

Corporate Strategy

2020/21 to 2022/23

Commitment to Excellence

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Foreword

South Yorkshire Pensions Authority exists solely to meet the needs of its customers, whether they are scheme members or scheme employers. The purpose of this corporate strategy is to set out how we are going to approach that task over the next three years.

This update to our strategy reflects the continuing journey to build a stronger more resilient organisation focussed on delivering for our customers.

While change and review are and must remain a constant our core purpose remains the same as it has always been to act as stewards of the pension savings of our scheme members. But, in doing this we do not exist in a bubble. We are and must remain a part of the local government family in South Yorkshire and it is important that we do not lose sight of this connection. We are not immune as an organisation to financial constraints, they are just different to the constraints placed on a council or FE College, and it is right that we should face the same challenges around improving productivity and reducing costs that have faced our largest employers since the advent of austerity.

As a consequence of this our strategy over the next three years focuses on using the investment which we are able to make to deliver improvements to the way in which we do things in order to ultimately improve the service received by our customers and our overall efficiency.

This is an ambitious agenda, but one that will move us to the next level in meeting the needs of our customers which after all is what we are here for.

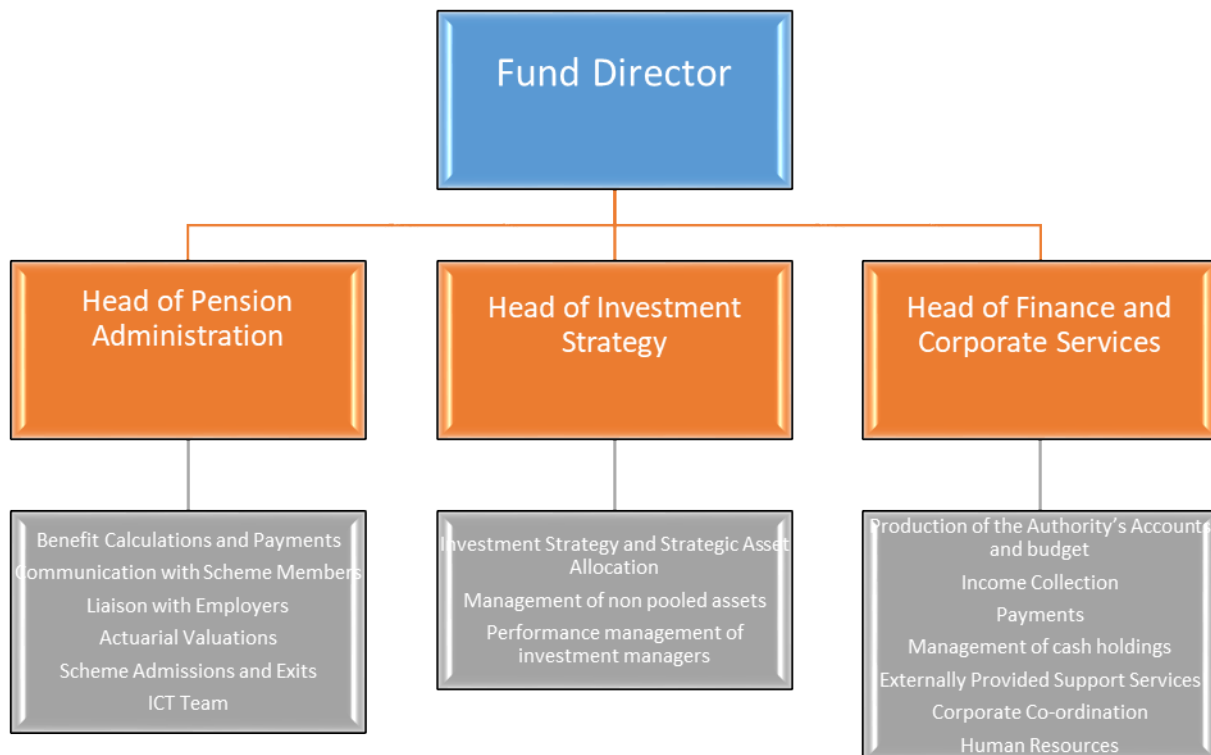
Cllr Mick Stowe
Chair
South Yorkshire Pensions Authority

Background

South Yorkshire Pensions Authority came into being on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. It is unique amongst the administering authorities in the local government pension scheme in that it is the only democratically accountable free standing pension's organisation in the UK. While a small number of other administering authorities are not councils their "boards" include appointed experts rather than being entirely made up of councillors.

