



SOUTH YORKSHIRE  
PENSIONS AUTHORITY

# Corporate Strategy

June 2015

Commitment to Excellence



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## Foreword

I'm pleased to introduce the latest update to the South Yorkshire Pensions Authority's Corporate Strategy document which sets out in one place our focus and priorities for the next few years.

Organisations are so often preoccupied with immediate issues that they lose sight of their ultimate objectives. This document seeks to set out the strategic framework for the Authority and for this to be used by the Service when setting its work priorities. It is also intended to act as a communication channel with our key stakeholders.

This document is intended to:

- Serve as a framework for decisions ensuring that all our work is integrated
- Provide a basis for more detailed operational planning and delivery
- Explain the Authority's business to all stakeholders in order to inform, motivate and involve them
- Assist benchmarking and performance monitoring
- Stimulate change and become a building block of change for the next three years

Although dating back a number of years the initiative has been regularly reviewed and this is the latest update of that evolutionary process. As an administering authority of the Local Government Pension Scheme it is obvious that the Authority has to be aware of changes taking place to the LGPS and local government generally and it would be an understatement to state that both of those entities have undergone massive changes over the last few years.

Although this update is being prepared after the new LGPS was introduced in 2014 and in the light of the March 2013 actuarial valuation it would be premature to state the future of the LGPS and this Fund is known. The introduction of Local Pension Boards is a major innovation and it is far too early to understand the impact of the innovation. It is also clear that future reform of the structure of the LGPS at national level remains upon the Government's agenda. Although it might, therefore, appear to be premature to make fundamental changes to the Strategy it is still appropriate to refresh it where necessary.

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## Introduction

The South Yorkshire Pensions Authority was created by Parliament to administer the investment and administration of the Local Government Pension Scheme (LGPS) in South Yorkshire.

The Authority is responsible for paying occupational and dependents' pensions and transfer values to former employees of local authorities and many related bodies in South Yorkshire, with the exception of police officers, teachers and fire fighters.

The Authority fulfils this operational role through the Pensions Service which is divided into two parts: Administration and Investment. In total the Service has around a hundred staff. The Authority provides them with a budget each year (currently in excess of £5m) to implement its policies.

The Authority is unusual, and fortunate, among local authorities in that it has its own "in house" investment team. In its Investment role the Authority seeks to obtain the best financial return in order that the Fund can meet its long-term liabilities. It currently manages a Fund of around £6.4 billion.

The Authority acts as a group of quasi-trustees, and has ultimate legal responsibility for the Fund and the services that it provides. Its priorities are to maximize pension fund investments; focus on the service provided to Fund members and have a close relationship with all the contributing employers. The Fund has more than 140,000 members.

Both in terms of Fund membership and contributions payable the largest employers are the Barnsley, Doncaster, Rotherham and Sheffield Councils. In addition, the support staffs of the fire and police services are Fund members.

The Chief Officer of the Pensions Authority is the Clerk: Diana Terris; the Treasurer is Frances Foster and the Monitoring Officer is Andrew Frosdick.

The Head of Service, the Fund Director, is John Hattersley.

The Pensions Administration Unit was the proud holder of the prestigious Charter Mark award for a number of years and has successfully been awarded the even more challenging Customer Service Excellence standard.

The Authority's Head Office is in Regent Street, Barnsley which houses both the Administration Unit and Investments Division. The Authority also has satellite offices in each of the four council districts providing local administration services to both employers and members.

### Pensions Authority Membership

The Pensions Authority is made up of 12 Members:

- Two Councillors drawn from the elected Members of Barnsley Council.
- Three Councillors drawn from the elected Members of Doncaster Council.
- Two Councillors drawn from the elected Members of Rotherham Council.
- Five Councillors drawn from the elected Members of Sheffield Council

Further details of all the Pensions Authority Members can be found on the Members page of the Authority's internet site, which can be accessed via <http://www.southyorks.gov.uk/>

The Authority is currently chaired by Cllr Sue Ellis from Rotherham Borough Council.



The Vice Chair is Cllr Richard Wraith from Barnsley Metropolitan Borough Council.



