

NOTICE OF AUTHORITY MEETING

You are hereby summoned to a meeting of the South Yorkshire Pensions Audit & Governance Committee to be held at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday, 27 July 2023 at 10.00 am for the purpose of transacting the business set out in the agenda.



**Sarah Norman
Clerk**

This matter is being dealt with by: Governance Team Tel: 01226 666405
Email: Governanceteam@sypa.org.uk

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Distribution

Councillors: M Havard (Chair), R Bowser, S Clement-Jones, S Cox and D Nevett.

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AUDIT AND GOVERNANCE COMMITTEE TERMS OF REFERENCE

1. To fulfil the following core Audit and Governance Committee functions:
 - a) Consider the effectiveness of the Authorities risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - b) Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
 - c) Be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
 - d) Approve (but not direct) Internal Audit's Charter and Annual Plan.
 - e) Monitor performance against Internal Audit's Charter and Annual Plan.
 - f) Review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
 - g) Receive the Annual Report of the Head of Internal Audit.
 - h) Consider the Annual Reports of External Audit and inspectors.
 - i) Ensure that there are effective relationships between Internal Audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.
 - j) Review financial statements, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
 - k) To oversee the production of and approve the Authority's Annual Governance Statement.
 - l) To report and approve the annual Statement of Accounts and the Authority's Annual Report, focusing on:
 - the suitability of, and any changes in, accounting policies
 - major judgemental issues e.g. provisions
 - m) To receive and agree the response to the External Auditor's report to those charged with governance on issues arising from the audit of the accounts, focusing on significant adjustments and material weaknesses in internal control reported by the External Auditor.
2. Monitor the Authority's Risk Register and Annual Governance Action Plan, reporting issues of concern to the full Authority.

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT AND GOVERNANCE COMMITTEE

**THURSDAY, 27 JULY 2023 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT,
PONTEFRACT ROAD, BARNSELEY, S71 1HG**

Agenda: Reports attached unless stated otherwise

	Item	Pages
	<u>Committee Administration</u>	
1.	Apologies	
2.	Announcements	
3.	Urgent Items To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	
4.	Items to be considered in the absence of the public and press To identify items where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting.)	
5.	Declarations of Interest	
6.	Minutes of the meeting held on 2nd March 2023	5 - 12
7.	External Auditors - Progress Report	13 - 38
8.	Statement of Accounts	39 - 206
9.	Internal Audit Annual Report 2022/23	207 - 222
10.	Internal Audit Charter 2022 to 2025	223 - 238
11.	Internal Audit Progress Report 2023/24 Q1	239 - 248
12.	Audit and Governance Committee Effectiveness Review	249 - 256
13.	Progress on Agreed Management Actions Report	257 - 262

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

2 MARCH 2023

PRESENT: Councillor G Weatherall (Chair)

Councillors: S Clement-Jones, S Cox, M Havard and D Nevett

Trade Unions: N Doolan-Hamer (Unison), D Patterson (Unite) and G Warwick (GMB)

Officers: G Graham (Director), G Taberner (Assistant Director - Resources and Deputy Treasurer), J Stone (Head of Governance and Monitoring Officer), W Goddard (Service Manager - Finance) A Palmer (Team Leader - Governance)

N Wright (External Audit Partner Deloitte)

S Ghuman (Director of Legal & Governance at Barnsley Council & Deputy Clerk)

R Winter (Head of Internal Audit, Anti-Fraud and Assurance BMBC)

C Hollins (Principal Auditor BMBC)

S Shepherd (Auditor BMBC)

Apologies for absence were received from Councillor R Bowser

1 APOLOGIES

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

2 ANNOUNCEMENTS

None

3 URGENT ITEMS

None

4 ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PUBLIC AND PRESS

RESOLVED – That item 14 ‘Annual Procurement Report’ be considered in the absence of the public and press.

5 DECLARATIONS OF INTEREST

None

6 MINUTES OF THE MEETING HELD ON 20/10/2022

Councillor Nevett sought confirmation that final sign off of the External Auditors Annual Report had occurred per Item 9 of the last meeting. And if any of the identified risks had highlighted any issues.

Assistant Director – Resources confirmed it had and was completed before the statutory deadline and no issues raised.

RESOLVED: That the minutes of the meeting held on 20 October 2022 be agreed as a true record.

The Director introduced Sukdave Ghuman (Director of Legal & Governance at Barnsley Council) who has taken on the role representing the Clerk at Authority Meetings.

Members queried why the Clerk no longer attends personally.

Director explained due to heavy diary commitments it is not always possible and it is the convention, not only at SYPA but other Authorities for a “Deputy Clerk” to attend as a representative.

7 INTERNAL AUDIT PROGRESS REPORT

R Winter introduced C Hollins and S Shepherd members of the Audit Team delivering the Authority’s audit plan.

C. Hollins delivered the report on Internal Audit Activity for the period 1st October 2022 to 19th February 2023.

Key points of the report are:

- To date 60% of planned dates have been delivered.
- As previously reported, a couple of items will be carried over into the new financial year. These will be completed in time for inclusion in the Internal Audit Annual Report.
- Of the 16 planned assignments for the year, 9 have so far been completed.
- The compliance element of the Programme/Project Management Review and the Design and Implementation of Staff Payroll & HR System have been deferred to 2023-24
- 5 Final Reports issued and all have Positive Assurance opinion (See table on page 16 of the report)
- 7 reports on going at various stages of completion.
- No issues highlighted in the Management Actions reports.

RESOLVED: Members considered and accepted the report.

8 INTERNAL AUDIT PLAN

R. Winter delivered the draft Internal Audit Plan 2023-24 and provided assurance to the Board that it conformed to all required professional standards.

RESLOVED: Members considered and accepted the plan.

9 EXTERNAL AUDIT PLAN

N Wright presented Deloitte's External Audit Plan 2022-23.

The main points of the report are:

- No significant Fund changes. It is noted there are plans to restructure the agricultural portfolio, but this will not impact the period currently under review.
- The significant risks identified, which remained as previously:
 - a) Management override of controls
 - b) Valuation of directly held commercial property
 - c) Completeness and existence of Investments
- Other risks:
 - a) Valuation of alternatives
 - b) Valuation of directly held agricultural property
 - c) Completeness and accuracy of contributions.
- No issues identified in proceeding to sign-off the Authority's accounts before the statutory deadline of September 2023.

In considering the report, members raised the following points:

- Why is inflation not included as a risk to the Fund's investments and expenditure?

Inflation is already used as a factor when assessing the Fund's Investment Valuation. The nature of the Authority means from an Audit perspective, inflation is not a significant factor when assessing viability of expenditure.

- How does the increase in utilities (gas, electric) etc feed into the report?

Again, due to the nature of the Authority, this is not a significant risk to the accuracy of the accounts from an Audit perspective.

Any impact from inflation on the value of the Funds investments, would be picked up within the Valuation section of any Audit.

- How will changes in the Officers of the Authority impact on the Auditors role?

This would factor into the value for money section of the Year End report. Areas for consideration would be, continuity, compliance with Governance arrangements, has the Constitution been followed correctly.

RESOLVED: Members considered and accepted the plan.

10 ACCOUNTING POLICIES 2022-23

The Assistant Director – Resources presented the Review of Accounting Policies 2022-23.

The main change requested is the introduction a de-minimis threshold of £1000 for the accrual of items of income and expenditure in the year where cash has yet to be received or paid.

In considering the Policy, members raised the following points:

- What is meant by Accrual and what are the implications?

The accounting basis operates on the financial year that goods or services are received. The cash may not be paid until after the year end, for example electricity bill in March won't be paid until April; but would be recognised in the accounts for the year ending March. Going forwards, anything below the new threshold would not be accrued, in line with practice commonly adopted in all sectors.

- How many current payments would be captured by the change?

Only a minimal number of these payments are made. The proposed change would grant more flexibility in preparing the accounts and be kept under review.

RESOLVED:

- a) Members noted the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with the requirements of CIPFA Accounting Code of Practice.**
- b) Approved the introduction of a de-minimis threshold of £1000 for accruals of income and expenditure.**

11 PROGRESS ON AGREED MANAGEMENT ACTIONS REPORT

The Head of Governance presented a report updating Members on progress in delivering Management Actions agreed with Internal and External Audit.

In considering the report, members raised the following points:

- Under Verification of Assets – Property Holdings. Does this only cover the Agricultural assets? Given the size of the Agricultural portfolio, what steps are being taken to ensure this situation does not reoccur?

During the audit, it was confirmed that all commercial holdings are registered as per the records, so this item specifically deals with agriculture. The agricultural portfolio is very complex and is made up of sometimes small individual holdings. For example, some deeds cover a single field whilst the Fund may hold another deed for the field next to it.

Bidwells are retained to manage the portfolio on the Fund's behalf and maintain the records. A handful of entries on the Land Registry differed from the information Bidwells held. Work is ongoing to identify and correct the records.

- Could this have an impact on the valuation of the holdings?

No, this exercise is around maintaining accurate records and not actual land valuation.

- What mitigating actions are being taken?

Work is being undertaken to consolidate these smaller holdings into 11 larger holdings and to ensure that all holdings are registered with the Land Registry which is not always the case for agricultural land.

RESOLVED: Members noted the progress being made on implementing agreed management actions and sought further clarification from Officers.

12 AUDIT COMMITTEE ANNUAL REPORT

The Head of Governance presented the draft Audit Committee Annual Report for 2022/23, which is a key part of the assurance processes associated with production of the Annual Governance Statement. The report would be updated to incorporate the outcomes of today's meeting and completion of the Internal Audit and would be submitted to the Authority for approval.

In considering the report, Members raised the following points:

- As noted previously, the Clerk and Treasurer of the Authority do not, given the scale of their other responsibilities, regularly attend meetings and requested that the Director's response under agenda item 6 be included in the minutes.

The Director added that from April, the Assistant Director – Resources will formally take on the role of Treasurer as previously agreed and is currently the Deputy Treasurer, so representation has been present.

RESOLVED: Members:

- Approved the Annual Report of the Audit Committee 2022/23**
- Delegate the Head of Governance approval to update the Annual Report for publication to reflect the attendance and outcomes of this meetings and the final outcomes of internal audit reviews.**

13 AUDIT COMMITTEE TERMS OF REFERENCE AND WORK CYCLE

The Head of Governance presented for consideration and approval the new Audit Committee Terms of Reference and proposed work cycle for 2023/24.

The main points of the report are:

- The Terms of Reference have been developed in line with the Position Statement and advice from CIPFA's Better Governance Forum and have also been reviewed by The Head of Internal Audit and Internal Audit Manager.
- It is suggested the Committee is renamed to Audit and Governance Committee to accurately reflect the various aspects of the wider governance framework.
- It is recommended the committee moves to 4 meetings per year as outlined on the Work Cycle.
- Work is ongoing to source two independent members for the committee as recommended as best practice guidance.

In considering the above, members raised the following points:

- The Terms of Reference do not include the Trade Union representatives among the membership of the Committee.

Agreed Action: Head of Governance to amend as necessary.

- Whether this work had resolved the issues previously raised around the committee's role in risk management and whether this committee would receive the Risk Register as opposed to the Local Pensions Board?

This committee has oversight of the risk management framework and is not required to review operational risks on a quarterly basis. That is a function of the Authority so no change is required.

The Director added that the Local Pension Board has specific duties in regards to the Risk Register.

- What steps have already been taken to recruit the independent members?

Contact had been made with the ICAEW to enquire if they can help source for us. One enquiry was made but did not result in an appointment. Other options being explored including platforms like LinkedIn.

- Clarification was sought on the additional expense associated with independent members.

The position would not qualify for payment as it is a voluntary position. Expenses for travel etc. would be covered.

The Director advised a wider piece of work was already underway to look at allowances for the Non-Voting Co-Opted Members of the Authority and members of the Local Pension Board so this matter could be tied into that.

RESOLVED: Members:

- a) **Approved the adoption of the Terms of Reference attached at Appendix A.**
- b) **Approved the committee be renamed Audit and Governance Committee.**
- c) **Approved the Work Cycle 2023-24 and noted this now includes 4 meetings per year.**

Exclusion of Public and Press.

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

14 **ANNUAL PROCUREMENT REPORT**

The Team Leader – Governance presented the Annual Procurement Report for 2022-23 to the committee.

RESOLVED: Members noted, commented on and accepted the report.

Chair closed the meeting.

Agreed Actions

Date of Meeting	Agenda Item	Agreed Action	Lead Officer
02/03/2023	13	Amend ToR to indicate Trade Union representatives form part of the membership of the Committee	Head of Governance

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Agenda Item

Subject	External Audit Status Report – 2022/23 Audit	Status	For Publication
Report to	Audit & Governance Committee	Date	27 July 2023
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	n/a
Contact Officer	Will Goddard – Head of Finance	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

- 1.1 For the Audit & Governance Committee to receive the external auditor’s audit status report for their 2022/23 audit.
-

2 Recommendations

- 2.1 Members are recommended to:
- a. **Receive and note the external auditor’s Audit Status Report on the 2022/23 Audit of South Yorkshire Pensions Authority and South Yorkshire Pension Fund.**
-

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:
- Effective and Transparent Governance**
- to uphold effective governance showing prudence and propriety at all times.
- 3.2 The external audit process is a key part of the governance framework in place at the Authority and it is a responsibility of the Audit & Governance Committee to consider the reports and recommendations of external audit.
-

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 Background and Options

- 5.1 The Local Audit and Accountability Act 2014 requires the Authority’s statement of accounts to be audited in accordance with the Act and by an auditor appointed in accordance with the Act.

- 5.2 The external auditor is required by auditing standards to report their audit status and findings to the Audit & Governance Committee as the body designated as Those Charged with Governance.
- 5.3 The external auditor has prepared the report attached at Appendix A and this will be presented at the meeting by Dina Peuters, Senior Manager, Deloitte LLP.
- 5.4 The report was issued on 18 July 2023 and the external auditor will provide a verbal update on any further progress / update to the audit status between the date of the report and the date of the Committee meeting.

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	None directly; the fees for external audit are met from existing budget resources.
Human Resources	None
ICT	None
Legal	The external audit is carried out in accordance with the requirements of the Local Audit and Accountability Act 2014.
Procurement	None

Gillian Taberner

Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-



South Yorkshire Pensions Authority and South Yorkshire Pension Fund Status report to the Pensions Authority Audit Committee on the 2022/23 audit

Issued on 18 July 2023

Executive summary

The key messages in this report



Nicola Wright
Lead audit partner



Audit quality is our number one priority.

We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A **robust** challenge of the key judgements taken in the preparation of the financial statements.
- A **strong understanding** of your internal control environment.
- A **well planned** and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our status report to the to the South Yorkshire Pensions Authority Audit Committee (the “Committee”) for the 2022/23 audit of South Yorkshire Pensions Authority (the “Authority”) and South Yorkshire Pension Fund (the “Fund”). I would like to draw your attention to the key messages of this paper:

Audit scope

Our reporting responsibilities as auditor of the Fund and Authority are to:

- Form an opinion on the statutory financial statements of the Fund and Authority. The financial statements are prepared under the Code of Practice on Local Authority Accounting 2022/23 (“the Code”) issued by CIPFA and LASAAC;
- Consider the completeness of the disclosures in the Authority’s Annual Governance Statement in meeting the relevant requirements and identify any inconsistencies between the disclosures and the information that we are aware of from our work on the financial statements and other work;
- Satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Report to “those charged with governance” on certain additional matters, including any unadjusted errors over our reporting threshold (“RT”), our independence and any other issues we consider should be brought to their attention.

Status of the audit

Our audit work is currently ongoing, with review and quality procedures underway. We have detailed the procedures still to be completed in Appendix 3 and we will provide a verbal status update at the Audit Committee meeting on 27 July 2023.

Consideration of the current economic markets

Our audit is designed to take into account known economic pressures. During the course of the year, the Fund has navigated the Q4 2022 gilt crisis and more recent challenges in the banking sector.

Gilt volatility

Following the Government budget announcements on Friday 23 September 2022, gilt yields rose significantly. As a consequence of the intervention in the gilt markets by the Bank of England on Wednesday 28 September 2022, gilt yields fell back, and the market became less volatile.

While the Fund does not have an LDI portfolio, the wider impact of the volatility has meant that investments in general have decreased in comparison to prior year.

Exposure to Silicon Valley Bank and Credit Suisse

We have confirmed that the Fund has no exposure to either of these entities impacted by the recent banking crisis.

Internal audit

We have reviewed the reports prepared by internal audit in order to help inform our risk assessment procedures. It should however be noted that we have not placed any reliance on the work of Internal Audit during the year.

Materiality

We have determined materiality for the 2023 financial statements:

- FUND: based on 1% of the Fund's net assets at 31 March 2023 (2022: 1%).
- AUTHORITY: based on 2% of gross expenditure at 31 March 2023 (2022: 2%).

We report to the Audit Committee on any unadjusted misstatements greater than our reporting threshold (“RT”) and other adjustments we consider to be qualitatively material. Our RT has been set at 5% of materiality (2022: 5%). Please see Appendix 1 for a detail of the audit adjustments.

	Materiality £'000	Reporting threshold £'000
Financial statements (FUND)	102,019 (2022: 106,735)	5,100 (2022: 5,300)
Financial statements (AUTHORITY)	149 (2022: 127)	7 (2022: 6)

Independence








We confirm we are independent of the Authority and Fund for the year ended 31 March 2023.

Risk dashboard

Significant risks and audit focus areas

Risk Identified	Material Balance	Complexity	Proposed Approach	Fraud Risk	Use of specialist	Further Details
 Significant Risk Management override of controls – Fund and Authority						Pg. 5
 Significant Risk Valuation of directly held commercial property – Fund						Pg. 6
 Significant Risk Completeness and existence of investments – Fund			 			Pg. 7
 Significant Risk Valuation of pension liability – Authority						Pg. 8
 Other Focus Area Valuation of alternatives – Fund						Pg. 10
 Other Focus Area Valuation of directly held agricultural property – Fund						Pg. 11
 Other Focus Area Completeness and accuracy of contributions – Fund						Pg. 12

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 Significant Risk	 Low levels of complexity	 Design and Implementation
 Other area of audit focus	 Medium levels of complexity	 Operating Effectiveness
	 High degree of complexity	

Significant audit risks



01

Significant audit risks

Management override of controls – FUND and AUTHORITY



Risk identified

In accordance with ISA 240 (UK) management override is always a significant risk for financial statement audits. The primary risk areas surrounding the management override of internal controls are over the processing of journal entries and the key assumptions and estimates made by management.



Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- tested the design and implementation of controls around the investment and disinvestment of cash during the year;
- made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and
- performed a walkthrough of the financial reporting process to identify the controls over journal entries and other adjustments posted in the preparation of the financial statements.

At the date of this report, the following procedures remain outstanding:

- using Spotlight, our data analytics software, in our journals testing to interrogate 100% of journals posted across the Fund and Authority. As part of our work in this area, we perform an analysis of journal entries which enable us to focus on journals meeting specific pre-determined parameters determined during our audit planning;
- substantively testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements by agreeing to supporting documentation;
- reviewing the accounting estimates for bias that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management; and
- ensuring that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year.

Conclusion

Our audit in this area is ongoing and we will provide a verbal update the committee on the 27 July. We have no matters to bring to the attention of the Committee based on the work performed to date.

Significant audit risks

Valuation of directly held commercial property – FUND



Risk identified

The Fund has a significant holding in directly held UK properties, both freehold and leasehold (31 October 2022 valued at £548m). The valuation of these properties is based on assumptions such as rental returns, occupancy rates, geographical location and market trends.

In our planning report, we assessed the entire commercial property portfolio to be a significant risk due to the volatility in the property market over the past years, affecting all sectors of commercial property.

We have revised our risk assessment in the final audit stage, in order to focus on the highest risk properties held within the portfolio. For this, we have involved our property specialists to prepare an analysis of the properties, taking into account MSCI indices, recognised property benchmarks and the detailed Argus CarVal information supplied by the valuer, JLL. This analysis then classifies the properties according to a traffic light system:

- Red: these are the significant risk properties, and all will be tested in detail by our property specialists. We have identified 6 properties for further detailed valuation testing;
- Amber: these are higher risk properties, and will be tested by performing a high level review over the valuation by DRAA. We have identified 5 properties for further high level review; and
- Green: these are considered low risk properties and no further testing, other than the traffic light analysis, is considered necessary.



Deloitte response and challenge

In order to address the significant risk our audit procedures consisted of the following:

- tested the design and implementation of controls around the valuation of direct properties by reviewing the controls operated in respect of monitoring the valuation of properties during the audit period;
- vouched the valuation of direct properties included within the Fund financial statements to the direct third-party confirmations provided by JLL, including an assessment of post balance sheet events and the impact on the valuation of the property portfolio;
- agreed the directly held properties to title deeds to ensure the properties are held and in the name of the Fund/Authority, and vouch disposals to appropriate support; and
- evaluated the qualifications, independence and experience of JLL to prepare the valuations and obtain their engagement terms.

At the date of this report, the following procedures remain outstanding:

- utilising Deloitte Real Assets Advisory (“DRAA”) to review the identified samples in the traffic light report for further testing.



Conclusion

Our audit in this area is progressing and we will let you know the outcome upon finalisation of our testing.

Significant risks

Completeness and existence of investments – FUND



Risk identified

The Fund holds a diversified portfolio of investment assets. This could lead to a risk of incomplete or inaccurate reporting of transactions or balances at the year end.

This has been elevated as a significant risk in the current year. Due to a large volume of investment transactions and significant movements in the market value, there is a risk that an omission may result in material misstatement in the investment balances. This is even more important because of the recent market turmoil with investment managers facing operational challenges due to a large number of reshuffling of the investment portfolio and mass disinvestment. There is a risk that the sales/purchase transactions may not be captured correctly or omitted completely, which may result in investment balances being incomplete or being materially misstated.



Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- reviewed the custodian to investment manager reconciliations;
- vouched a sample of cash movements through to bank statements and third party confirmations; and
- performed an analytical review to assess the reasonableness of the investment return quoted in the draft accounts.

At the date of this report, the following procedures remain outstanding:

- performing design, implementation and operating effectiveness testing over the controls in place at material investment managers through the review of their internal controls reports; and
- vouching year end valuations in the financial statements to the reports received directly from the investment managers. So far, we have received and agreed 99% of investment valuations to independent confirmations.



Conclusion

Our audit in this area is progressing and we will let you know the outcome upon finalisation of our testing.

Significant risks

Valuation of pension liability – AUTHORITY



Risk identified

The net pension liability is a material element of the Authority's balance sheet. The actuarial valuation of the liability relies on a number of assumptions and an actuarial methodology which results in the Authority's overall valuation. Furthermore, there are financial and demographic assumptions used in the calculation of the Authority's valuation – e.g. the discount rate, inflation rates, mortality rates. These assumptions should reflect the profile of the Authority's employees and should be based on appropriate data. There is a risk that the IAS 19 liability may be misstated as a result of inappropriate or incomplete membership data being provided to the actuary, or as a result of inappropriate demographic or Fund specific actuarial assumptions.

At the year end the Authority has a pension asset for the first time. There is currently limited guidance regarding the recognition of a pension asset on the balance sheet and consideration is required regarding the right to recognise an asset and if there are any restrictions on the value recognised.



