

Delivering for our Customers

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Corporate Performance Report

Quarter 4 2019/20

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1. Introduction

- 1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.
- 1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority's objectives; bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. By providing this single view of how we are doing it will be easier for councillors and other stakeholders to hold us to account for our performance.
- 1.3 This report presents the information on overall performance during the 2019/20 financial year. More detailed information on the performance of the Authority's investments and the pension administration service during the final quarter of this year are contained in other reports which are available on the Authority's website.

2. Headlines

1.1. Key messages for the quarter are highlighted here. The detail and underlying context behind these are set out in the sections of the report that follow.



Significant progress in delivering the Corporate Strategy.

Long term sickness absence levels down on the previous year.

Employer performance on data submission improving.

Investment performance hit by Covid-19 market impact **but** better than benchmark.






Pension Administration performance below target following restructure.




Significant underspend **but** this is reserved for future improvements in service





3. Delivering the Corporate Plan & Supporting Strategies

- 3.1 This section provides information on the progress we are making on delivering the various strategies which form part of our corporate planning framework.
- 3.2 The tables below provide updates in respect of developments that have taken place during the final quarter and the overall position at the end of the year.

Corporate Plan Deliverables	Activity	Achieved / On Target
Implementation of a Revised Investment Strategy	The new Investment Strategy was approved by the Authority at their meeting in March 2020.	✓
An organisation adapted to the requirements of the post-pooling world	During the year, progress has been made in relation to management of the commercial property portfolio as part of preparing for eventual transition to the Pool.	✓
Decision on the future of the Agricultural Property Portfolio	The Investment Advisory Panel conducted a "deep dive" into the Agricultural Property Portfolio. This has identified a route forward which will be reported to members in September 2020 alongside proposals for the longer term structure of the totality of the property portfolio.	✓
Secure improvements in the Environmental, Social and Governance impacts of the Fund's investments	Information on the carbon intensity of the portfolios managed by Border to Coast as at the end of 2019/20 will be available for inclusion in the Annual Report. Responses to scheme member interest in specific investments have continued to be provided. Discussions continue with other Border to Coast Partner Funds in order to achieve movement on issues which are important to SYPA, although so far limited progress has been made.	?
Improvements to the reporting of performance in all aspects of the Authority's work	Over the course of the year a range of smaller scale improvements have been made to various regular reports to make them easier to understand, this included the provision of a dashboard within the investment performance report and more use of graphics in a number of reports. This work will be carried into the new year with each part of the organisation having an objective to begin the development of regular dashboards which will make key performance messages easier to understand.	✓

Increased take up of methods of communication that do not rely on either paper or face to face contact	The campaign to encourage members to register for the online portal continues with an increase in numbers to 43k from 40k in this quarter. Face to face appointments have been temporarily suspended since the end of March due to lockdown which has meant that many members are engaging with us electronically 'by default'. Although we cannot take credit for this, we have been able to demonstrate that we can function effectively with a reduction in paper and face to face contact and will seek to build on this change post lockdown.	
A well trained and motivated workforce that reflects the community we serve	Unfortunately the lockdown meant that the next significant event in this programme of work – an "away day" for all staff – could not take place as planned in March. However, progress has been made in revamping the appraisal scheme which will be implemented in the current cycle. Policy review work has continued with the majority of policies now having been updated. Planning for the implementation of the budgetary growth in learning and development resources was delayed due to the lockdown, but is now being picked up alongside the staff survey which was always planned for this summer. While events have in some ways conspired against us, significant progress has been made.	
A new way of engaging with employers and scheme members	The Customer Centre launched in Q4 offering a first point of contact for scheme members and employers. The Customer Centre have been able to resolve over 80% of enquiries without requiring second line referral. Aside from a two week period at the beginning of lockdown when voicemail was operated, the Customer Centre has continued to answer customer enquiries directly.	
A well governed organisation	The report from Hymans Robertson is (at time of writing) still awaited. However, further work on reviewing the Constitution has been undertaken and will be brought to the June meeting of the Authority. The process of completing the Annual Governance Statement was in hand with an additional key action for the coming year identified around a review of business continuity arrangements in order to learn from the reaction to the lockdown situation.	
An organisation which exploits technology to the greatest extent possible to achieve its objectives	Some good progress has been made during the year - e.g. project commenced to introduce facility for claiming retirement benefits online, new bulk processing tool utilised for processing leavers prior to valuation data extract. During the last month of the financial year, the COVID-19 lockdown meant we had to accelerate some of the planned work, in the finance team particularly, to make workflows and procedures entirely paper-free. This will be taken forward into 2020/21 when we will build upon the progress made and take forward the review of and procurement for new business systems for the organisation.	

