

Corporate Strategy

2021/22 to 2023/24

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 and reflects what we have learnt from having to adapt the way in which we operate to the Covid-19 pandemic, and also the fact that we have not been able to make as much progress as we might like on some projects because of the prolonged period during which all of our staff have been working at home.

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 and continue to face our largest employers.

As a consequence of this our strategy over the next three years focuses on delivering 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.

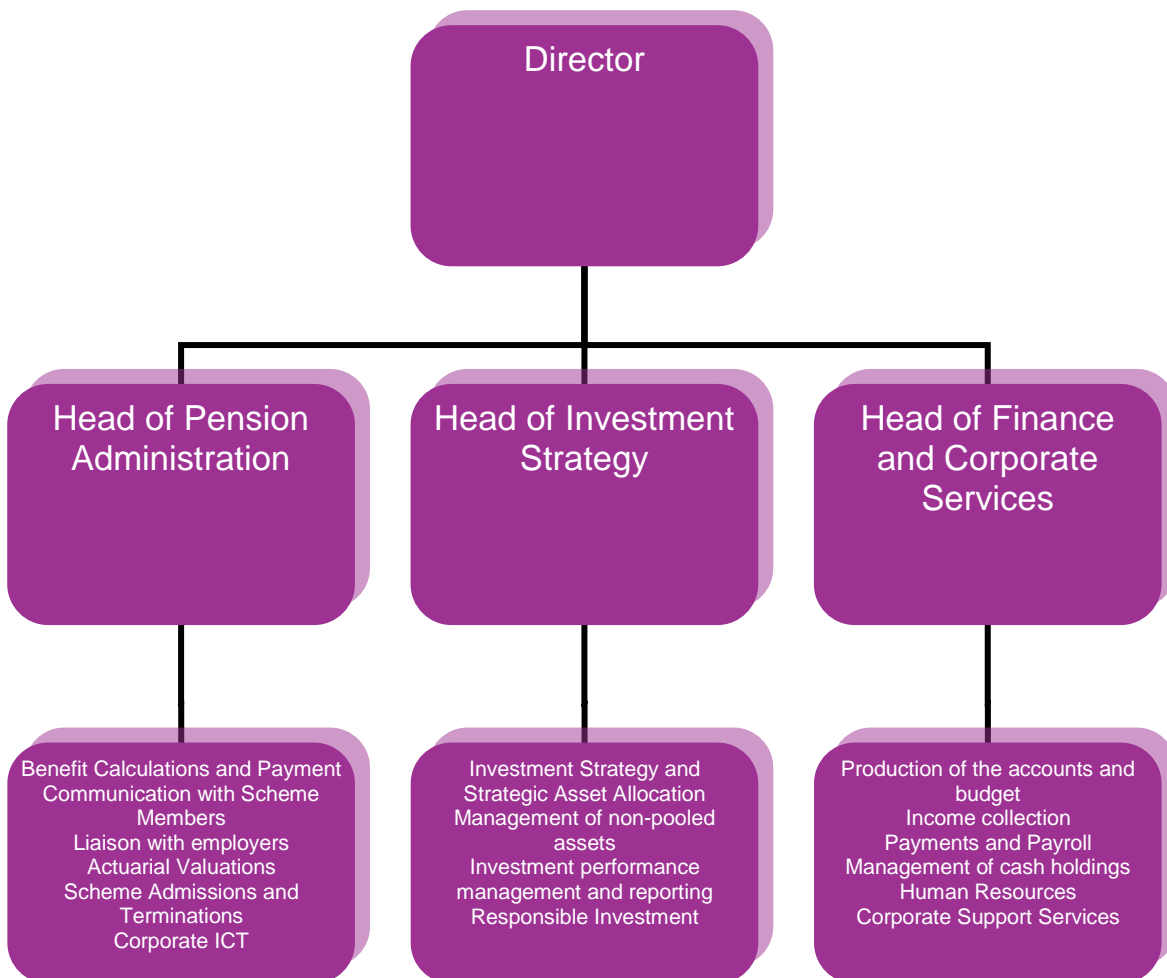
Cllr Mick Stowe
Chair
South Yorkshire Pensions Authority