Conclusion

Our audit in this area is ongoing and we will provide a verbal update the committee on the 27 July. The Authority has a pension asset for the first time and we are waiting for guidance to be issued by CIPFA with regards to the recognition of a pension asset on the balance sheet. We have no matters to bring to the attention of the Committee based on the work performed to date.




Deloitte response and challenge

In order to address the significant risk, our audit procedures consisted of the following:

- testing the design and implementation of the controls in place in relation to the review of the assumptions by the Authority;
- evaluating the competency, objectivity and independence of Hymans Robertson;
- engaging our in-house actuarial specialists, to assess the experience and capability of the team at Hymans Robertson and to review the methodology and appropriateness of the assumptions used in the valuation;
- reviewing the pension related disclosures in the financial statements;
- reviewing the accounting treatment of the pension asset to ensure it is in line with IAS 19 and the CIPFA guidance; and
- ensuring that the pension assets and membership information is consistent with those in the Fund financial statements.

Audit focus areas



02

Audit focus areas

Valuation of alternatives – FUND



Risk identified

The Fund holds a large and material portfolio of alternative investments, including private equity, hedge and debt funds, as well as limited partnerships. These funds do not have publicly available prices and are often infrequently priced, increasing the risk of stale pricing. As a result of this we consider the completeness and valuation of these an audit focus area.

Conclusion

Our audit in this area is progressing and we will let you know the outcome upon finalisation of our testing.

The alternative investments are often subject to stale pricing, due to infrequent pricing. Most of these investments were included in the 31 March 2023 draft financial statements at 31 December 2022 prices. Accounting standards allow stale pricing, provided no more up-to-date information is available. As noted above, our testing is still ongoing, but so far, we identified an immaterial stale price adjustment of £53.2m, as disclosed in Appendix 1.



Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- reviewed the controls over the valuation of investments by obtaining the material investment manager and custodian internal controls reports (where applicable) and evaluating the implications for our audit of any exceptions noted;
- agreed the year end alternatives valuations as reported in the financial statements to the reports received independently from the investment managers; and
- agreed the registered funds and quoted funds to publicly available prices.

At the date of this report, the following procedures remain outstanding:

- performing independent valuation testing for a sample of year end alternative funds by rolling forward the valuation as per the latest audited accounts using cashflows and an appropriate index as a benchmark. We are currently awaiting response from 1 investment manager to conclude our sample testing; and
- ensuring appropriate stale price adjustments have been posted to the financial statements.

Audit focus areas

Valuation of directly held agricultural property – FUND



Risk identified

There is a risk that directly held agricultural property is not held at fair value as the valuation of these investments includes an element of judgement on the part of the professional surveyor and valuer, Fisher German (as sub-contractor to JLL).



Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- tested the design and implementation of controls around the valuation of directly held agricultural properties by reviewing the controls operated in respect of monitoring the valuation of properties during the audit period;
- vouched the valuation of directly held agricultural properties included within the Fund financial statements to the direct third-party confirmations provided by Fisher German, including an assessment of post balance sheet events and the impact on the valuation of the property portfolio; and
- evaluated the qualifications, independence and experience of Fisher German to prepare the valuations and obtain their engagement terms.

At the date of this report, the following procedures remain outstanding:

- agreeing the directly held agricultural properties to title deeds to ensure the properties are held and in the name of the Fund/Authority, and vouch disposals to appropriate support; and
- preparing an expectation of the year end valuation of each property held by the Fund/Authority using comparable regional market indices and comparing the expectation to the valuation provided by Fisher German. Where properties have a significant difference to our expected valuation, we will utilise DRAA to challenge the valuations provided by Fisher German and assess the detail and assumptions within the valuation report to support the valuations provided.

Conclusion

Our audit in this area is progressing and we will let you know the outcome upon finalisation of our testing.

Audit focus areas

Completeness and accuracy of contributions – FUND



Risk identified

There is some complexity surrounding the accuracy and completeness of employee and employer contributions received by the Fund. The employer primary and secondary contribution rates are dictated by the actuarial valuation and these vary between the contributing employers.

Employee contributions are based on varying percentages of employee pensionable pay, this can vary month to month and the Fund has no oversight of the individual employer payrolls.

Conclusion

We have concluded our testing and we have not identified any issues to report to the Committee as a result of our audit testing.



Deloitte response and challenge

In order to address the risk our audit procedures consisted of the following:

- performed an analytical review of the employer and employee normal contributions received in the year, basing our expectation on the prior year audited balance, adjusted for the movement in active member numbers, contribution rate changes and the average pay rise awarded in the year;
- for a sample of active members, recalculated the individual contributions deductions to ensure these are being calculated in accordance with the rates stipulated in the LGPS Regulations for employee contributions and the recommendations of the actuary for employer contributions;
- tested that the correct definition of pensionable salary is being used per the LGPS Regulations to calculate contribution deductions; and
- for a sample of monthly contributions paid, checked that they have been paid within the due dates per the LGPS Regulations.

Other audit considerations



03

Value for money

Our work is ongoing and will be reported in our Auditor's Annual Report

Value for Money requirements

We are required to consider the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources. In accordance with Code of Audit Practice 2020 and related Auditor Guidance Note 03, we are required to:

- perform work to understand the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources against each of the three reporting criteria (financial sustainability, governance, and improving economy, efficiency and effectiveness);
- undertake a risk assessment to identify whether there are any risks of significant weaknesses in arrangements;
- if any risks of significant weaknesses are identified, perform procedures to determine whether there is in fact a significant weakness in arrangements, and if so to make recommendations for improvement;

Page 28. issue a narrative commentary in the Auditor's Annual Report, setting out the work undertaken in respect of the reporting criteria and our findings, including any explanation needed in respect of judgements or local context for findings. If significant weaknesses are identified, the weaknesses and recommendations will be included in the reporting, together with follow-up of previous recommendations and whether they have been implemented. Where relevant, we may include reporting on any other matters arising we consider relevant to VfM arrangements, which might include emerging risks or issues; and

where significant weaknesses are identified, report this by exception within our financial statement audit opinion.

Status of our work and significant weaknesses

Our Value for Money work is ongoing and will be reported in full in our Auditor's Annual Report, within three months of the date of our audit opinion as specified under the National Audit Office Auditor Guidance Note 3.

We have not identified any significant weaknesses through the work performed to date and we will provide an update to the Audit Committee on 27 July 2023.

Other audit considerations

Other risks

Going concern

We are required to directly opine on the going concern of the Fund and Authority in our audit opinion on the financial statements. As part of this process, details of the work we performed around going concern are detailed below:

- Reviewed the going concern assessment prepared by the Audit Committee;
- Examined the latest publicly available information regarding the financial position of the principal bodies;

Analysed the latest funding position of the Fund; and

Reviewed minutes of key meetings.

Our audit in this area is progressing and we will let you know the outcome upon finalisation of our testing.

Non-compliance with laws and regulations, including fraud

In our Audit Report in the financial statements we are required to directly report on the extent to which the audit was considered capable of detecting irregularities, including fraud and other matters of non-compliance with laws and regulations. To enable us to do this our procedures have involved:

- performed procedures to assess the risk of management override as detailed on page 5;
- reviewed the controls in place surrounding fraud risks including disinvestments;
- agreed 99.95% of investments to third party investment confirmations;
- reviewed financial statement disclosures by testing these to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performed analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquired of the Audit Committee concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- read minutes of the Audit Committee's meetings and reviewing correspondence with the Pensions Regulator; and
- performed specific procedures to respond to the risk of management override of controls – see page 5 for further details on this.

We have not identified any issues of non-compliance with laws and regulations, including fraud from our audit testing performed to date.

Our audit report

The form and content of our report

Here we discuss how the results of the audit impact on our audit report. An overview of our financial statements audit work will be included in our Auditor's Annual Report.



Our opinion on the financial statements

Our audit is ongoing but subject to the successful clearance of the outstanding areas in Appendix 3, we expect to issue an unmodified audit opinion.



Emphasis of matter and other matter paragraphs

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.



Value for Money reporting by exception

Our opinion will note that our Value for Money work is on-going. We have not identified any significant weaknesses in the work completed to date. We will provide a verbal update to the Committee and we will report our final Value for Money conclusions as part of our Auditor's Annual Report and Audit Certificate.



Irregularities and fraud

We will explain the extent to which we considered the audit to be capable of detecting irregularities, including fraud.

In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations. We will discuss the areas identified where fraud may occur and any identified key audit matters relating to fraud.

Recent changes to ISAs (UK) mean this requirement will apply to **all** entities for periods commencing on or after 15 December 2019.

Our approach to quality



04

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- results of our work on key audit judgements and our observations; and
- other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Fund and Authority accounts.

We described the scope of our work in our audit plan circulated to you on 17 February 2023.

Use of this report

This report has been prepared for the Audit Committee, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

What we don't report

As you will be aware, our audit is not designed to identify all matters that may be relevant to the Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and Fund and Authority risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the Fund and Authority financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

Our topical matters provide the Audit Committee with some insight in to relevant topical events in the pensions industry.

We will update you if there are any significant changes to the audit plan.

Nicola Wright
 For and on behalf of Deloitte LLP
 Newcastle upon Tyne | 18 July 2023

Appendices
Key audit matters

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Appendix 1: Audit adjustments - FUND

We have not identified any audit adjustments from the work performed to date. We will provide a verbal update to the committee on 27 July 2023.

Detail	Debit/ (credit) Fund Account £m	Debit/ (credit) Net Asset Statement £m
Uncorrected misstatements identified in current year		
Stale price adjustment alternative investments [1]	(53.2)	53.2
Total uncorrected misstatements	(53.2)	53.2

Disclosure Deficiencies

None

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[1] Adjustment to valuation of alternatives due to receipt of more up-to-date prices as at 31 March 2023.

Appendix 1: Audit adjustments - AUTHORITY

We have not identified any audit adjustments from the work performed to date. We will provide a verbal update to the committee on 27 July 2023.

Detail	Debit/ (credit) CIES £	Debit/ (credit) Balance Sheet £
Uncorrected misstatements identified in current year	0	0
Total uncorrected misstatements	0	0
Disclosure Deficiencies		

Disclosure Deficiencies

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Appendix 2: Independence and fees

A Fair and Transparent Fee

 As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation

We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Fund and Authority and will reconfirm our independence and objectivity to the Audit Committee for the year ended 31 March 2023 in our final report to the Audit Committee.

In considering the requirements of Auditor Guidance Note 01 (issued by the National Audit Office) and the Ethical Standard 2019 to report all significant facts and matters that may bear upon our integrity, objectivity and independence, though not meeting the defined criteria for an affiliate of an audited entity, we have taken account of the tax and internal audit services provided to Border to Coast Partnership by Deloitte. To this effect we have documented our assessment concerned with the delivery of services to, and the receipt of fees from, Border to Coast Pension Partnership, along with our assessment on the opinion of a reasonable and informed third party on these services.

Our initial audit fee for the year ended 31 March 2023 is £31,833 for the Fund and the Authority. The fee reflected here is the scale fee. This fee excludes the cost of providing IAS 19 letters to other local authorities that will be recharged by the Fund to the other local authorities. It also excludes the fee for the Value for Money work and in year changes such as new auditing standards, which will be billed separately.

The above fees exclude VAT.

Non-audit services

In our opinion there are no inconsistencies between the FRC's Ethical Standard and the Scheme's policy for the supply of non-audit services or any apparent breach of that policy.

We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Ethical Standard 2019

The standard classes pension schemes as 'other entities of public interest' where assets are greater than £1bn and there are more than 10,000 members. As a result, non audit services will be limited primarily to reporting accountant work, audit related and other regulatory and assurance services. All other advisory services to these entities, their UK parents and world-wide subs will be prohibited.

Appendix 3: Outstanding items

Items outstanding at the date of issue of this report

Our final opinion is subject to completion of these items.

<u>FUND</u>	<u>AUTHORITY</u>
<ul style="list-style-type: none"> Finalisation of our design and implementation procedures on contributions, benefits and investments 	<ul style="list-style-type: none"> Review of the IAS 19 reports and consideration of the treatment of the pension asset
<ul style="list-style-type: none"> Investments: Finalisation of alternatives valuation testing 	<ul style="list-style-type: none"> Senior officers remuneration disclosure testing
<ul style="list-style-type: none"> Investments: Receipt of results of detailed assessment of the selected directly held properties (both commercial and agricultural) from DRAA 	<ul style="list-style-type: none"> Value for money testing
<ul style="list-style-type: none"> Investments: Final reconciliation of sales and purchases to third party confirmations 	<ul style="list-style-type: none"> Review of accounting estimates
<ul style="list-style-type: none"> Management override of controls: Journals testing 	
<ul style="list-style-type: none"> IAS 26 disclosure testing 	
	<u>BOTH</u>
	<ul style="list-style-type: none"> Completion of journals testing
	<ul style="list-style-type: none"> Satisfactory completion of our post year-end events review
	<ul style="list-style-type: none"> Finalisation of our internal quality control procedures
	<ul style="list-style-type: none"> Final partner and technical review clearance
	<ul style="list-style-type: none"> Receipt of signed management representations letter
	<ul style="list-style-type: none"> Going concern review
	<ul style="list-style-type: none"> IAS 19 assurance work for the Authority and IAS 26 assurance work for the Fund
	<ul style="list-style-type: none"> Receipt and review of updated statement of accounts

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Agenda Item

Subject	Statement of Accounts 2022/23	Status	For Publication
Report to	Audit & Governance Committee	Date	27 July 2023
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	n/a
Contact Officer	Gillian Taberner Assistant Director – Resources & Chief Finance Officer	Phone	01226 666420
E Mail	gtaberner@sypa.org.uk		

1 Purpose of the Report

- 1.1 To present the draft Statement of Accounts 2022/23 to the Committee for review and approval pending the completion of the external audit.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Note the Statement of Accounts 2022/23 attached at Appendix A, subject to audit currently in progress;**
 - b. **Authorise the Chair of the Audit & Governance Committee to sign the final, audited Statement of Accounts on behalf of the Authority if there are no substantive changes required following completion of the audit.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

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

- 3.2 The approval and publication of the Statement of Accounts enables the Authority to demonstrate the proper administration of its financial affairs and the effective use of its resources.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 Background and Options

- 5.1 Regulation 9 (2) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a Committee of the Authority.
- 5.2 The Authority has designated the Audit & Governance Committee as the committee to approve the Statement of Accounts.

Statement of Accounts

- 5.3 The draft Statement of Accounts 2022/23 was authorised for issue on Wednesday 31 May 2023, meeting the statutory deadline for this financial year. The deadline for the audited accounts to be published is 30 September 2023.
- 5.4 The accounts have been prepared following the "Code of Practice on Local Authority Accounting in the United Kingdom 2022/23" issued by the Chartered Institute of Public Finance and Accountancy (the Code).
- 5.5 The Code constitutes the "proper accounting practices" required by Section 21(2) of the Local Government Act 2003 and deviations from it will usually lead to a qualified audit opinion. The Authority is required to prepare a Statement of Accounts in compliance with the Accounts and Audit Regulations made under Section 32 of the Local Audit and Accountability Act 2014 and therefore has a statutory duty to comply with the Code requirements.
- 5.6 In accordance with Section 26 of the Local Audit and Accountability Act 2014 the accounts were open to public inspection and for objections or questions from local electors for 30 days (from 1 June to 12 July) and no objections or questions from local electors were received.
- 5.7 The accounts are subject to audit by Deloitte LLP who is the auditor appointed by Public Sector Audit Appointments Limited for the audit of the 2022/23 financial year. Deloitte LLP are in progress with conducting their audit and have prepared their audit status report in accordance with *International Standards on Auditing (United Kingdom and Ireland) 260 - Communication to those charged with governance*, which is elsewhere on the agenda.
- 5.8 The Statement of Accounts comprises the accounts of the Authority itself as an organisation, in addition to the accounts of the Pension Fund for the year (the Fund accounts).
- 5.9 At the time of writing, the audit work is very well progressed and on schedule to be finalised in line with planned timescales to enable the audited accounts to be published in advance of the 30 September deadline. The auditor will provide an update on the status of their audit to the Committee.
- 5.10 The audit work to date has not identified any changes required to the draft statement of accounts.
- 5.11 Should the audit work be concluded prior to the date of the September Audit & Governance Committee meeting and require no substantive changes to the content of the statement of accounts (excluding minor presentational, typographical amendments), it is requested that the Chair of the Committee be authorised to sign the audited accounts on behalf of the Authority.
- 5.12 Otherwise, if the external audit is not concluded early or if there are any changes required to the content of the statement of accounts arising from the audit findings, the revised, audited statement of accounts will be presented to the September meeting for the Audit & Governance Committee to approve.

6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	The Statement of Accounts sets out the financial position of the Authority at 31 March 2023 and its income and expenditure for the year then ended.
Human Resources	None
ICT	None
Legal	Approval of the 2022/23 Statement of Accounts will ensure compliance with the Accounts and Audit Regulations 2015.
Procurement	None

Gillian Taberner

Assistant Director - Resources

Background Papers	
Document	Place of Inspection
None	-

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South Yorkshire Pensions Authority
Statement of Accounts 2022/23
[Unaudited]

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Narrative Report

Introduction

This narrative report aims to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. The information contained in these accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the accounts by presenting a clear and understandable summary of the Authority's financial position and performance for the year and its prospects for future years. In order to achieve this, a commentary will be provided on how the Authority has used its resources to achieve its desired outcomes and will highlight and explain the linkages between information presented here and the information within the financial statements.

The report is structured as follows:

- About South Yorkshire Pensions Authority
- Our Mission
- Our Priorities
- Our Performance & Achievements
- Our Financial Position
- Our Future Spending Plans
- Risks and Challenges
- Current Issues
- Explanation of Our Financial Statements 2022/23

About South Yorkshire Pensions Authority

South Yorkshire Pensions Authority was established on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. The primary function of the organisation is to administer the South Yorkshire Pension Fund within the Local Government Pension Scheme (LGPS).

The South Yorkshire Pension Fund is one of the ten largest LGPS funds by both assets and membership, with an asset value of £10.2 billion and a total of 176,437 members at 31 March 2023.

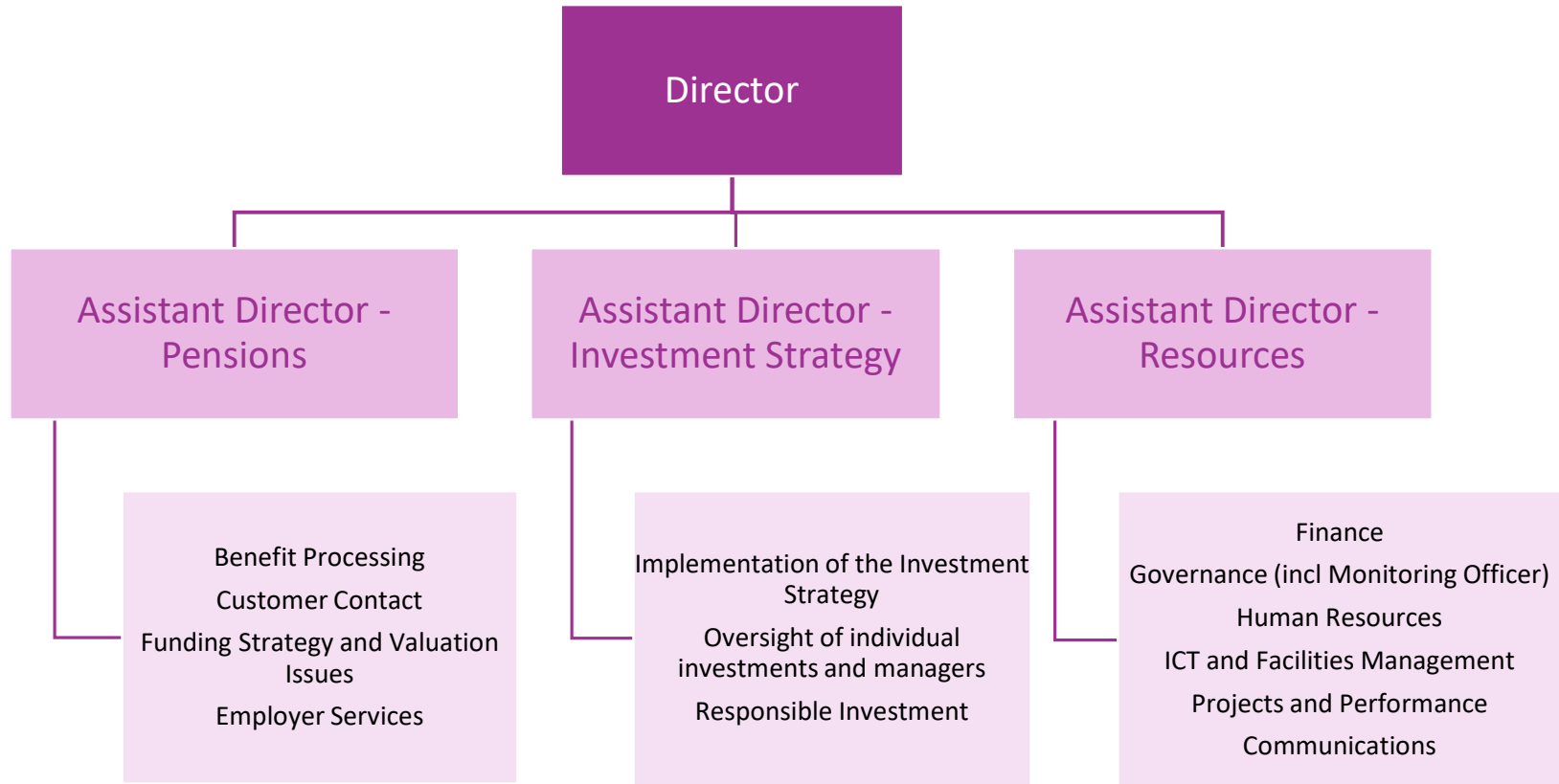
When the Authority was established in 1988, it was also made responsible for certain residual liabilities of the South Yorkshire Residuary Body. These were compensation payments which were not met by the Pension Fund. These liabilities are met by a levy on the four district councils of South Yorkshire payable in proportion to their populations. The four districts are: Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council.

The Authority is unique amongst the administering authorities in the LGPS in that it is the only democratically accountable, free-standing pensions 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 outlined above, roughly in proportion to their population. The membership of the Authority at 31 March 2023 was as follows.

Barnsley MBC 2 Members	City of Doncaster Council 3 Members	Rotherham MBC 2 Members	Sheffield CC 5 Members	Non-Voting Co-opted Members 3 Members
Roy Bowser	Steve Cox	David Fisher	Ben Curran	Nicola Doolan-Hamer (Unison)
Mick Stowe	John Mounsey (Chair)	Marnie Havard	Simon Clement-Jones	Doug Patterson (Unite)
	David Nevett		Alexi Dimond	Garry Warwick (GMB)
			Andrew Sangar	
			Garry Weatherall (Vice Chair)	

The Authority is supported by the Senior Management Team, led by the Director who is the Head of Paid Service. The management structure of the Authority is set out in the diagram below.



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The Authority also appoints a Clerk, Monitoring Officer and Treasurer, as required by law. The roles of Clerk and Treasurer were undertaken in 2022/23 by officers of Barnsley Metropolitan Borough Council under a Service Level Agreement. The role of Monitoring Officer was undertaken by an officer of Barnsley MBC until December 2022. From January 2023, the Authority’s Head of Governance has undertaken this role.