A longer term plan for meeting the Authority's accommodation requirements	Some positive discussions around future options have taken place with BMBC. However the core piece of work has been delayed as it is of lower priority than other activities. However, it is being picked up in 2020/21 with procurement assistance from BMBC and a consultant will be appointed in the first quarter of the new financial year.	
Delivery of Valuation 2019 and the associated stable and affordable levels of employer contributions	The requirements to publish the Rates and Adjustments Certificate and the Funding Strategy Statement by 31st March 2020 were met, despite the dislocation caused by the lockdown. A report reviewing the valuation process and its results will be presented to both the Authority and the Local Pension Board in the summer cycle of meetings.	
Ensure that the Fund operates with accurate data which gives a fair picture of its liabilities.	A more comprehensive Data Quality Improvement Plan which reports a greater level of detail than required by The Pensions Regulator has been developed and will be reported to the Local Pension Board. A high level overview report on the 2019 valuation data has been received from the Government Actuary which shows our data compares very favourably with other LGPS funds.	

Information and Communications Technology Strategy	Activity this Quarter	Achieved / On Target
Developing and maintaining our ICT infrastructure to meet the needs of an increasingly agile organisation	The main focus has been to adapt the ICT infrastructure to accommodate home working for all staff as a result of lockdown. The initial set-up and purchase of equipment to allow home working for all staff was completed by the end of the Quarter, with further 'structural' developments (server, connectivity lines etc.) taking place in 2020/21.	
Using technology to support a step change in the way customers access our services	In addition to the launch of the Customer Centre, a new live web chat service has been introduced for our customers in Q4 and initial survey feedback has been positive with over 90% of members happy with the service during the trial period.	
Using technology to deliver efficient business processes	Work has continued with the testing and development of process automation tools and the functionality for members to retire online but work has been hampered by lockdown and this functionality is now expected to go live in the summer. Testing of Office 365 functionality has also commenced and this will improve internal communication processes in future.	
Keeping data safe and secure	The annual independent re-assessment of the Cyber Essentials Plus accreditation was completed in Q4 and a new Cyber Security Reporting Policy has been developed.	

Human Resources Strategy	Activity this Quarter	Achieved / On Target
Developing the Current Workforce to meet the Needs of the Organisation	Due to the Coronavirus (COVID-19) pandemic, the organisation-wide team event was postponed. No further development work has been undertaken this quarter, although Managers and Team Leaders continue to be supported to ensure teams are managed throughout this period of working from home.	✓
Recruiting a Workforce for the Future	Ten new employees were recruited and started working for the organisation prior to lockdown. The employees have been inducted and have undertaken relevant training virtually. Two new Managers will join the Pensions Administration Team in June and July.	✓
Retaining a High Quality Workforce	The health and wellbeing agenda has been high during the latter part of this quarter and regular updates and signposting to a wealth of resources is given on a daily/weekly basis. Unfortunately the Mental Health Awareness Training scheduled over two days in April has had to be postponed.	✓

Equality and Diversity Scheme	Activity this Quarter	Achieved / On Target
Making our services more accessible to disabled customers	Dementia Awareness training has been provided to staff to assist in handling interactions with impacted scheme members.	?
Promotion of equality and inclusion, helping to bring people from different backgrounds together through engagement activity with scheme members and employers	No specific development activity in this quarter.	?
Decision making processes informed by a robust and clear impact assessment process	No new services or changes requiring an impact assessment in this period, though impact assessments will be carried out in relation to potential COVID-19 impacts before any return to the office.	✓
A diverse workforce that reflects the customers we serve	At the beginning of the quarter the different advertising channels saw an increase in applications, particularly for the Pensions Officer and Customer Services Officer posts.	✓
Workforce culture, environment, policies and practices that are safe accessible and inclusive for people from all protected characteristics	Work continues on the development of policies. Three further policies are with the Trade Union for consultation.	✓

Equality and Diversity Scheme	Activity this Quarter	Achieved / On Target
To reduce any pay gaps where statistically possible	SYPA, whilst not under statutory obligation, produces a Gender Pay Gap report each year. The requirement to publish for those employers who must comply has been withdrawn for this year (March 2020) due to the current pandemic situation. However, SYPA has published an Annual Workforce Report (available on the website) which includes Gender Pay Gap and pay differential data.	✓

4. How are we performing?




- 4.1 This section sets out a range of performance measures which give an overall indication of how the organisation is doing in terms of delivering the services for which it is responsible.