The Authority has 12 members drawn from the four South Yorkshire districts (Barnsley, Doncaster, Rotherham and the City of Sheffield) roughly in proportion to their population.

The Authority is organised fairly conventionally for a pension fund as set out in the diagram below:



In addition to the roles set out in the above diagram the Authority’s statutory officers and democratic services are provided under service level agreements by Barnsley MBC. In total the Authority directly employs just over 100 people (92.4 FTE) based at the Authority’s headquarters in Barnsley. The core dimensions of the Authority’s operations are set out below:

Number of Scheme Members (at 31.3.19)	159,779
Number of Pensioners Paid (at 31.3.19)	52,582
Number of Scheme Employers (at 31.3.19)	493
Proportion of employers that are local authorities	1.6%
Value of Assets under Management (31.3.19)	£8.440 bn
Annual Value of Investment Income (2018/19)	£132 m
Annual Value of Contributions to the Fund (2018/19)	£206 m
Annual Value of Benefits Paid from the Fund (2018/19)	£293 m

South Yorkshire is a big pension fund by any dimensions (the seventh largest LGPS fund by assets and the eighth by membership) and historically this has meant that it has been able to realise significant economies of scale, being one of the lowest cost funds within the local government pension scheme.

The Fund has also delivered successful investment performance returning 8.8% pa on average over the first 30 years of the Pensions Authority’s existence.

What we are here for and what we need to do to achieve it

Our mission, or what SYPA as an organisation is here for is

“To deliver a sustainable and cost effective pension scheme for members and employers in South Yorkshire delivering high levels of customer service and strong investment returns which facilitate stable contributions.”

We only exist because of our customers and given that we only do one thing, run the pension scheme, we owe it to them to provide the best possible performance while maintaining costs within reasonable levels.

In order to achieve this mission there are a number of things we need to do or, our objectives, which are:

Customer Focus

to design our services around the needs of our customers (whether scheme members or employers).

Listening to our stakeholders

to ensure that stakeholders’ views are heard within our decision making processes.

Investment Returns

to maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that 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.

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times.

Valuing and engaging our Employees

to ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

How are we going to go about fulfilling our objectives?

How we go about doing our job is also important. The way we go about doing our job reflects a series of values which are outwardly reflected as behaviours, as shown below:

Values

Honest and Accountable

Behaviours

Telling it like it is, and taking responsibility for our actions even when we have made a mistake

Progressive

Welcoming of change, while taking sensible risks and learning from our mistakes and from others

Professional

Being highly skilled and competent and managerially applying rationality to decision making processes

Empowering

Providing the freedom for individuals to identify and implement solutions to problems

These values and behaviours reflect how we wish others, whether customers or professional peers to see us and the degree to which each member of staff reflects these values in carrying out their role forms part of the appraisal process. These values also significantly influence the culture of the organisation, which in essence is how it feels to work for SYPA.

In addition to these values and behaviours which apply to all staff we have developed a range of management behaviours which support the values and which set out how we want to manage the organisation in order to deliver its objectives. These form part of the appraisal process for managers and are shown below:

Management Behaviours	Demonstrated by:
We model positive behaviours to each other and to all staff	<ul style="list-style-type: none"> • We regularly offer encouragement and praise for positive behaviours
We take responsibility for improvement - within a clear framework	<ul style="list-style-type: none"> • We challenge inappropriate and unacceptable behaviour • We give and receive authentic feedback • We hold staff to account for their performance
We all get behind a common goal	<ul style="list-style-type: none"> • We get on with making improvements and changes rather than wait for permission (within a clear advice frame that sets out what we can get on with and what we can't). • We trust people to do their job, we don't micromanage. • We give a heads up when we plan something new, we speak up early when there is a problem or when things aren't going well. • When something doesn't go well we look for what we can learn and what we can do differently next time.
We involve and engage people in decisions that will affect them	<ul style="list-style-type: none"> • We have a clear vision that sets out what our goals are and clear priorities which set out what our most important changes are. • We make the time to understand what we need to do to contribute to that vision. • We work together across the organisation and contribute to the organisation as a whole. • We challenge and question rumours and use discretion in sharing what gets discussed amongst managers. • We keep people in the loop about things that will affect them. • We seek and value the opinion of the people we manage and of other teams. • We take the time to set out plans then listen to the concerns and recommendations of those involved as to how we can strengthen those plans. • We communicate regularly and clearly to all staff.

What we are going to do over the next three years

Our planning process looks over three years because that is the period between valuations of the Pension Fund and the valuation is the event that initiates many of our major processes, such as the investment strategy.

Over the next three years we will be making a range of changes and improvements over the whole range of the Authority's activities. In order to manage these more easily and provide clear accountability we have divided these up into programmes of work each led by a member of the Senior Management Team. These cover:

- Services to Scheme Members and Employers – which is linked to the corporate objectives around Customer Focus and Listening to our Stakeholders
- Customer Service and Engagement - which is linked to the corporate objectives around Customer Focus and Listening to our Stakeholders
- Delivering the Investment Strategy – which is linked to the corporate objectives around Investment Returns and Responsible Investment
- Supporting the Corporate Organisation – which is linked to the corporate objectives around Effective and Transparent Governance and Valuing and engaging our Employees.

The pages that follow set out for each of these:

- The specific things we want to do;
- Which of the corporate objectives those outcomes relate to; and
- The timescale for delivering each task.
- Who the lead officer is for each task.

Over the next 12 months we will be strengthening our project management arrangements to ensure that this significant programme of activity is properly controlled and that the benefits delivered by each piece of work are properly captured.

Ref	Project / Action	Corporate Objective	Timescale		Responsible Manager
			Start	Finish	
Services to Scheme Members and Employers – Lead Head of Pensions Administration					
MS1	Implementation of process automation across pension administration on a prioritised basis. A business case for additional investment from already identified reserves will be made for the later phases in 2021-22.	Customer Focus	April 2020	March 2022	Head of Pension Administration
MS2	Roll out additional member self service facilities as they become available	Customer Focus	Jan 2020	March 2022	Head of Pension Administration
MS3	Clear residual backlog cases	Customer Focus	Feb 2020	Dec 2020	Benefits Team Manager
MS4	Conduct a “lessons learnt” review on the 2019 Valuation Process with a view to identifying improvements for the next cycle	Listening to our stakeholders	March 2020	June 2020	Head of Pension Administration
MS5	Provide additional support to staff to maximise their effectiveness <ul style="list-style-type: none"> • Create a Technical Training Officer Post (through internal secondment) funded from part of the additional investment in learning and development in order to progress staff through the career grade more quickly and give greater access to training support. • Create an easily accessible and updated single knowledge base for pension administrators based on the existing portal which has not been kept up to date • Implement a structured development programme for Pension Officers reaching to top of the career grade 	Valuing and engaging our employees	March 2020	Ongoing	Head of Pension Administration
			April 2020	March 2021	Head of Pension Administration
			Feb 2020	July 2020	Benefits Team Manager

Customer Service and Engagement – Lead Head of Pensions Administration

CS1	Implement a new approach to employer engagement, including (subject to a business case) acquisition and implementation of the UPM Employer Hub in order to create a single point of contact for employers	Customer Focus	April 2020	March 2022	Support and Engagement Team Manager
CS2	Implement UPM Contact Manager module in order to provide effective support for the operation of the Customer Centre	Customer Focus	Jan 2020	May 2020	Customer Services Team Manager
CS3	Actively promote take up of on line services utilising all available routes, including introducing measurement of effectiveness as well as pure volume.	Customer Focus	April 2020	Ongoing	Customer Services Team Manager.