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 LGPS 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 around 110 people (97.1 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 31.3.20) | 161,477 |
| Number of Pensioners Paid (at 31.3.20) | 56,422 |
| Number of Scheme Employers (at 31.3.20) | 526 |
| Proportion of employers that are local authorities | 1.5% |
| Value of Assets under Management (31.3.20) | £8.170bn |
| Annual Value of Investment Income (2019/20) | £132m |
| Annual Value of Contributions to the Fund (2019/20) | £308m |
| Annual Value of Benefits Paid from the Fund (2019/20) | £308m |

South Yorkshire is a big pension fund by any dimensions (within the top 10 LGPS funds by both assets under management and 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 over a long period and is now around fully funded.

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.

Scheme Funding

to maintain a position of full funding (for the fund as a whole) combined with stable and affordable employer contributions on an ongoing basis.

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 involve and engage people in decisions that will affect them | <ul style="list-style-type: none"> • 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 reviews of the investment strategy.

The content of our plan is influenced by a number of things including:

- The ending of current contractual arrangements.
- Developments within the Local Government Pension Scheme and the wider pensions industry.
- Wider economic developments which can impact the investment strategy and the affordability of contributions for employers.
- Technological developments.
- Feedback from stakeholder groups, including scheme members, employers and our staff.

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 and Scheme Funding
- Supporting the Corporate Organisation – which is linked to the corporate objectives around Effective and Transparent Governance and Valuing and engaging our Employees.

This programme of work incorporates the need to address a number of things over which we have no choice such as the need to implement the changes in the pension regulations arising from various legal challenges related to discrimination on the basis of either age or gender. In themselves these represent a very significant volume of work which will run over a number of years.

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.

| Ref | Project / Action | Corporate Objective | Timescale | | Responsible Manager |
|--|---|---|---------------|------------|-------------------------------------|
| | | | Start | Finish | |
| Services to Scheme Members and Employers – Lead Head of Pensions Administration | | | | | |
| MS1 | Complete procurement processes required for Pension Administration System in order to deliver: <ul style="list-style-type: none"> Improved interface with employers including monthly data collection Improved Member Self Service Process automation | Customer Focus | December 2020 | March 2022 | Head of Pension Administration |
| MS2 | Implement regulatory changes arising from the McCloud and Goodwin judgements and the GMP rectification process | Customer Focus | Oct 2020 | March 2023 | Head of Pension Administration |
| MS3 | Clear residual backlog cases | Customer Focus | Feb 2020 | July 2021 | Benefits Team Manager |
| MS4 | Put in place and deliver a project and communications plan to support the delivery of the 2022 valuation, taking into account lessons learnt from the 2019 process. | Listening to our stakeholders Scheme Funding | April 2021 | Sept 2022 | Support and Engagement Team Manager |
| MS5 | Provide additional support to staff to maximise their effectiveness <ul style="list-style-type: none"> Providing opportunities for staff at the top of the career grade to develop their skills through secondment opportunities and participation in project work. 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 2022 | Support and Engagement Team Manager |
| | | | Feb 2020 | May 2021 | Benefits Team Manager |

Customer Service and Engagement – Lead Head of Pensions Administration

| | | | | | |
|------------|---|----------------|------------|------------|-------------------------------------|
| CS1 | Implement a new approach to employer engagement focused on structured support to employers to ensure they are meeting their statutory responsibilities in a timely manner and focusing on compliance. | Customer Focus | April 2020 | March 2022 | Support and Engagement Team Manager |
| CS2 | 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 Scheme Funding | March 2020 | March 2023 | Head of Investment Strategy |
| IS2 | Implement revised approaches to reporting on the Authority’s stewardship approach <ul style="list-style-type: none"> Adopt the revised FRC UK Stewardship Code and report in line with its requirements Develop a framework for reporting the impact of the Fund’s investments against the UN Sustainable Development Goals | Responsible Investment | April 2020 Feb 2020 | March 2022 March 2023 | Head of Investment Strategy Director |
| IS3 | Implement the Action Plan for Achieving Net Zero by 2030 | Responsible Investment | March 2021 | Progress to be reviewed annually to 2030 | Director |
| IS4 | 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 |

