

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

20 FEBRUARY 2025

PRESENT: Riaz Nurennabi (Employer Representative and Chair), David Webster (Employee Representative and Vice Chair), Cllr Ken Richardson (Barnsley MBC), Cllr Linda Beresford (Rotherham MBC), and Andrew Gregory (Scheme Member Representative)

Neil Mason (Independent Adviser to the Board)

Officers in Attendance: George Graham (Director), Gillian Taberner (Assistant Director – Resources), Vickie Burtoft (Service Manager – Employer Services Team), Katherine Morrison (Service Manager - Technical Support and Training), Joanne Webster (Service Manager – Customer Services), Jo Stone (Head of Governance and Corporate Services), Annie Palmer (Team Leader – Governance) and Gina Mulderrig (Governance Officer)

Apologies: Martin Badger (UNISON), Sheldon McClure (Unite) Shelagh Carter (GMB) and Nicola Gregory (Academy Representative)

1 WELCOME AND APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

2 ANNOUNCEMENTS

The Director announced that SYPA had been confirmed as a signatory to the UK Stewardship Code for 2025, a significant milestone that recognises ongoing commitment to responsible investment and transparency.

3 URGENT ITEMS

None.

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

None.

5 DECLARATIONS OF INTEREST

The Independent Adviser declared that he was also Head of Surrey Pension Fund and Chair of the Local Pension Board at the London Borough of Hounslow but would not leave the meeting unless a conflict arose.

6 MINUTES OF THE MEETING ON 07.11.24

RESOLVED: The minutes of the meeting of the Board held on 7 November 2024 were agreed as a true record.

7 LOCAL PENSION BOARD ACTION TRACKER

The Independent Adviser welcomed the progress on Action 47 regarding enhancements to the quarterly Pension Administration report.

Members asked for an update on progress on Action 36 regarding the Reading Room. The Head of Governance and Corporate Services explained that the Reading Room had undergone significant restructure and was available to all registered members and that the action could be closed once the guide to accessing and navigating the Reading Room, which was under review, was circulated to members ahead of the next meeting

RESOLVED: Members noted updates and agreed the items proposed to be closed 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.

Members asked for clarification on why the actions from an audit review of information governance held in 2020 had not yet been closed. The Assistant Director – Resources explained that the original review had given positive assurance and the majority of actions resulting from the review had been completed but that the remaining two actions were large pieces of work linked together and related to updating a written policy for Records Management and a Document Retention Schedule which formed Phase 2 of the action plan with work having commenced in January 2025 and being expected to take a number of months to complete. The Team Leader – Governance added that the internal auditors had agreed that the remaining actions could be closed due to the robust systems now in place to deliver the work and that the actions would be closed before the Board met again.

Members queried whether the action to develop an updated Data Retention policy by 31 March 2025 was achievable. The Head of Governance and Corporate Services explained that following consultation with internal auditors it was agreed that this deadline was not realistic but that a project group would be formed to manage the action with the goal of completion by the end of 2025 and that the Board would be kept updated on progress.

The Independent Adviser asked how the updated legal opinion on the fiduciary duty in LGPS would affect the Authority. The Director explained that the legal opinion “Local Government Pension Scheme: Investments and Non-Financial Considerations” had been helpful in providing definitive guidelines and provided a sound basis for responding to lobbying but that it would not stop lobbying on the fiduciary duty of the LGPS. It was explained that the opinion reinforced the position

of the High Court that the Fund does not hold public money but that the money belonged to the scheme members and that administering authorities were required to manage it with them as priority.

RESOLVED: Members noted the updates included in the report.

9 UPDATE ON DECISIONS MADE BY THE AUTHORITY

The Head of Governance and Corporate Services presented the update provide 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.

The Independent Adviser asked for further detail on the External Auditor's (KPMG) year end reports that had been presented to the Audit and Governance Committee. The Assistant Director – Resources explained that the reports had not produced any specific recommendations or identified any issues and were submitted without modifications. It was explained that this was the first year KPMG had completed these reports for South Yorkshire Pensions Authority and for the Fund and, as a consequence, there were some areas they had to report that did not meet their standard but that this was typical of most local authorities and did not impact on performance.

The full year end reports on the Authority and the Fund can be found here: [A&G Committee December Meeting](#)

RESOLVED: Members noted the decisions included in the report.

10 STRATEGIC 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 the high risk of backlogs in workflow but also noted that there was no planned overtime and asked if this was due to the improved competency of recently recruited staff and the reduction in need to monitor their work.

The Director explained that the overtime budget had expired in October 2024 to reflect the significant recruitment of pension administration staff and the subsequent increased capability to manage the backlog without overtime. The Director explained that, with streamlined training and increased experience, new staff were becoming more competent and capable but stressed that all work was monitored and checked and would continue to be so as per SYPA processes. It was explained that 62% of the backlog of work had been cleared so far and that there was confidence the existing work would be cleared by the end of 2025 with no new backlog building up. It was explained staff were prioritising work in the backlog that would most affect the upcoming valuation.

