

## **SOUTH YORKSHIRE PENSIONS AUTHORITY**

### **LOCAL PENSION BOARD**

**4 OCTOBER 2018**

PRESENT: J Thompson (Employer, Action Housing) (Chair)

G Berrett (Employer, SYP), N Gregory (Academy Representative), S Ross (Scheme Member) and G Warwick (GMB)

Officers: J Bailey (Head of Pensions Administration),  
G Graham (Fund Director), M McCarthy (Deputy Clerk) and  
G Richards (Senior Democratic Services Officer)

N Wilson (The Pensions Regulator)

Apologies for absence were received from N Doolan-Hamer  
and K Morgan

#### **1 WELCOME AND APOLOGIES**

The Chair welcomed everyone to the meeting, including Neil Wilson from The Pensions Regulator.

Members were informed that Nicola Simpson had resigned from the Board, the Chair thanked her for her contribution to the Board's work.

Apologies were noted as above.

#### **2 DECLARATIONS OF INTEREST**

None.

#### **3 ANNOUNCEMENTS**

M McCarthy informed the Board that the Authority's chair, Cllr Sue Ellis, had been appointed to the BCPP Board as a Non-Executive Director. This was positive news as it ensured that LGPS views would be represented on the Board.

Members were informed that the Annual Fund meeting would be held on 18 October 2018 at 5.30pm at the Carlton Park Hotel in Rotherham, all members were encouraged to attend.

The Employers Forum would be held on 29 November 2018 at the Holiday Inn, Dodworth.

#### **4 MINUTES OF THE MEETING HELD ON 7 JUNE 2018**

The Whistleblowing Policy would be brought to the Board's meeting in January. Members were informed that the document could be viewed on the Authority's website.

With regard to cyber-crime insurance, A Hunt had confirmed that the Authority did not have any such policy. The insurance was cost prohibitive and had a number of policy conditions that made the insurance somewhat limited.

G Graham informed the Board that there would be an insurance policy review within the next few months where this would be looked at again.

J Bailey reassured the Board that the network had been externally tested, including penetration tests. Subject to confidentiality, the results could be shared with the Board.

N Wilson from The Pensions Regulator commented that from the Regulators' perspective, the Board did not need public indemnity insurance as it was not a decision making body.

RESOLVED: The minutes of the Board held on 7 June 2018 were agreed as a correct record.

## **5      PRESENTATION FROM THE PENSIONS REGULATOR**

Neil Wilson from The Pensions Regulator (TPR) gave the Board a presentation. The presentation included:

- The role and responsibilities of TPR and Local Pension Boards.
- TPR's expectations.
- Governance and internal controls.
- The importance of good data
- Communication.
- Reporting a breach; and
- The need for cyber resilience.

N Wilson informed the Board that they could book further more detailed sessions from TPR through the website.

The Chair thanked N Wilson for an interesting and informative presentation.

## **6      WORK PROGRAMME**

The Board considered its Work Programme.

G Graham commented that if the Board accepted the revised Terms of Reference, which was later on the agenda, the Work Programme would be populated further.

The aim was to avoid replication from Authority and Board meetings and to look at key thematic areas.

With regard to Internal and External audit issues the Board's role was to check that management had responded properly to any recommendations. Likewise, it was not within the Board's remit to review the Risk Register, the Board needed to be satisfied that the Authority had a Risk Register and that it was fit for purpose.

RESOLVED: The Board noted the Work programme, acknowledging that it would be developed further in the coming months.

## **7     LOCAL PENSION BOARD BUDGET**

Members were presented with the Board's expenditure to quarter ending 26 September 2018.

RESOLVED: That the budgetary position be noted.

## **8     GOVERNANCE - CONSTITUTION & TERMS OF REFERENCE**

The Board considered a report which made recommendations for revised Terms of Reference and formalised the Board's decision at its last meeting to reduce the Membership of the Board to ten.

Members were reminded that Section 5 of the Public Service Pensions Act 2013 defined the functions of a Pension Board as:

- (1) Scheme regulations for a scheme under Section 1 must provide for the establishment of a board with responsibility for assisting the scheme manager (or each scheme manager) in relation to the following matters.
- (2) Those matters are –
  - (a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;
  - (b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
  - (c) such other matters as the scheme regulations may specify.

The Pensions Regulator strongly expressed the view that the focus of the work of Local Pension Boards within the LGPS should be on issues such as performance of the administration function, data quality and compliance with Code of Practice 14, and not on investment issues and wider organisational matters.

The revised Terms of Reference, set out in Appendix A to the report, had been developed by officers in consultation with the Chair and Vice-Chair of the Board with these factors in mind.

G Graham informed the Board that the regulations under which the Local Pension Boards were established emphasised the potential conflict of interest which existed between being a member of the Administering Authority/Pension Committee and the Local Pension Board. In South Yorkshire two trades union representatives sat

on both the Authority and the Local Pension Board. This was not good practice and officers would discuss with the Trade Unions how to resolve the issue.

RESOLVED: That the Board:

- a) Recommend to the Pensions Authority the revised Terms of Reference for the Local Pension Board as set out in the Appendix to the report.
- b) Recommend to the Pensions Authority the revised membership arrangements for the Local Pension Board as set out in the report.

## 9 ANNUAL BENEFIT STATEMENTS - REVIEW OF THE 2018 PROCESS

A report was submitted to update members on the progress of the exercise to issue Annual Benefit Statements to active and deferred members.

Members were reminded that under the provisions of the Public Service Pensions Act 2013 each LGPS fund was required to issue an estimated Annual Benefit Statement (ABS) to every active and deferred member by 31 August of each year.