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

| | | | | | | | | |
|------------|---|--------------------------------------|------------|------------|---------------------------|------------|------------------------|--|
| CO1 | Replace the Authority’s Business Systems: | Effective & Transparent Governance | Jan 2021 | July 2021 | Team Leader – Accountancy | | | |
| | <ul style="list-style-type: none"> Investment Accounting | | | | | Dec 2020 | Oct 2021 | Team Manager – Financial Services |
| | <ul style="list-style-type: none"> Financials (including removal of cheque acceptance) | | | | | Jan 2021 | Dec 2021 | Head of Finance and Corporate Services |
| | <ul style="list-style-type: none"> People Systems (HR, Payroll, Time and Attendance) | | | | | March 2021 | Sept 2021 | Governance and Risk Officer |
| 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: | Valuing and Engaging our Employees | April 2020 | March 2022 | HR Business Partner | | | |
| | <ul style="list-style-type: none"> Fully revised appraisal system ready to be incorporated into the new HR system | | | | | Feb 2020 | March 2022 | HR Business Partner |
| | <ul style="list-style-type: none"> Introduce revised induction process and e-Learning approaches to support annual and refresher training programmes | | | | | Jan 2021 | Dec 2021 | Support and Engagement Team Manager |
| | <ul style="list-style-type: none"> Provide a structured learning programme to support the new Pension Officer Career Grade Scheme | | | | | Sept 2021 | March 2022 and ongoing | HR Business Partner |
| CO3 | Implement the recommendations arising from the Hymans Robertson review of governance, in order to be ready for the implementation of the Good Governance review | Effective and Transparent Governance | April 2020 | March 2022 | Director | | | |
| CO4 | Implement the preferred option for meeting the Authority’s long term accommodation needs, including a policy framework to support homeworking. | Effective & Transparent Governance | Dec 2020 | Dec 2021 | Director | | | |

| | | | | | |
|------------|--|--------------------------------------|------------|----------------|-------------------------------------|
| CO5 | Replace website infrastructure to create a single web presence that better supports the organisation's communication and engagement strategies | Effective & Transparent Governance | Jan 2020 | September 2021 | Corporate Manager - ICT and Digital |
| CO6 | Roll out Office 365 to ensure the Authority has access to a regularly updated suite of core application software across the whole estate | Effective and Transparent Governance | Jan 2020 | December 2021 | Corporate Manager - ICT and Digital |
| CO7 | Introduce Agile Working approach across the whole organisation supported by a funded programme of hardware replacement | Effective and Transparent Governance | Jan 2020 | March 2023 | ICT Infrastructure Manager |
| CO8 | Replace the Authority's telephony infrastructure with a VOIP system capable of integration with Teams / Office 365 and the Pension Administration system. | Effective and Transparent Governance | Sept 2020 | March 2022 | Corporate Manager- ICT and Digital |
| CO9 | Incorporate within the Communications Strategy appropriate structured approaches to internal communication and external communication focussed on the wider local government and pension communities, as well as the conventional stakeholder groups such as scheme members and employers. | Effective and Transparent Governance | April 2021 | January 2022 | Communications Officer |

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

All of the tasks that we need 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.
Customer satisfaction is measured through surveys looking at a range of interactions (e.g. retirement, telephone contact etc.). While there are periodic up's and downs all these measures give a combined satisfied and very satisfied score over 90%.
- Meeting targets for the processing of transactions within specified timescales.
Current processing performance (with all staff working at home) is below target at around 80% of the Authority's own standards which are generally more stretching than industry norms. While efforts are being made to improve this there is no evidence from increasing complaints or satisfaction surveys that the current position is causing an issue for customers.
- Retention of Customer Service Excellence accreditation
This has been achieved for the next review cycle and the report is available on the Authority's website.
- Numbers of complaints and compliments
The number of complaints remains very low in the context of both the number of scheme members and the number of customer interactions. Details are reported to each meeting of the Local Pension Board. There is no discernible trend in the numbers of complaints.
- Numbers of appeals against Authority decisions and the proportion upheld.
Again the numbers of appeals against the Authority's decisions (as opposed to those of employers) is very low with none 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.
This was achieved at the 2019 valuation with a funding level of close to 100%. Subsequent estimates indicate that full funding has been achieved and is being maintained.
- Achievement of stability in employer future service contribution rates.
This will be measurable at the 2022 valuation. However, measurement will be complicated by the impact of scheme changes on the valuation process and setting of 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.
2019/20 saw an overall reduction in the value of the Fund as a result of the market turbulence caused by the Covid-19 pandemic. Despite this the Fund performed better than the benchmark in the year and more importantly delivered positive returns in excess of the benchmark and CPI over 3, 5 and 10 years.
- Investment returns by asset class v the asset class specific benchmark
This detail is included in the Authority's annual report and as would be expected there is variation across asset classes, although in general there is a positive picture.
- 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).
After adjusting for the fact that equity dividends are now reinvested directly within pooled funds the overall level of income is increasing.