Corporate Measures

- 4.2 These indicators give an idea of the overall health of the organisation.
- 4.3 The overall vacancies and staff turnover within the organisation are shown as follows:

Measure	2019/20	2018/19
Level of vacancies at 31 March	8.9 FTE	10.9 FTE
Staff turnover	14%	11%

- 4.4 The number of FTE vacancies at 31 March represents the posts that are intended to be filled during 2020/21. Included in the number shown are 2 FTE manager posts within Pensions Administration that were appointed by 31 March but won't commence employment until June / July 2020.
- 4.5 In 2020/21, as approved in the budget for the year, a number of new posts have been added to the establishment and plans are being made to undertake recruitment accordingly, albeit within the constraints of our current remote working situation.
- 4.6 The staff turnover in 2019/20 is 14%, an increase on 2018/19 and is perhaps to be expected in light of the organisational structure changes that have been implemented and a number of retirements that have taken place during the year. In the final quarter, there were 3 leavers across the organisation – 1 retirement & 2 voluntary resignations – and a total of 10 new starters in the Pensions Administration service area.



Measure	Quarter 4 2019/20	Quarter 3 2019/20	Performance Full Year 2019/20	Performance Previous Year 2018/19	Year on Year
Short Term Sickness Absence – Days Lost per FTE	0.94	0.94	3.14	1.99	
Long Term Sickness Absence – Days Lost per FTE	0.78	1.78	4.71	5.52	
Total Days Lost per FTE	1.72	2.72	7.85	7.51	

- 4.7 Sickness absence is reported as 'Days lost per FTE' rather than as a percentage and the measures are calculated as annualised figures to enable comparison from year to year.

- 4.8 For this final quarter, days lost for the whole organisation is 1.72 days which is an improvement on the previous quarter of 2.72 days per employee.
- 4.9 The annual outturn total is 7.85 days per employee, a slight increase on the previous year and remains higher than we would want it to be. Long term sickness absence has fallen compared to the previous year but there has been an increase in short term sickness absence (with a particularly high incidence in the second half of the year due to "winter bugs") and this will be an area of focus to be addressed going forward.
- 4.10 All sickness absence is kept under close review. Where possible, early and targeted interventions are made with the offer of early review meetings, occupational health referrals and counselling support.

Investment Measures

4.11 The following table presents a high-level summary of the key indicators of investment performance. A more detailed quarterly report on investment performance, including commentary on market conditions and performance, is provided elsewhere on this agenda.

Measure	Performance Quarter 4 2019/20	Quarterly Benchmark	Performance Full Year 2019/20	2019/20 Benchmark	2019/20 Actuarial Target	RAG Indicator
Investment Return – ex EP	-10.40%	-10.20%	-4.70%	-4.50%	2.10%	
Investment Return – Whole Fund	-7.50%	-10.20%	-3.10%	-4.50%	2.10%	

4.12 Q4 saw markets fall steeply due to the impact of Covid-19 on global economies. The equity protection strategy added to overall performance.





4.13 The final quarter performance means that we missed the 2019/20 actuarial target although over the 3 year cycle we have still achieved a return of 2.4%p.a. which is ahead of target.

4.14 At the end of the quarter, 51% of the Fund's assets were being managed in pooled structures provided by Border to Coast. The Investment Grade Credit portfolio, equivalent to 5% of the Fund, which was previously managed by Royal London was transitioned to Border to Coast in February. The percentage managed was impacted by the fall in equity markets.

4.15 The estimated funding level at the end of quarter 4 is 93.8% but this is only an estimate at this stage based on interim valuation data pending the actuary updating for the final valuation results.

Pension Administration Measures

4.16 The key performance indicators for Pension Administration are presented in the table below. A more detailed report on the performance of the Pension Administration service is provided for the Local Pension Board.