The Government wants public services for all that are “efficient, effective, excellent, equitable and empowering” - with the citizen always and everywhere at the heart of public service provision. With this in mind Customer Service Excellence was developed to offer public services a practical tool for driving customer-focused change within their organisation.

The Government’s ambition fits well with the Authority’s own Vision and Corporate Strategy.

### **SYPA’s Corporate Values**

- Customer Focus
- Integrity
- Teamwork
- Respect
- Innovation
- Enthusiasm
- Professionalism
- Continuous improvement

These Values were carefully selected and are complementary to each other. Together they provide a framework of behaviours which we believe will enable our employees to consistently offer our customers an excellent service.

Whilst we have already obtained the Customer Service Excellence Award we are not complacent and continue to work hard to maintain and improve upon that status.

Of course, the Authority’s aspirations need to be viewed in the context of the existing economic realities. All public sector organisations, including our leading contributing employers, will be trying to maintain the same level of service to their communities with far fewer resources. Of necessity, the public sector has had to look at doing things differently and maintain this approach. This Authority has embraced this ‘new normal’ and continues to explore new avenues.

In the following pages we outline our integrated strategy for the transformational change of South Yorkshire Pensions Authority.

## SYPA's Vision, Mission, Values and Strategic Objectives Statement

### Our Vision:

To effectively demonstrate a Commitment to Excellence in everything we do.

### Our Mission:

*“To provide the best possible and most cost effective pensions administration service to all the employing bodies, pensioners, contributors and dependents, incorporating best practice in corporate governance at all times”*

### Our Values:

The way we expect everyone in the Pensions Service to work and behave:-

- Customer Focus
- Integrity
- Teamwork
- Respect
- Innovation
- Enthusiasm
- Professionalism
- Continuous Improvement

### Our Strategic Objectives:

- **The Best:**  
to be the pensions administrator and investment manager of choice, providing a high quality cost effective and efficient service to all our customers.
- **Investment Returns:**  
to maintain an investment strategy that obtains the best financial return, commensurate with appropriate levels of risk, to ensure the Fund can meet both its immediate and long term liabilities.
- **Responsible Investment:**  
to develop our investment options within the context of a sustainable and responsible investment strategy
- **Valuing our Employees:**  
to improve the capacity and capability of our workforce by investing in our staff development whilst, at the same time, endorsing equality and diversity best practice.
- **Pensions Planning:**  
to encourage and support well informed pensions planning amongst our member organisations and their employees.
- **Effective and Transparent Corporate Governance:**  
to uphold and exemplify effective governance showing prudence and propriety at all times.

Within our Corporate Strategy we have incorporated a deceptively simple Vision Statement. This, nonetheless, lies at the heart of what we do:

To be an Authority which effectively demonstrates a Commitment to Excellence in everything it does.

Within the Strategy are our eight Corporate Values. These Values have been further developed to describe supporting behaviours. We expect all Pensions Authority employees to live up to these Values and behaviours.

The next page provides a high level description of the behaviours which support each of the eight values. We believe that working to these values and behaviours will enable us to ensure that the way in which the organisation works and performs will meet the needs of all its customers.





<b>COMMITMENT TO EXCELLENCE VALUES</b>	<b>BEHAVIOURS</b> <i>Things we can do to demonstrate these values and support others.</i>
<b>Customer Focus</b>	Focusing on, understanding and satisfying customer needs.
<b>Integrity</b>	Communicating and dealing with others with complete trust, honesty and fairness.
<b>Teamwork</b>	Maximising the contribution individuals can make to the team through effective communications co-operation and listening to, and supporting one another.
<b>Respect</b>	Setting a strong personal example of respect and recognition and actively co-operating with others.
<b>Innovation</b>	Showing enterprise and welcoming change by taking sensible risks and learning from mistakes.
<b>Enthusiasm</b>	Demonstrating a positive spirit and enthusiasm for the vision and mission and driving towards achieving the goals of the Pensions Authority.
<b>Professionalism</b>	Working efficiently to get it “right first time”, managing by fact and eliminating personal prejudice.
<b>Continuous Improvement</b>	Concentrating on finding solutions rather than simply stating problems, and identifying and acting upon improvement opportunities

## Strategic Objectives

### Strategic Objective 1

**The Best:** to be the pensions administrator and investment manager of choice, providing high quality but cost effective and efficient services to all of our customers.