In total, the Authority directly employs around 105 people (92 FTE) based at the Authority’s office, Oakwell House in Barnsley.

Our Mission

The Authority's mission 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, 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 the Authority and are actively engaged in improving our services.

The way in which the organisation and its staff go about delivering these objectives reflects the values of the organisation which are:

- Honest & Accountable;
- Professional;
- Progressive; and
- Empowering.

Our Priorities

The Corporate Strategy is one of the key documents that frames the actions of the Authority and sets out the detailed plans for the organisation over a three-year time horizon that aligns with the period between valuations of the Pension Fund.

The strategy update for 2023 to 2026 reflects our ongoing commitment to build a stronger, more resilient organisation focussed on delivering for our customers. To support this ambition, the establishment of a number of additional posts were approved by the Authority’s Staffing, Appointments and Appeals Committee in October 2022. These are designed to strengthen our future organisational resilience and sustainability. We remain vigilant in achieving ‘right sized’ resourcing to support the realisation of our ambitions whilst improving productivity through more efficient and effective processes, systems and ways of working, conscious that those employers with whom we work face their own resourcing pressures.

Our agenda remains ambitious as we continue to move to the next level in meeting the needs of our customers and creating an organisation in which our people can realise their own career ambitions.

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 covering:

- Data – which focuses on a range of data related projects including the triennial valuation and a number of statutory exercises such as GMP (Guaranteed Minimum Pension) rectification and the implementation of the McCloud remedy.
- Process Improvement – which particularly focuses on getting the most out of our investment in technology including automating processes and improving reporting.
- Investment – which focuses on activity to develop and refine the investment strategy to support the overall funding of the pension scheme.
- Organisational Infrastructure – which focuses on all those things that make the business work.

The actions in the strategy and progress made during the year are shown in the table below.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
Data				
D01	Complete Valuation 2022	Nov-21	Mar-23	Completed

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
D02	Guaranteed Minimum Pension – Completion of Rectification process	Nov-21	Jun-23	This work has slipped and the final rectification process needs to be undertaken after the annual pensions increase process in order to reduce the risk of key processes failing. Target date changed from May-22 to Jun-23.
D03	McCloud Remedy-	Mar-22	Apr-24	This project needs to be replanned to reflect the revised timescales for the issuing of regulations.
	<i>System Upgrades</i>	<i>Apr-23</i>	<i>Oct-23</i>	This work has slipped due to delays in the issuing of regulations. Ongoing dialogue taking place with software supplier. Start and finish dates revised accordingly.
	<i>Processing and Case Reviews</i>	<i>Apr-23</i>	<i>Mar-24</i>	Ongoing.
	<i>Member Communications</i>	<i>Apr-22</i>	<i>Mar-24</i>	Ongoing. Some general communications have appeared in newsletters and on Annual Benefits Statements.
	<i>Employer Communications</i>	<i>Oct-21</i>	<i>Mar-24</i>	Ongoing. Employers kept informed via newsletter every quarter.
D04	Complaints – Undertake root cause analysis of complaints which occur on multiple occasions	Jun-23	Dec-23	Start date changed from Apr-22 to Jun-23 and finish date changed from Jul-22 to Dec-23.
D05	Pensions Dashboard – Provision of data in line with regulatory requirements	Apr-23	Mar-25	Demonstrations received from suppliers who provide data transfer. Decision to be made on which provider to contract with.
D06	Deliver annual data improvement plan	Apr-22	Mar-25	Work is ongoing.
Process Improvement				
P01	Implement contractual improvements to the Core UPM Pension Administration System –	Feb-22	Mar-25	
	<i>Review of compliance with the new contract and effectiveness of delivery</i>	<i>Dec-22</i>	<i>Jun-23</i>	Work is well progressed with a report to be provided to the June 2023 Authority meeting.
	<i>Review and updating of processes</i>	<i>Apr-22</i>	<i>Mar-24</i>	In progress, a working group led by the Service Manager - Pensions Systems has been established to identify and prioritise the various changes required.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
	<i>Retire Online for Deferred Members</i>	<i>Jan-21</i>	<i>Apr-22</i>	Completed
	<i>Automation of Joiners</i>	<i>Sep-21</i>	<i>Apr-24</i>	Work slipped but is now in progress. Finish date revised to Apr-24.
	<i>Automation of leavers / deferred members</i>	<i>Jun-21</i>	<i>Jun-24</i>	Work slipped but is now in progress. Finish date revised from Jun-23 to Jun-24.
	<i>Implement dynamic homepage and improve the log in / sign up process for mypension</i>	<i>Apr-22</i>	<i>Mar-23</i>	Completed
	<i>mypension App</i>	<i>Apr-24</i>	<i>Mar-25</i>	Ongoing; dependent on pensions software system provider.
	<i>Feasibility/Pilot of Chatbots</i>	<i>Apr-24</i>	<i>Mar-25</i>	Ongoing; dependent on pensions software system provider.
	<i>Online ID Verification for pension claims</i>	<i>Apr-24</i>	<i>Mar-25</i>	Ongoing; dependent on pensions software system provider.
	<i>Improve functionality of employer hub</i>	<i>Apr-23</i>	<i>Mar-24</i>	Due to start in 2023/24
P02	Monthly Data Collection-	Mar-22	Mar-25	
	<i>Validator App enhancements</i>	<i>Mar-22</i>	<i>Mar-25</i>	Ongoing
	<i>Automate the processing of direct debit instructions from data submissions</i>	<i>Jan-24</i>	<i>Aug-24</i>	This has slipped due to a need to ensure the monthly data collection process is more robust prior to introducing automation. Start and finish dates revised accordingly.
P03	Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation –	Apr-22	Mar-25	
	<i>Statutory Disclosures</i>	<i>Apr-22</i>	<i>Mar-23</i>	Completed
	<i>Pension Administration Regular Management Information</i>	<i>Apr-22</i>	<i>Mar-24</i>	Limited progress during 2022/23, this is now a priority for 2023/24.
	<i>UPM Finance Reports</i>	<i>Apr-22</i>	<i>Mar-24</i>	In progress, awaiting delivery of second phase of consultancy work by the pensions software system provider.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
	<i>Customer Centre Management Information</i>	<i>Apr-22</i>	<i>Mar-23</i>	In progress. Monthly reports with data are now being produced, with further work required to refine and enhance the management information and analysis of this.
	<i>Employer Performance</i>	<i>Apr-22</i>	<i>Mar-24</i>	Ongoing.
	<i>Financial Reporting</i>	<i>Apr-22</i>	<i>Mar-25</i>	Ongoing.
	<i>HR Reporting</i>	<i>Oct-22</i>	<i>Sep-23</i>	Ongoing.
P04	Financial Process Improvements -	Apr-22	Mar-24	
	<i>Review debt recovery processes</i>	<i>Apr-23</i>	<i>Mar-24</i>	Due to start in 2023/24
	<i>Review of processes following implementation of new financial systems to capture benefits</i>	<i>Apr-22</i>	<i>Mar-23</i>	Benefits are being realised but due to other priorities, an exercise to review and document will now take place in summer of 2023.
	<i>Complete the review of the VAT Partial Exemption Special Method</i>	<i>Mar-23</i>	<i>Dec-23</i>	Work has slipped. Start and finish dates revised from 2022 to 2023.
	<i>Review custodian arrangements and procure as necessary</i>	<i>Feb-22</i>	<i>Mar-24</i>	Work has continued to progress with completion of the research phase by March 2023. The next phase will slip into 2023/24, finish date revised accordingly.
	<i>Review arrangements for Treasury Management advice and procure as necessary</i>	<i>Sep-22</i>	<i>Mar-23</i>	Completed
	<i>Reprocure commercial property insurance if required</i>	<i>Jul-24</i>	<i>Mar-25</i>	Not yet due.
P05	Certifications aimed at embedding process improvements across the organisation –	Apr-22	Mar-25	
	<i>Maintain Customer Services Excellence accreditation</i>	<i>Apr-22</i>	<i>Mar-24</i>	Accreditation retained as at March 2023 following a full review.
	<i>Achieve initial Investors in People accreditation</i>	<i>Apr-23</i>	<i>Mar-25</i>	Not yet due.
	<i>Achieve initial Pensions Administration Standards Association (PASA) accreditation</i>	<i>Apr-22</i>	<i>Mar-25</i>	Not yet started.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
Investment				
I01	Strategic Issues –	Apr-22	Mar-25	
	<i>Conduct an Investment Strategy review following the 2022 Valuation and update the Investment Strategy Statement</i>	<i>Apr-22</i>	<i>Mar-23</i>	Completed
	<i>Address systemic risks to the fund’s investments resulting from climate change through progressing annual updates to the Net Zero action plan.</i>	<i>Mar-22</i>	<i>Mar-25</i>	Annual update completed as at March 2023
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	Requirements reflected in the Investment Strategy Review and updated Net Zero Action Plan and also in Border to Coast’s workplan.
I02	Tactical and Transactional Issues –	Apr-22	Ongoing	
	<i>Implement revisions to the Strategic Asset allocation</i>	<i>Apr-23</i>	<i>Ongoing</i>	Implementation will begin from Apr 2023 but some of the expected changes will have to be phased in. Start date changed from Apr 2022 to Apr 2023.
	<i>Determine the approach to the Border to Coast property proposition and transition assets as necessary</i>	<i>Mar-22</i>	<i>Dec-24</i>	Commitment made to the global product subject to final due diligence. Launch likely Q1 of 2023/24 Final commitment to UK product not yet required and will await an update to the Border to Coast Business Case. Launch likely in first half of 2024.
	<i>Conclude Project Chip</i>	<i>Sep-21</i>	<i>Sep-23</i>	Agreement now reached on legal structuring and a substantial commercial due diligence process has commenced. Due to the governance timelines for partner organisations, the finish date has changed from Sep-22 to Sep-23.
	<i>Review legacy portfolios and determine the ultimate exit routes in each case</i>	<i>Apr-22</i>	<i>Ongoing</i>	Listed legacy assets have been sold down from overseas portfolios where possible. Remaining alternative assets will run off and we are seeing the final liquidation of our older assets.
	<i>Continue to develop stewardship reporting in response to regulatory feedback</i>	<i>Apr-22</i>	<i>Ongoing</i>	Work is ongoing.
Organisation				
O01	Governance –	Dec-21	Mar-25	

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
	<i>Review and update information governance arrangements</i>	<i>Jun-22</i>	<i>Mar-24</i>	This is a significant project. Work is well under way on preparation and review of a suite of policy and procedures, with an aim to implement these and roll out training to staff during 2023/24. Finish date revised from Mar-23 to Mar-24.
	<i>Complete roll out of workflows etc. within Modern.gov and implement paperless meetings</i>	<i>Apr-22</i>	<i>Sep-23</i>	Work slipped from original target of June 2022 but is now well in progress with completion target of Sep-23.
	<i>Implement new statutory officer arrangements and internalise committee and member support activity</i>	<i>Apr-22</i>	<i>Mar-23</i>	Completed. Monitoring Officer role now undertaken by Head of Governance since Jan-23, with Section 73 Officer (Treasurer / Chief Finance Officer) role assumed by the Assistant Director - Resources from 1 April 2023. New Governance team established internally from April 2022.
	<i>Update procurement arrangements, processes, and systems including the implementation of the YORTender replacement</i>	<i>Dec-21</i>	<i>Jun-23</i>	YORTender replacement platform was implemented successfully. Procurement procedures currently being reviewed.
	<i>Update process and procedure documentation across all aspects of Pension Administration to allow regulatory compliance to be demonstrated through the Portal</i>	<i>Apr-22</i>	<i>Mar-25</i>	Work is ongoing.
	<i>Demonstrate compliance with the relevant TPR codes</i>	<i>Sep-22</i>	<i>Aug-23</i>	Currently awaiting publication of new TPR General Code of Practice.
	<i>Commission full review of the Constitution through the use of legal advisers.</i>	<i>Dec-22</i>	<i>Jun-23</i>	Review largely complete; fully revised Constitution to be presented to June 2023 Authority meeting.
002	People –	Jan-22	Ongoing	
	<i>Procure and implement a new HR and Payroll System</i>	<i>Jan-22</i>	<i>Sep-23</i>	Work has slipped. Finish date revised from Mar-23 to Sept-23
	<i>Consolidate the new finance team structure and capture benefits</i>	<i>Apr-22</i>	<i>Ongoing</i>	An exercise to review progress and benefits realised is due to take place in Oct-Dec 2023.
	<i>Develop a staff Health and Wellbeing Strategy</i>	<i>Jan-23</i>	<i>Apr-24</i>	Health and Wellbeing arrangements are well embedded but the development of a strategy has not yet started.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
	<i>Develop an Apprenticeship framework to support existing and future apprentices</i>	<i>Jan-22</i>	<i>Apr-23</i>	Framework in place but requires further development - to be taken forward in 2023/24.
	<i>Create structured learning paths for different job roles using the different learning support technologies available</i>	<i>Jan-22</i>	<i>Dec-23</i>	Some work done but not yet embedded. A new post of Business Support Officer with a focus on Learning and Development has been created and is due to be recruited in 2023/24 - once appointed, this role holder will support the work required in this area.
	<i>Implement actions from the 2020 staff survey</i>	<i>Ongoing</i>		Work on this has progressed well, with various staff engagement initiatives including the first Staff Away Day held in 2022. This objective will be superseded by the one below regarding the next staff survey to be undertaken.
	<i>Undertake 2022 staff survey and identify appropriate responses to the results</i>	<i>Jun-23</i>	<i>Dec-23</i>	The planned timing for this survey was changed from Dec 2022 to take place during the summer of 2023, with results to be available in time for the next Staff Away Day in September 2023.
	<i>Enhance collaborative working across the organisation</i>	<i>Jan-22</i>	<i>Ongoing</i>	Progressing well, with a number of collaborative groups now in place; including a Middle Managers group, a cross-functional pensions system oversight group, and an Equality & Diversity group.
O03	ICT –	Jun-21	Mar-25	
	<i>Complete the roll out of Microsoft 365 tools and the migration to 365 infrastructure</i>	<i>Jun-21</i>	<i>Dec-23</i>	The majority of this is complete, final stages will be completed by December 2023, finish date revised accordingly.
	<i>Agree and implement a revised hardware replacement programme</i>	<i>Apr-22</i>	<i>Jun-23</i>	Work has slipped on preparing the policy for this; finish date revised from Apr-23 to Jun-23.
	<i>Implement the updated corporate website</i>	<i>Nov-21</i>	<i>Jan-22</i>	Completed
	<i>Review and update ICT policies, including specifically a review of password management arrangements</i>	<i>Apr-22</i>	<i>Ongoing</i>	Work is ongoing.

Ref	Project / Action	Timescale		Progress Updates at End of 2022/23
		Start	Finish	
	<i>Strengthen Cyber Security</i>	<i>Apr-22</i>	<i>Ongoing</i>	Cyber Essentials accreditation retained, cyber security training delivered to all employees. Work in this area is continually being developed and is high priority for the organisation.
O04	Project and Programme Management –	Jun-22	Mar-23	
	<i>Determine a stripped down and appropriately scaled programme and project management process</i>	<i>Jun-22</i>	<i>May-23</i>	New posts of Service Manager - Programmes and Performance, and Projects and Performance Officer established and recruited during 2022. Work is well progressed and due for completion in 2023.
	<i>Initiate a clearly defined process for prioritising and agreeing development and other system change requests</i>	<i>Jun-22</i>	<i>Mar-23</i>	Completed
O05	Business Continuity –	Apr-22	Ongoing	
	<i>Produce revised corporate business continuity plan</i>	<i>Apr-22</i>	<i>Dec-23</i>	Work has slipped on this. A new role of Operations Management Officer which will report to the Head of ICT has been established and due to be recruited in May 2023; this role holder will lead on this piece of work and we will commission external assistance as required due to a lack of resources internally to dedicate to this work.
	<i>Reinstate annual testing of ICT Disaster Recovery arrangements.</i>	<i>Sep-22</i>	<i>Ongoing</i>	Ongoing local testing has taken place.
O06	Pay and Benefits Review			
	<i>Commission an independent review of the organisation's pay and benefits, and develop actions to address the findings.</i>	<i>Oct-22</i>	<i>Mar-24</i>	The review work was commissioned, and findings reported in December 2022. Following SMT consideration in February 2023, an action was agreed to commission the same consultants to undertake some further work on revising our pay and grading structure and researching and recommending options for improvements to family leave policies.

Our Performance and Achievements

The performance of the organisation in delivering on our corporate objectives and plans is reported quarterly at full Authority meetings. These Corporate Performance Reports are available on the Authority's website at: [Quarterly Corporate Performance Reports \(sypensions.org.uk\)](https://www.sypensions.org.uk/quarterly-corporate-performance-reports). Additionally, further information on the overall performance of the Authority for the year is provided in the Annual Report published on our website at: www.sypensions.org.uk.

Investments

This year our investments in private debt and infrastructure funds were the driver of growth for the Fund, with additional contributions from our developed market equity funds. However, negative returns from our fixed interest funds and direct property more than offset this. Over the year the Fund delivered a return of -3.2% against an expected return of -4.1% from the benchmark. This resulted in a Fund value of £10.202 billion at 31 March 2023.

Over the year we continued our long-term strategy to deliver a lower risk return by continuing to switch from listed equities to new investments within the alternative asset classes, in particular infrastructure and private debt funds.

At the end of the financial year, 70% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration

The administration function has faced another challenging year with further increases in the volume of incoming work compared to last year and delays in the issuing of key regulations by the Government delaying progress on some major pieces of work such as the McCloud remedy.

A review of casework processing over the last five years has shown that there has been a small reduction in the overall volume of incoming work over that period (although it has increased significantly compared to last year) but we have been processing less of this work on time. Although our target timescales are often half of those commonly used across the industry, and there has been no significant increase in complaints from scheme members about timeliness. Nevertheless, we need to understand the underlying causes of this apparent fall in productivity and whether our performance standards, which have been in place for many years, remain appropriate. In addition to this we are reviewing the level of resources we have in place to address the volume of incoming work and will make changes during 2023/24 if the evidence supports this.

Nonetheless, progress has continued to be made on several fronts with over 800 of our deferred members having been able to deal with their retirement online for the first time and a significant programme of activity aligned with initiatives such as Pensions Awareness week to increase scheme members' knowledge of the value of their pension to them.

Corporate Plan Delivery

The table above showing future priorities includes progress update on delivery of the corporate objectives. In addition, some of the highlights of the 2022/23 year are as follows.

- ❖ The three yearly valuation of the Pension Fund by our new actuary Hymans Robertson was successfully completed on time and concluded that strong and consistent investment performance had delivered a surplus of assets over liabilities for the first time since at least the 1990's. This has allowed us to provide greater long-term stability to employer contributions.
- ❖ The Authority has approved revisions to the investment strategy which, while not affecting the likelihood of us being able to meet the costs of pensions when they become due, allows us to accelerate the rate of progress towards our investment portfolios becoming Net Zero.
- ❖ Despite the turbulence that we have seen in financial markets over the last year we have been able to maintain the strong funding position and our overall approach of looking to run the Fund in a way which is less exposed to volatility than the average.
- ❖ Approval granted for the creation of a Place Based Impact Investment portfolio focussed on investment in South Yorkshire.
- ❖ Improving the quality of our communication with scheme members using more modern approaches through social media and through more traditional means such as our regular newsletters.
- ❖ Delivering a range of improvements to our governance arrangements and particularly to ensuring that all the members of the Authority and the Local Pension Board undertake a minimum level of learning and development each year so that they have the knowledge required to make decisions about an increasingly complex scheme which exists in an ever more volatile economic environment.
- ❖ The agreement of a medium-term resourcing plan designed to ensure that the Authority has sufficient staff resources to maintain a sustainable organisation and to deliver the quality-of-service members rightly expect going into the future.
- ❖ The Authority was shortlisted for a number of awards and won the LAPF Investments Award 2022 for 'LGPS Fund of the Year Valued at Over £2.5bn' – a tremendous accolade and recognition for the hard work of all our staff.
- ❖ Continued retention of accreditation in the areas of Cyber Security and Customer Service Excellence following annual independent reviews.

Our Financial Position

The Authority's day-to-day running costs are managed through the operational budget, while costs and income associated with specific investments and dealings with scheme members are managed through the Pension Fund directly. The financial performance of the Fund is set out in the financial statements and notes for the Fund, later within this publication.

The operational budget for 2022/23 was approved in February 2022 at a total of £5,830,000. The overall outturn for the year, was an over-spend of £98,990; the details of which are set out below.

South Yorkshire Pensions Authority	2021/22 Outturn	2022/23 Budget	2022/23 Outturn	2022/23 Outturn Variance	2022/23 Outturn Variance
Operational Budget	£	£	£	£	%
Pensions Administration	2,500,610	2,717,850	2,870,210	152,360	5.60%
Investment Strategy	565,090	537,340	526,760	(10,580)	(2.00%)
Finance & Corporate Services	772,420	941,440	942,210	770	0.10%
ICT	635,850	738,710	720,340	(18,370)	(2.50%)
Management & Corporate	423,050	823,930	693,470	(130,460)	(15.80%)
Democratic Representation	124,020	137,090	152,540	15,450	11.30%
Subtotal Net Cost of Services	5,021,040	5,896,360	5,905,530	9,170	0.20%
Capital Expenditure Charged to Revenue	1,546,930	0	89,820	89,820	100.00%
Subtotal Before Transfers to Reserves	6,567,970	5,896,360	5,995,350	98,990	1.70%
Appropriations to Reserves	(1,122,370)	(66,360)	(66,360)	0	0.00%
Total	5,445,600	5,830,000	5,928,990	98,990	1.70%

The outturn for the year is an over-spend of £99k or 1.7%. This is after transfers from reserves and has arisen due to the additional one-off cost in year, approved previously by the Authority, in respect of expenditure on an employment matter.

The main variances included in the results outlined above are explained below.

Pensions Administration - £152k Over-Spend

- There is a total net over-spend of £87k on staffing costs. This is made up of the following items:
 - The forecast additional cost for this department of applying the pay award for 2022/23 was £111k.
 - A full year was budgeted for some posts due to be recruited, including a Communications Officer, an additional benefits team Senior Practitioner and 3 FTE Pensions Officers. These posts took longer than planned to recruit, resulting in vacant posts for several months and an under-spend of (£107k) arising from this.
 - Turnover in staffing during the year resulted in an under-spend that was partly offset by additional costs of staff overtime and casual and agency cover. The net total of which was an under-spend of (£26k).
 - An over-spend of £109k arose due to additional, non-recurrent costs, that were separately approved by the Authority, relating to an employment matter.
- The budget for recruitment was over-spent by £7k as a result of more activity in this area following on from growth in the establishment as well as turnover.
- Costs relating to travel expenses, hotel accommodation etc. were (£11k) under budget, reflecting the continued move towards greater use of virtual and remote, online approach for conferences, courses, meetings etc. These budget lines have been reduced in next year's budget.
- The training budget was under-spent by (£3k).
- There was an under-spend of (£28k) in total comprising several smaller items on budgets for various premises-related costs, printing and postage, and corporate subscriptions.
- The budget for Actuary Fees has been over-spent by £153k. There are a few factors that have contributed to this:
 - The triennial valuation work was undertaken in 2022/23 and, partly relating to this being the first valuation carried out since a change of actuary, there was a significant amount of additional work required that had not been anticipated – for example, establishing opening asset positions for academy trusts.
 - A total of £47k of historical fees that had been expected to be recharged to employers were reviewed as they related to previous years, and a decision taken that these cannot now be recharged so this is now an additional cost this year.
 - As a result of absence at senior manager level from January to March, there was an increase in the services that were required from the actuary, resulting in additional fees for this.

