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SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

7 NOVEMBER 2024

PRESENT: Riaz Nurennabi (Employer Representative and Chair), David Webster (Employee Representative) (Vice Chair), Martin Badger (UNISON), Cllr Ken Richardson (Barnsley MBC), Cllr Linda Beresford (Rotherham MBC), Debbie Carrington (Employer Representative), Andrew Gregory (Scheme Member Representative), Sheldon McClure (Unite) and Nicola Gregory (Academy Representative)

Neil Mason (Independent Adviser to the Board)

Andrew Perriman (Deputy Clerk to the Authority)

Officers in Attendance: Gillian Taberner (Assistant Director – Resources), Debbie Sharp (Assistant Director – Pensions), Jo Stone (Head of Governance and Corporate Services), Annie Palmer (Team Leader – Governance), Gina Mulderrig (Governance Officer)

Apologies: Shelagh Carter (GMB)

1 WELCOME AND APOLOGIES

The Chairman 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 16 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

The Independent Adviser declared that he was also Head of Surrey Pension Fund but would not leave the meeting unless a conflict arose.

6 MINUTES OF THE MEETING HELD ON 08.08.2024

RESOLVED: That the minutes of the meeting of the Board held on 8 August 2024 be agreed as a true record.

7 REVIEW OF ACTION TRACKER

Members sought context on item 38 (Develop plan to improve the profile of the Board with members and employer). The Assistant Director – Resources explained that the action had come from a request from the Board’s 2023 Local Pension Board Effectiveness Review and would be on the agenda for member discussion at the upcoming SYPA Member Away Day on 28 November 2024.

Members noted a lack of information regarding the Local Pension Board Members on the SYPA website and the Head of Governance and Corporate Services explained that review of the website was part of an ongoing governance project and that member comments were noted.

Members requested an update on action 41 (Plan training session to give overview of Risk Register and Pentana) and the Team Leader, Governance explained that the proposal was to provide a short demonstration of the Pentana system and how it is used by officers to produce the risk register following the February meeting which will include the internal audit report on Pentana if available by then.

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

8 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Head of Governance and Corporate Services presented the update to provide Local Pension Board members with an update on current governance related activity and regulatory matters.

The Independent Adviser requested the Board be briefed on the results of the Hymans National Knowledge Assessment. The Head of Governance and Corporate Services explained that the results will be presented to the Board at the next meeting on 20 February 2025 to inform the LPB Effectiveness Review in March 2025 and the presentation of the Learning and Development Strategy.

The Independent Adviser requested an update on actions on the Business Continuity plan. The Assistant Director – Resources acknowledged that the target date was overdue but explained that a consultant had now been appointed to undertake the necessary work to ensure the strategy is completed by the end of the financial year.

RESOLVED: To note the updates included in the report.

9 UPDATE ON DECISIONS MADE BY AUTHORITY

The Head of Governance and Corporate Services provided Local Pension Board members with an update on decisions made by the Authority and its Committees, and any decisions taken under the urgency procedure between meetings of the Authority.

Members noted the extra context on decisions made now provided in the report as requested by the Board and agreed this was useful for member information.

RESOLVED: Members noted and commented upon the decisions included in the report.

10 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 noted that Authority members had agreed to add a new risk related to the McCloud project to the Corporate Risk Register but that this was not included in the appendix to the report. The Team Leader – Governance explained that the current review of the risk register is in progress and the new risk would be added as part of this.

Members asked if there was cause for concern when the Current Score of a particular risk was higher than the Target Score. The Team Leader – Governance explained that some Current Scores will always remain high due to the potential impact and the likelihood of the risk occurring and that the Target Score is the level SYPA is prepared to tolerate and that once risks meet the Target Score they are removed from the register unless it is agreed to keep them on for monitoring purposes until officers and members are satisfied the risk is stable and does not need monitoring on the Corporate Risk Register. It was explained that all teams have their own risk register so even if they are removed from the Corporate Risk Register due to meeting their Target Score, they may remain on team – specific risk registers if necessary.

Members sought further information on the additional security measures being procured to manage the cyber security attack risk. The Assistant Director – Resources explained that full details were not given in the report given the nature of the risk and the availability of the report to the public. It was explained that the additional measures would ensure round the clock remote monitoring and that members would receive further details in a presentation at the SYPA Member Away Day on 28 November 2024.

The Independent Adviser asked whether the potential implications of the Government Pensions Review, given the Authority's working relationships with the Border to Coast Pensions Partnership pool, needed to be included on the register. The Assistant Director – Resources agreed that consideration of this would be given in the current review of the risk register and that the Board would be kept updated.

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

11 INDEPENDENT GOVERNANCE REVIEW DRAFT ACTION PLAN

The Head of Governance and Corporate Services presented the proposed action plan developed by the working group to address findings arising from the independent governance review undertaken by Aon.

Members commended the report and praised the level of detail it contained and the Chair thanked Board members, David Webster and Nicola Gregory, who had consulted on the report with officers.