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
This data is included in the Annual Report. Market turbulence at the end of 2019/20 distorted some of the metrics. However, there is a downward trend, albeit one that fairly closely mirrors the trend of the broader index.
- Achieve a rising ESG score from the equity portfolios and a position better than reflected in the benchmark indices.
This is being achieved, although at present this analysis is not publicly available.
- Rate of progress towards achieving Net Zero Carbon emissions from the portfolio.
This will be included within the annual TCFD and stewardship reporting which the Authority is required to produce and which is included in the annual report.

Scheme Funding

to maintain a position of full funding (for the fund as a whole) combined with stable and affordable employer contributions on an ongoing basis.

- Achievement and maintenance of full funding
This is formally measured at the actuarial valuation every three years. The estimated position is currently that there is a surplus at fund level.

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.
The latest final CEM report is not yet available but this has been achieved in previous years.
- Aim to maintain administration costs per member at a level less than the England Average (as measured in SF3)
This is being achieved.
- Aim to maintain the total cost of running the Fund as a proportion of assets below the England and UK averages.
This is not being achieved based on the comparison using SF3 data, however this is likely to be due to the significant inconsistencies in accounting practices relating to non-invoiced investment costs. The CEM benchmarking information which makes estimates in relation to under-reporting has previously indicated a relatively low cost position when adjusting for this under-reporting and should be regarded as more reliable.

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
The overall level of sickness absence has declined during 2020/21.
- Aim to show an improving trend in staff engagement from staff survey data.
The results of the Staff Survey carried out during 2020 show an improved level of engagement over 2018 (as shown in the infographic later in this document) but point to the need to address issues around career paths and role stimulation particularly for more experienced pension administration staff.
- Volume of training per member of staff (days).
It is currently not possible to comprehensively measure this indicator. Comprehensive measurement will be available when the new HR system is implemented.
- Aim for 100% of staff to receive an appraisal.
Due to the absence of an effective HR system it is currently not possible to provide comprehensive information on this indicator although the impression is that the position is improving gradually.

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

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

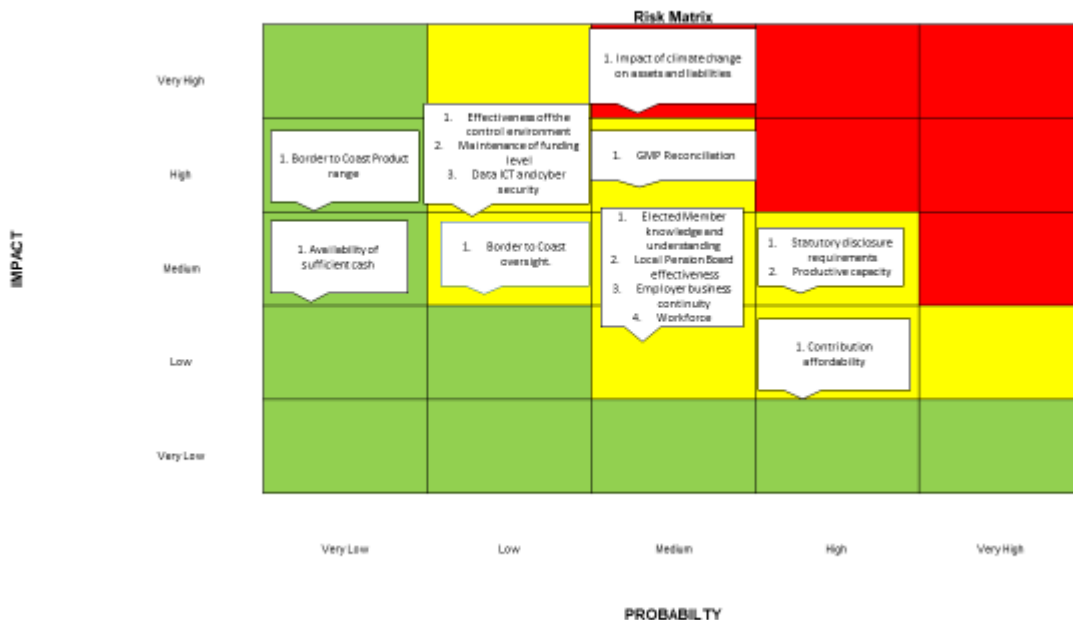
These are the risks that something might go wrong. The chart below shows each of the risks included on our Corporate Risk Register as at December 2020 mapped on to the risk matrix which we use to understand how significant each risk is. The further towards the top right of the matrix a risk is the greater its significance for us.