- The budget setting process for the forthcoming year 2023/24 involved a robust review of the contractual fees and service requirements in consultation with both the Director and the Actuary, resulting in a significant increase to this budget head, providing assurance that this is now more realistic and sufficient to meet required expenditure on actuarial services going forward.
- Expenditure on other professional services was lower than anticipated in the year mainly due to timing and phasing of work completed on GMP Rectification by the service provider changing from what was originally planned when the budget was set, resulting in an under-spend of (£44k).
- Finally, a small number of miscellaneous variances on income streams resulted in a net under-spend of (£9k).

Investment Strategy – (£11k) Under-Spend

- The employee costs budget was over-spent by a net total of £8k as result of the pay award for 2022/23 and the increase in the Director's costs, a third of which is charged to the Investment Strategy budget, partly offset by savings relating to training and travel costs.
- There is an over-spend of £8k relating to expenditure on recruitment for a new investment manager; it was necessary to use a specialist executive search agency for this key role and advertise across a range of sources. This was successful with the newly appointed role holder due to commence in post from May 2023.
- The budget for actuarial fees is forecast to be (£12k) under budget for the year, due to the change in charging structure arising from the change in actuary which has meant that fees for dashboard access for funding level forecasting are not charged separately but are instead covered within the main costs for the contract, which are charged to the Pensions Administration budget.
- Expenditure on professional and consultancy fees was (£25k) below budget for the year due to less work on reporting investment impact being required in this year than originally anticipated.
- An over-spend of £10k in total arose across the budgets for performance measurement and investment advisory services, some of this was one-off costs due to turnover of advisers in the year, the rest is due to increasing costs that have been reflected in the budget for next year.

Finance & Corporate Services - £1k Over-Spend

- There was a total net under-spend of (£22k) on staffing costs which comprises the following items:
 - The additional cost for this department of the 2022/23 pay award was £30k.
 - The Authority approved an addition of 1 FTE Senior Finance Officer to the establishment at their March 2022 meeting, after the budget for the year was set. The additional cost for this was £38k.
 - The employee costs budget included two FTE business support officers. Following turnover in these roles, the resourcing needs in the team were reviewed, and a decision was taken to keep the vacancies on hold. There was therefore a total under-spend of (£45k) relating to these two posts.

- There was also a net under-spend of (£45k) relating to turnover, time taken to recruit to the two posts in the Programmes and Performance team, and delays arising from the difficulty in recruiting to the Finance Team Leader post – which was planned for being in post from May 2022 but in practice took three attempts to recruit successfully and therefore only started in post from September 2022.
- The recruitment budget was over-spent by £14k due to having required the services of a specialist agency for Finance Team Leader and Transactions Officer recruitments, and some one-off costs for job evaluations for three posts in the department.
- The training and conferences budget was over-spent by £7k this year – mainly as a result of costs relating to professional training for the year being a little higher than expected due to supporting a larger number of the Finance team to undertake finance qualifications and other accredited training for members of the Governance team.
- An over-spend of £2k arose on the budget for corporate subscriptions which is due to having joined additional CIPFA networks during the year to provide us with access to expert resources and support for a range of activity including Governance, Insurance, and Procurement, as well as discounted prices for training courses run by these networks.

ICT – (£18k) Under-Spend

- The staffing costs budget was over-spent by £15k due to the impact of the pay award and some turnover.
- The training budget was under-spent by (£4k) in this year but is expected to be used more fully next year following growth in the team and greater encouragement and support for training being provided.
- There is a total net under-spend of (£9k) on the budgets for various software systems, hardware, and wider IT infrastructure. This represents less than 2% of the total budget of £466k for these costs.
- Additional income of (£20k) more than budget was received, this relates mainly to fees generated from development work carried out on in-house systems sold to other pension funds.

Management & Corporate – (£130k) Under-Spend

- The approved Corporate Strategy and HR Strategy for this year included an objective to commission an independent review of the Authority's pay and benefits structure. This review was completed in December 2022, resulting in findings that were considered in further detail in the final quarter of the year and further work now due to be carried out in 2023/24. The cost of the consultancy work for the initial review has been met from the corporate contingency budget in the year, but this has been the only expenditure against this budget in 2022/23, resulting in an under-spend of (£173k). This is being used to create a new earmarked reserve to meet the costs arising from the remaining work on pay and benefits to be completed in 2023/24.
- The corporate training budget was more actively used this year than it has been historically, with various training programmes, LinkedIn Learning, and centrally organised courses going ahead. The budget was not fully utilised however and was under-spent by (£18k) for this financial year.

- An under-spend of (£35k) arose for the year in total across various premises-related costs, including facilities management, which were primarily non-recurrent under-spends.
- Accounting standards require us to allocate our lease rental costs for the office building on a straight-line basis over the life of the lease rather than simply charging the annual lease rent paid in year – which in these early years of the lease is at a reduced amount. The cost of this accounting adjustment was not included in the budget when being set, resulting in an over-spend of £41k for this year which will be met from reserves.
- A total of £70k expenditure was incurred on legal fees – this was a planned over-spend for the Management & Corporate area, as the cost was budgeted to be met from a transfer from the Corporate Strategy reserve and related primarily to work required for the review of the Constitution.
- The budgets for central costs relating to services of internal audit, external audit, and corporate service level agreement were under-spent by (£15k) in total.

Democratic Representation - £15k Over-Spend

- An over-spend of £5k related to the increase in the Director's costs, a third of which is charged to this budget.
- The budget for members' allowances was over-spent by £2k following the implementation of the increase to allowances in 2022/23 which was set at 4.04% in line with the headline pay award increase as a percentage for Local Government staff agreed by the NJC.
- The training budget for member training for both the Authority and the Local Pension Board was over-spent by £8k reflecting the costs of undertaking the national knowledge assessment and commissioning some specialist advice from Hymans Robertson to support the planning and work being undertaken on member learning and development, in addition to the costs of the LGPS Online Academy and costs of individual courses and events held in the year.
- An under-spend of (£6k) in total occurred against the budgets for various running costs including catering, printing, member travel and subsistence costs. This was used to meet the additional £6k one-off cost in year for facilitation and support of the Impact Investment working group.

Capital Expenditure Charge - £90k Over-Spend

- Expenditure of £26k was incurred on purchase of laptops as part of the rolling hardware replacement programme, funded by transfers from the Capital Projects Reserve.
- The remaining over-spend against the budget is really just a timing difference in works being completed. As previously reported, the outturn position for the 2021/22 year included an under-spend on capital expenditure that was due to delays arising from global supply chain issues which meant that the final stage of the AV installation works at Oakwell House could not be completed until May 2022. The cost of this in 2022/23 was £34k, and there was a further £30k relating to some final outstanding pieces of work completed in the first half of this year by the main contractor for the office works.

Reconciliation of Budget Outturn to the Expenditure & Funding Analysis Note

The statement of accounts includes the Expenditure and Funding Analysis (EFA) at Note 1 – which sets out the net amounts chargeable to the General Fund for the year as compared to the amounts accounted for under generally accepted accounting practices shown in the Comprehensive Income and Expenditure Statement (CIES). These amounts are analysed across the services within the Authority on the same basis as shown in the budget outturn table above. However, some differences remain between the service totals above and the service totals shown in the EFA note.

The table below sets out the details, and the reasons for these differences are explained as follows.

The main difference relates to VAT expenses incurred that we are unable to recover from HMRC. Unlike other local authorities, as an authority with the sole purpose of administering the Pension Fund, we do not currently have Section 33 status under the VAT Act 1994. Instead, we use a special exemption method agreed with HMRC for reclaiming a proportion of our VAT charges only. The remaining proportion of the VAT expense that is not recoverable is Authority expenditure and is therefore recognised in the CIES and is charged in full to the General Fund as shown on the EFA Note; but as it is a varied and unpredictable cost over which budget managers cannot exert any control, it is not reported for budget purposes.

There are also some minor rounding differences as a result of the budget reports being presented with figures rounded to the nearest £10 for presentational purposes whereas the figures in the CIES are shown as actual amounts rounded to the nearest £1 only.

Reconciliation of Services Totals in the Budget Outturn Report to Amounts Shown in the Expenditure and Funding Analysis (EFA) Note	2022/23 Budget Outturn	2022/23 Irrecoverable VAT Expense - Not Reported for Budget Purposes	Rounding Adjustments for Budget Reporting	2022/23 Net Expenditure Chargeable to the General Fund in the EFA Note
	£	£	£	£
Pensions Administration	2,870,210	198,541	6	3,068,757
Investment Strategy	526,760	362,409	0	889,169
Finance & Corporate Services	942,210	65,259	1	1,007,470
ICT	720,340	-	0	720,340
Management & Corporate	693,470	-	(4)	693,466
Democratic Representation	152,540	-	(1)	152,539
Net Cost of Services	5,905,530	626,209	2	6,531,741

Earmarked Reserves

The Authority has four earmarked revenue reserves, the Corporate Strategy reserve, the Pay and Benefits reserve (created this year), the ICT reserve, and the Capital Projects reserve.

For 2022/23, movements to and from these reserves have been agreed as shown in the following table.

We operate within a rule which limits the amount we can hold in the revenue reserves, i.e., Corporate Strategy and ICT reserves, to 10% of the Operational Budget (resulting in a limit of £583k for 31 March 2023), and the current level remains below this limit at £388k or 6.7%.

Earmarked Reserves	Balance at 01/04/2022 £	Transfers In £	Transfers Out £	Transfers Between Reserves £	Balance at 31/03/2023 £
Corporate Strategy Reserve	143,840	0	(118,620)	85,000	110,220
Pay and Benefits Reserve	0	150,000	0	50,000	200,000
ICT Reserve	205,950	18,330	(26,250)	(120,000)	78,030
Subtotal Revenue Reserves	349,790	168,330	(144,870)	15,000	388,250
Capital Projects Reserve	139,110	0	(89,820)	(15,000)	34,290
Total Earmarked Reserves	488,900	168,330	(234,690)	0	422,540

The earmarked reserves are held for the following purposes.

- Corporate Strategy Reserve – To fund non-recurrent costs arising from projects which are required to implement the Corporate Strategy.
- Pay and Benefits Reserve – This reserve has been created this year in order to set aside funds required to meet additional costs arising from work in progress on a review of pay and benefits across the organisation, that will not be completed until 2023/24.
- ICT Reserve – To fund expenditure on ICT equipment and to enable a programme of systems development for the Authority.
- Capital Projects Reserve – This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets.

Our Future Spending Plans

The operating budget for 2023/24 was approved in February 2023.

After three years of maintaining the budget at the same level in cash terms, the budget for 2022/23 included growth for the first time since 2018/19. During 2022/23, the Director completed a review and plan for a medium-term approach to building organisational resilience and sustainability. The resulting report included a range of proposals involving growth in the staffing establishment to be implemented over the course of 2022/23 to 2024/25 and with estimated

cost implications of £500k in 2023/24. The proposals were approved by the Staffing, Appointments and Appeals Committee in October 2022 and these costs were incorporated into the budget for 2023/24.

The budget for the year ahead, as set out in the table below, reflects continued emphasis on equipping the organisation for meeting the challenges expected in the next three years as detailed in the Corporate Strategy.

South Yorkshire Pensions Authority Operating Budget	2022/23 Outturn	2023/24 Budget	2024/25 Estimate	2025/26 Estimate
	£	£	£	£
Pensions Administration	2,870,210	3,077,530	3,250,850	3,315,880
Investment Strategy	526,760	635,770	653,640	651,180
Finance & Corporate Services	942,210	1,072,230	1,108,440	1,130,370
ICT	720,340	934,470	1,026,800	1,047,180
Management & Corporate	693,470	869,650	869,780	859,570
Democratic Representation	152,540	145,920	149,290	152,290
Unfunded Liabilities	315,336	353,000	365,360	378,150
Subtotal Revenue Expenditure:	6,220,866	7,088,570	7,424,160	7,534,620
Capital Expenditure	89,820	72,000	0	0
Contribution (from) / to Reserves	(66,360)	(150,000)	(80,000)	70,000
Levy on District Councils	(315,336)	(353,000)	(365,360)	(378,150)
Total Charge to Pension Fund	5,928,990	6,657,570	6,978,800	7,226,470

The overall budget requirement is for a total of £6,657,570 representing a total increase of £827,570 on the previous annual budget of £5,830,000. This total increase comprises:

- £472,270 – relating to the previously approved proposals for Organisational Resilience and Sustainability; and
- £355,300 – relating to the annual increase required for operational running costs.

In assessing this level of budget increase, £355,300 represents a 6% uplift compared to 2022/23.

The estimates for the remainder of the Medium Term set out above are based on projecting the 2023/24 budget forward, adjusting for planned savings and estimated inflationary increases as necessary.

The key uncertainties and risks in relation to this financial forecast, and the mitigations in place, are as follows:

- Pay Costs
 - Employee costs make up approximately two thirds of the overall budget. The budget estimates for employee costs have been prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental progression, and the estimates include additional staffing resources. Based on experience over the last two years in particular, the vacancy allowance has been increased from 1% to 2.5% of the salary and on-costs budget for 2023/24 to allow for time-lag in filling vacancies, and now reflecting the current challenging recruitment environment.
 - There is uncertainty over the likely level of any pay award for 2023/24. The pay award agreed for 2022/23 was higher than the assumption used for budget setting, but this additional cost was absorbed within the existing budgets due to under-spends arising from staff turnover and time taken to fill vacancies. For the purpose of setting employee cost budgets in 2023/24, an assumption of a 2% uplift was used. There is a risk that the actual pay award, once confirmed, will be higher than this. One mitigation in place is that there are additional funds available in the pay and benefits reserve. Additionally, in the event of higher employee costs than forecast, managers will seek to absorb the in-year impact through the management of vacancies and seeking to either defer one-off expenditure or avoid aspects of running cost expenditure. This is the usual process of budgetary control, and it seems unlikely that any cost increases would be on a scale beyond that which measures of this sort could address.
- Deterioration in budgetary control. Budgetary controls and processes are currently robust and well-embedded. We continue to refine and enhance this, and work is ongoing to maximise the benefits being achieved from the new main accounting system in particular. There is therefore no indication of any likelihood of deterioration. The controls in this regard are also subject to regular internal audit review.
- Loss of external income. This is mitigated through prudent budgeting, for example not including any assumptions around additional software sales which tend to be sporadic, and through securing longer term agreements with customers with staggered end dates so that not all agreements come to an end at the same time.

Risks and Challenges

Risk Management is the process by which the Authority identifies and overcomes those issues which might prevent it achieving its and the Pension Fund's objectives. Given the financial scale of the Pension Fund and the fact that it invests money in order to achieve financial return, the effective management of risk is crucial to us being able to achieve our objectives. The risks that face the Authority therefore include both the risks to it as an organisation, and the risks inherent in its role as administering authority of the South Yorkshire Pension Fund. The details below reflect this.

Given the scale of the financial assets managed by the Authority for the Pension Fund, the management of the risks inherent in participation in the financial markets is a crucial part of the overall risk management framework. The Authority sets out broad policies in the Investment Strategy Statement which conform to the LGPS Investment Regulations and further details are also covered in the Pension Fund's annual report.

The corporate risk register, which forms an integral part of the Corporate Strategy, is regularly reviewed throughout the year by the Authority's Senior Management Team, reported to the Authority on a quarterly basis, and the risk management framework and arrangements are overseen by the Audit Committee over the course of the year. Any changes made to each iteration of the risk register are fully detailed in the quarterly Corporate Performance reports to the Authority meetings during the year (available on our website at: [Quarterly Corporate Performance Reports \(sypensions.org.uk\)](https://www.sypensions.org.uk)).

The key risks identified and the assessment of their relative probability and impact are shown in the figure below.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

Impact	Very High	- Imbalance in cashflows resulting in inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments.			- Impact of climate change on investment assets and liabilities		
	High			- Weak or ineffective project management arrangements - Impact of poor data quality on operations - Data protection / GDPR risks - Failure to achieve regulatory compliance - Material changes to the value of investment assets / liabilities due to major market movements	- Failure to maintain effective cyber defences - Impact of change to the CARE revaluation date on ability to deliver Annual Benefit Statements and Pensions Savings Statements in time		
	Medium		- Breakdown of control environment - Failure of Local Pension Board members to maintain adequate levels of knowledge & understanding	- Affordability of contributions; negative impact on employer financial viability - Failure to manage key risks in Border to Coast strategic plan - Failure of Authority members to maintain adequate levels of knowledge & understanding	- Ability to recruit and retain a skilled & qualified workforce - Risk of reduced technical knowledge and senior management capacity during period of vacancy in role of AD - Pensions.		
	Low						
	Very Low						
			Very Low	Low	Medium	High	Very High
Probability							

Current Issues

Inflation

The current inflationary environment presents a significant issue for the Authority in terms of both its management of the Pension Fund and the operations of the organisation. As regards the Pension Fund, a sustained higher level of inflation could materially increase the liability to pay pensions which would impact either on a requirement for increased investment returns or increased employer contributions.

The former may be difficult to achieve in current market conditions and the latter is potentially unaffordable. At the operational level, inflation impacts on the Authority's ability to live within its budget, although this is not regarded as a significant risk, given that in recent years the budget has tended to be under-spent, and was only over-spent this year due to the impact of an issue that was a one-off in the year and was separately approved.

More importantly, inflation puts pressure on pay and the ability of the Authority to compete in the labour market. A review of pay and benefits undertaken in 2022/23 has resulted in further detailed work being commissioned to review and revise the pay and grading structure and recommend a suitable range of improvements that can be made to the Authority's wider benefits package as part of seeking to address this issue within the overall constraints within which the Authority operates.

Pension Administration Challenges

Like most local government pension funds, the Authority faces a number of challenges in delivering the level of performance within the administration service that customers deserve. This area, along with addressing backlogs, will receive significantly greater focus from management and Authority members in the coming years in order to address the root causes of these challenges.

Regulatory Drift

The Local Government Pension Scheme is awaiting a very large number of regulatory changes which have been outstanding for a considerable time, notably in relation to the McCloud remedy and climate reporting, but also in relation to governance and investment pooling. This is preventing action in some areas, such as accelerating progress on delivering the McCloud remedy, and creating uncertainty in others such as the particular metrics to commission for climate reporting. Work is being progressed in all these areas to the extent possible in the absence of regulatory clarity, and one of the reasons for maintaining reserves is to allow the Authority to respond quickly when required.

Governance

Ongoing regulatory developments, even though they have yet to be formally enacted, significantly raise the bar in terms of governance for local government pension funds and the Authority will need to continue to devote time and resources to continuing to develop and improve practice in this area.

Explanation of our Financial Statements

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below, and further detail is also provided on each of the financial statements that follow.

The Statement of Responsibilities sets out the respective responsibilities of the Authority and the Treasurer.

The Independent Auditor's Report gives the auditor's opinion on the financial statements and on the Authority's arrangements for securing economy, efficiency and effectiveness in our use of resources.

Financial Statements

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves.

The Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount to be funded from the charge to the Pension Fund.

The Balance Sheet shows the value of the Authority's assets and liabilities at the reporting date. These are matched by reserves which are split into two categories; usable and unusable reserves.

The **Cash Flow Statement** shows the changes in the Authority's cash and cash equivalents during the reporting period.

Notes to the Financial Statements

The Expenditure and Funding Analysis note shows how expenditure is used and funded from resources by the Authority in comparison with those resources consumed by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the services in the organisation.

The other notes to the financial statements provide further detail on material items within the core financial statements.

The Pension Fund Statement of Accounts

In accordance with the requirement of the Code for administering authorities of Local Government Pension Scheme pension funds, the following statements and notes are presented.

The Fund Account discloses the changes during the year in the net assets available for benefits.

The Net Assets Statement shows the assets available to fund benefits at the year end.

Notes to the Pension Fund Financial Statements

The Actuarial Value of Promised Retirement Benefits note provides information on the actuarial valuation, carried out in accordance with IAS 19, of the liabilities to pay pensions and other benefits in the future. This is an important supplement to the Net Assets Statement in the Fund's statement of accounts, which does not take account of liabilities to pay pensions and other benefits after the period end.

The other notes to the Pension Fund financial statements provide further detail on material items within the Fund Account and the Net Assets Statement.

A Glossary of key terms can be found at the end of this publication.

Annual Governance Statement 2022/23

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority's Local Code of Governance complies with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government Framework 2016. A copy of the Authority's code is on our website [here](#).

The Local Code and this statement are also supported by the Governance Compliance Statement which the Authority is required to produce under s 55(1) of the Local Government Pension Scheme Regulations 2013, which is also available in the same area on our website.

This statement explains how the Authority has complied with the Code and meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 relating to the preparation and approval of an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled, and the activities through which it accounts to and engages with employing bodies, pensioners, contributors, and other stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk: it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify risks to the achievement of the Authority's policies, aims and objectives. The system attempts to evaluate the likelihood of those risks being realised and the impact should they be realised and how to manage them efficiently, effectively and economically.

The governance framework has been in place during the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

Outline of the Governance Framework

The Authority’s framework of governance continues to evolve in line with best practice and is based upon the 7 Core Principles set out in the 2016 CIPFA/SOLACE guidance, *Delivering Good Governance in Local Government: Framework*. More details about the Authority’s arrangements for ensuring compliance with each of the 7 Core Principles are set out in the Authority’s Local Code of Corporate Governance which is available [here](#).

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in Place

Codes of conduct covering the behaviour of both members and officers, form part of the Constitution, with appropriate mechanisms for ensuring that action can be taken where transgressions are reported. For officers these are reinforced through a framework of values and behaviours, including specific management behaviours, which are reflected upon at individual level as part of the appraisal system.

As required under local government law, elected members are required to complete declarations of interest which are publicly available and to declare any conflicts which might arise in discussion of specific matters at meetings of the Authority and its committees. Similar arrangements apply to members of the Local Pension Board, under requirements governed by the Local Government Pension Scheme regulations and the Public Service Pensions Act 2013.

Registers of potential conflicts, including personal relationships, for staff and a register of gifts and hospitality for both staff and officers.

A comprehensive policy framework in relation to issues such as fraud and corruption and a Whistleblowing Policy should any individual wish to make a confidential disclosure. Complaints policies in relation to quality of service, and statutory appeals processes in relation to decisions made under the Pensions Regulations.

Procurement arrangements in place to comply with legislative requirements, good practice, achieve value for money and demonstrate accountability.

The Authority operates with an extremely strong value base in relation to ethical standards and values reflecting the seriousness of its responsibility as steward of the pension savings of a very large number of individual scheme members. The values and behaviours framework is central to both the Corporate Strategy and the appraisal process and the wider policy and constitutional framework covering issues such as recruitment and selection and procurement. The Authority also seeks to bring its commitment to these values into the role it plays within any partnership in which it participates, particularly the Border to Coast Pensions Partnership which is central to the delivery of its corporate objectives.