The Independent Adviser noted that continuity of membership had been identified as an issue and asked whether it should be identified as a risk if addressing it using the suggestions from the Independent Governance Review was not feasible.

The Assistant Director – Resources explained that further action on member turnover and succession planning was included in item 8 of the Independent Governance Review (IGR) Draft Action Plan and acknowledged that this was an ongoing issue to manage. The Head of Governance and Corporate Services added that a member skills matrix was being developed to give visibility to what skills are lost when individual members leave and how this risk can be mitigated to give assurance that membership continuity issues cause as little disruption as possible.

RESOLVED: Members

a. Considered the draft IGR Action Plan attached at Appendix A; and

b. Recommended the draft IGR Action Plan to the Authority for approval.

12 PROCUREMENT COMPLIANCE UPDATE

The Assistant Director - Resources presented the report providing an update, as requested by the Board, on the actions being taken in response to the findings from the Procurement Compliance internal audit review completed in October 2023.

Members asked for further information on the type of procurement made by SYPA. The Assistant Director – Resources explained that low level procurement included purchases such as hardware and software and that higher level procurement included the system for pensions administration, the facilities management contract, the hybrid mail system and actuary services and that compared to other local authorities, SYPA's overall procurement was small.

Members noted the need to manage contracts effectively and ensure value for money and the Team Leader – Governance gave assurance that contract management had been an area of focus in the Procurement Act 2023 and that there were defined requirements to adhere to.

The Independent Adviser queried if there was a skills and/or resource gap regarding contract management given that SYPA does not have a dedicated procurement/contracts team and whether using external expertise may be beneficial given SYPA does have some large contracts. More detail on the effect of the Procurement Bill on SYPA was also sought.

The Team Leader- Governance explained that SYPA has had to make few changes following the Procurement Act 2023 given that the majority of procurement is under the threshold. It was explained that procurement routes were now reduced but more flexible and that when making a higher level procurement, SYPA uses the existing LGPS procurement frameworks meaning some expertise-intense stages are already complete. It was explained there was also additional requirements on publishing procurement outcomes and that the Government are planning to introduce a central register of providers. The Assistant Director – Resources added that where external expertise for specific procurement exercises is required, this is commissioned as appropriate through the use of legal advice and the Authority also subscribes to the CIPFA Procurement Network which ensures we can seek advice and guidance from the network adviser on any procurement queries as they arise.

RESOLVED: Members

a. Noted and welcomed the additional controls that had been implemented as part of the agreed management actions following the audit; and

b. Considered any further information or explanations required from officers.

13 LPB BUDGET 2025/2026

The Assistant Director – Resources presented the Board’s proposed budget for 2025/26 for consideration prior to the recommendation of the draft budget to the Authority for approval as part of the overall budget.

Members noted the small overspend in 2024/25 and the large increase in member allowances.

It was explained that the increase in the budget for 2025/26 was due to inflation, a change in the assumption of how many members would accept the allowance and a change in membership, as there are no longer dual members of the Board and Authority, where the Authority would have paid the allowance.

RESOLVED: Members

a. Noted the proposed 2025/26 LPB budget of £51,000.

b. Recommended the draft LPB budget to the Authority for its approval as part of the Authority's overall budget.

14 QUARTERLY PERFORMANCE REPORT

The Assistant Director – Pensions presented the Pensions Administration Performance Update Quarter 2 2024/25 to the Local Pensions Board.

Members asked about new starters and their additional training that was putting a strain on progress clearing the backlog and asked when recruits would be fully trained. The Assistant Director – Pensions explained that there was a detailed training plan that focussed on staff hitting quality targets rather than following a fixed timeline. It was explained that some staff can progress faster than others but that it was important to progress the team as a group to ensure the workload was shared effectively and ensure there was an even knowledge spread.

The Independent Adviser stated that it would be useful for the Board to see the actual service targets and KPIs to give them context on how the targets are decided and their value to members. The Assistant Director – Pensions advised that they had a project planned to assess the targets and that these findings would be shared with the Board.

The Independent Adviser expressed that it would be of use for the Board to be made aware of the total number of cases for processing coming in as this would help them analyse how resources are being utilised and what impact the backlog is having on business as usual. The Independent Adviser requested the Board be given the updated target dates for completion of the backlog.

Members queried what proportion of case processing was automated. The Assistant Director – Pensions explained that the UPM system processes the casework but trained staff are needed to input the data correctly, check the calculations are correct and regularly make manual calculations.

The Board queried whether there was any data on the number of phone calls received and the answering speeds and outcomes. The Assistant Director explained that there was data on phone calls, waiting times, email response times and many other metrics that they want to analyse but that this data needed to be put onto a metrics dashboard which was part of a project being managed by the Services Managers in Customer Services and Programmes and Performance and the results will feed into future reports for the Board to see.