We use four categories to classify risks

- Governance – These are risks that impact the soundness of our overall control and decision making framework.
- Investment and Funding – These are risks that impact the balance between the fund’s assets and liabilities and the ability to pay pensions when they become due.
- Operational – These are risks to the effective running of the business and to efficient and effective service delivery.
- People – These are risks to our ability to maintain a suitably qualified, experienced and engaged workforce.

The risk register is reviewed on a monthly basis by the Senior Management Team and is also reviewed by the Authority as part of the quarterly performance reporting process. Additional oversight of the Authority’s risk management arrangements is provided by the Audit Committee and Local Pension Board.

A summary of the register as reported to the December 2020 meeting of the Authority is shown below. The full risk register is available with the quarterly performance reports on the Authority’s website.



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 (available on our website), 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 Director is accountable to the members of the Authority for spending within the budget. The table below provides a summary of the budget for 2021/22 and forecasts for future years.

| South Yorkshire Pensions Authority Operating Budget | 2020-21 Q2 Forecast Outturn £ | 2021/22 Budget £ | 2022/23 Estimate £ | 2023/24 Estimate £ |
|---|----------------------------------|---------------------|-----------------------|-----------------------|
| Pension Administration | 2,546,990 | 2,789,950 | 2,806,820 | 2,872,800 |
| Investment Strategy | 675,310 | 684,790 | 694,890 | 709,160 |
| Finance and Corporate Services | 671,840 | 710,620 | 712,560 | 732,450 |
| ICT | 557,910 | 667,200 | 681,360 | 694,540 |
| Management and Corporate | 414,560 | 402,650 | 410,980 | 418,800 |
| Democratic Representation | 123,350 | 142,620 | 145,480 | 148,420 |
| Subtotal before transfers to reserves | 4,989,960 | 5,397,830 | 5,452,090 | 5,576,170 |
| Contribution to Reserves | 455,640 | 47,770 | 5,000 | 6,000 |
| Total Charge to Pension Fund | 5,445,600 | 5,445,600 | 5,457,090 | 5,582,170 |
| | | | | |
| Membership | 163,900 | 166,360 | 168,860 | 171,390 |
| Cost Per Member | £33.23 | £32.73 | £32.32 | £32.57 |

The budget requirement in 2021/22 has been frozen in cash terms for the third year, which given the increasing membership means that the cost per member of operating the fund has reduced. At the same time it has been possible through the redirection of resources to invest additional resources in staff development and support for project delivery. More detail is available in the Medium Term Financial Strategy and the Budget report.