The Authority ensures that it is aware, through the employment of specialist officers and advisers, of the statutory requirements which are placed upon it and takes steps to ensure that it complies with them in an open and transparent way. This includes the maintenance of an up-to-date Constitution which is

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in Place

regularly reviewed and includes definitions of both the Corporate Planning Framework and Pensions Policy Framework, together with terms of reference for committees and an appropriate scheme of delegation to officers.

The Authority maintains up to date job descriptions / role profiles for all posts within the organisation and ensures that it has appropriately qualified statutory officers in post who are able to operate in a way which complies with the relevant professional codes.

Formal records are kept of decisions taken by both officers and members together with the advice considered in making such decisions. Arrangements for democratic support have been internalised from 1 April 2022 with a newly expanded Governance team in place providing an enhanced focus in this area.

The Authority has a formal policy on the reporting of breaches of the relevant pension regulations and any breaches which occur are reviewed by the Local Pension Board at each of its meetings. The Authority also has clear and effective policies in relation to fraud and corruption and participates in the National Fraud Initiative.

Areas for Improvement

- During the year, the Authority has identified some weaknesses in the application of procedures for management of appeals, resulting in delays for dealing with these in some cases. Work has been completed on addressing the delayed cases by March 2023 and this has been supported by centralising the oversight and co-ordination for this which is now undertaken by the Head of Governance and her team. There is a need to continue the progress in 2023/24 by completing a full process mapping exercise and updating of procedures to provide clearly defined roles and responsibilities.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in Place

The Authority seeks to be as open as possible with stakeholders, conscious that it is the steward of the savings of around 170,000 individuals, working for close to 600 different employers. To this end it complies with its obligations under the Freedom of Information Act and makes a considerable volume of information automatically and freely available through its website. The Freedom of Information Act Publication Scheme, which specifies the information published by the Authority and how to access this, is used as one means of signposting information electronically.

This includes a range of information on investment holdings, performance, the policy frameworks, and responsible investment issues such as how shares have been voted. In addition, meeting agendas and papers for the Authority, the various committees and the Local Pension Board are published online a week before each meeting and all meetings are open to the public, and also webcast.

Key decisions made by officers are formally recorded and details published on the website.

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Principle B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in Place

To promote clarity in the information provided to support decision making, reports for decision making bodies follow a standard format which ensures that, for example, implications for the financial position of the Authority of a decision are clearly explained. In addition, all reports for decision are required to outline relevant risk considerations, so that these can be understood by decision makers. All reports must be reviewed and cleared by the statutory officers prior to submission to elected members for decision.

The Authority has in place clear protocols regarding its participation as a Partner Fund in the Border to Coast Pensions Partnership. Clearly defined roles are set out for each participant in the Partnership in its Governance Charter and the relevant legal agreements. Regular reports are provided to the Authority by officers on the activity and performance of the Partnership, including a comprehensive annual review which considers the achievement of both the Authority's and the Partnership's objectives.

To ensure the views of stakeholders are considered in a systematic way by decision makers when relevant, the Authority has adopted a Communications and Consultation Strategy which provides a standard framework for engaging with stakeholders.

During 2022/23, a professionally qualified Communications Officer has been appointed, increasing the professional resource available to focus on our corporate communications with all our stakeholders.

Resources are specifically allocated to support engagement with employers to support the maintenance of a productive and supportive relationship between them and the Authority. All engagement with employers takes place within the context of the Communications and Consultation Strategy which requires the results of any consultation process to be reported back alongside the actions proposed following the consultation.

Emphasis is placed on increasing the volume and improving the quality of interaction with employers and an employer forum session and surveys have been undertaken during the year. The Authority's website includes an area for employers and an employer newsletter is sent to all employers quarterly with updates on relevant information, training and events.

There is a current focus on monitoring the performance of employers in relation to data submission; including quality, timeliness and resolving queries; and reporting on this to the Local Pension Board.

The processes for engaging with and understanding the views of scheme members are also set out in the Communications and Consultation Strategy.

Interaction with scheme members includes offering appointments to meet with staff either through online / virtual sessions or in-person appointments at our office in Barnsley.

The Authority's complaints and appeals processes are available to scheme members in relation either to quality of service, or specific decisions made under the LGPS regulations. Information from the complaints and appeals processes forms part of the Authority's performance management framework and influences the development of policy, practice, and processes, including specific projects reflected in the Corporate Strategy.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in Place

As part of its assurance and scrutiny role, the Local Pension Board receives a quarterly report outlining the nature of all appeals and complaints and the subsequent actions and learning as well as quarterly information on the results of various rolling customer satisfaction surveys which examine specific aspects of the service to scheme members, which also include information on learning and actions from this feedback.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Arrangements in Place

The Authority sets out a clear vision supported by specific objectives for achieving that vision within its Corporate Strategy which is at the heart of its corporate planning framework. Delivery against these objectives and key quality of service standards is reported quarterly to members of the Authority within a comprehensive report, allowing action to be taken to address any variations if required. All activity is undertaken within a risk management framework which covers all aspects of the Authority’s work.

The Authority’s Responsible Investment Policy sets out how it reflects the balance between economic, social, environmental and governance issues within its investment decision making process and the areas where it seeks to move partners within the Border to Coast Pensions Partnership to a shared position. Responsible investment is central to the Authority’s approach to the management of the funds for which it is responsible, and it is an active participant in a range of initiatives which seek to support the achievement of its objectives in this area. Work has continued during the year to develop new approaches to reporting the impact of various investments and the results of this will be reflected in future annual reports.

The Authority’s decision making on key issues of this sort is transparent with appropriate decisions either taken in public meetings or published and supporting information placed in the public domain whenever possible. (Exceptions to this are limited and would include, for example, commercially sensitive market information that cannot be made public).

The Authority actively engages with groups seeking to influence its policies in different ways and uses its Communication and Consultation Strategy to seek views on issues where appropriate and to consider differing views when making decisions.

Beyond the investment sphere, the Authority maintains an Equality and Diversity Scheme to guide its approach to the delivery of fair access to its services for any individual with a protected characteristic.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Arrangements in Place

The Authority’s officers ensure that when making decisions, elected members have access to as much objective information as possible, as well as to the views of appropriately skilled and experienced independent advisers where specialist areas such as investment strategy are under consideration. Where members require additional information, officers agree specific timescales for its provision. The corporate planning process and the medium-term financial strategy are how the Authority agrees the relative priority and resource requirements of specific interventions.

The Authority has a well-defined and robust corporate planning framework with the review cycle linked at a high level to the major cyclical events impacting its operations (principally the triennial actuarial valuation of the Pension Fund). This framework is supported by well-established consultation arrangements ensuring that stakeholder views can influence plans where appropriate and a risk management framework that ensures that both risks to service delivery and risks impacting the assets and liabilities of the Pension Fund can be addressed holistically.

A robust framework for monitoring the delivery of all the various plans and strategies is in place with a comprehensive report including both financial and performance information presented to the Authority on a quarterly basis with more detailed reports covering pension administration presented quarterly to the Local Pension Board and on investment performance to the Authority. These reports highlight deviations from plans and identify and assess the risks relevant to the achievement of objectives as well as including information around feedback received and how it has been acted on.

The Authority’s medium-term financial strategy and corporate strategy draw on inputs from both stakeholder feedback mechanisms, the views of elected members and the Senior Management Team’s assessment of developments in the wider external environment to direct resources to address priority areas. The medium-term financial strategy examines both the Authority’s operating budget and the financial position of the Pension Fund ensuring that all areas of cost and income are fully considered. Strong budgetary control is evident, and managers are conscious of the need to demonstrate financial probity.

In addition, given the centrality of being a responsible investor to the way in which the Authority invests the Pension Fund, regular publicly available reports are provided to the Authority detailing responsible investment activity undertaken and the outcomes achieved through this activity. These include summaries of the Fund’s votes at company annual meetings. As part of this approach the Authority subscribes to the principles set out in the FRC’s Stewardship Code which requires investors to report to stakeholders in a clear way on how they have managed the funds for which they are responsible.

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Arrangements in Place

The Authority has strong constitutional arrangements in place including an effective scheme of delegation, financial regulations and contract standing orders that define which individuals can take which decisions. These arrangements are subject to regular review.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Clear role profiles are in place for all posts within the organisation, which are linked to a consistent organisational design framework. The Director's role profile is agreed with elected members. This and the Constitution clearly set out the dividing lines between member and officer responsibilities. Means of maintaining regular dialogue between the Director and the Chair are agreed with each Chair on their taking office.

Further to decisions approved in previous years, the role of Monitoring Officer has been internalised (having been previously provided by an officer of Barnsley MBC) with the Authority's Head of Governance undertaking this role from 1 January 2023. Support for this individual officer is in place with a programme of mentoring from Barnsley MBC's Monitoring Officer, who is also the Authority's Deputy Clerk. Additionally, the Head of Governance is undertaking an accredited Diploma in Corporate Governance course delivered by CIPFA between March and September 2023.

The role of Treasurer or Chief Finance Officer (under s.73 of the 1985 Local Government Act), currently undertaken by an officer of Barnsley MBC, will be internalised from 1 April 2023, and will be undertaken by the Authority's Assistant Director – Resources who is CIPFA qualified and has performed the Deputy Treasurer role since 2019. This role holder has undertaken the CIPFA Chief Finance Officer Leadership Academy during 2022/23.

The Authority's statutory role holders – the Director as Head of Paid Service, the Head of Governance as Monitoring Officer and the Assistant Director – Resources as Chief Finance Officer, along with the Deputy Clerk will meet on a quarterly basis going forward.

Independent Advisers with suitable skills and experience are employed to support both the Local Pension Board and the Authority. Steps have also been taken during 2022/23 to increase training for members of the Audit Committee to enable them to provide more effective challenge. These have included briefing sessions on relevant topics before each meeting, an effectiveness review and training from CIPFA's Governance Adviser. In March 2023, the Committee agreed an updated Terms of Reference to be applied in the coming year which will increase the frequency of meetings to four per year, change the name to Audit and Governance Committee and to recruit for an independent member with relevant audit and risk knowledge and skills.

A Learning and Development Strategy is in place for elected members supported by the allocation of specific time within the overall programme of meetings. This strategy is set within the context of the CIPFA Knowledge and Skills Framework and has regard to the requirements of the Pensions Regulator. During 2022/23, the Governance team have applied a strong focus on this area, providing a range of support to members to ensure required training is completed. This has resulted in 100% completion by Authority and LPB members of the mandatory training requirements. Members have again participated in the National Knowledge Assessment (run by Hymans Robertson) in February 2023, the results from which will inform the 2023/24 Member Learning and Development Strategy, which will be targeted and bespoke.

For staff of the Authority, an appraisal system is used to manage individual performance, plan learning and development, and support the succession planning process which is in place in key risk areas. In October 2022, following a comprehensive review, the Authority approved an Organisational Resilience and Sustainability plan which includes the establishment of a range of additional resources and changes to reporting lines across the organisation, to be implemented over the course of the period to March 2025, designed to strengthen capacity, enhance capability and increase sustainability.

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Ongoing learning and development plans for the Authority’s workforce are devised annually to support the goals set out in individual appraisals and are kept under review throughout the year. In addition to competency-based progression through the pension administration career grade, this can include professional qualification training, external training courses, and internally provided technical updates and system specific training.

Learning and development activity is further supported through access to online resources through a range of systems such as online reading rooms, SharePoint, modern.gov and LinkedIn Learning.

Health, Safety and Wellbeing arrangements are prominent and embedded across the organisation. An external Health & Safety adviser is retained, and the range of additional health and wellbeing support continues to grow each year, including workplace health checks and a range of webinars and other activities which target a variety of key physical, emotional, and mental health and wellbeing topics.

Areas for Improvement

- There is a need to continue the work in progress to improve the consistency and quality of staff appraisals and to support this centrally with provision of a range of learning and development opportunities.
- The appraisal process for the Director has also been identified for improvement in order to strengthen effectiveness of this process for accountability and a need to incorporate 360 degree feedback.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in Place

Managing Risk

A risk management policy framework is in place reviewed annually by the Audit Committee. This framework sets out clearly the responsibilities for managing the risks facing the organisation, how they should be assessed and reported. The risk register is reviewed monthly by the Senior Management Team with reporting on a quarterly basis to meetings of the Authority as part of the overall performance management framework, together with review and challenge by the Local Pension Board.

The Governance team provide specific resource and focus to this area. During 2022/23, work has been carried out to identify and procure an integrated risk management and performance software system which will be implemented during 2023/24. This will enhance the Authority’s arrangements by enabling more efficient recording and reporting of risk and performance and with input from various levels of management throughout the organisation. The implementation will also be supported by additional training for the relevant staff and managers.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in Place

Managing Performance

Arrangements for the reporting and monitoring of performance are in place, including clearly defined timetables for the reporting of information across the full range of activity, integrated with financial monitoring. Wherever possible, data is placed in the public domain and statutory reporting timescales are adhered to.

The Authority undertakes benchmarking of its cost base and performance across both the main streams of operational activity, pensions administration and investment.

The Authority welcomes external challenge and is due to commission a second Good Governance review to be undertaken during 2023/24 in line with the proposals set out in the Good Governance Project sponsored by the Scheme Advisory Board.

A small team consisting of a Service Manager – Programmes and Performance, and a Projects and Performance Officer has been established under the Head of Governance during 2022/23 to bring an expert and dedicated resource to develop and enhance the performance management framework as well as applying project management methodology and control to the delivery of specific projects for meeting the Authority's corporate objectives.

High quality data is central to the effectiveness of the organisation in its core function as a pension administrator. The Authority has a strong policy framework in place to ensure both the security and integrity of the large quantities of data which it holds.

The Authority's Head of Governance is now the Senior Information Risk Owner (SIRO), providing a dedicated resource, supported by the Team Leader – Governance, to work on the continuing development of the information governance framework.

The Head of Internal Audit acts as the Authority's Data Protection Officer and his work is supported by an annual programme of review activity to ensure compliance with the policy framework.

The Authority has received the Cyber Essentials + accreditation from government in relation to its arrangements for information security.

An annual assessment of the quality of data held for pension administration purposes is undertaken and a data improvement plan is produced to ensure that any issues identified are addressed. Progress with delivering the data improvement plan is overseen by the Local Pension Board.

Robust Internal Control

The Authority has an Audit Committee in place whose terms of reference are consistent with the relevant professional standards. The Committee has produced its own Annual report, available within the Governance section of the Authority's website, which sets out the work it has undertaken during the year. This committee will be re-named the Audit and Governance Committee from 2023/24, reflecting the importance of the committee's focus on all aspects of governance as well as audit matters.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in Place

The Committee is responsible for overseeing the work of Internal Audit, provided by Barnsley MBC's Internal Audit Service, and in particular ensuring that the Internal Audit plan addresses key control risks facing the Authority. The Head of Internal Audit is required under the relevant professional standards to produce an annual opinion on the adequacy of the control environment. For 2022/23 this opinion is that "based on the systems reviewed and reported on by Internal Audit during the year to date, together with management's response to issues raised, I am able to give a reasonable (positive) assurance opinion regarding the effectiveness of the control, risk and governance environment."

Progress made in implementing actions agreed following audit reviews is reported to every meeting of the Committee and this helps to ensure that the control environment continues to be strengthened through the audit process.

The importance of internal control is well-embedded across the organisation and officers ensure a strong and effective working relationship is maintained with both Internal and External Audit, including regular liaison meetings and ensuring independent access is available to the Audit Committee Chair and members.

Strong Public Financial Management

The Authority is steward of a very large pension fund and therefore strong financial management is crucial to its effective operation. A strong framework of budgetary control is in place and monitoring against the operational budget, along with monitoring of investment performance, is reported quarterly to the Authority. Key projects are required to operate within defined budgets which receive approval through the appropriate decision-making processes.

The Authority's Medium Term Financial Strategy defines various fiscal rules which constrain the growth in expenditure, mirroring to some extent, the constraints which apply to conventional local authorities through the council tax capping regime.

Areas for Improvement

- Business continuity arrangements are in place, and well documented in relation to ICT in particular, but there is a need to review and update the full range of documentation and procedures in this area.
- There is a need to make better use of management information in reporting on and managing performance to centralise the work required to produce this, enhancing the robustness of the process and freeing up the time of service managers so that they can focus on interpreting the results and taking appropriate action in response.
- There is an increasing number of backlogs in pension administration processes, and it is now clear that previous assessment of these and actions in place to address them have not been effective. Therefore, a new and improved approach to understanding root causes is required in order to inform the development of a comprehensive and evidence-based plan of action to tackle the existing backlogs and ensure prevention of these in future.
- The Local Code of Corporate Governance was last fully updated in 2019 and is now due for review.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability

Arrangements in Place

The Authority seeks to be open and transparent in all its activities, seeking to minimise the amount of information that must remain confidential.

A substantial amount of information about the Authority's services and activities is published on its website: www.sypensions.org.uk including, for example, details of investment holdings and voting records. The agendas and public reports for all meetings of the Authority, its committees and the Local Pension Board are published and the public parts of meetings of the Authority, its committees and the Local Pension Board are webcast. The Authority's annual report also contains a significant amount of information on its activities in a more user-friendly format.

The Freedom of Information Publication Scheme provides clear signposting to the information which is publicly available and where it can be found.

The Authority regards telling its story as a key activity, to report and demonstrate its performance, achievement of value for money and effective stewardship of scheme members' savings. For key documents such as the Annual Report and Accounts, the Authority follows the relevant professional codes in terms of the provision of information and seeks to go beyond them where possible, particularly in terms of presenting the information in a way which allows the reader to set information in the context of the Authority's work and easily understand it.

The Authority has continued to publish its audited accounts and annual report in advance of the statutory publication deadlines every year, ensuring that information for stakeholders is provided on a timely basis to promote effective accountability.

The Authority uses the governance framework set out in the Local Code of Corporate Governance to ensure that the information provided in reporting is accurate and consistent and that the same standards are met by key partnerships such as the Border to Coast Pensions Partnership.

The Internal Audit function operates under a charter which conforms to the relevant public sector internal audit standards ensuring that the Authority complies with the relevant professional standards.

The Audit Committee reviews progress on implementation of actions agreed following audit reviews carried out by both internal and external audit and potentially other review agencies when the Scheme Advisory Board's Good Governance reforms are introduced.

The Authority embedded the recommendations made in Hymans Robertson's 2021 review of its governance, pre-empting the Good Governance standards. This included taking action to bring the statutory roles of Treasurer and Monitoring Officer in-house as detailed above in relation to Principle E. A further independent review of governance is due to be undertaken in 2023/24.

All these arrangements also apply to the way in which the Authority engages with various partners and a comprehensive process of gathering assurance from those managing money on behalf of the Authority is undertaken each year. The Authority seeks to ensure that the activity undertaken on its behalf by the Border to Coast Pensions Partnership reflects the agreed Governance Charter which applies similar standards to the Authority's arrangements in the Partnership's unique context.

Governance Action Plan 2021/22 – Progress Update

The table below sets out the actions identified for improvement and development in last year's Annual Governance Statement and the progress made against these during 2022/23.

Action Plan 2021/22	Responsible Officer	Target Date	Progress Update 2022/23
Full review of the Constitution to be commissioned using legal advisers	Head of Governance	Mar 2023	Completed This review was commissioned by the target date and is substantially complete as of March 2023, with the fully revised Constitution due to be presented for approval to the June 2023 Authority meeting.
Changes to appraisal documentation and appraisal year, additional training for managers and move to an online system	Assistant Director – Resources & HR Business Partner	Jun 2023	Partially Completed, Partially Carried Forward Changes to documentation, appraisal year and additional training were all implemented, with the appraisal year now running from January to December. There is a need to continue embedding arrangements in this area and to transfer from using SharePoint to using a new HR System for the online process in the coming year.
Review of business continuity arrangements in light of the move to the Authority's own premises and to fully document arrangements beyond those specifically related to ICT which are already documented	Assistant Director – Resources	Mar 2023	Carried Forward This action has not been completed during the year as planned due to impact of resourcing shortfalls, including unplanned absences, and pressure from other priorities. It will be carried forward to be completed in 2023/24, using external resource to support the work as required.
Organisation Resilience & Sustainability - Prepare medium term proposals addressing succession planning and resilience for implementation over the Corporate Strategy period	Director	Dec 2022	Completed The proposals were approved in October 2022 and are being implemented according to the timelines set out in the plan. A tracker is in place to monitor progress on implementation of each proposal.

Action Plan 2021/22	Responsible Officer	Target Date	Progress Update 2022/23
Project Management - Implement arrangements to support individual project managers with scoping, planning, delivering and reporting on corporate strategy projects	Service Manager – Programmes & Performance	Mar 2023	<p>Ongoing Good progress made during 2022/23, with recruitment to two new roles focused on projects and performance in 2022, providing practical and expert support to a number of specific projects throughout the period since then.</p> <p>A project management methodology framework and document set are in development to be fully rolled out in 2023/24 with further guidance and support for staff as required.</p>
Performance Management and Reporting – Introduce arrangements for the centralised production of performance information allowing managers to focus on interpretation and follow up action	Service Manager – Programmes & Performance	Mar 2023	<p>Carried Forward Some limited progress made during the year, although much remains to be taken forward in 2023/24. The implementation of an integrated risk and performance management software system in the coming year will be a key action to support this.</p>
Internal Governance - Update and refresh the arrangements around key processes such as procurement, information governance, decision recording and scheme of delegation	Head of Governance	Mar 2023	<p>Ongoing Very good progress made during 2022/23 with the establishment of a full Governance team who have undertaken detailed work on all these areas, in liaison with Internal Audit and with guidance from CIPFA. This work has included developing the application of the Modern.Gov system for decision recording and reporting workflows.</p> <p>The work will continue in 2023/24 to finish off and roll out new guidance and documentation across the areas of procurement and information governance in particular.</p>

Action Plan 2021/22	Responsible Officer	Target Date	Progress Update 2022/23
Reinvigorate staff engagement. Implement action plan developed following staff feedback	Senior Management Team	Mar 2023	<p>Completed</p> <p>Staff engagement has been reinvigorated during 2022/23 with a highly successful staff Away Day held in July 2022, development and implementation of an internal communication strategy, and the first ‘SMT Question Time’ twice-yearly event held in March 2023.</p> <p>The focus on staff engagement will of course continue going forward, with, among other things, the biennial Employee Survey due to be carried out in the summer of 2023 and another Away Day scheduled for September 2023.</p>

Review of Governance 2022/23 – Areas for Improvement & Action Plan

The table below sets out the actions planned to be undertaken during the forthcoming year to address the areas for improvement identified from this year’s review of governance effectiveness, along with any actions carried forward from last year as outlined in the progress update above.