Delivering the Investment Strategy – Lead Head of Investment Strategy

IS1	Implement the revised Investment Strategy including the transition of assets to new Border to Coast products and recommendations in relation to the future of the agricultural portfolio	Investment Returns	March 2020	March 2023	Head of Investment Strategy
IS2	Implement the revised FRC UK Stewardship Code governing the Authority's approach to responsible investment	Responsible Investment	April 2020	March 2021	Head of Investment Strategy
IS3	Implement paperless processing of investment transactions	Investment Returns	Jan 2020	June 2020	Investment Accountant
IS4	Implement paperless processing of custodian's bank statements	Investment Returns	Jan 2020	June 2020	Investment Accountant
IS5	Make changes to the investment performance reporting process to make the process less labour intensive and to produce sharper more focussed reporting.	Investment Returns	Jan 2020	March 2022 and then ongoing	Head of Investment Strategy
IS6	Improve the monitoring and forecasting of cash flows combining data from the finance and investment functions	Investment Returns	Jan 2020	March 2021	Head of Investment Strategy
IS7	Replace the current investment accounting system with alternative arrangements appropriately scaled to the requirements of what will be an externally managed fund	Investment Returns	Jan 2020	March 2021	Investment Accountant

Supporting the Corporate Organisation – Lead Head of Finance and Corporate Services

CO1	Replace the Authority’s Business Systems covering Finance, HR, Staff Payroll and Time and Attendance Phase 1 – Scoping, specification and procurement Phase 2 – Implementation	Effective & Transparent Governance	Feb 2020 March 2021	March 2021 April 2022	Head of Finance and Corporate Services
CO2	Implement learning and development tools to improve the links between appraisal and training delivery maximising the benefit of the additional budget investment in learning and development: Initial changes to the appraisal system to address Internal Audit recommendations Fully revised appraisal system ready to be incorporated into the new HR system Introduce revised induction process and e-Learning approaches to support annual and refresher training programmes	Valuing and Engaging our Employees	Jan 2020 April 2020 Feb 2020	March 2020 March 2021 March 2021	HR Business Partner HR Business Partner HR Business Partner
CO3	Implement the recommendations arising from the Hymans Robertson review of governance being conducted in light of the Good Governance review	Effective and Transparent Governance	April 2020	March 2022	Fund Director
CO4	Identify preferred option for the Authority’s long term accommodation needs (implementation of any option will be a separate project in the next update to the Corporate Strategy)	Effective & Transparent Governance	Jan 2020	Dec 2020	Fund Director
CO5	Phase out acceptance of cheque payments and introduce on line and telephone payments	Effective & Transparent Governance	April 2020	April 2022	Financial Accountant
CO6	Replace website infrastructure and update Modern.gov in order to create a single web presence that better supports the organisation’s communication and engagement strategies	Effective & Transparent Governance	Jan 2020	March 2021	Corporate ICT and Digital Manager
CO7	Roll out Office 365 to ensure the Authority has access to a regularly updated suite of core application software across	Effective and Transparent	Jan 2020	December 2021	Corporate ICT and Digital

	the whole estate	Governance			Manager
CO8	Introduce Agile Working approach across the whole organisation supported by a funded programme of hardware replacement	Effective and Transparent Governance	Jan 2020	March 2023	Assistant ICT Manager
CO9	Replace the Authority’s telephony infrastructure Phase 1 – Scoping Phase 2 – Procurement and Implementation	Effective and Transparent Governance	Sept 2020 April 2021	March 2021 March 2022	Corporate ICT and Digital Manager

How we will know if what we have done has had an impact

All of the tasks we have identified to undertake over the next three years are intended to make SYPA a better organisation and make us better at delivering our mission, but we need to know that doing these things has had an impact on how good we are at what we do.

Changes in the following indicators will be used to help us understand whether the changes we have made have had an impact. Each indicator has been linked to one of the corporate objectives.