The key areas of focus for this objective are:

- 1.1 Engaging with all our partners, including employers, to ensure that we understand and meet their agreed needs.
- 1.2 Providing an accurate and timely service to all customers.
- 1.3 Gaining and retaining external recognition through quality standard awards such as Customer Service Excellence.
- 1.4 Ensuring that we continue to provide Value for Money.

Whilst we have re-examined and reframed our Vision, Mission and Corporate Values we have not amended our strategic objectives, although the “key areas of focus” and the activities that underpin them will be kept under review and updated wherever and whenever necessary.

Our existing strategic objectives provide us with a good framework for moving the organisation forward.

#### **The intended outcome of these activities:**

To ensure the Authority provides value for money quality services to its partners and through active monitoring of performance levels meets all of their requirements in an efficient and cost-effective manner.

## Strategic Objective 2

**Investment Returns:** to manage an investment strategy that produces the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long-term liabilities.

The key areas of focus for this objective are:

- 2.1 Ensuring that the investment strategy is appropriate for the liability structure of the Fund (with the aid of external advisors where necessary).
- 2.2 Monitoring performance against the adopted benchmark and targets.
- 2.3 Ensuring that investment management is conducted in a cost effective and efficient manner.
- 2.4 Targeting the maximum investment return after allowing for an appropriate level of risk.

Employers are increasingly aware of the cost of providing proper pensions but are also aware of the importance of pensions as part of the overall remuneration and retention package. One of the Authority's main responsibilities is to manage the Fund so that investment returns make the biggest possible contribution towards the total cost of liabilities, but to do so only with an acceptable level of risk.

Therefore, the Authority regularly reviews its policies. Its long term objective is to set policies which should ensure that the investment returns achieved will be at least in line with the assumptions underlying the actuarial valuation. This should ensure, as far as possible, that the investment strategies are appropriate with the liabilities of the Fund.

This requires a number of ongoing activities which include:

- Ensuring that the tactical benchmark and constraints are appropriate and monitored.
- Monitoring trends and developments within financial markets and the instruments that are available to the Fund including the appointment of external managers and advisors.
- Drawing up soundly based investment strategies, set out in the Statement of Investment Principles and the Funding Strategy Statement.
- Commissioning regular actuarial reviews and asset and liability studies.
- Ensuring an appropriate balance in investment strategies between risk and return, including the diversification of investments.
- Appointing and retaining suitably qualified professional staff to manage the Fund's assets on a day to day basis

### The intended outcome of these activities:

The investment strategies developed and deployed by the Authority deliver the requisite balance between risk and return to ensure both immediate and long term liabilities are met.

### Strategic Objective 3

**Responsible Investment:** to develop our investment options within the context of a responsible and sustainable investment strategy.

The key areas of focus for this objective are:

- 3.1 Developing and implementing a responsible investment policy that is compatible with the fiduciary duties of the Fund.
- 3.2 Adopting a voting strategy and guidelines specific to the Fund's requirements and ensuring that it is regularly reviewed in accordance with industry best practice.

The Investment team ensures that the Fund is in the vanguard of industry developments through its relationships with other like-minded funds and industry bodies.

The Authority has considered how environmental, social and governance factors should be taken into account when managing the Fund's investments whilst seeking to obtain returns that are in the best interests of both contributors and beneficiaries of the Fund.

We have decided that contact with the companies in which we invest is the most effective means by which the policies of those companies can be influenced, whilst at the same time achieving financial returns compatible with the Fund's longer term financial objectives.

Consequently, we will not actively disinvest from companies solely or largely for social or environmental reasons. The Fund employs the strategy of "voice over exit".

#### The intended outcomes of these activities:

Responsible investment considerations are integral to the Authority's business.

### Strategic Objective 4

**Valuing our Employees:** to improve the capacity and capability of our workforce by investing in our staff development, whilst at the same time, endorsing equality and diversity best practice.

- Supporting and empowering staff to undertake continuous improvement projects.

