

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

22 APRIL 2021

PRESENT: G Warwick (GMB) (Chair)

Councillor M Chaplin (Sheffield City Council), N Doolan-Hamer (Unison), R Fennessy (South Yorkshire Police), D Gawthorpe (Unite), A Gregory (Scheme Member Representative), N Gregory (Academy Representative) and D Webster (Scheme Member Representative)

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

C Scott (Independent Advisor to the Board)

Apologies for absence were received from S Loach

1 WELCOME AND APOLOGIES

The Chair 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

None.

5 DECLARATIONS OF INTEREST

None.

6 MINUTES OF THE MEETING HELD ON 28 JANUARY 2021 AND ACTIONS AND MATTERS ARISING

J Bailey commented that with regard to the employers survey which had been due in Quarter 4, an exercise had been carried out to update all the employer contacts

which had caused a delay. The survey would be issued during the current quarter and it was hoped the results would be available for the next meeting of the Board.

C Scott commented that at the end of the fiduciary training in March when the Board had also met to discuss the effectiveness survey, there had not been a lot of time to discuss investments and responsible investment with SYPA's Head of Investments S Smith and felt it would be helpful to arrange a session to discuss these matters in more detail. G Graham confirmed that this could be arranged.

RESOLVED – That the minutes of the meeting held on 28th January 2021 be agreed as a true record.

7 REVIEW OF THE AUTHORITY'S RISK REGISTER

A report was submitted which provided the Board with the opportunity to review the Authority's Corporate Risk Register.

The Risk Register, which was reviewed on a quarterly basis by the Senior Management Team, was attached as an Appendix to the report.

Members were reminded that the Authority had created a specific Covid risk register which had been reported to the Board in July 2020. This had remained in place until the autumn when the risks which had not been effectively mitigated were consolidated into the Corporate Risk Register. In addition, the initiation of major projects such as the new office accommodation had resulted in the creation of new risk registers specific to those projects which were reviewed within the relevant project management structures; any issues of corporate significance, for example major budgetary variances or significant time delays, would be reported to the Senior Management Team – there had been no such issues so far.

With regard to the governance risk relating to the Board, A Gregory queried if there were any measures planned to reduce the risk score from a nine towards its target of two.

G Graham replied that the risk had been reduced following C Scott's appointment as the Board's advisor and a further review would be done which would reflect the outcome of the Board's self-assessment. The new Learning and Development Strategy should also have a positive impact on the score. It was unlikely that the risk would be reduced to its target level in the next two years due to matters outside of the Authority's control.

The Board discussed the risks around investment and funding, noting that the next review of the Risk Register would take into account the approval of the Net Zero Action Plan.

RESOLVED – That the Board note the Authority's Corporate Risk Register.

8 GOVERNANCE AND REGULATORY UPDATE

A report was considered which provided an update on governance and regulatory matters.

The Board was informed that there had been a number of developments in the area of governance requirements on funds which they needed to be aware of.

- The Scheme Advisory Board had approved the final stage of its Good Governance Project and had made recommendations to the Minister in relation to regulation changes and was implementing an action plan in relation to items that did not require regulatory change. Key issues arising from the report and the implications for SYPA were detailed within the report.
- The Pensions Regulator (TPR) had issued its draft single code of practice for consultation. This would replace 10 existing codes, including CoP 14 which specifically related to the governance of public sector schemes. The draft code replicated and re-ordered the existing codes but there was also a number of significant changes which were explained within the report. Officers would be preparing a response to relevant elements of the proposed Code of Practice and would consult with the Chair of the Board before submitting to the Chair of the Authority in consultation with the s41 members under the urgent business procedure.

The Director commented that although it was thought that the Authority was well placed to deal with these matters there was no room for complacency. The TPR document was approximately 150 pages and there were bound to be some areas that required attention. It was particularly annoying that the consultation was being run at a time when elected members could not respond which was disrespectful to the LGPS as a community and as part of the pensions industry.

In response to a question around the timetable the Director explained that the Good Governance recommendations would be phased in over the next two years. Some needed changes to the Regulations which would involve time to get through the statutory consultation, further time to make the Regulations followed by the production of statutory guidance, all this could take up to two years.

With regards to responding to the consultation, TPR had given the opportunity to respond to each part of the Code so comments could be made just to parts of the Code which may raise particular issues.

The Director commented that there was a strong case for an LGPS version of the Code as TPR's responsibilities for public sector schemes, and in particular the LGPS, was more constrained than for private sector schemes; this could lead to inappropriate regulations for the LGPS.