Customer Focus

to design our services around the needs of our customers (whether scheme members or employers).

- Deliver an upward trend in customer satisfaction with the administration service.
- Meeting targets for the processing of transactions within specified timescales.
- Retention of Customer Service Excellence accreditation
- Numbers of complaints and compliments
- Numbers of appeals against Authority decisions and the proportion upheld.

Listening to our stakeholders

to ensure that stakeholders' views are heard within our decision making processes.

- Achieve a rising trend in the actuarial funding level.
- Achievement of stability in employer future service contribution rates.

Investment Returns

to maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

- Fund level investment returns v benchmark and actuarial assumption.
- Investment returns by asset class v the asset class specific benchmark
- An increasing trend in the level of investment income achieved relative to assets under management (Note this indicator will require adjustment to reflect changes resulting from the move to holding assets within pooled vehicles).

Responsible Investment

to develop our investment options within the context of a sustainable and responsible investment strategy.

- Achieve a downward trend in the level of carbon emissions from the equity portfolios, and a position better than reflected in the benchmark indices
- Achieve a rising ESG score from the equity portfolios and a position better than reflected in the benchmark indices.

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times.

- Aim to maintain costs below the CEM peer group median and below the CEM benchmark median.
- Aim to maintain administration costs per member at a level less than the England Average
- Aim to maintain the total cost of running the Fund as a proportion of assets below the England and UK averages.

Valuing and engaging our Employees

to ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

- Levels of sickness absence
- Aim to show an improving trend in staff engagement from staff survey data.
- Volume of training per member of staff (days).
- Aim for 100% of staff to receive an appraisal.

In addition to these indicators which we will use to understand the impact the work we are doing is having we will continue to monitor a range of process indicators for the administration service which are used to facilitate national comparisons.


What are the things which might stop us from achieving our objectives?

These are the risks that something might go wrong. The table on the following pages lists the various risks facing us and shows how the work that we are undertaking is intended to reduce the risk that we do not achieve our overall objectives.

Each risk has been scored by the Senior Management Team, and individual scores have been reviewed by functional specialists.

This risk register set the baseline position for this planning period and it will be reviewed on a regular basis over the next three years with changes reported to the members of the Authority as necessary.

South Yorkshire Pensions Authority Risk Register (as at December 2019)