The Independent Adviser expressed the need ensure there were adequate resources and sufficient working hours funded to clear the backlog for the benefit of

scheme members. The Director explained the budget for any required overtime, particularly for complex cases needing more experienced staff, could be funded from the forecasted underspend for 2025.

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

11 DRAFT GOVERNANCE COMPLIANCE STATEMENT

The Head of Governance and Corporate Services presented the report to provide Local Pension Board members with the opportunity to review and comment upon the draft Governance Compliance Statement 2024/25 and make a recommendation for the Audit & Governance Committee.

RESOLVED: Members

a. Reviewed and commented upon the draft Governance Compliance Statement 2024/25 at Appendix A. and:

b. Provided a recommendation for the Authority's Audit & Governance Committee consideration.

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

The Team Leader – Governance 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 welcomed the work done with moving towards full compliance but queried whether the progress was being made at a suitable pace. Only ten amber or red actions had been cleared, although it was noted that most of the actions were in hand, with target dates for completion.

The Assistant Director – Resources explained that many of the goals contained in the report were not a 'Requirement in the Code' but a recommendation for 'Good Practice' and were the 'Good Practice' goals removed, the Authority would be near to fully compliant. It was explained that adding the 'Good Practice' goals therefore slowed progress on full compliance but would result in the Authority achieving a higher standard of compliance.

The Director added that many of the goals involved large, complex and ongoing projects that interlinked with each other and that, due to the high standards of achievement needed and the significant workloads of staff, tasks were prioritised accordingly. The Director further explained that the impact of the of the 'Red' or 'Amber' status goal was assessed and those that had the most effect on the Authority's performance were prioritised meaning that goals at 'Red' or 'Amber' did not necessarily indicate heightened risk. In addition, progress had been made against some goals, but they were not shown as green until they had been totally completed.

The Independent Adviser expressed that SYPA had been proactive in aiming for the higher level of compliance and explained that while the time to full compliance may take longer, there was no indication the Fund was not performing satisfactorily in this area compared to peer Funds.

RESOLVED: Members

- a. Noted the update on compliance with the TPR's General Code of and actions identified; and**
- b. Considered if any further information or explanation is required from officers.**

13 **MEMBER LEARNING AND DEVELOPMENT STRATEGY**

The Head of Governance and Corporate Services presented the report to provide members with a forward look at arrangements for 2025/26 within the Members Learning and Development Strategy and to provide a training plan to continue to increase members knowledge and skills.

The Independent Adviser asked how the training requirements compared between Board and Authority members.

The Director explained that all members were required to complete between 15 and 25 hours of training, as per the recommendation of the Pensions Regulator, the focus of the training depended on the role of the member.

RESOLVED: Members commented on and made a recommendation to the Authority to approve the Members Learning and Development Strategy 2025/26 set out at Appendix A.

14 **MEMBERS SKILLS MATRIX AND LEARNING AND DEVELOPMENT PLANS**

The Head of Governance and Corporate Services presented the report to seek the Board's views on proposed Member Individual Learning and Development Plans, including a skills matrix, for providing all members with individually tailored plans to continue to increase members' knowledge and skills.

Members welcomed the plans and noted the importance of recognising the strengths and experience of each member and the need to compile this information to target knowledge gaps and adequately plan for recruitment and member succession.

RESOLVED: Members noted the plans

15 **QUARTERLY PERFORMANCE REPORT**

The Director presented the Pensions Administration Performance Update for Quarter 3 2024/25 and introduced the Service Managers for Customer Services, Employer Services and Technical and Training Support who had contributed to the report.

Members had a number of queries on the McCloud project and asked for further details on progress, deadlines and timelines.

The Director explained that the LGPS deadline for including the McCloud remedy in annual benefit statements (ABS's) was scheduled for 31 August 2025 but that, as ABSs for deferred members of SYPA were due to be sent before May 2025, and if the software was still not functional, meeting this deadline might not be possible. The Service Manager – Customer Services explained that all members would still receive their ABSs even if they were unable to add the McCloud calculation with a note that an adjustment was to follow. It was explained that the guidance allowed an administering authority to determine that the McCloud implementation phase be extended to 31st August 2026 for specific members or classes of members and that while such cases have yet to be determined, and the detail of this legislation known, this might be necessary considering the software development delays.

The Independent Adviser queried whether making the McCloud calculation without the software was possible. The Director explained that the software was needed to perform bulk calculations and that the availability of resources to undertake the work manually was unrealistic. It was explained that there had been considerable contingency planning due to the ongoing software delays but that recruitment of temporary staff and/or introducing more overtime was not feasible due to the skillset of staff needed and the welfare of staff. The Director explained that outsourcing the work remained a possibility but that the cost may be prohibitively high.