Pensions Administration Performance Indicators						
Measure	2019/20Q uarter 4	2019/20 Quarter 3	Full Year 2019/20	Previous Year: 2018/19	Target 2019/20	Q3 to Q4 Movement
Proportion of priority cases processed on time	87%	90%	89%	91%	100%	
Proportion of non-priority cases processed on time	70%	70%	72%	83%	100%	
Proportion of all cases processed on time	71%	72%	73%	83%	100%	
Proportion of employer data submissions on time	99%	98%	94%	98%	100%	

4.17 Performance in Quarter 4 was inevitably impacted by the closure of the office in March and the disruption caused to the team, with a number of staff temporarily unable to work. This will continue to impact in 2020/21 due to the challenges of integrating new staff who require significant training input into the work of the service.

4.18 Although overall performance was lower this year than in 2018/19, this should be viewed in context of the significant number of vacancies in the team in 2019/20. The vacant non-managerial posts in Pensions Administration were all filled in March with the appointment of 7 new staff which should have a positive impact on caseload volumes in 2020/21.

4.19 Employer submission timings were lower in 2019/20 compared with 2018/19 but this is related to temporary issues experienced by RMBC payroll services which were resolved by the end of 2019/20 and submissions had returned to near 100% overall.

4.20 Two new employers were admitted during the quarter.

4.21 The membership and number of active employers at 31 March are as follows.

	31 March 2020	31 March 2019	Movement in Year	Movement in Year %
Membership	161,477	159,779	1,698	1.1%
Number of Employers with Active Members	526	501	25	4.8%

Financial Measures

Authority Operations

4.22 The main financial measure is performance against budget. The table below shows the outturn position compared to the budget for the year. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2019/20 Budget £	2019/20 Q4 Outturn £	2019/20 Q4 Outturn Variance £	2019/20 Q4 Outturn Variance %
Investment Strategy	784,900	715,750	(69,150)	(8.80%)
Pensions Administration	2,992,750	2,582,480	(410,270)	(13.70%)
Finance & Corporate Services	669,500	612,990	(56,510)	(8.40%)
ICT	532,950	432,730	(100,220)	(18.80%)
Management & Corporate	382,650	360,190	(22,460)	(5.90%)
Democratic Representation	82,850	82,910	60	0.10%
Capital Expenditure Charged to Revenue	0	114,800	114,800	100.00%
Subtotal before transfers to reserves	5,445,600	4,901,850	(543,750)	(10.0%)
Appropriations to / (from) Reserves	0	543,750	543,750	100.00%
Total	5,445,600	5,445,600	0	0.00%

4.23 The under-spend for the year before transfers to reserves is now (£544k) which has decreased from the quarter 3 forecast. The following table analyses the movement in the forecast from the previous to the current quarter.

Budget Forecast - Quarterly Movement	2019/20 Q3 Forecast Variance £	2019/20 Q4 Outturn Variance £	Movement from the Previous Quarter £	Main Reason for Movement
Investment Strategy	(73,960)	(69,150)	4,810	Actual consultancy costs relating to review of Investment Strategy were higher than forecast at Q3.
Pensions Administration	(464,500)	(410,270)	54,230	Increase in costs of actuarial fees relating to Triennial Valuation compared to Q3 forecast. Partly offset by further increase in savings on printing & postage costs.
Finance & Corporate Services	(83,830)	(56,510)	27,320	Impact of staffing costs moved from Pensions Administration to Finance & Corporate Services after re-organisation in previous quarter.
ICT	(67,330)	(100,220)	(32,890)	Higher net savings on annual software and infrastructure running costs than was forecast at Q3.
Management & Corporate	(6,510)	(22,460)	(15,950)	Increase in underspend on audit fees - delays in ability of IA to deliver planned days in final quarter partly caused by impact of COVID-19 on our availability to respond to queries etc.
Democratic Representation	(14,860)	60	14,920	Increased costs relating to the payment of Members Allowances for Chair and Vice Chair as approved at March Authority meeting.
Capital Expenditure Charged to Revenue	54,940	114,800	59,860	Expenditure on purchase of laptops in March 2020 - brought forward from 2020/21 in order to facilitate the required remote working as a result of COVID-19.
Subtotal before transfers to reserves	(656,050)	(543,750)	112,300	

- 4.24 The largest element of the total outturn under-spend relates to Staffing Costs which is (£505k) under budget for the year.
- 4.25 The following table provides an analysis of all the various elements that comprise the under-spend on staffing costs; and includes the movement during the quarter with further commentary below.