Risk No	Risk Type	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability & Impact	Target Score	Probability & Impact	Risk Mitigation Action	Owner	Risk Change	Review Date
G1	Governance	Failure to ensure that the elected Members knowledge and understanding of pensions related activities is robust and meets the statutory requirements in terms of Section 248a of the Pensions Act 2004.	Leading to Improper scrutiny and challenge by elected Members; Mistakes, errors and omissions and non-compliance with statutory requirements; Failure to ensure contributions are collected; Failure to ensure benefits are calculated properly; Failure to ensure surplus monies are properly and prudently invested; Reputational damage in terms of censure from regulators.	Clerk to the Authority	Induction training provided to new Members which comprises a three day external training course; Programme of internal seminars; Periodic awareness presentations delivered to Members; A self-assessment framework for Members and Chairs is in operation but needs refining – this should assist in identifying training requirements; Lead member for training identified; Working to the spirit of CIPFA Code of Practice (Code of Practice on Public Sector Pensions Finance, Knowledge and Skills, revised in 2013 Production of Annual Report which includes commentary on Members training activities; External training augmented by internal training.	9	I = M P = M	2	I = L P = VL	Review of Member self-assessments. Addition of the Regulator's on line toolkit as a mandatory training requirement.	Clerk to the Authority Clerk to the Authority		31.03.2020
G2	Governance	Failure to ensure that the Local Pension Board is effective in carrying out its role.	Leading to Ineffective scrutiny of the way in which the Scheme Manager (the Authority) exercises its responsibilities Action by the Regulator.	Clerk to the Authority and Fund Director	Induction training and commitment to an ongoing programme of learning and development for all members. Introduction of an independent element to ensure that the Board is not "officer led". Stabilisation of Board membership.	12	I=H P=M	10	I=H P=L	Additional learning development opportunities being provided.	Clerk to the Authority/ Fund Director		31.3.2020
I1	Investment and Funding	Failure to ensure that the Authority has appropriate access to its cash resources to meet its commitments to make payments. (Liquidity and credit risk.)	Leading to Financial loss; Negative impact on overall financial viability of the Scheme; Inability to meet pensioner payroll costs and investment commitments. Reputational damage.	Fund Director	The Fund has immediate access to its cash holdings with the majority of cash being deposited for no longer than a week. Levels of cash holding are monitored daily. Treasury activity reviewed weekly by management and twice yearly by elected members with an annual review of limits. Treasury Management Strategy sets limits for the duration and risk profile of deposits with financial institutions. Triennial actuarial review considers contribution rates and cash flow requirements. New software available from the Actuary to assist with cashflows and funding level.	3	I = M P = VL	4	I = L P = L	Introduction of quarterly reporting of treasury activity to elected members. Consideration being given to splitting frictional cash (required for day to day purposes from cash awaiting investment).	Fund Director		31.03.2020
I2	Investment and Funding	Failure to maintain the gains in funding levels achieved since the 2016 valuation, either as a result of falls in the market value of investments or an increase in the value of liabilities.	Leading to The need to maintain high (and possibly unaffordable) levels of deficit contributions. The need to increase future service contribution rates which may create financial difficulties for employers given the economic environment in which they operate. Critical review by the Government Actuary as part of their s 13 Valuation.	Fund Director/ Head of Investment Strategy	An equity protection strategy was implemented in March 2018. The Investment Strategy already looks to shift out of more volatile "growth" assets into less volatile income earning assets.	8	I = H P = L	4	I = H P = VL	First principles review of the Investment Strategy to be undertaken alongside the triennial valuation from April 2019 for implementation from April 2020. Options for containing or reducing liabilities (e.g. a trivial commutation review) will be examined following the actuarial valuation. However, in the meantime data cleansing activity will be focussed on areas that impact the value of liabilities.	Fund Director/ Head of Investment Strategy		31.3.2020
I3	Investment and Funding	Failure to implement effective arrangements for the oversight of investment management functions being undertaken by Border to Coast Pensions Partnership.	Leading to Inability to adhere to Authority policies and potentially not be able to fulfil the Investment Strategy.	Head of Investment Strategy	BCPP is an FCA regulated body and as such is expected to adhere to the Stewardship Code and work within stipulated guidelines as set out in prospectus. These guidelines were set with discussion with underlying funds. Alignment of policies with underlying fund policies Ensured that BCPP have sub funds to allow SYPA to fulfil its strategy. Ongoing collaboration about policy. Ongoing collaboration regarding potential changes to Authority strategy.	8	I = H P = L	6	I = M P = L	BCPP have agreed a process for the provision of controls assurance with all the audit firms involved in the LGPS.	Head of Investment Strategy		31.3.2020