The Independent Adviser requested the Breaches Register be brought to the Board annually so that the Board could understand the methodology and rationale around how breaches are assessed for materiality. The Assistant Director – Pensions gave a more detailed explanation on breaches and assured the Board that, while every breach was reported, nothing in the last 6 months had been classed as material and required reporting to The Pensions Regulator.

Members asked for more detail on why the Process Improvements project was running late and more information on how the project had progressed from the previous quarter. The Assistant Director – Pensions explained that this was due to lack of resources and prioritisation of the project but that the delay had enabled the team to use the very latest guidance from the LGA and provide the learning needed to progress. The Assistant Director agreed to include a progress comparison with the previous quarter in subsequent reports.

The Board asked for a timeframe around the development and implementation of the system functionality to facilitate the McCloud Project and any risks or consequences for not meeting the statutory deadlines. The Assistant Director – Pensions explained that the system provider had shared their planned progress with SYPA and began stage 2 of the implementation with testing underway. It was explained that the delay in progress of getting the new system module fully functional did pose a risk that SYPA would not be able to meet the statutory deadline of 1 August 2025 for retrospective changes to benefits under the McCloud Remedy. It was explained that this was due to delays caused by resource shortages at the system provider and that this affected a large number of LGPS Funds who are also reliant on this software to be able to follow the timeline in the

guidance. It was emphasised that SYPA have been and are engaging actively on this matter with our software provider.

Members asked further questions on the McCloud Project querying how cases needing processing would be prioritised effectively, whether there was a plan for implementation and if it could be brought to the Board, how scheme members are or would be made aware of the McCloud Remedy and whether the regulator was aware of the issues with the software.

The Assistant Director – Pensions explained that priority McCloud cases would be scheme members leavers but that there was a plan to prioritise effectively, that the plan was in phase 2 and that an overview could be brought to the February meeting, that scheme members were being kept aware of the McCloud Remedy and how it affected them in regular member newsletters and information sent annually to deferred members and that there was no provision for reporting the software provider as they had not yet breached any agreements but that progress was being closely monitored and that SYPA, along with other LGPS peer funds awaiting the software development were meeting to compare progress and service provision.

The Independent Adviser asked for more detail on the technical steering group who are meeting quarterly to decide on the Pension Administration system developments and improvements to be taken forward for the following quarter. The Assistant Director – Pensions explained that this steering group was an internal group of senior officers who meet to prioritise work as needed and ensure all stakeholders were kept aware of progress.

The Board questioned the progress on selecting an integrated service provider (ISP) for the Pension Dashboards project. The Assistant Director - Pensions explained that an ISP was due for selection at the end of November 2024 and that an explanation of the thorough process and assessment to reach the decision would be presented to the Board at the next opportunity.

Members praised the value of the table in the report showing the Summary of Employer Queries and asked what the most common issues raised were. The Assistant Director – Pensions explained that the table was used to show which employer was in touch most frequently and with which enquiry which allowed the Pensions team to target training, support and resources efficiently.

The Board commented on the on time delivery the Pension Saving Statements and asked whether this was the first time the project had been undertaken in-house. The Assistant Director – Pensions explained that this project had been contracted to external actuaries in the several previous years but that is was undertaken in house this time and will be done so going forward and that this represented significant learning and a great achievement for the Benefits team.

RESOLVED: Members noted the contents of the report.

15 LPB NEXT MEETING AGENDA AND WORK PROGRAMME

The Head of Governance and Corporate Services presented the report which set out the draft agenda for the next meeting of the Board for discussion, including the work programme for the current year. This would be updated to include points raised in this meeting: Pentana and risk management; Hymans Skills Assessment; changes to the Performance Report and McCloud.

Members asked for an update on the valuation and update on the Communications Strategy.

The Head of Governance and Corporate Strategy explained that there is a joint LPB and Authority training session titled Introduction to the Valuation Assumptions on 13 February 2025. Officers confirmed the Communications Officer was

developing the Communications Strategy and that this will be shared with the Board at the earliest suitable opportunity.

RESOLVED: Members accepted the draft agenda for the February 2025 meeting as set out in paragraph 5.1 of the report and amended.

16 BORDER TO COAST ANNUAL REVIEW

The Assistant Director – Investment Strategy presented the conclusions and recommendations of the Annual Review of the Border to Coast Pensions Partnership conducted by the Investment Advisory Panel.

Members discussed the report noting that the conclusions drawn are largely positive and acknowledging that significant progress had been made in a wide range of areas which were delivering benefit for SYPA.

Members also noted concerns around influencing, challenging and scrutinising Border to Coast, given the disparity in size of the Authority and the company and asked for clarity on the rules of engagement.

Members also discussed performance of the listed asset products and

private markets (alternatives) propositions with Border to Coast and sought clarity from the Assistant Director – Investment Strategy on expected future performance and predicted changes to the percentage of the Fund pooled with Border to Coast.

RESOLVED: Members noted the Annual Review of the Border to Coast Pensions Partnership.

CHAIR

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