Staffing Costs Analysis of Forecast Underspend	Q3 Forecast (Underspend) / Overspend £	Q4 Outturn (Underspend) / Overspend £	Movement During the Quarter
Error in calculation of estimated employer on-costs in the original budget	(£127,000)	(£127,000)	£0
Pensions Administration: Additional costs relating to voluntary redundancies	£52,000	£52,000	£0
Pensions Administration: Net impact of the savings from holding vacancies pending the restructure less the costs for new posts in the new structure	(£251,000)	(£261,000)	(£10,000)
Pensions Administration: Net impact of extra costs from acting up arrangements and employment of casual staff, and savings from staff turnover and individual changes to working hours	(£91,000)	(£86,000)	£5,000
ICT: Net impact of additional costs arising from changes to grades as a result of job evaluations partly offset by some savings from staff turnover	(£5,000)	(£3,000)	£2,000
Finance & Corporate Services: Savings from staff turnover; including one post that was disestablished after the budget was set	(£43,000)	(£33,000)	£10,000
Savings on employer on-costs resulting from the above variances in each department	(£51,000)	(£47,000)	£4,000
Total Forecast Under-spend on Staffing Costs	(£516,000)	(£505,000)	£11,000

- 4.26 There has been a small overall reduction of £11k in the total under-spend related to staffing costs compared to that previously reported.
- 4.27 The Pensions Administration restructure took place during quarter 3 and a substantial amount of recruitment activity was undertaken in order to fill the vacant posts including two manager posts as well as several pensions officers and customer services officers. The officer vacancies were successfully recruited and commenced employment in March 2020. The two management posts were recruited to in March 2020 and are due to commence employment in the summer. The net impact is an increase of (£5k) on the related under-spend.
- 4.28 There was a small increase in costs within ICT arising from finalisation of changes from job evaluations undertaken in the year.
- 4.29 Increased staffing costs on payroll in the final quarter and some additional overtime costs in finance during March 2020 have resulted in a reduction of £10k to the previously forecast under-spend.
- 4.30 The main variances within the other running costs of the organisation are as follows:

4.31 Investment Strategy:

- 4.32 There are under-spends totalling (£8k) on professional training and other indirect employee expenses, (£6k) on various office expenses, and a small overspend of £3k overall for actuarial, legal and professional fees; this includes the cost of consultancy for the review of the investment strategy this year.
- 4.33 Expenditure on fees relating to internal and external management of investments is under budget by (£18k) and subscriptions by (£36k) reflecting the changes as the transition to pooling continues to progress, resulting in some of these fees now being charged directly to the Fund.
- 4.34 Pensions Administration:
- 4.35 Professional Fees and Consultancy -
- 4.36 £23k additional costs on job evaluation services required to support the work on the restructure.
- 4.37 £25k additional costs for our share, as a founding partner, of expenditure on establishment of new LGPS procurement framework for pensions administration systems. We would expect to recoup the majority of this cost over the life of the framework.
- 4.38 There are also additional costs of £18k arising from the ongoing work on the GMP reconciliation exercise and £15k for the implementation of an address tracing service in order to meet the expectation of the Pensions Regulator that we take actions to trace missing scheme members.
- 4.39 There is a planned over spend of £12k on the budget for benchmarking and corporate subscriptions due to the decision to take part in the CEM Benchmarking for pensions administration this year for the first time. The CEM benchmarking service provides a greater focus on the quality of service we provide rather than just cost and will also provide benchmarking against other pension funds both within and outside of the LGPS.
- 4.40 The budget for Actuarial Fees has been over spent by just over £150k. This is the result of more intensive work being required to finalise contribution plans for individual employers resulting from the triennial valuation; in particular the additional work required to deal with the bulge of new employers admitted to the Fund following the valuation date. Traditionally this is a difficult budget to control with there being a significant time gap between commissioning and billing. Work will be undertaken in the coming year to impose additional controls on this area of spending.
- 4.41 There is a saving of (£34k) on rent and service charges; partly arising from savings achieved from the office move in December 2018 and partly as a result of relocating the district office staff to the head office in the first quarter of this financial year.
- 4.42 The budget for postage costs is underspent by (£46k) reflecting the recurrent savings being achieved from the move to the hybrid mail solution. There are also savings of (£25k) on printing, stationery etc. These budgets have been revised accordingly for 2020/21.
- 4.43 Total income received from fees and charges is (£21k) higher than budgeted.

