



South Yorkshire

**POLICE**

South Yorkshire Police Pensions Board

# Annual Report

## 2017/18



## Foreword

### Welcome to the second annual report of the South Yorkshire Police Pensions Board.

The Board has had another successful year in assisting the Chief Constable, as Scheme Manager, to continue to maintain effective and efficient pensions scheme administration and governance arrangements.

The Board, which has been in existence since April 2015, had a good year in 2017/18. It has seen a stable membership benefit from good quality training both from a commercial provider and, in early 2018/19, from an officer of the Pensions Regulator.

This training has been used to bolster the governance arrangements of the Board and the wider pensions scheme and to give members the additional information and understanding needed to effectively discharge its duties by challenging, advising and otherwise assisting in the smooth running of the Force's police officer pensions scheme.

The detail of the work undertaken within the year is set out below.

I thank Pensions Board members and the Force's Pensions Manager and her colleagues for all that has been achieved during the year.

**Zuleika Payne, Chair**

## Membership

### Employee Representatives

**Zuleika Payne**

Police Federation  
(Chair of Pensions Board )

**Graham Cassidy**

National Association of Retired  
Police Officers

**Alan Jones**

National Association of Retired  
Police Officers

**Neil Thomas**

Superintendents' Association

### Employer Representatives

**Nigel Hiller**

Director of Resources  
(Deputy Chair of Pensions Board )

**Geoff Berrett**

Head of Finance

**Del Muhl**

HR Shared Services Manager

**Robert Fennessy**

Exchequer Services Accountant

### Technical Advisor

**Gillian Cutts**

Police Pensions Manager

The above membership has been consistent throughout 2017/18 and represents the position as at 31st March, 2018.

## Governance Structure

The Force is legally required to have a pensions board under the Public Service Pensions Act 2013 and as governed by the Police Pension regulations 2015. This was established from the 1st April, 2015.

Overall responsibility for the regulation of the Police Pensions Scheme rests, at a national level, with the Home Secretary. Within forces, formal responsibility for the management and administration of the Scheme rests with the Chief Constable. For South Yorkshire, this responsibility is delegated to the Force's Director of Resources who is a chief officer member of the Force's Senior Command Team.

The Scheme Manager's duties include ensuring that appropriate internal control, risk management and governance arrangements are in place, determining and paying benefits, collecting contributions, record keeping, maintaining the internal dispute resolution process and reporting breaches of law.

As required by the Regulations, the Scheme Manager has established the Force's Pensions Board to assist him in governing, managing and administering the Scheme.

## Role of the Pensions Board

As well as assisting the Scheme Manager as requested, the Board's role, as defined by Regulation 10 of the Police Pensions Regulations 2015 is to secure compliance with;

- the Police Pensions Regulations
- any other legislation relating to the governance and administration of the Scheme ( and any statutory pension scheme that is connected with it ) and also
- any requirements imposed by the Pensions Regulator in relation to the Scheme and any statutory pension scheme that is connected with it.

In addition, Board members must ensure that their level of knowledge and understanding of scheme rules and pensions law is sufficient to discharge their role, report breaches of law and avoid conflicts of interest.

The Board has a formal Terms of Reference document which details its functions, composition, decision making arrangements, budget, conflict of interests responsibilities, knowledge and skills requirements and standards of conduct.

Meetings of the Board are held quarterly.

## Work of the Board 2017/18

Three formal meetings of the Board were held during the year, on : 2nd May 2017, 14th September 2017 and 22nd January 2018.

In addition to the scheduled Board meetings, members met for a comprehensive, tailored, half day training session provided by Evershed Sutherland on 5th July 2017. For some Board members this was the first opportunity to benefit from an all-encompassing police specific pensions training session covering a wide range of issues including: key guidance and legislation relating to police pensions boards, roles and responsibilities of pension board members, requirements in relation to knowledge and understanding, the reporting of breaches, an insight into the work of other pensions boards, dealing with disputes using the Internal Dispute Resolution procedure and the role of the Pensions Regulator.

As well as providing valuable insights and ensuring that all Board members are equipped with a common, basic understanding of key issues, the session also led the Board to reconsider its governance framework. One consequence has been that the regular actions schedule produced at the end of each meeting now clearly document the declaration of members in relation to any conflicts of interests as defined by the Public Service Pensions Act 2013.