Members asked for more detail on the software development delay, any action that had been made to address or escalate the issue and how peers in the industry were affected.

The Director explained that SYPA had constant engagement with Civica, the software provider, and the main problem cited was lack of staff to develop the software to the necessary standard. It was explained a letter of concern had been sent to Civica by a number of customers which they had acknowledged by email and that they had also scheduled a meeting with the Assistant Director – Pensions. It was explained that the software delays represented a significant risk which also affected other LGPS peers who were waiting on Civica. It was explained that there were other suppliers of the software and that other authorities using these other suppliers were slightly ahead in terms of implementing the remedy but that alternative systems had different strengths and weaknesses and that any change of system represented a high level of complex work for all administering authorities. It was stressed that changing supplier at this stage would be difficult and complicated and involve contract and procurement considerations. It was explained that SYPA was in contact with LGPS peers to escalate the issue to Civica en masse but that the ability to force action was limited due to Civica's lack of resources.

The Independent Adviser asked how Civica had responded, as this was a major contract for the Authority. An email response had been received which mentioned a roadmap being produced. Further contact was planned.

Members asked whether the backlog of work yet to be cleared was on track and whether this could affect the valuation.

The Director explained that clearance of the backlog was on schedule to be completed by the end of 2025 but that priority was being given to issues that would have most benefit ahead of the valuation, in particular, processing unprocessed leavers. The Director explained that this involved contacting employers and resolving data issues and that, while there was a lot of cross over between projects and teams when resolving these issues, progress was being made.

Members asked whether staff had received sufficient recent training on breaches and queried whether there may have been breaches before this training that SYPA were unaware of.

The Director confirmed that there had been recent specialised training on breaches for relevant staff and that this had resulted in a higher number of breaches captured in this report. It was explained that it was expected that historical breaches had now been captured and that there was no evidence of reportable or systemic breaches but that continually updating processes and training in this area was necessary.

Members noted that while the number of complaints made was low, responses to feedback surveys reported 2% of customers were 'Very Dissatisfied' and queried whether this figure should be included with complaints.

The Service Manager – Customer Services explained that only complaints that had gone through the official complaints procedure were counted as complaints. The Director added that this method of reporting complaints was consistent across the LGPS but that it did possibly underrepresent complaints and a method of analysing all feedback to gain a more accurate picture would be advantageous. It was added that negative feedback from surveys was picked up, recorded and acted upon, with the customer contacted as necessary but that it still did not count as an official complaint until the customer used the complaints procedure.

Members asked for updates on the valuation process. The Independent Adviser stated that it would be useful for the Board to see the draft FSS before the formal consultation. The Director that it would be possible to bring a paper to the summer meeting, to consult on any changes.

Members asked for clarity on what Preserved Refunds meant to the Authority. The Service Manager – Technical and Training Support explained that Preserved Refunds were funds for those who had left an employer and paid contributions for under 2 years and were not entitled to a pension or lump sum. The Service Manager explained that SYPA made contact with the leaver and gave them the options on what to do with their contributions but that the funds for any potential pay outs were preserved until the leaver provided instructions.

Members asked for explanations for the tables showing Members Unprocessed by Employer. The Assistant Director – Resources and the Service Manager – Employer Services explained that these tables had been developed by the Service Manager – Programmes and Performance to aid officers in targeting employers with the largest proportional number of unprocessed members to best utilise resources in clearing the backlog and reducing liability assumptions ahead of the

valuation. It was noted that Councils were left out of these tables due to their size compared to other employers. The Director explained that the tables were given as examples of the information available from the system, included to give assurance to the Board that the information was available and was being used. They were illustrative of the thought processes of the Administration team, who could drill down into the information to focus on particular areas or employers.

Members asked if the Pension Dashboards project was still on track and the Director stated the target date of connection of the Authority to the Pension Dashboards ecosystem via an integrated service provider by October 2025 was still expected. A data improvement plan was being developed, which could be shared with the Board at a later meeting.

RESOLVED: Members noted the contents of this report.

16 MEETING CYCLE CALENDAR 2025/26

The Team Leader – Governance presented members with the proposed 2025-26 Meetings Calendar for review and approval.

RESOLVED: Members approved the 2025/26 Local Pension Board Meetings calendar and outline work programme attached at Appendix A in the report.

17 LPB NEXT MEETING AGENDA AND WORK PROGRAMME

The Team Leader – Governance presented the report to set out the draft agenda for the next meeting of the Board for discussion and included the work programme for the current year.

Members asked that updates on the Valuation and the Funding Strategy Statement be added to the work programme.

RESOLVED: Members discussed and commented on the draft agenda for the April 2025 meeting as set out in paragraph 5.1 of the report.

CHAIR