4.44 Finance and Corporate Services:

4.45 There are under-spends totalling (£8k) on professional training and travel expenses, (£6k) on various office-related expenses, and savings of (£8k) on professional fees. Some of these savings are being used to fund additional expenditure of £2k on job evaluation fees and £6k on subscriptions to CIPFA's Pensions Network and Digital Publications service – including a number of pre-paid places that can be used on future training events and providing access to specialist advice and information.

4.46 ICT:

4.47 There are savings of (£12k) on infrastructure costs arising from the closure of the district offices.

4.48 Planned developments on the UPM (pensions administration system) software including Automation and Payroll Browser, have been delayed resulting in an under-spend on this year's budget of around (£30k). This is a timing issue and the costs are now expected to be incurred in 2020/21. An assessment will take place next year when final costs are known to determine if any transfer from the ICT Development Reserve will be necessary to fund these costs.

4.49 Additional income of (£34k) above the budget was achieved, mainly due to the sale of the in-house developed software to another PF administering authority. This income will be transferred to the ICT reserve to be earmarked for use on future IT development.

4.50 Management & Corporate Costs:

4.51 Savings of (£36k) were achieved on the budget for support services provided under our SLA with Barnsley MBC arising from the fact that the budget had been set on an assumption of inflationary increases that were not applied and further savings have been realised following the review of the SLA for 2019/20 approved by the Authority in September.

4.52 The savings noted above have been used to offset an over-spend of £29k on professional fees, which includes the costs of some health, safety & wellbeing initiatives and the costs of a specialist review of the Authority's governance arrangements undertaken in 2019/20 and due to be reported to the Authority in 2020/21.

4.53 There was also an under-spend of (£7k) on the costs of internal audit services provided under the SLA. This resulted from a reduction in the days delivered during 2019/20 compared to plan. The COVID-19 situation did have an impact on delivery during March 2020 due to the finance team not being available as planned to respond to audit review queries. The Internal Audit Manager is in regular contact with the Head of Finance & Corporate Services to ensure that the work will be completed during quarter 1 of 2020/21.

4.54 Finally, the external audit fee budget was under-spent by (£17k) reflecting the new scale fees for audit set by Public Sector Audit Appointments Ltd with effect from 2018/19. The scale audit fee for 2019/20 is £32k and the 2020/21 budget was set on this basis.

4.55 Democratic Representation:

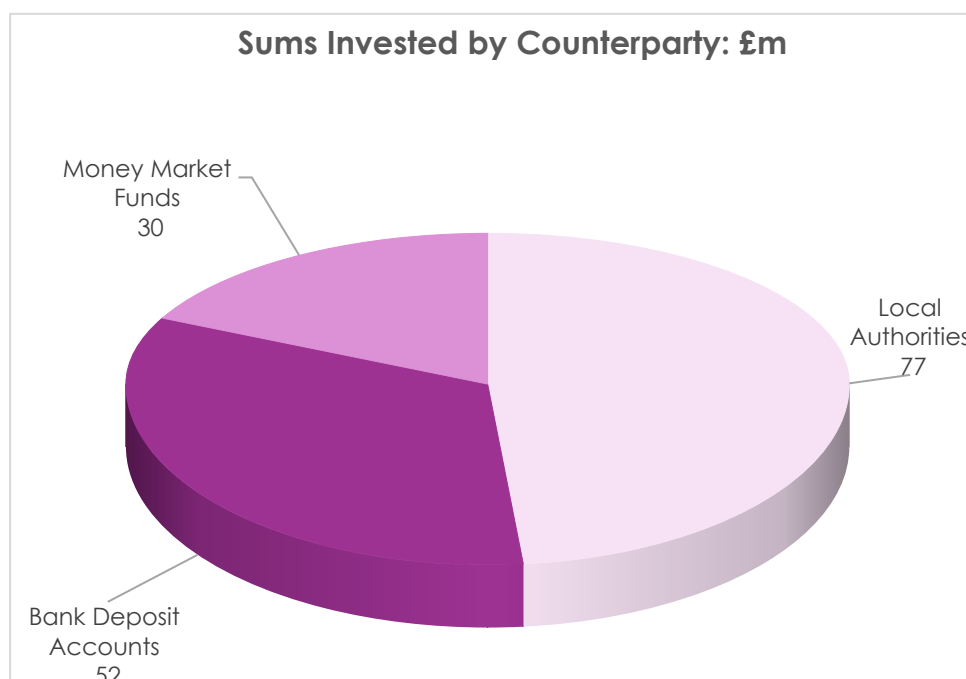
4.56 There is a forecast under-spend of (£8k) on the Local Pension Board budget. (£3k) of this relates to savings on insurance costs, a further (£2k) is running costs – printing, catering etc. and (£3k) relates to the training budget.