Risk No	Risk Type	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability & Impact	Target Score	Probability & Impact	Risk Mitigation Action	Owner	Risk Change	Review Date
			valuation process and to impact the correct calculation of member benefits.		disclosure requirements.					fully in house; Administration performance reporting to Authority to focus on statutory compliance from 2019-20; Data Quality Improvement Plan to be implemented.			
03	Operational	Closure of Government Guaranteed Minimum Pension service and reconciliation exercise.	Leading to Significant under/overpayments of existing pensions in payment causing member hardship and reputational damage; Workload pressures of adjustment to excess volumes of member records. Failure to maintain adequate records going forward.	Head of Pensions Admin	Reputable external provider appointed to meet initial HMRC deadline of 31 October 2018; External provider currently handling responses finally received from HMRC to all mismatch queries raised and the final report of the totality of GMP liability for the Fund is expected from HMRC by 31 December 2019. Once this is received from HMRC the external provider will be engaged to carry out a full final reconciliation across the database before we move to rectification. The final reconciliation is expected to be a two month project.	12	I = H P = M	6	I = M P = L	Liaison with LGPS funds to aim to ensure consistent approach to rectification once reconciliation finalised. Assurance work to be commissioned once HMRC issue final liability report	Head of Pensions Administration		31.07.2020
P1	People	Failure to maintain a suitably qualified and experienced workforce which reflects the community which the Authority serves.	Leading to Continuing imbalances in the Authority's workforce which create the potential for a sudden loss of a significant amount of experience. Skills gaps through a lack of succession planning. Reputational damage through criticism of the lack of diversity in the workforce. Impact on productivity and organisational resilience.	Fund Director	A structured career grade scheme supported by highly structured and exam based training is in place for a key group within the pension administration workforce. Procedures within pension administration are well documented. Identification of potential single points of failure and production of plans to eliminate them. Production of an HR and Organisational Development Strategy targeting these issues.	9	I = M P = M	6	I = L P = M	Full implementation of the HR and Organisational Development Strategy. Formalise workforce and succession planning arrangements. Implement Management. Development Programme covering all staff with supervisory and wider management responsibilities. Identification of potential single points of failure and production of plans to eliminate them.	Fund Director		31.03.2020

Key: P = Probability I = Impact VL (1) = Very Low; L (2) = Low; M (3) = Medium; H (4) = High; VH (5) = Very High

Risk Matrix

5 Very High	5	10	15	20	25
4 High	4	8	12	16	20
3 Medium	3	6	9	12	15
2 Low	2	4	6	8	10
1 Very Low	1	2	3	4	5
	1 Very Low	2 Low	3 Medium	4 High	5 Very High

PROBABILITY

Risk Score

Risk Score	RAG Rating
0 – 5	Low
6-14	Moderate
15-25	High

What's it all going to cost?

SYPA's budget is not like that of a local authority in that it is not funded from council tax and business rates, and any costs that are incurred can be charged to the pension fund. However, that does not mean that we can operate free of financial constraints, we have a responsibility to spend as little as we can to ensure that stakeholders benefit to the maximum degree possible from the performance of the pension fund.

Our medium term financial strategy, which has been produced alongside this corporate strategy sets out our overall financial forecasts and a series of self-imposed rules which we will use to minimise the impact of our costs on the Fund. Equally, though we need to accept that in order to deliver some of the improvements we want to see we will need to invest up front in some projects.

Operating Budget

The Operating Budget represents the cost of running the Authority's activities including Pension Administration, oversight of the investment strategy and the costs of governance. These costs, like a council budget, are controllable and the Fund Director is accountable to the members of the Authority for spending within the budget. The table below provides a summary of the budget for 2020/21 and forecasts for future years.

South Yorkshire Pensions Authority Operating Budget	2019-20 Q2 Forecast Outturn	2020/21 Budget	2021/22 Estimate	2022/23 Estimate
	£	£	£	£
Employees	3,431,860	3,550,990	3,582,735	3,638,495
Running Costs	1,659,470	1,963,010	1,971,910	1,992,960
Subtotal: Gross Expenditure	5,091,330	5,514,000	5,554,645	5,631,455
Income	(185,580)	(115,000)	(115,000)	(115,000)
Subtotal: Net Expenditure	4,905,750	5,399,000	5,439,645	5,516,455
Contribution to Reserves	539,500	46,600	12,005	4,005
Total Charge to Pension Fund	5,445,250	5,445,600	5,451,650	5,520,460
Membership	160,100	164,100	168,200	172,410
Cost Per Member	£34.01	£33.18	£32.41	£32.02

The budget for 2020/21 while not reflecting a cash increase in total spending does reflect considerable redirection of resources (c£0.5m) into areas of priority, including

- Learning and Development – To address the need for ongoing professional development, the need to improve management skills across the organisation and address the risks around succession planning identified in the risk register.