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 2020/21 £m | Forecast 2021/22 £m | Forecast 2022/23 £m | Forecast 2023/24 £m |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>Dealings with members, employers and others directly involved in the scheme:</i> | | | | |
| Contributions receivable and transfers in from other pension funds | (342) | (249) | (263) | (340) |
| Benefits payable and payments to or on account of leavers | 339 | 349 | 365 | 380 |
| Net (additions) / withdrawals from dealings with members | (3) | 100 | 102 | 40 |
| Management expenses | 59 | 69 | 77 | 85 |
| Net returns on investments | (1,486) | (543) | (568) | (529) |
| Net (increase)/decrease in the Fund during the year | (1,430) | (374) | (389) | (404) |
| Net Assets of the Fund At 1 April | (8,170) | (9,600) | (9,974) | (10,363) |
| Net Assets of the Fund At 31 March | (9,600) | (9,974) | (10,363) | (10,767) |
| Management Expenses as Percentage of Average Net Assets | 0.66% | 0.71% | 0.76% | 0.80% |

This forecast reflects the significant rebound in financial markets during 2020/21, while still reflecting the increasing imbalance between contributions and benefits payable (although this is somewhat distorted by the impact of prepayments following each actuarial valuation). Currently management expenses are forecast to change reflecting a change in the balance of the fund's investments towards alternatives which attract higher levels of fees. Based on current estimates of the funding level this forecast indicates that based on the underlying assumptions it should be possible to maintain full funding at whole fund level.

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 97.1 full time equivalents (equating to around 110 people). Our workforce has seen significant change over the last 12-18 months with two cohorts of new starters within the pension administration service and the introduction of a number of new starters in other areas together with the redeployment of some existing staff into new roles as a result of the restructuring of aspects of our operations. These changes provide us with a workforce that is a bit more balanced than it was and allows us to better plan for how to deal with issues of succession planning.

A series of restructures over the last two years has allowed us to achieve a consistent organisational design across all of the organisation's teams which means that grading and responsibilities are consistent between teams addressing a number of previous anomalies.

A number of the actions set out in the Action Plan within this corporate strategy reflect our continuing focus on the development of our workforce 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

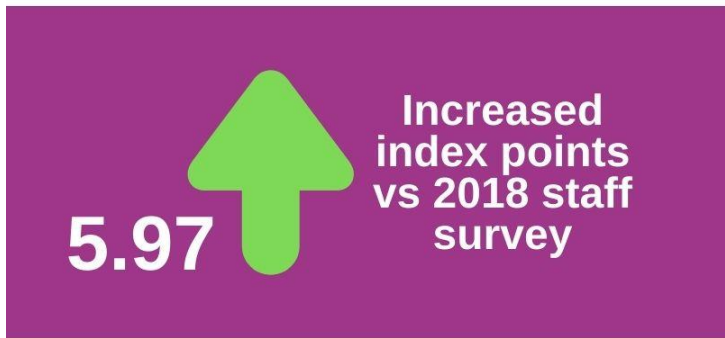
How staff feel about working for SYPA is also an important driver of the likelihood that we will be successful in delivering the various projects that are set out in this plan. During the last year we carried out our bi-annual staff survey. For the first time this was carried out by an external organisation in order to create a robust baseline so that we can better measure progress in this area.

Overall the results of the survey were positive with comparisons to the last survey in 2018, where possible, generally showing improvement and a range of positive comments about some of the more recent developments in terms of, for example, our approach to health and wellbeing. There are, though areas for improvement, some of which had been highlighted in the last iteration of this strategy, including the need to develop clearer career paths for more experienced staff within pension administration coupled with the need to involve this group in a more varied and interesting range of work, while not losing track of our core function of ensuring pensions are paid correctly and on time.

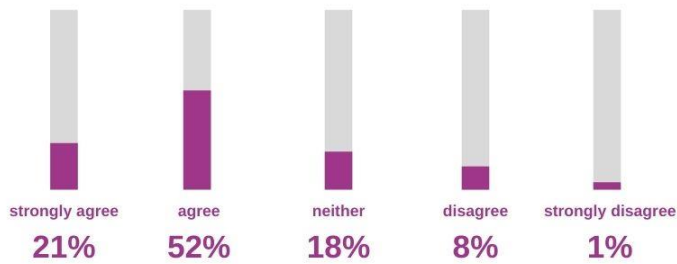
The info-graphic below summarises the results.



STAFF SURVEY 2020



Overall survey results



Our top three areas...

- 1 Treated fairly
- 2 Collaborative teamwork
- 3 Trusted to make decisions



And room for improvement in **career path** and **role stimulation**.



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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 as an engaged and motivated workforce will assist us in delivering better services for our customers.