Principle and Area for Improvement	Actions Required	Responsible Officer	Date for Completion
<p>A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Dealing with Appeals</p>	<p>Complete process mapping and implement fully updated procedures for appeals processing with clearly defined roles and responsibilities.</p> <p>Provide guidance, training and support for relevant staff to support the above.</p>	Head of Governance	July 2023
<p>E: Developing capacity, including the capability of leadership and individuals</p> <p>Staff Appraisals and Development</p>	<p>Transfer online processes for annual appraisals to a new HR System and continue to embed the consistency and quality requirements by providing training for both line managers and employees.</p> <p>Recruit to new Business Support Officer role in the HR team to support Learning and Development strategy and provision across the organisation.</p>	Assistant Director – Resources and HR Business Partner	Mar 2024

Principle and Area for Improvement	Actions Required	Responsible Officer	Date for Completion
E: Developing capacity, including the capability of leadership and individuals Director Appraisal	Undertake a review of the Director Appraisal process and consider and commission appropriate external support arrangements that will seek to enhance the independence of the process and introduce the gathering of 360 degree feedback to inform the appraisal. Aim to implement new arrangements for the 2023/24 appraisal.	Assistant Director – Resources and Head of Governance	Oct 2023
F: Managing risks and performance Business Continuity	Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.	Head of ICT	Jan 2024
F: Managing risks and performance Performance Management & Reporting	Introduce arrangements for the centralised production of performance information allowing managers to focus on interpretation and follow-up action. Implement new risk and performance management software system.	Head of Governance and Service Manager – Programmes & Performance	Oct 2023
F: Managing risks and performance Pensions Administration Backlogs	Complete thorough analysis of backlogs and the root causes of these. Complete comprehensive capacity planning exercises in Benefits Team and Customer Services. Based on the above, develop and implement a detailed action plan to tackle the existing backlogs and to put arrangements in place designed to prevent such backlogs building up going forward. This will require a significant amount of work over several months.	Interim Assistant Director - Pensions	Ongoing throughout the year. Progress to be reviewed on a regular basis
F: Managing risks and performance through robust internal control Local Code of Corporate Governance	Complete a review and update of the Local Code of Corporate Governance.	Head of Governance	Jan 2024

Conclusion

To the best of our knowledge, the governance arrangements as defined above have operated effectively during the 2022/23 year. We propose over the coming year to take steps to address the areas identified for improvement to further enhance our governance arrangements. Progress in implementing these improvement actions will be monitored by officers and Internal Audit and through regular reports to the Authority and its committees.

We are satisfied that these steps will address the issues identified in our review of effectiveness and will assess their implementation and operation as part of our next annual review.

Signed: Chair South Yorkshire Pensions Authority	Signed: Director South Yorkshire Pensions Authority
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Independent Auditor's Report

The independent auditor's report to the members of South Yorkshire Pensions Authority will be placed here following conclusion of the audit.

Independent Auditor's Report

The independent auditor's report to the members of South Yorkshire Pensions Authority on the statements of the South Yorkshire Pension Fund will be placed here following conclusion of the audit.

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Director – Resources, who is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Page 94 In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I certify that the accounts give a true and fair view of the financial position of South Yorkshire Pensions Authority at 31 March 2023 and its income and expenditure for the year then ended.

Gillian Taberner, FCPFA

Assistant Director – Resources, Chief Finance Officer

Date: 31 May 2023

Approval of the Statement of Accounts

To be added following audit and approval.

Comprehensive Income And Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) summarises the resources that have been generated and consumed, in the process of providing services and managing the Authority during the year. The statement includes all the day to day expenses and related income on an accruals basis.

	2021/22			Notes	2022/23		
	Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
	3,200,787	(87,425)	3,113,362	Pensions Administration	3,490,308	(66,123)	3,424,185
	750,324	0	750,324	Investment Strategy	930,983	0	930,983
	976,325	0	976,325	Finance & Corporate Services	1,146,694	(3)	1,146,691
	846,266	(108,980)	737,286	ICT	917,239	(82,986)	834,253
	508,415	0	508,415	Management & Corporate Costs	838,133	(2,876)	835,257
	132,264	0	132,264	Democratic Representation	160,752	0	160,752
	6,414,381	(196,405)	6,217,976	Cost of Services	7,484,109	(151,988)	7,332,121

2021/22				2022/23			
Gross Expenditure £	Gross Income £	Net Expenditure £	Notes	Gross Expenditure £	Gross Income £	Net Expenditure £	
0	(5,982,548)	(5,982,548)	Other Operating Income [9]	0	(6,555,200)	(6,555,200)	
Financing and Investment Income and Expenditure:							
295,000	0	295,000	Net Interest on the Net Defined Benefit Liability [24]	287,000	0	287,000	
0	(337,477)	(337,477)	Taxation Income [9]	0	(315,336)	(315,336)	
6,709,381	(6,516,430)	192,951	(Surplus) or Deficit on Provision of Services [9]	7,771,109	(7,022,524)	748,585	
		(3,943,524)	Remeasurements of the Net Defined Benefit Liability [24]			(10,610,222)	
		(3,943,524)	Other Comprehensive Income and Expenditure			(10,610,222)	
		(3,750,573)	Total Comprehensive Income and Expenditure			(9,861,637)	

Movement In Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the charges to funds under management) and other 'unusable reserves'. Credit balances represent a positive reserve position. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable on a funding basis for the year. Due to the fact that the Authority charges its expenditure to the South Yorkshire Pension Fund, the Authority retains no balance on its General Fund.

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Movement In Reserves During 2022/23:	General Fund Balance	ICT Reserve	Pay & Benefits Reserve	Corporate Strategy Reserve	Capital Projects Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£	£
Balance At 1 April 2022	0	(205,950)	0	(143,838)	(139,116)	(488,904)	8,973,774	8,484,870
Deficit On The Provision Of Services	748,585	0	0	0	0	748,585	0	748,585
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	(10,610,222)	(10,610,222)
Total Comprehensive Income & Expenditure	748,585	0	0	0	0	748,585	(10,610,222)	(9,861,637)
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	(682,221)	0	0	0	0	(682,221)	682,221	0
Net Decrease/(Increase) Before Transfers To Earmarked Reserves	66,364	0	0	0	0	66,364	(9,928,001)	(9,861,637)
Transfers (To)/From Earmarked Reserves (Note 8)	(66,364)	127,920	(200,000)	33,618	104,826	0	0	0
(Increase)/Decrease in 2022/23	0	127,920	(200,000)	33,618	104,826	66,364	(9,928,001)	(9,861,637)
Balance At 31 March 2023 Carried Forward	0	(78,030)	(200,000)	(110,220)	(34,290)	(422,540)	(954,227)	(1,376,767)

Movement In Reserves During 2021/22:	General Fund Balance	ICT Reserve	Corporate Strategy Reserve	Capital Projects Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance At 1 April 2021	0	(118,300)	(238,500)	(1,254,467)	(1,611,267)	13,846,710	12,235,443
Deficit On The Provision Of Services	192,951	0	0	0	192,951	0	192,951
Other Comprehensive Income & Expenditure	0	0	0	0	0	(3,943,524)	(3,943,524)
Total Comprehensive Income & Expenditure	192,951	0	0	0	192,951	(3,943,524)	(3,750,573)
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	929,412	0	0	0	929,412	(929,412)	0
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	1,122,363	0	0	0	1,122,363	(4,872,936)	(3,750,573)
Transfers (To)/From Earmarked Reserves (Note 8)	(1,122,363)	(87,650)	94,662	1,115,351	0	0	0
(Increase)/Decrease in 2021/22	0	(87,650)	94,662	1,115,351	1,122,363	(4,872,936)	(3,750,573)
Balance At 31 March 2022 Carried Forward	0	(205,950)	(143,838)	(139,116)	(488,904)	8,973,774	8,484,870

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves available to the Authority to provide services. The Authority must maintain a prudent level of these reserves for unexpected events. The second category of reserves is unusable reserves, i.e. those that the Authority is not able to use to provide services. This includes reserves that hold timing differences shown in the Movement in Reserves Statement line: 'Adjustments between accounting and funding basis under regulations'.

31 March 2022		Note	31 March 2023
£			£
1,405,306	Property, Plant & Equipment	[10]	1,374,367
181,622	Intangible Assets	[11]	144,682
1,586,928	Long Term Assets		1,519,049
1,951,013	Short Term Debtors	[13]	2,203,201
720	Cash and Cash Equivalents	[14]	0
1,951,733	Current Assets		2,203,201
(1,467,532)	Short Term Creditors	[15]	(1,777,925)
(1,467,532)	Current Liabilities		(1,777,925)
0	Long Term Creditors	[15]	(62,366)
(48,744)	Long Term Provision	[19]	0
(10,507,255)	Pensions Liability	[24]	(505,192)
(10,555,999)	Long Term Liabilities		(567,558)
(8,484,870)	Net Assets or (Net Liabilities)		1,376,767
(488,904)	Usable Reserves	[8]	(422,540)
8,973,774	Unusable Reserves	[16]	(954,227)
8,484,870	Total Reserves		(1,376,767)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The Authority has no cash flows from financing activities due to the nature of the Authority's work which is entirely related to the administration of the South Yorkshire Pension Fund.

31 March 2022		Note	31 March 2023
£			£
(192,951)	Net Surplus or (Deficit) on the Provision of Services		(748,585)
1,465,438	Adjustment to Net Surplus or Deficit on the Provision of Services For Non-Cash Movements	[17]	1,123,594
1,272,487	Net Cash Flows from Operating Activities		375,009
(1,272,212)	Net Cash Flows from Investing Activities	[18]	(375,729)
275	Net Increase or (Decrease) in Cash & Cash Equivalents		(720)
445	Cash & Cash Equivalents at the Beginning of the Reporting Period	[14]	720
720	Cash & Cash Equivalents at the End of the Reporting Period	[14]	0

Note 1. Expenditure And Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. As a single purpose Authority, most expenditure is charged to the Pension Fund and, with the exception of earmarked reserves, there is no balance retained on the General Fund at the end of either the current or prior year. This note also shows how the expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Page 102	2021/22			2022/23			
	Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES	Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES	
	£	£	£	£	£	£	
	2,798,773	314,589	3,113,362	Pensions Administration	3,068,757	355,428	3,424,185
	708,986	41,338	750,324	Investment Strategy	889,169	41,814	930,983
	867,310	109,015	976,325	Finance & Corporate Services	1,007,470	139,221	1,146,691
	635,849	101,437	737,286	ICT	720,340	113,913	834,253
	423,045	85,370	508,415	Management & Corporate Costs	693,466	141,791	835,257
	124,023	8,241	132,264	Democratic Representation	152,539	8,213	160,752
	5,557,986	659,990	6,217,976	Net Cost of Services	6,531,741	800,380	7,332,121

2021/22			2022/23		
Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES	Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES
£	£	£	£	£	£
(4,435,623)	(1,589,402)	(6,025,025)	(6,465,377)	(118,159)	(6,583,536)
1,122,363	(929,412)	192,951	66,364	682,221	748,585
		Other Income and Expenditure			
		Deficit on Provision of Services			
(1,611,267)		Opening General Fund and Earmarked Reserves Balance	(488,904)		
1,122,363		Plus Deficit for the Year	66,364		
(488,904)		Closing General Fund and Earmarked Reserves Balance	(422,540)		

Note 2. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 (the 2003 Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

The financial statements have been prepared on the going concern basis which assumes that the Pensions Authority will continue in existence for the foreseeable future. The Authority is the administering authority of the South Yorkshire Pension Fund and as such, its expenses are borne by the Fund it administers.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is included in the Balance Sheet, subject to the relevant amount exceeding a de-minimis threshold of £1,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Expenditure and Funding Analysis provides the Authority's segmental analysis and the service section of the Comprehensive Income and Expenditure Statement follows the same segmental analysis. In line with Code requirements, the reportable segments are based on the Authority's internal management reporting. Where changes occur to the reportable segments as a result of re-organisation, comparative figures for the prior year are re-stated to match the new format in accordance with the requirements set out in the Code.

v. Employee BenefitsBenefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the net cost of services in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The Authority participates in the Local Government Pension Scheme (LGPS) which it also administers. The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bond yields as at the date of calculation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities - current bid price
 - Unquoted securities - professional estimate
 - Unitised securities - current bid price
 - Property - market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and Expenditure; and

- Contributions paid to the Fund by the employer – cash paid as employer contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

vi. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the accounting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, creditors, debtors, investments and bank deposits of the Authority.

Cash, debtors and creditors are the Authority's only financial instruments; these are disclosed on the Balance Sheet, and are classified as financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

viii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefit or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is amortised over its useful life on a straight line basis. The assets are funded directly from revenue and charged to the Fund. The capital element is then adjusted in the Capital Adjustment Account.

ix. Property, Plant and Equipment

Assets that have a physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Assets are then carried in the Balance Sheet at depreciated historical cost, due to the assets having short useful lives or low values (or both).

Impairment

Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – on a straight line basis, as advised by a suitably qualified officer.

Items of property, plant and equipment are excluded from depreciation before they are available for use. Therefore Assets Under Construction are not depreciated. Once the asset is available for use (even if not in actual use yet) it is transferred to the relevant asset category within Property, Plant and Equipment and is subject to depreciation from the date of being available for use.

Disposals

When an asset is disposed or decommissioned, the carrying amount of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any amounts written off on disposals will not be a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

x. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating Leases - The Authority as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

xi. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

xii. Provisions and Contingent Liabilities

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Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xiii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets and for retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

xiv. VAT

The Authority has partial exemption from VAT, as such not all VAT suffered is recoverable. Income and expenditure items are accounted for net of VAT; however, the irrecoverable VAT expense is charged to the relevant services in the Comprehensive Income and Expenditure Statement.

Note 3. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Authority is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued on or before 1 January 2023 but not yet adopted by the Code. The 2023/24 Code will introduce amendments in respect of:

- >Definition of Accounting Estimates (Amendments to IAS 8)
- >Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- >Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments above are not expected to have any significant impact on the Authority's accounts.

Note 4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The item estimated in the Authority's Balance Sheet at 31 March 2023 where there is significant estimation uncertainty that could result in a material adjustment within the next financial year is the net Pensions Liability. The estimation is complex and the key factors are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the obligations of changes in individual assumptions can be measured. For example: <ul style="list-style-type: none"> > A 0.1% decrease in the discount rate assumption would result in an increase to the obligations of approximately 2% or £531,000 > A one year increase in the life expectancy assumption would result in an increase to the obligations of approximately 4% or £1,063,000 > A 0.1% increase in the salary inflation rate assumption would result in an increase to the obligations of approximately 0% or £91,000 > A 0.1% increase in the pension increase rate assumption would result in an increase to the obligations of approximately 2% or £447,000.

However, the assumptions interact in complex ways. During 2022/23, the Authority's actuaries advised that the net pensions liability had decreased by £17,295,000 due to updating of the financial assumptions (see further detail below), had decreased by £285,000 due to changes in demographic assumptions, and had increased by £2,724,000 due to estimates being corrected as a result of other experience.

Impact of Inflation for Pensions Obligations

The high levels of inflation in the external environment resulted in the Pensions Increase order as at April 2023 being 10.10%, which is significantly higher than the pensions increase order assumption built into the obligations at the start of the period. The pensions order increase has increased obligations for the Authority through pensions in payment, deferred pensions and CARE retirement pots.

A result of the inflationary environment has been increasing interest rates, which has led to the corporate bond yield (upon which the discount rate is derived) rising over the period. The discount rate has a significant impact on the obligations of the Authority, a rising discount rate leads to decreasing obligations. The impact on the obligations from the discount rate has been the critical factor in reducing the overall net pensions liability on the Authority's balance sheet significantly from £10.5 million at 31 March 2022 to £0.5 million at 31 March 2023. See note 24 for further details.

Note 5. Events After The Reporting Period

The Statement of Accounts was authorised for issue on 31 May 2023 . Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6. Supplementary Information to Note 1. Expenditure & Funding Analysis

This note provides further information and a breakdown of the adjustments shown in Note 1 Expenditure & Funding Analysis to show how the figures accounted for in the Comprehensive Income and Expenditure Statement are adjusted from accounting basis to funding basis.

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments between funding and accounting basis 2022/23			
	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Adjustments	Total Adjustments
	£	£	£	£
Pensions Administration	0	348,739	6,689	355,428
Investment Strategy	0	41,074	740	41,814
Finance & Corporate Services	0	135,445	3,776	139,221
ICT	57,458	51,110	5,345	113,913
Management & Corporate Costs	100,244	51,914	(10,367)	141,791
Democratic Representation	0	8,213	0	8,213
Net Cost of Services	157,702	636,495	6,183	800,380
Other Income and Expenditure from the Expenditure & Funding Analysis	(89,823)	(28,336)	0	(118,159)
Difference Between General Fund Deficit and the CIES Deficit on the Provision of Services	67,879	608,159	6,183	682,221

Adjustments for Capital Purposes

This column adjusts for the following:

- Net Cost of Services: Depreciation and amortisation charges; and
- Other Income and Expenditure from the EFA: Charge to the General Fund to finance the capital expenditure incurred in the year.

Net Change for Pensions Adjustments

This column presents the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

- Net Cost of Services: this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and any past service costs.
- Other Income and Expenditure from the EFA: Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

This column presents other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- Net Cost of Services: this represents the removal, as required by statute, of the expenditure charged to the Comprehensive Income and Expenditure Statement resulting from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

Adjustments between funding and accounting basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustment for Capital Purposes £	Net Change for		Total Adjustments £
		Pensions Adjustments £	Other Statutory Adjustments £	
Pensions Administration	0	339,199	(24,610)	314,589
Investment Strategy	0	44,971	(3,633)	41,338
Finance & Corporate Services	0	113,211	(4,196)	109,015
ICT	46,547	61,418	(6,528)	101,437
Management & Corporate Costs	24,062	50,941	10,367	85,370
Democratic Representation	0	8,241	0	8,241
Net Cost of Services	70,609	617,981	(28,600)	659,990
Other Income and Expenditure from the Expenditure & Funding Analysis	(1,546,925)	(42,477)	0	(1,589,402)
Difference Between General Fund Surplus and the CIES Surplus on the Provision of Services	(1,476,316)	575,504	(28,600)	(929,412)

Note 7. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. All expenditure of the Authority that is charged to the General Fund is then fully charged to the Pension Fund.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of an Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice.

2021/22		2022/23
£		£
General Fund		General Fund
	<i>Adjustments to Revenue Resources</i>	
(70,609)	Reversal of Entries Included in the Surplus or Deficit on Provision of Services in Relation to Capital Expenditure (Transferred to Capital Adjustment Account)	(157,702)
(575,504)	Pensions Costs (Transferred to the Pensions Reserve)	(608,159)
28,600	Holiday Pay (Transferred (to)/ from the Accumulated Absences Adjustment Account)	(6,183)
(617,513)	Total Adjustments to Revenue Resources	(772,044)
	<i>Adjustments Between Revenue and Capital Resources</i>	
1,546,925	Capital Expenditure Financed from Revenue Balances (Transferred to the Capital Adjustment Account)	89,823
1,546,925	Total Adjustments Between Revenue and Capital Resources	89,823
929,412	Total Adjustments	(682,221)

8. Transfers (To) / From Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 Apr 2021	Transfers In	Transfers Out	Balance at 31 Mar 2022	Transfers Between Reserves	Transfers Out	Transfers In	Balance at 31 Mar 2023
	£	£	£	£	£	£	£	£
Corporate Strategy Reserve	(238,500)	(90,038)	184,700	(143,838)	(85,000)	118,618	0	(110,220)
Pay & Benefits Reserve	0	0	0	0	(50,000)	0	(150,000)	(200,000)
ICT Development Reserve	(118,300)	(87,650)	0	(205,950)	120,000	26,250	(18,330)	(78,030)
Capital Projects Reserve	(1,254,467)	(105,119)	1,220,470	(139,116)	15,000	89,826	0	(34,290)
Total:	(1,611,267)	(282,807)	1,405,170	(488,904)	0	234,694	(168,330)	(422,540)

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Corporate Strategy Reserve

This reserve exists to fund non-recurrent costs associated with various projects required for the implementation of the Corporate Strategy of the Authority. Amounts from this reserve have been used during the year in line with plans as follows:

- > £13,620 has been used to fund the 2022/23 cost in relation to retention incentive scheme payments as set out in Note 19;
- > £30,000 has been used to fund the 2022/23 cost of the triennial investment strategy review;
- > £41,000 has been used to fund the lease rent accounting adjustment for the year; and
- > £33,998 has been used to fund part of the costs relating to a review of the Constitution.

A total of £85,000 has been transferred into this reserve from other earmarked reserves to be allocated for meeting future costs of delivering corporate strategy plans.

Pay & Benefits Reserve

This reserve has been created this year in order to set aside funds required to meet additional costs arising from work in progress on a review of pay and benefits across the organisation, that will not be completed until 2023/24.

The Authority's budget for 2022/23 included a corporate contingency budget to meet these costs, which was unspent as a result of the review not being completed in year; this under-spend of £150,000 was therefore used to create the reserve, and an additional £50,000 was transferred into the reserve from other earmarked reserves.

ICT Development Reserve

This reserve is used to fund expenditure on ICT equipment and to enable a programme of systems development for the Authority.

The following transfers have taken place during the year.

> £18,330 has been transferred into this reserve from income generated from the sales of in-house developed software to other organisations; and

> £26,250 has been used to fund 2022/23 spending on enhancements to the Pensions Administration software system.

A total of £120,000 has been transferred from this reserve to other earmarked reserves to reflect the resourcing requirements that the reserve balances have been earmarked to meet in future years.

Capital Projects Reserve

This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets. During the year, amounts from this reserve have been used as follows.

> £89,826 has been used to finance the capital expenditure costs of additions to the Oakwell House and Laptop equipment assets.

A total of £15,000 has been transferred from this reserve to other earmarked reserves to reflect the resourcing requirements that the reserve balances have been earmarked to meet in future years.

Note 9. Expenditure And Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

2021/22	Expenditure	2022/23
£		£
3,712,619	Employee Benefits Expenses	4,457,739
70,609	Depreciation and Amortisation	157,701
2,094,205	Other Service Expenses	2,242,460
536,948	Irrecoverable VAT Expense	626,209
295,000	Net Interest on the Net Defined Benefit Liability	287,000
6,709,381	Total Expenditure	7,771,109

2021/22	Income	2022/23
£		£
	<i>Fees, Charges & Other Service Income:</i>	
(108,980)	Charges for provision of IT services and IT sales	(82,986)
(38,825)	Charges for administration in relation to employer recharges for actuarial services	(22,850)
(37,019)	Charges for administration in relation to payroll	(36,986)
(4,581)	Charges to scheme members in relation to information provision on receipt of pension sharing orders upon divorce	(3,786)
(7,000)	Other Income	(5,380)
(196,405)	Subtotal Fees, Charges and Other Service Income	(151,988)

2021/22	Income	2022/23
£		£
	<i>Other Operating Income:</i>	
(5,982,548)	Charge to the South Yorkshire Pension Fund	(6,555,200)
	<i>Taxation Income</i>	
(337,477)	Levy for Residual Liabilities	(315,336)
(6,320,025)	<i>Subtotal Other Income</i>	(6,870,536)
(6,516,430)	Total Income	(7,022,524)
192,951	Deficit on the Provision of Services	748,585

Fees, Charges and Other Service Income - Recognition

Income from the provision of IT services and sales of internally developed IT systems to other public sector bodies is recognised in the period in which the services are provided. The £82,986 income in 2022/23 includes £64,648 (2021/22: £65,334) charged to the Office of the Police and Crime Commissioner for South Yorkshire for IT service provision; this is charged in four equal quarterly instalments on the basis of a set fee agreed for each financial year and the income is recognised in the year in which the services are provided. The remaining £18,338 IT income is in relation to sales of internally developed software products (EPIC and DART) to other LGPS pension funds and maintenance of this software. The income for the sale of software licences is recognised at the date of sale, and the income for software maintenance services is recognised over the period for which the fee is charged.