- Communication and Engagement – Ensuring that the organisation is able to fully utilise the technologies available to engage with scheme members and employers.
- Governance – Ensuring that the Authority is able to fully demonstrate compliance in areas such as the Pensions Regulator’s Code of Practice 14 as well as preparing to meet the requirements of the Good Governance Review.
- Technology – Putting in place fully financed replacement programmes for both hardware and software and also resources to ensure that programmes of ICT development are effectively managed and that the realisation of benefits is properly captured.
- Health and Wellbeing – Funding a series of health and wellbeing initiatives to support our staff and add to the employee value proposition.

By managing to redirect resources in this way the total costs of the Authority measured on a per member basis continue to decline over the planning period and the broad financial strategy targets in this area are likely to be exceeded. It does, however, remain likely that further investment will be needed in the later years of the planning period, to address issues such as the final resolution of the McCloud case which will, inevitably, further increase the complexity of an already complex scheme and the continuing need to invest in automating our processes so as to continue to increase productivity in the face of continuing increases in the number of both members and employers.

The Pension Fund

The table below sets out a financial forecast for the Pension Fund including the Operating Budget and all other costs incurred in the running of the Fund, such as investment management fees which are charged directly to the Fund.

South Yorkshire Pension Fund Financial Forecast	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
<i>Dealings with members, employers and others directly involved in the scheme:</i>				
Contributions and transfers receivable	(255,821,120)	(302,703,900)	(313,150,410)	(324,147,290)
Benefits payable	342,618,290	332,368,930	349,491,090	365,962,070
Net withdrawals from dealings with members	86,797,170	29,665,030	36,340,680	41,814,780
Management expenses	50,769,020	65,388,510	67,587,450	74,122,500
Net returns on investments	(483,604,750)	(455,279,670)	(478,923,530)	(506,307,500)
Net increase in the Fund during the year	(346,038,560)	(360,226,130)	(374,995,400)	(390,370,220)
Net Assets of the Fund At 1 April	(8,439,964,660)	(8,786,003,220)	(9,146,229,350)	(9,521,224,750)
Net Assets of the Fund At 31 March	(8,786,003,220)	(9,146,229,350)	(9,521,224,750)	(9,911,594,970)
Management Expenses as % of Average Net Assets	0.59%	0.73%	0.72%	0.76%

This forecast shows costs increasing both as assets are moved into more expensive asset classes and as the impact of improved cost disclosure becomes evident. These changes are what would be expected, and comparisons with other funds will continue to be distorted while disclosure of costs remains as inconsistent as is currently the case. However, more importantly in terms of how the Fund is managed and strategy going forward is the increasing imbalance between contribution income and benefit expenditure which needs to be met from investment income. This will be a dominant theme in all the work undertaken by the Authority in relation to investment strategy over the planning period.

What about our people?

While they do not appear on our balance sheet our people are SYPA's most valuable asset, we will deliver none of the projects outlined in this corporate strategy without their engagement and commitment. At the same time while rewarding staff fairly and treating them with respect and compassion we do need to continually review our employment policies to ensure that they support us in being the sort of organisation we want to be.

We employ 92.4 full time equivalents who have an average length of service of nearly 16 years. Our workforce is on average older, whiter and more female than the communities we serve and in particular the age composition of the workforce presents challenges for us going forward with a significant number of retirements having taken place in the last 12 months and further retirements likely over the remainder of the planning period. As a result of this and the deliberate holding of vacancies to facilitate the restructure of the Administration Service, and a small amount of growth we are currently recruiting to more than 10% of roles in the organisation. This means we will need to place additional emphasis on induction training. In addition we now have the opportunity to ensure that we are skilling up the next generations of managers and supervisors within our workforce.

A number of the actions set out in the Action Plan within this corporate strategy reflect our response to these challenges and more detail is set out in the Human Resources Strategy which sets out much more detail both on the challenges we face and the specific actions we propose to take, across three themes:

- Developing the current workforce to meet the needs of the organisation
- Recruiting a workforce for the future
- Retaining a high quality workforce

The degree of change which we face over the planning period means that ensuring that this work is an extremely high priority if we are to successfully achieve the broader objectives set out in this Corporate Strategy.