#### The intended outcomes of these activities:

That all Pensions Authority employees understand and are committed to the concepts of Commitment to Excellence, quality services and continuous improvement.

Employees who are committed and feel empowered to be proactive in their work.

Greater job satisfaction levels.

### Strategic Objective 5

**Pensions Planning:** to encourage and support well informed pensions planning and decision taking amongst our member organisations and their employees.

The key areas of focus for this objective are:

- 5.1 Providing information through written material to all customers.
- 5.2 Developing interactive website facilities.
- 5.3 Encouraging attendance at annual events and hosting forums for discussion.
- 5.4 Maintaining a robust district office structure and provide an “on-site” presence to address personal concerns.
- 5.5 Supporting employers with technical expertise.

The Authority wants to encourage membership of the Fund wherever it is appropriate for an individual member and will utilise existing and potential organisations. In doing this, the Pensions Authority has a responsibility to work closely with employers, to ensure that employees are offered advice which is tailored to their own circumstances and enables them to make an informed judgement about the benefits of scheme membership. It must also make itself accessible to employees to offer advice on the benefits of pensions planning and to promote the LGPS.

#### **The intended outcomes of these activities:**

Stakeholders receive information that is clear and relevant to their needs.

Employers receive improved service levels and the opportunity to make efficiency gains in their own operations.

The Employers’ Forum promotes productive dialogue between the Authority and employers.

Pensioners, contributors and deferred members have local access to skilled pensions officers.

Employers receive a constructive response to all requests for technical pensions support.

#### **Key performance measures**

- all performance measures and targets are detailed in our business plan.

### Strategic Objective 6

**Effective and Transparent Corporate Governance:** to uphold and exemplify effective governance showing prudence and propriety at all times.

The key areas of focus for this objective are:

- 6.1 Clarifying functions and roles towards delivering a common purpose.
- 6.2 Promoting good governance through upholding high standards of conduct and behaviour.
- 6.3 Ensuring that Members and officers are properly trained to be effective in carrying out their roles and responsibilities.
- 6.4 Ensuring robust accountability.

The Authority has well defined policies and codes which together combine to ensure effective and transparent corporate governance. The main elements are:

The **Code of Corporate Governance**, the system by which local authorities direct and control their functions and relate to the communities they serve. The business of the Authority must be conducted in accordance with the principles of Corporate Governance (openness, integrity and accountability). This code sets the standard for the whole business of the Authority and runs through each of its objectives.

**Risk Management Policy.** The risk management process involves the systematic application of the policy, its procedures and practices to identify, evaluate and control risks.

The **Policy Statement on Fraud and Corruption** is intended to be preventative, but it also ensures that if it occurs then the detection and investigation is conducted in a correct and agreed manner.

The **Whistle Blowing Policy and Procedure** is designed to provide a process for the raising of genuine concerns, to allow feedback on action taken, to allow matters to be further progressed if dissatisfied with the Authority's response, and to reassure whistleblowers that they will be protected from reprisals or victimisation.

Our **Standards** protocol outlines a code of ethics and operational standards of behaviour expected of Members and officers of the Authority.

The Authority has policies which address the six recognised strands of **Equality and Diversity:** race, gender, disability, age, sexual orientation and religion and belief.

#### The intended outcomes of these activities:

We comply with, and where possible exceed, guidance on best practice for local authorities and pension funds.

A comprehensive range of individual processes which combine together to form the governance framework.

Demonstrably high standards of conduct by staff and Members.

Pensions Authority Members are effective in their roles.

The Pensions Authority is accountable to stakeholders and the public through timely reporting throughout the year.

## Conclusion

We hope that this strategy document has enabled you to understand our Vision, Mission, Values and each of our six strategic objectives.

These strategic objectives have not changed substantially as we believe that they provide the right focus for the Authority.

The overall intended outcomes of our strategy are to ensure that the Pensions Authority and service;

- continues to deliver a quality service which consistently meets agreed partner and customer requirements,
- maintains an investment strategy which obtains the best financial return, ensuring that the Fund can meet both its immediate and long-term liabilities.





**Produced by South Yorkshire Pensions Authority ·**

**18 Regent Street ·**

**Barnsley ·**

**S70 2HG ·**