Another improvement, introduced shortly after the year end but prompted by the earlier training, has been the revision of the Force's Independent Dispute Resolution Procedure (IDRP). This provides a formal, robust procedure within which disputes which cannot be resolved informally can subject to an internal two stage escalation process leading to the involvement of the Force's Director of Resources and ultimately the Pensions Ombudsman.

Outside of training and governance the nature of the Board's work has continued to develop as its members' knowledge and understanding of their roles has increased. Oversight, guidance and assistance has been provided across a wide range of areas, the key ones being documented below.

A significant concern for the Force has, since November 2011, been the Protected Pensions Age issue. In brief, police officers returning as police staff members within a month of retiring unknowingly incurred a significant tax liability. This was a national problem with Forces, their tax advisors and staff associations all being unaware of the introduction of legislation giving rise to this. After long running discussions amongst the main agencies, significant communications with all affected, a pivotal Pensions Ombudsman ruling and the procuring of legal advice, the PCC agreed to reach a settlement with those affected which would see them protected against financial loss. During the course of 2017/18, the Board has overseen events here which, as at the year-end are very close to being finally resolved.

Another fairly long running matter, overseen by the Board is that in relation to the Guaranteed Minimum Pension. Until recently, there was a basic state pension and a second state pension termed the State Earnings Related Pension (SERPS). Whilst the Police Service occupational pension scheme opted out of the latter its members are protected in so far as their police pension entitlement must not be less than it would have been under the State scheme. The Board has been kept fully briefed in relation to the Force's requirement to ensure that members benefit from this protection. In February 2018 a temporary employee was engaged, on a nine month contract, to undertake work in matching HMRC and Force records in relation to this.

Advice and oversight of key work streams aside, another area where Board scheme members, in particular, add value is in providing a link between their members and the Force's in-house Pensions Unit. It is usual, in most years, to have one or two matters raised nationally that are quickly cascaded to members who in turn ring the Force for information and reassurance. In such instances it is sometimes the case that the staff associations are aware of such issues before the Force. Providing a prompt notification of such matters to the Pensions Unit enables communications to be prepared at short notice so effectively addressing member concerns whilst keeping telephone enquiries to a minimum.

An example, of the above, from 2017/18 is that in relation to the potential, inadequate retention of pension records. Male officers in 1972 were able to elect to increase their pension contributions to uprate their widows pension entitlement from a third to a half. However, in one example a widow faced difficulties in demonstrating that her husband had acted in this way. Whilst not without its difficulties in this instance the Pensions Unit and NARPO representatives were able to liaise to communicate a concise statement summarising the position and so allaying member concerns.

In relation to the Pensions Unit the Board was pleased to receive a copy of the Internal Audit report of 19th June 2017 on Payroll, Transfer Values and Lump Sums. This stated that; "All pensions related transactions were robust and operating effectively and efficiently. However, concerns were identified with regards to the failure to issue life certificates letters to verify the appropriateness of pension payments during 2016/17 ..." The report's two recommendations, in relation to pensions, were discharged during the year.

## Future Plans

Whilst this report focuses on 2017/18, it is worth noting that the first meeting of the Board for the new financial year was held on 18th April 2018. This was enhanced by a presentation of an officer of the Pensions Regulator (TPR). The Board will ensure that it makes the most of the lengthy presentation by discussing in detail the information provided and determining what lessons can be learned to improve its work, and that of the broader pensions service during 2018/19. Initiatives already started include :

- requesting regular information on plans, and progress made with the provision of performance information, based on assessments to be undertaken by the Pensions Unit in relation to the Heywood Altair Pensions System,
- requesting regular information on plans, and progress made with the introduction of member self-service, with a view to both improving member services and reducing the burden of routing enquiries to the Pensions Unit,
- overseeing the extension of the Heywood Altair contract. This is expected to be renewed in 2018/19 for a five year period to give stability to underpin the particular work described above the wider provision of member services.

Further information on national requirements is available from the Pension Regulator's Governance and Administration of Public Pensions Scheme Code of Practice.