In response to a question on using the term 'governing body', the Director thought that this was, in some ways, progress. Previously with regard to public sector schemes TPR had only been prepared to engage with Local Pension Boards even though they were not a decision making body. Using 'governing body' as a whole

entity was progress and recognised the role of the Authority (or Pension Committee) in the governance structure.

RESOLVED – That the report be noted.

9 QUARTERLY ADMINISTRATION UPDATE

A report was submitted which gave an update on administration performance and issues for the period from 1st January 2021 to 31st March 2021.

Members noted that the content of the report was continually reviewed to ensure it was appropriate to support the scrutiny of the administration service and included information not provided previously.

Staffing

The report contained a table detailing starters, leavers and vacancies for the period including commentary on the status of the vacancies.

In terms of sickness absence, this had reduced compared with the previous two quarters, much of it directly related to the fact that two staff previously absent long-term had returned to work.

In response to a question from N Gregory, J Bailey confirmed that at the moment it was planned for some staff to begin to return to the office in July, subject to government guidance.

Case Work Performance

The reporting of performance had been updated in order that members could more easily compare like-for-like periods.

It was noted that the volume of case work had improved slightly over the quarter but seemed to be at a plateau of what could be achieved whilst working from home.

The handling of death cases had now been incorporated into the report and showed that they continued to be dealt with extremely quickly, the handling of retirements was not as effective but was still within acceptable timescales.

With regard to the retrospective files from Rotherham MBC and the effect on joiners and leavers, J Bailey confirmed that the quality of monthly files received from Rotherham was now at acceptable levels.

Members thought it would be helpful with regard to all case work to include what was 'normal' or acceptable figures, e.g. in respect of unprocessed leavers, so that problem areas could be identified.

Statutory Disclosure Reporting

Reporting had been developed further in this area and Appendix A showed the Quarter 4 report for most of the areas covered under various disclosure regulations; this showed that statutory targets were generally being met in the main areas. The reporting would be further developed to cover all areas.

Employer Performance

It was noted that the vast majority of employers had continued to provide the monthly returns despite the difficult circumstances. A table within the report the current position of monthly returns received in respect of the last three months.

Individual Query Employer Reporting

Members were reminded that at the last Board meeting they had requested the reporting be updated to reflect the actual performance of key employers to that trends could be monitored. Appendix B showed the performance in recent quarters for the employers or payroll providers with the highest volumes of queries. It was noted that further development work was needed to provide more accurate reporting.

Appendix C gave a brief summary of some of the engagement activity undertaken during the quarter.

Customer Satisfaction

Satisfaction levels remained high. A table in the report showed overall satisfaction levels from survey respondents who retired in November and December 2020 and January 2021.

Customer Centre

An electronic survey was issued to around 3,000 members who had contacted the Customer Centre by telephone during November and December 2020. The results showed that 90% were satisfied with the service received.

The feedback from the Live Chat facility showed that 94% were satisfied and feedback from email responses also showed high levels of satisfaction.

Online Portal

An exercise had been carried out to encourage all scheme members to sign up to use the online portal. Appendix D showed the numbers who had registered since January 2019, these numbers were continuing to increase.

J Bailey agreed to supply N Gregory with the number of employees who had signed up for the portal since her employer had promoted its use.

Annual Benefit Statements

The template for the 2021 statement for active members had been drafted and was attached at Appendix F.

An internal working group was meeting fortnightly and reviewing all aspects of the Monthly Data Collection process and was focused on a number of key areas which were detailed within the report. The group was proving successful with 78 employers already showing their active member records had been fully completed to the end of March 2021 ready for the ABS's to be produced.

Production of the Annual Benefit Statements would commence in early May as would the issue of deferred statements. J Bailey confirmed that the ABS process was on track.

RESOLVED – That the report be noted.

10 REVIEW OF BREACHES, COMPLAINTS AND APPEALS

The Board considered a report which gave an update on the latest reported breaches and provided details of complaints and appeals for the period 1st January 2021 to 31st March 2021.

The report contained details of two individual data breaches and one cyber security 'near miss' that had occurred during the quarter.

It was noted that there had been four complaints received during the period which was half the number of the equivalent period in the previous year; of these, two were outside the control of SYPA. Of the two within the control of SYPA, one was an issue with monthly data files received from Rotherham MBC payroll which would be resolved ahead of the 2021 ABS exercise and the other was a legacy data migration issue dating back to 2014. Investigations were underway to check if any other members had been affected. The outcome of the investigation would be reported at the next Board meeting.