An administration fee is charged to employers in order to cover the costs of the Authority in relation to the handling of requests and other requirements for various actuarial services including provision of reports and information. This is calculated as a percentage of the fees charged by the actuary for these services and the income is recognised in the period when the services are provided.

The administration fee in respect of payroll relates to the administering of deductions from pension for members who have a health insurance plan provided by Westfield Health and the payment of these to the provider. The fee is charged as a percentage of the total amount deducted and paid over on a monthly basis and the income is recognised in the month to which it relates.

Other Operating Income

The Authority incurs costs in the discharge of its functions as the administering authority of the South Yorkshire Pension Fund. In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Authority charges its costs to the Fund as they are incurred. The total charge to the South Yorkshire Pension Fund is recognised as Other Operating Income in the Authority's CIES for the year to which it relates.

Taxation Income

The costs and expenses incurred in administering the residual liabilities of the former South Yorkshire Residuary Body are financed by a Levy issued to the four district councils of Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council. The Levy is charged in accordance with The Levying Bodies (General) Regulations 1992 and is allocated to each district in proportion to their populations. The total received is recognised as Taxation Income in the Authority's CIES for the year to which it relates.

Note 10. Property, Plant and Equipment

Movements in 2022/23:

	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Total Property, Plant and Equipment
	£	£	£
Cost			
At 1 April 2022	1,391,536	73,144	1,464,680
Additions	64,123	25,700	89,823
At 31 March 2023	1,455,659	98,844	1,554,503
Accumulated depreciation			
At 1 April 2022	(24,062)	(35,312)	(59,374)
Depreciation charge	(100,244)	(20,518)	(120,762)
At 31 March 2023	(124,306)	(55,830)	(180,136)
Net Book Value At 31 March 2023	1,331,353	43,014	1,374,367
Net Book Value At 31 March 2022	1,367,474	37,832	1,405,306

Comparative Movements in 2021/22:

	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Assets Under Construction	Total Property, Plant and Equipment
	£	£	£	£
Cost				
At 1 April 2021	0	73,144	29,311	102,455
Additions	1,362,225	0	0	1,362,225
Transfers from AUC	29,311	0	(29,311)	0
At 31 March 2022	1,391,536	73,144	0	1,464,680
Accumulated depreciation				
At 1 April 2021	0	(17,026)	0	(17,026)
Depreciation charge	(24,062)	(18,286)	0	(42,348)
At 31 March 2022	(24,062)	(35,312)	0	(59,374)
Net Book Value At 31 March 2022	1,367,474	37,832	0	1,405,306
Net Book Value At 31 March 2021	0	56,118	29,311	85,429

The Oakwell House asset represents the value of the major refurbishment project on the Authority's office accommodation and includes full mechanical and electrical plant, solar panels, furniture, fittings and equipment. The practical completion date and handover was 06 December 2021 and the asset is being depreciated from 1 January 2022.

The Laptops asset represents the value of laptop computers purchased. There have been additions to this asset during the year due to the growth in the workforce.

Depreciation

· Vehicles, plant, furniture and equipment: Oakwell House

The Oakwell House asset comprises two components with different useful economic lives as follows:

> Audio-visual equipment and fittings: In line with advice from the Corporate ICT and Digital Manager, a useful life of 10 years has been determined for this component. Depreciation is therefore charged over 120 months on a straight line basis commencing in the month following acquisition.

> The remaining plant, furniture, fittings and equipment component has been determined as having a useful economic life of 15 years. Depreciation is therefore charged over 180 months on a straight line basis commencing in the month following acquisition.

· Vehicles, plant, furniture and equipment: Laptops

It has been determined that the laptops have a useful economic life of 4 years.

Depreciation is charged over 48 months on a straight line basis commencing in the month following acquisition.

Note 11. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The Authority's licence for its Pensions Administration software is the only intangible asset held. In February 2022, the previous licence for this software expired and a new contract was entered into for a new 5 year licence from this date. This was accounted for as an addition in 2021/22 and is being amortised over 60 months starting from March 2022. The carrying value of the expired licence was nil as at the end of February 2022 and was written out as a disposal in March 2022.

The amortisation charge of £36,940 in 2022/23 (£28,261 in 2021/22) was charged to the ICT service line within Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	2021/22		2022/23	
	Pensions Administration System		Pensions Administration System	
	£		£	
		Balance at Start of Year:		
	541,840	Gross Carrying Amount	184,700	
	(516,657)	Accumulated Amortisation	(3,078)	
	25,183	Net Carrying Amount at Start of Year	181,622	
	184,700	Additions - Purchase	0	
	(28,261)	Amortisation for the Period	(36,940)	
		<i>Disposals - Fully Amortised Asset:</i>		
	(541,840)	Gross Carrying Amount Disposed	0	
	541,840	Accumulated Amortisation Disposed	0	
	181,622	Net Carrying Amount at End of Year	144,682	
		Comprising:		
	184,700	Gross Carrying Amount	184,700	
	(3,078)	Accumulated Amortisation	(40,018)	

Note 12. Financial Instruments

31 March 2022		31 March 2023
£		£
	Financial Assets at Amortised Cost	
1,741,053	Short Term Debtors	1,969,216
720	Cash and Cash Equivalents	0
1,741,773	Total Financial Assets at Amortised Cost	1,969,216
	Financial Liabilities at Amortised Cost	
(832,460)	Short Term Creditors	(667,231)
0	Long Term Creditors	(62,366)
(832,460)	Total Financial Liabilities at Amortised Cost	(729,597)
909,313	Total Financial Instruments	1,239,619

The short term debtors classified as financial assets do not include prepayments.

The short term creditors classified as financial liabilities do not include statutory creditors in respect of taxes payable to HMRC.

Nature and Extent of Risks Arising From Financial Instruments

The Authority's activities expose it to the following financial risks:

- Credit risk – the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.
- Liquidity risk – the risk that an entity (the Fund) will have difficulties in paying its financial liabilities.

As the Authority's primary purpose is as the administrator of the South Yorkshire Pension Fund, the management of risk in relation to financial instruments is mainly relevant to the Fund itself and is covered in detail in Note 17 to the South Yorkshire Pension Fund Accounts that follow.

All of the Authority's income and expenditure is charged directly to the Fund (or financed from the Levy in respect of residual liabilities), therefore market risks and liquidity risks are managed by the Fund.

All of the Authority's financial assets are short term debtors, and have been assessed for likelihood of default. All are anticipated to be received within 3 months.

The Authority's financial liabilities include both short and long term creditors. The short term creditors are anticipated to be paid within 3 months.

Note 13. Short Term Debtors

31 March 2022		31 March 2023
£		£
204,651	Trade Receivables	138,307
209,960	Prepayments	233,985
1,536,402	Owed from Pension Fund	1,830,909
<u>1,951,013</u>	Total	<u>2,203,201</u>
<u><u>1,951,013</u></u>		<u><u>2,203,201</u></u>

Note 14. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2022		31 March 2023
£		£
720	Bank Current Accounts	0
<u>720</u>	Total	<u>0</u>
<u><u>720</u></u>		<u><u>0</u></u>

Note 15. Creditors

31 March 2022		31 March 2023
£		£
	<i>Short Term Creditors</i>	
(410,382)	Trade Payables	(476,065)
(77,830)	Payable to HMRC - Employment Taxes	(72,571)
(557,242)	Payable to HMRC - VAT	(1,038,123)
(303,424)	Capital Creditors	(17,518)
(118,654)	Other Payables	(173,648)
<u>(1,467,532)</u>		<u>(1,777,925)</u>
	<i>Long Term Creditors</i>	
0	Retention Payments Due on Retirement	(62,366)
<u>(1,467,532)</u>	Total	<u>(1,840,291)</u>

Note 16. Unusable Reserves

31 March 2022		Note 16	31 March 2023
£			£
(1,586,928)	Capital Adjustment Account	[a]	(1,519,049)
10,507,255	Pensions Reserve	[b]	505,192
53,447	Accumulated Absences Adjustment Account	[c]	59,630
<u>8,973,774</u>	Total Unusable Reserves		<u>(954,227)</u>

a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition or subsequent costs such as depreciation, impairment losses and amortisation are charged to the Comprehensive Income & Expenditure Statement. The Account is credited with amounts set aside by the Authority as finance for the costs of acquisition or enhancement.

2021/22		2022/23
£		£
(110,612)	Balance at 1 April	(1,586,928)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
28,261	Amortisation of Intangible Assets	36,940
42,348	Depreciation of Vehicles, Plant, Furniture & Equipment	120,762
	<i>Capital financing applied in the year:</i>	
(1,546,925)	Capital Expenditure Charged Against the General Fund Balance	(89,823)
<u>(1,586,928)</u>	Balance at 31 March	<u>(1,519,049)</u>

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22		2022/23
£		£
13,875,275	Balance at 1 April	10,507,255
(3,943,524)	Remeasurement Of The Net Defined Benefit Liability	(8,202,444)
1,309,000	Reversal Of Items Relating To Retirement Benefits Debited or Credited to the Surplus On the Provision Of Services in the CIES	1,386,000
(733,496)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable In The Year	(777,841)
0	Effect of Asset Ceiling	(2,407,778)
10,507,255	Balance at 31 March	505,192

The Pensions Reserve includes the reserve calculated for the residual liabilities; the breakdown is shown below:

31 March 2022		31 March 2023
£	Pensions Reserve	£
8,081,727	Authority	(1,306,000)
2,425,528	Residual Liabilities	1,811,192
10,507,255	Total	505,192

c) Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2021/22			2022/23
£			£
82,047	Balance at 1 April		53,447
(82,047)	Settlement or cancellation of accrual made at the end of the preceding year	(53,447)	
53,447	Amounts accrued at the end of the current year	59,630	
<hr/>			
(28,600)	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		6,183
<hr/>			
53,447	Balance at 31 March		59,630
<hr/> <hr/>			

Note 17. Cash Flow Statement - Operating Activities

The Deficit on Provision of Services has been adjusted for the following non-cash movements:

2021/22		2022/23
£		£
28,261	Amortisation	36,940
42,348	Depreciation	120,762
575,504	Movement in Pension Liability	608,159
24,744	Increase in Long Term Provision / Creditor	13,622
56,686	Increase in Short Term Creditors	596,299
737,895	Decrease / (Increase) in Debtors	(252,188)
<u>1,465,438</u>	Total Adjustment for Non Cash Movements	<u>1,123,594</u>

Note 18. Cash Flow Statement - Investing Activities

2021/22		2022/23
£		£
(1,272,212)	Purchase of Property Plant & Equipment	(375,729)
<u>(1,272,212)</u>	Total Investing Activities	<u>(375,729)</u>

The Authority does not have any financing cash flows. This is due to the nature of the Authority's work in that its sole purpose is to administer the South Yorkshire Pension Fund.

Note 19. Officers' Remuneration

The remuneration paid to the Authority's senior employees, is as follows:

		Further Details	Salary, fees and allowances £	Employer Pension Contributions £	Pension Contributions Due On Retirement* £	Total £
Director (Head of Paid Service)	2022/23		123,415	19,870		143,284
	2021/22		110,958	17,864		128,822
Assistant Director - Investment Strategy	2022/23		90,692	14,601	13,622	118,915
	2021/22		88,767	14,291	12,372	115,430
Assistant Director - Pensions	2022/23	[a]	90,692	14,601	0	105,293
	2021/22		88,767	14,291	12,372	115,430
Assistant Director - Resources (Deputy Treasurer)	2022/23		85,143	13,708		98,851
	2021/22		80,945	13,032		93,977
Head of Governance (Monitoring Officer January to March 2023)	2022/23	[b]	60,071	9,671		69,742
Treasurer	2022/23		5,250	856		6,106
	2020/21	[c]	4,966	809		5,775
Monitoring Officer (February 2022- December 2022)	2022/23		3,281	535		3,816
	2021/22	[b]	582	95		677

[a] The Assistant Director - Pensions resigned in February 2023, which will take effect from 31 May 2023.

[b] From January 2023, the Monitoring Officer role is undertaken by the Authority's Head of Governance, who commenced in post with the Authority in May 2022. The remuneration shown in the table above is that paid from May 2022 to March 2023.

The role of Monitoring Officer was previously undertaken by an officer of Barnsley MBC under a service level agreement until 31 December 2022. The role holder was in post from February 2022 and charged approximately 5% of salary in 2022/23 (for the period April - December 2022). The annualised salary for 2022/23 was £84,145.

[c] The Treasurer role is provided by an officer of Barnsley MBC under a service level agreement. The Treasurer charged approximately 5% of salary in 2022/23 (2021/22: 5%), the annualised salary for 2022/23 was £104,996 (2021/22: £99,321).

*** Pensions Contributions Due On Retirement**

Costs have been accrued for the payment of additional employer pension contributions for the Assistant Director - Investment Strategy and the Assistant Director - Pensions as shown in the table above.

This is in respect of a Staff Retention Incentives Scheme introduced in 2020/21 to support succession planning.

Under the terms of the scheme, retention payments awarded for service in each of the first three years of the scheme would only be confirmed as payable at the end of the three years if the officer remained in post until that time. As such these costs were previously accounted for as a provision. As at 31 March 2023, the payments for the Assistant Director - Pensions for 2020/21 and 2021/22 service, and for the Assistant Director - Investment Strategy for 2020/21, 2021/22 and 2022/23 service, were confirmed as payable upon retirement and therefore the total cost accrued is now recognised as a long term creditor on the Authority's balance sheet. The total balance of this long term creditor is £62,366 as at 31 March 2023 (£48,744 at 31 March 2022).

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2021/22 Number of employees	2022/23 Number of employees
£55,000-£59,999	1	1
£70,000-£74,999	0	1

Exit Packages

The numbers of exit packages with total cost per band are shown below. There were two such packages agreed in 2022/23 (2021/22: None).

Exit Package Cost Band

Exit Package Cost Band	2021/22 Number of Redundancies or Other Departures Agreed	2022/23 Number of Other Departures Agreed
£0 - £70,000	0	2

The total cost for the exit packages shown in the table above was £82,193 and this is the total that has been charged to the Comprehensive Income and Expenditure Statement in the current year.

Note 20. Members' Allowances

The Authority paid the following amounts for elected members during the year. Member allowances are paid in accordance with the scheme of allowances as published on the Authority's website. Expenses paid are to reimburse members for travel and/or hotel costs incurred in travelling to meetings and/or training events on Authority business.

2021/22		2022/23
£		£
60,069	Member Allowances	64,373
319	Employer National Insurance on Member Allowances	394
829	Expenses	1,264
<u>61,217</u>	Total	<u>66,030</u>

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Note 21. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the statement of accounts:

2021/22		2022/23
£		£
31,833	Fees payable to Deloitte LLP with regard to external audit services carried out for the year	31,833
14,136	Fees payable to Deloitte LLP with regard to additional costs for external audit services carried out	7,272
<u>45,969</u>	Total	<u>39,105</u>

The scale audit fee set by Public Sector Audit Appointments Ltd (PSAA) is £31,833 for 2022/23. However in the last few years, it has become evident that the audit work requirements for the external auditor cannot be fully met within this fee level, and therefore Deloitte have previously discussed and agreed additional fee for the audit with the Authority in respect of the 2021/22 audit and have set out their intention to do so again in respect of the 2022/23 audit. The process for obtaining approval from the PSAA for additional fee means that there is a time lag before the additional fee is confirmed and charged to the Authority. Therefore the figure shown for this above is an estimate based on best available information.

Note 22. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

South Yorkshire Pension Fund

The Pension Fund is a related party to the Authority as all expenditure (except for that financed by the Levy in relation to Residual Liabilities) is charged to the Fund.

During the year, the Authority paid a total of £462,505 (2021/22: £396,019) to the Fund in respect of employer pension contributions and received a total of £6,555,200 (2021/22: £5,982,548) from the Fund as the amount recharged for Authority expenditure for the year.

At 31 March 2023, there is a debtor balance of £1,830,909 (31 March 2022: £1,536,402) in the Authority's balance sheet for the sum due from the Fund.

In addition to the above, the Authority paid a total of £315,336 (2021/22: £337,477) to the Fund as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body. The Authority's expenditure in this regard was financed by charging a levy for this amount to the four South Yorkshire districts (Barnsley MBC, Doncaster MBC, Rotherham MBC and Sheffield CC) in proportion to their populations.

Barnsley Metropolitan Borough Council

The statutory roles of Clerk and Treasurer for the Authority were undertaken by officers of Barnsley MBC; the statutory role of Monitoring Officer was undertaken by an officer of Barnsley MBC until 31 December 2022. (From 1 January 2023 the Authority's Head of Governance has been designated as the Monitoring Officer).

Amounts paid to Barnsley MBC during the year included:

>£45,568 (2021/22: £39,660) in respect of business rates charged on the Authority's office accommodation.

>£147,841 (2021/22: £178,352) in respect of fees for the Service Level Agreement through which the Council provides a range of support services to the Authority including Governance, HR, Audit and other corporate services.

>In 2021/22, an amount of £104,243 was paid to Barnsley MBC in respect of rent and service charge expenses for accommodation leased from the Council until February 2022.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. An examination of the Register of Members' Interests confirms that there were no related party transactions to disclose.

Officers

Certain officers might also be in a position to influence significantly the policies of the Authority.

Director

Barnsley College is an employer within the Pension Fund. The Director (Head of Paid Service) was appointed as a Governor of Barnsley College in September 2022. The Director has made the appropriate declarations in respect of this appointment and arrangements have been put in place to ensure the Director is not involved with specific decisions or discussions concerning the College's participation in the Fund.

Barnsley College paid contributions to the Fund totalling £1,928,970 in 2022/23, split as follows:

> Employee Contributions £516,187

> Employer Contributions £1,412,783

The Authority paid a total of £300 to Barnsley College relating to Apprenticeship qualification courses during 2022/23; the Director did not take part in any decision or discussion relating to the transactions or the use of Barnsley College as a service provider.

No other material related party transactions have been identified following consultation with relevant officers.

Note 23. Leases

Operating Leases - Authority as Lessee

During 2021/22, the Authority exercised the lease break option available in the lease with Barnsley MBC for office accommodation at Level 8, Gateway Plaza, Barnsley S70 2RD and terminated the lease with effect from 30 November 2021; although, as a result of delays on the new office project, occupation continued and rent charges were paid until 4 February 2022.

A new lease was entered into with Mapeley Gamma Acquisitions Ltd (c/o FI Real Estate Management) for office accommodation at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley S71 1HG. The lease commenced with effect from 28 May 2021 for a period of 30 years with a lease break clause at 15 years, and a rent review due at 28 May 2031.

The lease rentals included an incentive in the first five years of the lease period, with rent set at £40,356 per annum to 27 May 2026. The rent will increase to £90,800 per annum thereafter subject to a rent review at 28 May 2031.

Additionally, the first six months of the lease period - to 27 November 2021 - were free of rent whilst the property was being refurbished by the Authority. The rent commencement date was 28 November 2021.

In line with the accounting policy as required by the Code, the lease rentals are charged to the CIES on straight-line basis over the life of the lease.

The future minimum lease payments due under the non-cancellable lease in future years are:

31 March 2022		31 March 2023
£		£
40,235	Not later than one year	40,373
203,989	Later than one year and not later than five years	254,455
831,380	Later than five years	740,541
<u>1,075,604</u>	Total	<u>1,035,369</u>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2021/22		2022/23
£		£
74,438	Lease Charge for Level 8, Gateway Plaza	0
68,958	Lease Charge for Oakwell House	81,720
<u>143,396</u>	Total	<u>81,720</u>

Note 24. Defined Benefit Pension Liability

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these benefits will not actually be paid until retirement, the Authority participates in the Local Government Pension Scheme (LGPS) for its employees, administered by the Authority itself, which is a defined benefit scheme. It is also a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The South Yorkshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. South Yorkshire Pensions Authority is the designated statutory body responsible for administering the South Yorkshire Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. Policy is determined in accordance with Pension Fund regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made to the Authority is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

2021/22		2022/23
£		£
	Comprehensive Income & Expenditure Statement	
	<i>Cost of Services</i>	
	Service Cost Comprising:	
1,014,000	Current Service Cost	1,099,000
	<i>Financing and Investment Income and Expenditure</i>	
295,000	Net Interest Expense	287,000
1,309,000	Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	1,386,000
	<i>Other Post-Employment Benefits Charged To The Comprehensive Income And Expenditure Statement</i>	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
(2,146,000)	Return on Plan Assets (excluding the amount included in the net interest expense)	1,838,000
0	Actuarial Gains Arising on Changes Based on Demographic Assumptions	(285,000)
(1,994,000)	Actuarial Gains Arising on Changes in Financial Assumptions ¹	(17,295,000)
196,476	Actuarial Losses Arising on Changes Based on Other Experience	2,724,000
0	Effect of Asset Ceiling ²	2,407,778
(3,943,524)	Total Post-Employment Benefits Charged to Other Comprehensive Income And Expenditure	(10,610,222)
	Movement in Reserves Statement	
1,309,000	Reversal of Net Charges Made to the Surplus On Provision Of Services for Post-Employment Benefits in Accordance with the Code	1,386,000
(733,496)	Actual Amount Charged Against the General Fund Balance for Pensions in the Year: Employer's Contributions Payable to the Scheme	(777,841)
575,504	Total Post-Employment Benefits Adjustment Recognised in Movement in Reserves Statement	608,159

¹ The actuarial remeasurements of the net defined benefit liability include a significant gain of £17,295,000 arising from changes in financial assumptions as shown above.

These financial assumptions comprise the following:

- a. Discount Rate – This assumption has increased by 2.05% due to a rise in the corporate bond yield (from which the discount rate is derived) as a result of the high inflationary environment. The discount rate is used to discount future obligations to present value and therefore this increase in the discount rate has served to reduce the Authority’s pension obligations significantly, accounting for approximately £14,650,000 of the total above.
- b. Pension Increase Rate – This assumption has reduced by 0.25% due to a fall in market derived CPI inflation over the period, which has served to reduce the Authority’s obligations, accounting for approximately £1,730,000 of the total above.
- c. Salary Increase Rate - This assumption has reduced by 0.65% over the period, which has served to reduce the Authority’s obligations, accounting for approximately £915,000 of the total above. The salary increase assumption used by the actuary is set relative to the CPI assumption.

² The Authority’s net defined benefit liability recognised on the balance sheet includes the Authority’s pensions liability as an employer in the Fund plus the Unfunded residual liabilities of the former South Yorkshire Residuary Body. These balances can be broken down as follows:

Page 141	31 March 2022	Net Defined Benefit Liability Recognised on the Balance Sheet	31 March 2023
	8,081,727	South Yorkshire Pensions Authority - Funded Obligations	(1,306,000)
	2,425,529	Unfunded Obligations of the Former South Yorkshire Residuary Body	1,811,192
	10,507,256		505,192

As a result of the significant gains arising from the change in financial assumptions, the net balance of the Authority’s funded defined benefit obligations has changed from a deficit to a surplus position at the reporting date. The IAS 19 Accounting Standard imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This is termed the ‘asset ceiling’ in the accounts.