This target had not been met for the last three years due to various factors including late year-end submissions from some employers, system issues and general workload pressures.

In 2017 SYPA reported to the Pensions Regulator in May of that year, well ahead of the August deadline, that it did not expect to meet the target date. One of the main reasons cited was the workload pressures caused by preparation for the move to monthly data collection, intended to provide a long-term solution to the ABS production process. Subsequent correspondence followed and no further remedial action was taken by the Regulator.

In 2018, SYPA strengthened the level of engagement with employers in respect of the submission of year-end returns and made changes to the Administration Strategy which enabled SYPA to make a penalty charge for late year-end submissions.

Although 100% compliance was not achieved by the deadline of 11 May 2018 for receipt of year-end returns, a year-end return of 100% was received by 31 August.

The net result was that statements were issued to 44,176 members and all employers were represented amongst this number. This equated to at least 98.6% of the members recorded as being active as at 31 March 2018.

With regard to the production of ABS's for deferred members which was not reliant on the submission of year-end returns, SYPA successfully issued 100% of the ABS's to deferred members before the 31 August deadline.

The shift to monthly data collection would mean that the production of the ABS's in 2019 could commence as soon as the March monthly data had been received.

This should mean that SYPA could phase the production of the ABS's over an extended period and meet the statutory deadline.

As part of the 2018 ABS exercise, members were advised that all statements from 2109 onwards would only be available online, unless a member specifically requested a paper copy.

In response to a question from a Board member, J Bailey confirmed that no complaints had been received regarding the late receipt of ABS's.

The Board and officers discussed whether the breach had been material and should be reported to the Regulator.

The Board recommended that the breach should be reported as it would show an improvement in the process.

RESOLVED – That the Board noted the progress made with the 2018 exercise and the noted the plans in place for 2019.

## 10 ADMINISTRATION AND EMPLOYER PERFORMANCE

J Bailey presented a report to update members on administration issues for the period 1 April 2018 to 30 June 2018.

Members were informed that, following discussions with the Chair and Vice-Chair, it had been agreed that a report would be provided on a quarterly basis on the performance of the administration team as well as the level of engagement and compliance from employers. This would allow the Board to comment on any areas where further information or explanation may be required.

The performance level during the period of 87% compared favourably with the casework performance for the 2017/18 year overall of 82%.

The report contained a table which showed the casework areas broken down by subject type according to SYPA's Customer Charter.

It was felt that some of the targets were unrealistic. J Bailey informed the Board that the statutory target for a transfer out was three months, but currently SYPA's target for this category was five days.

The administration team would consult with a selection of scheme members to assess whether the target days set out in the Customer Charter were relevant and whether members would prefer focus on other areas. The results of this would be shared with the Board.

With regard to the backlog of aggregation cases that had been on hold awaiting software development, a dedicated project team had been set up from 1 October 2018 specifically to work on the backlog of aggregation cases now that the automated software was in place. Progress on resolving these cases would be included as part of the quarterly update.

The report contained a table which reflected the performance of the four District Councils and remaining employers in respect of retirement notifications.

With regard to monthly data collection (MDC), the Board were informed that employers were required to submit monthly returns by the 19<sup>th</sup> of the month. The table included in the report showed that in April and May there were 42 and 43 outstanding MDCs respectively. Of these, 40 were contributable to employers who used Capita payroll services.

The poor performance of Capita in respect of MDC and other ongoing areas of administration had been escalated to Capita senior management. The MDC files for employers using Capita had now been brought up to date.

RESOLVED: That the report be noted.

#### 11 COMPLAINTS, COMPLIMENTS AND BREACH REPORTING

The Board considered a report which gave an update on reported breaches and provided details of the complaints reporting for Quarter 1.

Members were reminded that SYPA's Reporting Breaches Procedure set out that all breaches, whether material or not, should be recorded and presented to the Local Pension Board on a quarterly basis.

The Board noted that five breaches had occurred since the last Local Pension Board meeting, all of which were data related. Three of the breaches were caused by individual errors in the administration team and two were caused by errors made by employers or their payroll providers.

The nature of the breaches was set out in an Appendix to the report, and all had initially been flagged as not material; the Board were invited to review these if they did not consider the ratings or actions taken to be sufficient.

The Board requested an extra column be added to the table to show whether the breach had been reported to the Data Protection Officer.

With regard to formal complaints, there had been four within the period. All had been responded to within the three day target response time.

REOLVED – That the report be noted.

#### 12 GUARANTEED MINIMUM PENSIONS RECONCILIATION

A report was submitted to update members on the progress of the exercise to reconcile GMP records between SYPA and HM Revenue and Customs.

The report detailed the reconciliation process, progress to date, the impact on scheme members and next steps. It was noted that that outcome of the reconciliation process would not be known until the spring of 2019.

RESOLVED- That the report be noted.

13     MEMBER LEARNING & DEVELOPMENT

It was noted that several Board members would be attending the Fundamentals training; a limited number of places had been offered to Board members on the BCPP Annual Conference in Leeds.

There would be more focus to ensure that training offered met the Board's requirements, members were asked to inform officers if they felt there were gaps in their knowledge.

With regard to GDPR training for employees, this was ongoing and being supported by Barnsley MBC. There was a possibility it could be offered to Board members in the future.

A Risk Workshop would also be arranged for Board members in the future.

14     ANY OTHER BUSINESS

The Board were informed that BCPP's Joint Committee had at its last meeting agreed in principle to allow non-voting scheme member representation on the Joint Committee.

At their next meeting in November the Committee would be considering proposals for how many scheme members would be invited to join the Joint Committee and how they would be selected. There was a possibility they would be selected from Local Pension Board members.

CHAIR