line with the requirements of the *Public Sector Pensions Act 2013*, has an established Local Pension Board comprising equal numbers of employer and scheme member representatives.
- 5.6 The Authority provides each participating organisation with an employer's guide to the Scheme. In addition, regular newsletters are produced to keep employers up to date with scheme developments and administration issues. These are provided via our dedicated employers' website and can also be made available in hard copy. Employers' attention is drawn to LGPC Circulars whenever these are published so that they can view the national perspective as well as the local view.

- 5.7 A variety of meetings are used to communicate with employers. In addition to the Annual Fund Meeting described earlier, the Authority normally holds an annual employers' forum. This is primarily aimed at topical and administrative issues but is also valuable in providing an opportunity for employer representatives to raise questions and discussion points. Further to these, ad-hoc meetings are called to consider specific issues as and when appropriate. Every employer is offered at least one annual meeting with the Authority's officers on a one-to-one basis to discuss any topic either side wishes to raise, although experience shows that very few take advantage of this facility.
- 5.7 Focus Groups of scheme members and employers are also used on a regular basis to support service improvement work of various types.
- 5.8 Officers attend the meetings with the finance officers of the local authorities as required and make an annual presentation to the Leaders of the four district councils.

## 6. Comparison with 'Best Practice' Principles

- 6.1 The Authority is required to make a statement as to the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- 6.2 The appendix to this document provides that statement, setting out against each of the principles the extent of compliance supported by further explanation or comments where further action is to be considered.

## 7. Maintaining Knowledge and Understanding

- 7.1 All members of the Authority and the Local Pension Board are required to complete an e-learning course consisting of several modules designed to cover all key areas needed for Authority and Board members to successfully manage the running of a Fund. Members are also supported to undertake the LGA's 3-day fundamentals training programme, which provides an opportunity to being exposed, on the occasions that they review investment performance and strategy, to presentations on topical issues, and differing types of investment.
- 7.2 A Learning and Development Strategy for all members is in place which includes an annual plan of training events and seminars on relevant topics, and the Strategy identifies individual learning needs and aims to address those individual needs through internal and external means.
- 7.3 An annual 'away day' event to support maintaining up-to-date knowledge and understanding, as well as provide opportunities for collaboration and networking, is held for all Authority and Local Pension Board members together.
- 7.4 The Authority takes part in a National Knowledge Assessment to assess the effectiveness of these arrangements and to inform the member L&D Strategy.



## Appendix A

### Principle A – Structure

		Compliant*
a)	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Yes
b)	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Mainly**
c)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Yes
d)	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

The Authority's separate legal status ensures that a), c) and d) are complied with and ensure representation (proportionate to size) of the major local authority employers. It is not practical for the many (around 600) non-local authority employers, whose activities are extremely diverse, to be separately represented. Trades unions representatives attend meetings of the Authority and the Audit and Governance Committee as non-voting co-opted members representing the interests of scheme members. The Local Pension Board, as required by regulations, operates alongside the formal Authority structure but is intrinsically linked with it and includes representation from other employer and scheme member groups.

## Principle B – Representation

		Compliant*
a)	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: - i) employing authorities (including non-scheme employers, e.g., admitted bodies). ii) scheme members (including deferred and pensioner scheme members), iii) independent professional observers, and iv) expert advisers (on an ad-hoc basis).	Mainly**
b)	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

The Authority appoints 2 independent investment advisers who attend meetings of the Authority and give advice to members during discussion of investment related matters.

The work of the Local Pension Board is also supported by an Independent Adviser who ensures that the Board, which acts in a form of scrutiny role, is not inadvertently led by those it is scrutinising.

Please also see the answer to Principle A, item (b) above in respect of employer representation.

## Principle C - Selection and role of lay members

		Compliant*
a)	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Yes**

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Induction courses are held for all new members who are also required to attend initial basic training via an online learning academy and the Pensions Regulator's Public Sector Toolkit. New members who can attend are also automatically supported to attend the LGA's 3-day fundamentals course. Members are also provided with an annually updated handbook which clearly sets out their responsibilities as "quasi-trustees".

A series of member seminars to address new topics or cyclical issues such as the actuarial valuation are included in the programme of meetings and members (whether elected or co-optees or members of the Local Pension Board) can attend these and approved conferences and external seminars, details of which are circulated to all members at the beginning of the year and throughout the year as they become available.

## Principle D – Voting

		Compliant*
a)	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Yes**

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

*Not applicable.*

\*\*Please use this space if you wish to add anything to explain or expand on the ratings given above:

The Order creating the Authority and its Constitution provides full voting rights to all elected Members. Co-optees do not have voting rights. All members of the Local Pension Board have equal voting rights.

## Principle E – Training/Facility time/Expenses

		Compliant*
a)	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	<b>Yes</b>
b)	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	<b>Yes</b>
c)	That the administering authority considers the adoption of training plans for committee members and maintains a log of all such training undertaken.	<b>Mainly</b>

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Induction and in-house training events are made available to all members of the Authority, its Boards and Committees, including non-voting co-opted members. In addition, all Authority members are required to undertake an online Learning Academy and the Pensions Regulators Public Service Toolkit, and where they can attend supported to undertake the Fundamentals course provided by the LGA within the first year of their appointment.

Members are offered individual training plans. Records of training received are logged and published as part of the Annual Report.

All members (whether councillors, co-optees or members of the Local Pension Board) are eligible for the reimbursement of legitimate expenses incurred in undertaking learning and development activity. Councillors receive allowances paid by the Authority in respect of their membership of the Authority. Co-opted members and members of the Local Pension Board are also eligible for such allowances.



## Principle F – Meetings (frequency/quorum)

		Compliant*
a)	That an administering authority’s main committee or committees meet at least quarterly.	Yes
b)	That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Yes
c)	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above:-

The Authority meets at least quarterly, and the Audit and Governance Committee meets four times per year. The Staffing Committee and the Appointments and Appeals Committee, given the nature of its business meets as required. In addition, annual forums are held for both fund employers and Scheme members. The Local Pension Board meets 4 times per year which is more than the minimum set out in regulations.

## Principle G – Access

		Compliant*
a)	That subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	<b>Yes</b>

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

The only exception to this general principle is that non-voting co-optees are not permitted access to papers concerned with individual staffing matters.

Please use this space if you wish to add anything to explain or expand on the ratings given above: -



## Principle H Scope

		Compliant*
a)	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

## Principle I – Publicity

		Compliant*
a)	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Yes

\* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above: -

Details of the Authority's governance arrangements are published both on its website and in its annual report. The details of the Authority's meetings are publicised both on the website and social media and the public parts of meetings of the full Authority its Committees and the Local Pension Board are webcast.

The Authority maintains a specific policy that the number of items to be considered in private is minimised thus opening the maximum amount of its business to scrutiny by scheme members and the wider public.

The Authority's constitution also includes provision for members of the public to ask questions at meetings of the Authority.