The period had seen five Internal Dispute Resolution Procedure appeals details of which were set out in the report.

RESOLVED – That the Board note the breaches summary and the outcome of complaints received.

11 LOCAL PENSION BOARD ANNUAL REPORT

The Board considered its Annual Report for 2020/21.

The report was submitted for approval subject to the inclusion of the attendance at today's meeting and the final budget figures.

M McCarthy commented that the report had evolved well over the last five years and reflected the work of the Board and its importance as a challenge and scrutiny function and gave reassurance of the Authority's governance arrangements.

It was confirmed that, when approved, the Annual Report would be published on the Authority's website and be included in SYPA's Annual Report.

Board members were requested to check the training section and report any amendments to G Richards as soon as possible. It was also agreed that there needed to be recognition that the Board had an advisor in the membership section.

RESOLVED – That, subject to the amendments above, the Board approve the Annual Report for 2020/21.

12 MEMBER LEARNING AND DEVELOPMENT STRATEGY

A report was submitted to secure the Board's comments on and endorsement of the proposed Member Learning and Development Strategy covering members of both the Board and the Pensions Authority.

Members were reminded that the review of governance carried out by Hymans Robertson had recommended that the Authority produced a learning and development strategy that addressed the needs of members of the Authority and the Local Pension Board in an integrated way. The attached Learning and Development Strategy was the first draft of this.

Mandatory training for new members of the Board included the 3-day LGA Fundamentals course. This was a significant commitment for members and it was often difficult for some to find the time to complete the course.

Hymans Robertson recently had recently produced an online course named the LGPS Online Learning Academy which was a series of modules to provide the initial level of understanding a new member would need and could be completed at the members own pace.

It was suggested that this course be made mandatory in place of the Fundamentals although the Authority would still support members who wished to complete the Fundamentals training.

It was noted that the Board's concerns around training needs assessments would be delivered by the new Strategy.

Set out within the Strategy was the internal seminar programme for 2021/22 and also a list of approved external events for the year.

An additional seminar was proposed for Board members in October which would focus on the Regulator's single code and there would be a further seminar in March 2022 on a topic of the Board's choice.

RESOLVED – That the Board:

- i) Endorse the proposed Learning and Development Strategy at Appendix A to the report.
- ii) Note the proposed programme of events for Board members for the 2021/22 Municipal Year as set out in the strategy.

13 TRAINING OPPORTUNITIES AND FEEDBACK

A Gregory had found the training events he had attended very useful and encouraged members to take advantage of the events on offer.

N Gregory had attended the last CIPFA Local Pension Board event which she had found worthwhile. Discussions had included the Pensions Regulator, consultation on the minimum pension age and Board self-assessment.

G Graham asked if members could share any electronic copies of handouts/presentations from events they had attended which then could be uploaded to the online Reading Room.

14 EFFECTIVENESS REVIEW

C Scott thanked the Board for responding to the effectiveness survey and actively participating in the workshop.

The report captured the high level messages from the review which were generally positive and highlighted areas for improvement which would be progressed over the year.

The Chair commented that in the pre-meet members had unanimously approved the report and the changes to the Constitution and asked if the Director would seek the Authority's approval.

The Director informed the Board that the annual review of the Board's Constitution would be brought to the Board meeting in July and then would be taken to the Authority.

It was noted that the issue of extending the term of office for the local authority councillors on the Board would have to be discussed by the South Yorkshire Leaders in September.

RESOLVED – That the Board agree that the report was a true reflection of the Effectiveness Survey and also agree the actions outlined within the report to improve its effectiveness.

15 LOCAL PENSION BOARD WORK PROGRAMME

The Board's Work Programme was presented for information.

RESOLVED – That the Work Programme be noted.

16 FEEDBACK FROM AUTHORITY MEETINGS

G Graham gave an update from the March meeting of the Authority. Agenda items had included:

- Corporate performance was on track but not moving as swiftly as had been hoped due to home working.
- Investment performance had been remarkably good.
- The Authority had approved an amplified Statement of Investment Beliefs in relation to Responsible Investment.
- The Net Zero Action Plan had been agreed.
- The quarterly Responsible Investment engagement report had been considered.
- The contract for the replacement of the pensions administration software had been awarded. A brief paper would be brought to the next Board meeting detailing the enhancements to the software in the new contract.

The Chair thanked officers for the update.

CHAIR