- 4.57 There is a similar level of under-spend on the budget for Authority Members' expenses, training and running costs.
- 4.58 These savings have been largely offset by additional expenditure of £14k in 2019/20 arising from the implementation of the new Members Allowances scheme approved by the Authority at its March meeting.
- 4.59 Capital Expenditure Charged to Revenue:
- 4.60 There was no budget set originally for capital expenditure in 2019/20 but two items of capital expenditure have been incurred for valid reasons and both were appropriately approved. The total capital expenditure has been fully financed in year by charging to revenue so there will be no future 'borrowing' costs.
- 4.61 Firstly, as approved at the January Authority meeting, £55k was used to finance the purchase of a software system licence extension for two years.
- 4.62 Secondly, £60k has been spent on financing the cost of 65 laptops purchased during March 2020 which was required as an urgent item in order to facilitate remote working for all staff in the organisation during the COVID-19 outbreak and lockdown.
- 4.63 Earmarked Reserves
- 4.64 The Authority has two earmarked revenue reserves, the Corporate Strategy reserve and the ICT reserve.
- 4.65 In addition, as Members will recall, approval was granted for the creation of a new capital projects reserve that can be drawn upon in future years in order to finance the major projects requiring capital expenditure that are included in the corporate strategy. It was agreed to transfer into this new reserve the operational under-spend for 2019/20 as well as an amount of £150k from the Corporate Strategy revenue reserve.
- 4.66 The Authority generates income from software developed in-house that is sold to other organisations and this income is transferred into the ICT reserve each year. The outturn position is for a total of £28k to be transferred into the reserve this year.
- 4.67 The balances and movement in the reserves arising from the above are set out in the table below.

Reserves	Balance at 01/04/2019 £	Transfers In £	Transfers Out £	Transfers Between Reserves £	Forecast Balance at 31/03/2020 £
Corporate Strategy Reserve	382,831	0	0	(150,000)	232,831
ICT Reserve	84,133	28,250	0		112,383
Subtotal: Revenue Reserves	466,964	28,000	0	(150,000)	345,214
Capital Projects Reserve	0	515,500	0	150,000	665,500
Total Reserves	466,964	543,750	0	0	1,010,714

Treasury Management

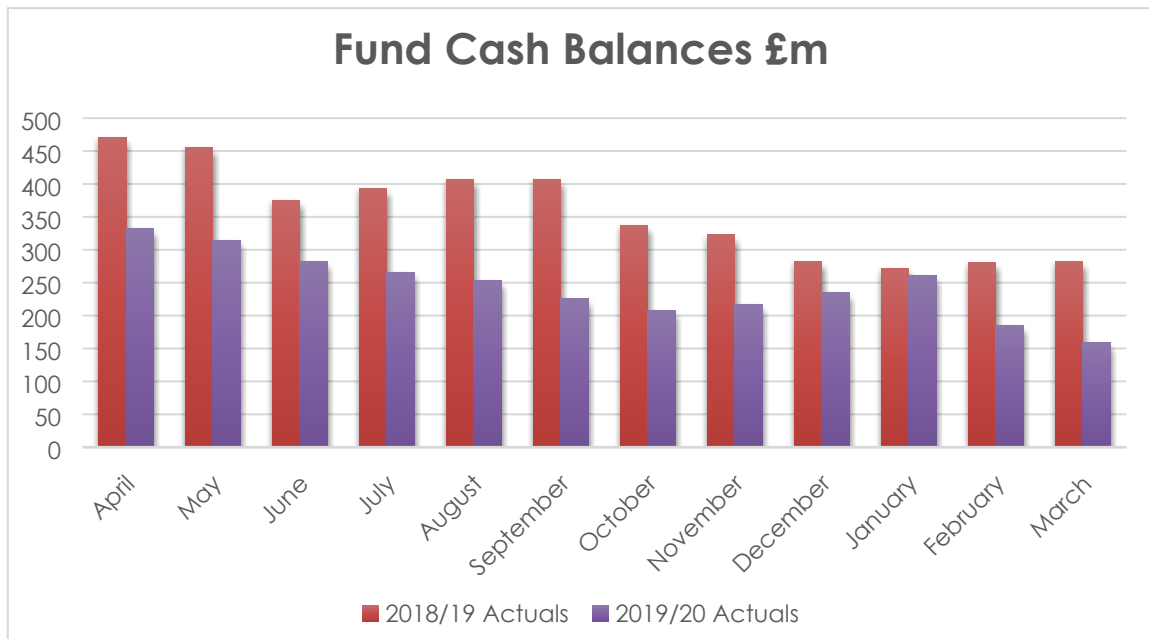
4.68 The Fund’s cash balances at the end of the financial year stood at £159m. The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



4.69 The average balance of cash held during the year was £244 million and the rate of return achieved was around 0.70%.

4.70 During this financial year, we have made more loans to other local authorities for periods of between 3 and 12 months in order to achieve higher rates of return than are available from the bank deposits whilst keeping security as the priority.

4.71 The following chart shows the movement in cash balances held during 2019/20.



4.72 Cash is only held pending Fund investment and the balance of cash at 31 March represents 1.9% of the Fund, compared with 3.35% at 31 March in the previous year. This brings the cash allocation closer to the 1.5% target benchmark and remains well within the permitted range of 0% to 10%.

5. What is getting in the way – Risk Management

- 5.1 We regularly review the things which might get in the way of us achieving our objectives – these are the risks that are set out in detail in the corporate risk register.
- 5.2 The corporate risk register, attached as Appendix A to this report, has been fully reviewed by SMT during the quarter and review comments are included on the register.
- 5.3 The scoring on two risks has been revised upwards as follows.
- 5.4 Risk No. [I2] The risk in relation to funding levels: The current risk score has increased as probability has now moved from Low to Medium in light of COVID-19 market events.
- 5.5 Risk No. [O2] The risk of failure to meet statutory requirements for disclosure of information to scheme members has also increased in probability from Low to Medium to reflect the impact of COVID-19. The position continues to be actively monitored.
- 5.6 In addition to the Corporate Risk Register at Appendix A, a specific risk register relating to the impact of COVID-19 on the ability of the Authority to achieve its objectives has been developed and is included in a separate report elsewhere on the Agenda. Risks in this area are currently being effectively managed.

6. Learning from things that happen

- 6.1 Inevitably when dealing with the number of customers that we do things can go wrong and we try to ensure that we learn from these things. Equally we should celebrate where things go particularly well or where customers feel members of our team have gone the extra mile to help them. This section provides information on the various sources of feedback we receive.

	Received in Q4 2019/20	Received in Q3 2019/20	Received in Q2 2019/20	Received in Q1 2019/20	Received Full Year 2019/20	Received Previous Year: 2018/19
Complaints	8	8	8	5	29	20
Appeals Stage 1	0	3	2	2	7	4
Appeals Stage 2	1	3	3	1	8	6

- 6.2 A detailed report of complaints and action taken is provided to the Local Pensions Board for scrutiny.
- 6.3 Of the 8 complaints received in the quarter, 2 were a result of SYPA actions. 1 was a result of a calculation process error which has been addressed through training and 1 related to the lack of appointments available at the Sheffield office. This was a temporary staffing issue now resolved (though of course all appointments are currently suspended). Of the remaining 6 complaints, 4 were a result of errors/delays by employers and 2 were related to disagreement with the statutory provisions of the scheme.
- 6.4 During the quarter, one appeal was determined and rejected at both stages 1 and 2. This related to a member who was appealing in relation to a transfer in that happened over 25 years ago and was therefore deemed to be out of time.

Breaches of Law and Regulation

- 6.5 We are required to maintain a register of breaches, the detail of which is reported to the Local Pension Board at each meeting as part of their oversight role. In this quarter there have been 4 breaches.
- 6.6 One of the breaches led to a process change as it relates to the loss of a Royal Mail signing book containing names and addresses. 2 breaches resulted in the sharing of an individual NI number and the final one was caused by an external party. All breaches will be reviewed by the Local Pension Board in June 2020.

Satisfaction Surveys

- 6.7 A survey of members retiring between November 2019 and January 2020 showed that of the 119 respondents, 95% were satisfied with the service they received.