Following review of the accounting requirements and consultation with the actuary, the limit of the surplus has been determined as £1,306,000 for the Authority, based on an actuarial calculation of the difference between the net present value of future service costs and the net present value of future employer contributions.

The original accounting surplus figure was (£3,713,778). Therefore, to reduce this to the asset ceiling limit of (£1,306,000), an adjustment of £2,407,778 for the effect of the asset ceiling has been charged to Other Comprehensive Income in the Comprehensive Income and Expenditure Statement as part of the remeasurements of the net defined benefit liability.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

31 March 2022		31 March 2023
£		£
(38,976,257)	Present Value of Funded Liabilities	(26,563,412)
(2,655,529)	Present Value of Unfunded Liabilities	(1,811,193)
31,124,531	Fair Value of Plan Assets	30,277,191
0	Effect of Asset Ceiling	(2,407,778)
<u>(10,507,255)</u>	Net Liability Arising from Defined Benefit Obligation	<u>(505,192)</u>
	Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	
28,453,920	Opening Fair Value of Plan Assets At 1 April	31,124,531
596,000	Interest Income	840,000
	<i>Remeasurement Gains/(Losses):</i>	
2,146,000	Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(1,838,000)
0	Other Experience	152,000
381,611	Contributions from Employer	447,660
351,885	Contributions from Employer in Respect of Unfunded Benefits	330,180
174,000	Contributions from Employees Into the Scheme	204,000
(627,000)	Benefits Paid	(653,000)
(351,885)	Unfunded Benefits Paid	(330,180)
<u>31,124,531</u>	Closing Fair Value of Plan Assets At 31 March	<u>30,277,191</u>

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

31 March 2022		31 March 2023
£		£
(42,329,194)	Opening Balance At 1 April	(41,631,786)
(1,014,000)	Current Service Cost	(1,099,000)
(891,000)	Interest Cost	(1,127,000)
(174,000)	Contributions from Scheme Participants	(204,000)
	<i>Remeasurement (Gains) And Losses:</i>	
0	Actuarial Gains Arising on Changes in Demographic Assumptions	285,000
1,994,000	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	17,295,000
(196,477)	Actuarial (Gains) / Losses Arising on Changes Based on Other Experience	(2,876,000)
0	Past Service Cost (Including Curtailments)	0
0	Effect of Settlements	0
627,000	Benefits Paid	653,000
351,885	Unfunded Benefits Paid	330,181
(41,631,786)	Closing Balance At 31 March	(28,374,605)
	<i>Comprising:</i>	
(38,976,257)	Present Value Of Funded Liabilities	(26,563,412)
(2,655,529)	Present Value Of Unfunded Liabilities	(1,811,193)
(41,631,786)		(28,374,605)

Local Government Pension Scheme Assets

The fair value of the plan assets held at 31 March 2023 comprised the following classes of assets. Please note the values are shown as £000 amounts, rounded to the nearest £100.

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2023	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	2.0	0.3	2.3	0%
Debt Securities				
Corporate Bonds (Non Investment Grade)	0.0	0.6	0.6	0%
UK Government	0.0	112.6	112.6	0%
Other	91.6	1,671.7	1,763.3	6%
Private Equity				
All	53.0	3,164.0	3,217.0	11%
Real Estate				
UK Property	41.1	2,484.7	2,525.8	8%
Overseas Property		38.0	38.0	0%
Investment Funds and Unit Trusts				
Equities	0.0	13,677.2	13,677.2	45%
Bonds	0.0	5,059.5	5,059.5	17%
Infrastructure	320.7	2,717.2	3,037.9	10%
Other	0.0	555.3	555.3	2%
Cash and Cash Equivalents				
All	288.5	0.0	288.5	1%
Total Assets	796.9	29,481.1	30,278.0	100%

The fair value of the plan assets held at 31 March 2022 comprised the following classes of assets:

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2022	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	74.7	0.2	74.9	0%
Debt Securities				
Corporate Bonds (Non Investment Grade)	0.0	3.4	3.4	0%
UK Government	0.0	185.7	185.7	1%
Other	88.4	1,464.4	1,552.8	5%
Private Equity				
All	66.9	2,983.9	3,050.8	10%
Real Estate				
UK Property	51.6	2,571.7	2,623.3	8%
Overseas Property	0.0	41.9	41.9	0%
Investment Funds and Unit Trusts				
Equities	0.0	14,502.7	14,502.7	47%
Bonds	0.0	5,590.6	5,590.6	18%
Infrastructure	399.7	2,171.6	2,571.3	8%
Other	0.0	580.5	580.5	2%
Cash and Cash Equivalents				
All	347.1	0.0	347.1	1%
Total Assets	1,028.4	30,096.6	31,125.0	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions on mortality rates, salary levels, etc.

The defined benefit liability has been estimated by Hymans Robertson LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are as follows:

31 March 2022	Financial Assumptions	31 March 2023
% p.a		% p.a
3.20	Pension Increase Rate (CPI)	2.95
4.20	Salary Increase Rate	3.55
2.70	Discount Rate	4.75

31 March 2022	Mortality Assumptions	31 March 2023
Years		Years
	<i>Longevity at 65 for current pensioners</i>	
22.6	Men	20.5
25.4	Women	23.7
	<i>Longevity at 65 for future pensioners¹</i>	
24.1	Men	21.5
27.3	Women	25.2

¹ Figures assume members aged 45 as at the last formal valuation date.

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivities below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below is consistent with those used in the previous period.

Change in Assumptions at 31 March 2023	Impact on the defined benefit obligation in the scheme	
	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% Decrease in Real Discount Rate	2%	531
1 Year Increase in Member Life Expectancy	4%	1,063
0.1% Increase in the Salary Increase Rate	0%	91
0.1% Increase in the Pension Increase Rate (CPI)	2%	447

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. These figures are based on IAS 19 assumptions, however using the actuarial assumptions during the latest valuation, the funding level for the Authority has been calculated at around 125%. The South Yorkshire Pension Fund has an agreed strategy with the actuary to maintain a funding level of at least 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

The Authority expects to pay employer's contributions for the period to 31 March 2024 of approximately £439,000 in relation to the Authority itself and of £315,000 in relation to the unfunded residual liabilities of the former South Yorkshire County Council and Residuary Body.

The average duration of the defined benefit obligation for funded scheme members is estimated to be 20 years and for unfunded members is estimated to be 5 years.

Note 25. Contingent Liabilities

At 31 March 2023, the Authority had one material contingent liability as follows.

The Authority, along with the other 10 partner funds of Border to Coast, has entered into a guarantee to fund the liabilities of Border to Coast should they become unable to meet them. At 31 March 2023 the value was calculated at £13,091 based on a 1/11 share of the total net defined pension liability (31 March 2022: £248,727) purely on an accounting basis but the real value is uncertain and will, if it materialises, be calculated on a valuation basis which is different. The event is unlikely to ever occur, therefore no provision has been accounted for but instead this is disclosed as a contingent liability in line with the Code definition and as set out in Note 2 Accounting Policies.



South Yorkshire Pension Fund
Financial Statements
& Notes 2022/23

South Yorkshire Pension Fund - Fund Account

2021/22 £000		Notes	2022/23 £000
	Dealings with Members, Employers and Others Directly Involved in the Fund		
(192,000)	Contributions	[7]	(210,836)
(18,584)	Transfers In from Other Pension Funds	[8]	(25,107)
(210,584)			(235,943)
320,872	Benefits	[9]	346,267
17,136	Payments To and On Account of Leavers	[10]	20,125
338,008			366,392
127,424	Net Withdrawals from Dealings With Members		130,449
105,678	Management Expenses	[11]	68,428
233,102	Net Withdrawals Including Fund Management Expenses		198,877
	Returns On Investments		
(66,794)	Investment Income	[12]	(57,455)
(977,797)	Profit And Losses on Disposal of Investments and Changes in the Value of Investments	[14b]	330,160
(1,044,591)	Net Return on Investments		272,705
(811,489)	Net (Increase) / Decrease in the Net Assets Available for Benefits During the Year		471,582
(9,862,073)	Opening Net Assets of the Scheme		(10,673,562)
(10,673,562)	Closing Net Assets of the Scheme		(10,201,980)

South Yorkshire Pension Fund - Net Assets Statement

31 March 2022			31 March 2023
£000		Notes	£000
	Long Term Investments		
1,182	Equities		1,182
	Investment Assets		
25,621	Equities		786
64,692	Bonds		38,082
9,648,130	Pooled Investment Vehicles		9,342,809
795,555	Direct Property	[14a]	702,029
118,756	Cash		97,025
2,468	Other Investment Assets		2,250
10,656,404	Total Net Investments	[14a]	10,184,163
33,828	Current Assets	[20]	33,482
10,690,232			10,217,645
(16,670)	Current Liabilities	[21]	(15,665)
10,673,562	Net Assets of the Fund Available to Fund Benefits at the End of the Reporting Period		10,201,980

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

Notes To The South Yorkshire Pension Fund For The Year Ended 31 March 2023

Note 1. Description Of Fund

The South Yorkshire Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by South Yorkshire Pensions Authority.

a) General

The LGPS is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following scheme legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by South Yorkshire Pensions Authority (the Authority) to provide pensions and other benefits for pensionable employees of South Yorkshire Pensions Authority, the four district councils in South Yorkshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Authority, which consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition, 3 representatives of the recognised Trades Unions act as observers to represent the interests of scheme members.

In accordance with the requirements of the Public Services Pensions Act 2013, the Authority has established a Local Pension Board. The Board holds regular meetings and provides oversight, challenge and scrutiny over how the administering authority exercises its responsibilities. It publishes its own annual report which is available on the Authority's website and within the Annual Report.

The Border to Coast Pensions Partnership (Border to Coast) was created in response to Government policy on the pooling of investments. South Yorkshire Pension Fund, along with 10 other partner funds, are equal shareholders in the company. Most of the Fund's equity investments have been managed by Border to Coast since July 2018 and transition of the Fund's assets from internal management to Border to Coast is a continuing process that is expected to take a number of years to complete fully. At 31 March 2023, approximately 70% (31 Mar 2022: 70%) of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Asset allocation remains the responsibility of the Authority.

Other investments are managed internally, with the assistance of advisors on real estate matters, in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. The Authority has an appointed independent investment advisory panel and has a retained actuary, Hymans Robertson LLP.

Further information is available in the Annual Report available from the Fund's website at www.sypensions.org.uk

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the South Yorkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

South Yorkshire Pension Fund	31 March 2022	31 March 2023
Number of Employers with Active Members	548	548
Number of Employees (Active Contributors)	51,429	52,763
Number of Pensioners	59,755	61,662
Number of Deferred Pensioners *	59,924	62,012
Total Number of Members in the Pension Scheme	171,108	176,437

* The total shown for deferred pensioners includes 11,351 unprocessed leavers at 31 March 2023 (9,775 at 31 March 2022). Once processed, these leavers could be a combination of deferred pensioners, frozen refunds, and aggregations. Until processed, this outcome is not known.

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employer contributions are set based on triennial actuarial funding valuations. The latest triennial valuation was undertaken as at 31 March 2022 and this determined the employer contribution rates that will be payable from April 2023 to March 2026. The employer contribution rates paid in 2022/23 ranged from 12.5% to 30.8% and were determined based on the previous triennial valuation as at 31 March 2019.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website at www.lgpsmember.org.

e) Investment Performance

The financial year to March 2023 was challenging for financial markets with significant volatility over the period. Equities delivered the weakest returns since the Global Financial Crisis in 2008 and at the same time, government bonds suffered steep losses. However, a sharp decline in sterling against major currencies helped to cushion the decline in the Fund's overall valuation.

The war in Ukraine led to sharp rises in energy and food prices and created a challenging environment for consumers, particularly in Europe and the UK. Tight labour markets globally resulted in strong wage growth and the disruption in supply chains all exacerbated inflationary pressures. Central banks became hawkish and tightened monetary policy by increasing interest rates aggressively to try to combat the impact of sharp rises in inflation.

At the start of the financial year the expectation was that inflationary pressures would be transitory, but inflation surged, and the US Federal Reserve had raised rates from 0.5% at the start of the financial year to 5% as at March 2023, the European Central bank had moved from zero to 3% and the Bank of England had raised rates from 0.75% to 4.25%. These rising rates contributed to issues for a small number of banks and led to extreme volatility in the banking sector during March. Silicon Valley Bank and Signature Bank in the US failed, and this was closely followed by escalating problems at Credit Suisse. They all failed for different reasons, but the scale and pace of interest rate rises was a contributing factor. In each case the regulators stepped in to protect savers and takeovers of the customer base by other banks resulted.

UK commercial property underwent a broad repricing given the weaker macroeconomic environment. Capital value declines have been the principal driver in the weaker performance as yields moved out, particularly in lower-yielding areas of the market, such as industrials. Transaction volumes decreased during the year as capital value declines weighed on performance and investors continued to narrow their focus on prime and best-in-class assets.

Over the year we continued our long-term strategy to deliver a lower risk return by continuing to switch from listed equities to new investments within the alternative asset classes, in particular infrastructure and private debt funds. Also, towards the end of the financial year we added to our index-linked bond position. This had been the weakest asset class falling by almost 40% over the year. We had benefited in terms of performance by being underweight our benchmark weight during the year but now feel that the valuations have improved after the rise in yields during 2022.

This year our investments in private debt and infrastructure funds were the driver of growth for the Fund, with additional contributions from our developed market equity funds. However, negative returns from our fixed interest funds and direct property more than offset this. Over the year the Fund delivered a return of -3.2% against an expected return of -4.1% from the benchmark (9.6% in 2021/22 against an expected return of 7.7%) and it had a market value (net investment assets only) of £10,184m at 31 March 2023 (£10,656m at 31 March 2022).

Note 2. Basis Of Preparation

The Statement of Accounts summarises the Fund's transactions for 2022/23 and its financial position at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no such accounting changes to be disclosed in this respect for 2022/23.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

Note 3. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently during the financial year and the previous financial year.

Fund Account - Revenue Recognition

a) Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they related.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if received earlier than the due date. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers To / From Other Schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment Income

i. Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iii. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iv. Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Rental income is recognised in the Fund Account as it accrues and any amounts received in respect of the future year are disclosed in the Net Assets Statement as current liabilities.

v. Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account - Expense Items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance, Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative Expenses All costs incurred by the Authority in respect of pensions administration are accounted for on an accruals basis and charged to the Fund.

Oversight and Governance All costs incurred by the Authority in respect of Oversight and Governance are accounted for on an accruals basis and are charged to the Fund.

Investment Management Expenses Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments.

Fees of the external investment managers, property advisor and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

All costs incurred by South Yorkshire Pensions Authority internally in respect of investment management expenses are accounted for on an accruals basis and are also charged to the Fund.

Net Assets Statement**g) Financial Assets**

The shares held as an unquoted equity investment in Border to Coast Pensions Partnership Ltd, are valued at cost - i.e. transaction price - as an appropriate estimate of fair value. It has been determined that cost remains an appropriate proxy for fair value at 31 March 2023. There is no market in the shares held and cost is a reasonable estimate of fair value. See Note 4 for further details.

All other financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 15). For the purposes of disclosing levels of the fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and Leasehold Properties

Properties are valued quarterly by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards, see Note 15 for more details.

i) Foreign Currency Transactions

Dividends, interest, and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Loans and Receivables

Financial assets classed as amortised cost are carried in the Net Assets Statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

l) Financial Liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from the changes in the fair value of the liability between contract date, the year-end and the eventual settlement date are recognised in the Fund Account as part of the change in market value of the investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Assets Statement is the outstanding principal repayable plus any accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant accounting standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 19).

n) Additional Voluntary Contributions

The South Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

o) Contingent Liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

Note 4. Critical Judgements In Applying Accounting Policies**Pension Fund Liability**

The net pension fund liability is re-calculated every three years by the appointed actuary, Hymans Robertson LLP from November 2021 (Mercer Limited to November 2021), with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Notes 18 and 19. Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Investment in Border to Coast

This investment has been valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2023, taking consideration of audited accounts for the company at 31 December 2022, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2023.

Directly Held Property

The Fund's property portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods between three months and ten years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by IAS 17 and the Code, therefore the properties are retained on the Net Assets Statement at fair value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease.

Private Equity

It is important to recognise the highly subjective nature of determining the fair value of unquoted private equity investments. They are inherently based on forward looking estimates and it is necessary to apply judgement to the valuation. Unquoted private equities and infrastructure investments are valued by the investment managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Note 5. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made. The items in the net assets statement for which there is a significant risk of material adjustment for the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	<p>The actuarial present value of promised retirement benefits at 31 March 2023 is £9,280 million. The sensitivities regarding the principal assumptions used to measure the obligations are as follows:</p> <ul style="list-style-type: none"> • a 0.1% p.a. reduction in the discount rate would increase the promised retirement benefits by approximately 2% or £169 million • a 0.1% p.a. increase in salary growth would increase the promised retirement benefits by approximately £19 million • a 0.1% p.a. increase in the pension increase rate (CPI) would increase the promised retirement benefits by approximately 2% or £152 million • a 1 year increase in member life expectancy would increase the promised retirement benefits by approximately 4% or £371 million
Private equity investments (Note 15)	Private equity instruments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £4,219 million at 31 March 2023 (£4,128 million at 31 March 2022) in the financial statements. Based on the assessed level of volatility using the same methodology as outlined in the sensitivity analysis shown in Note 17, if prices fell by 11.6% this would reduce the value of these assets by £489 million.
	Investments in private equity funds are valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers. These are as at 31 December 2022, then rolled forward for known cash flows in order to derive the valuation at 31 March 2023. This is the method used on the basis that any changes in market value from 31 December to 31 March are unlikely to be material. The reasonableness of this assumption is reviewed each year.	

Item	Uncertainties	Effect if actual results differ from assumptions
Freehold, leasehold property and pooled property funds (Note 15)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could all affect the fair value of property-based investments. The total value of property investments in the Net Assets Statement is £862 million including both directly held property and property held in pooled investment vehicles. The directly held commercial property portfolio is valued at 31 March 2023, whereas the agricultural property portfolio is valued as at 31 December 2022. At 31 March 2023 there is a range of potential outcomes. Note 17 shows the effect, based on an assessed volatility range, of a fall of 8% in these property values. For illustrative purposes, a fall of 10% would result in a reduction to the values in the Net Assets Statement of £86.2 million. However, it should be noted that this is illustrative only and is not necessarily indicative of the actual effects that would be experienced.

Note 6. Events After The Reporting Period

The Statement of Accounts was authorised for issue on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Non-Adjusting Event

The financial statements and notes have not been adjusted for the following event taking place after 31 March 2023 as it provides information that is relevant to an understanding of the Fund's financial position but does not relate to conditions at that date.

Agricultural Property Holdings

The Fund is considering a significant restructuring of its agricultural property holdings (valued at £183m in the Net Assets Statement as at 31 March 2023). The restructuring is likely to involve the creation of a new investment vehicle. A significant process of commercial due diligence is under way and based on current timelines, it is estimated that this will be concluded after October 2023. An estimate of the financial effect of this restructuring cannot be made at the date of authorising the statement of accounts for issue.

Note 7. Contributions Receivable

By Category

2021/22		2022/23
£000		£000
66,198	Employees' Contributions	72,604
	Employers' Contributions*	
111,550	Normal Contributions	124,461
8,246	Deficit Recovery Contributions	8,001
6,006	Augmentation Contributions	5,770
125,802	Total Employers' Contributions	138,232
192,000	Total Contributions Receivable	210,836

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By Employer Type

2021/22		2022/23
£000		£000
556	Administering Authority	651
	<i>Scheduled Bodies:</i>	
23,002	Barnsley Metropolitan Borough Council	24,675
10,427	City of Doncaster Council	13,986
12,276	Rotherham Metropolitan Borough Council	14,976
31,104	Sheffield City Council	36,619
101,164	Other Scheduled Bodies	110,495
13,471	Admitted Bodies	9,434
192,000		210,836

*** Employer Contributions: Prepayments**

In April 2020, City of Doncaster Council, Rotherham Metropolitan Borough Council and one Other Scheduled Body (South Yorkshire Fire & Rescue Authority) made prepayments in relation to their employer contributions due for the period April 2020 to March 2023. By making the payments early, the cash amounts payable over the period are reduced. The amount of the prepayment and the discount applied were calculated by the Fund's actuary based on an estimate of the pensionable pay for each employer over the 3 year period. The prepayments amounted to £87.366 million in respect of normal contributions. These amounts were accounted for in the period received (2020/21) and are therefore not included in the figures shown above.

Additionally, Barnsley Metropolitan Borough Council and 46 Other Scheduled Bodies (primarily Multi Academy Trusts and large employers including South Yorkshire Fire & Rescue Authority and The Chief Constable) opted to make prepayments in relation to their deficit recovery contributions due for the period April 2020 to March 2023. The cash amount payable for these contributions over the period is similarly reduced as a result of the early payment, and this discount is calculated by the Fund's actuary. The prepayments of these deficit recovery contributions amounted to £13.241 million accounted for in the period received (2020/21) and are therefore not included in the figures shown above.

Sheffield City Council made a prepayment in the final quarter of 2019/20 in relation to their employer contributions due for the period April 2020 to March 2023 on the same principles as outlined above. The prepayment amounted to £87.551 million in respect of normal contributions and £3.169 million in respect of deficit recovery contributions. These amounts were accounted for in the period received (2019/20) and are therefore not included in the figures shown above.

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Note 8. Transfers In From Other Pension Funds

2021/22		2022/23
£000		£000
18,584	Individual Transfers	25,107
18,584		25,107

Note 9. Benefits Payable

By Category

2021/22		2022/23
£000		£000
257,953	Pensions	272,528
57,102	Commutation and Lump Sum Retirement Benefits	64,045
5,817	Lump Sum Death Benefits	9,694
<u>320,872</u>		<u>346,267</u>

By Employer Type

2021/22		2022/23
£000		£000
771	Administering Authority	798
	<i>Scheduled Bodies:</i>	
42,772	Barnsley Metropolitan Borough Council	44,441
45,239	Doncaster Metropolitan Borough Council	48,035
46,540	Rotherham Metropolitan Borough Council	48,205
95,093	Sheffield City Council	107,919
61,938	Other Scheduled Bodies	67,626
28,519	Admitted Bodies	29,243
<u>320,872</u>		<u>346,267</u>

Note 10. Payments To And On Account of Leavers

2021/22		2022/23
£000		£000
535	Refunds to Members Leaving Service	584
16,605	Individual Transfers	19,543
(4)	Payments for Members Joining State Scheme	(2)
<u>17,136</u>		<u>20,125</u>

Note 11. Management Expenses

2021/22		2022/23
£000		£000
3,382	Administrative Costs	4,170
100,279	Investment Management Expenses [Note 11a]	62,732
2,017	Oversight and Governance Costs	1,526
<u>105,678</u>		<u>68,428</u>

Note 11a. Investment Management Expenses

2021/22					2022/23			
Management Fees	Performance Related Fees	Transaction Costs	Total		Total	Management Fees	Performance Related Fees	Transaction Costs
£000	£000	£000	£000		£000	£000	£000	£000
22,867	52,874	136	75,877	South Yorkshire Pensions Authority	31,284	24,024	5,765	1,495
21,559	0	1,418	22,977	Border to Coast Pensions Partnership	30,055	29,861	0	194
1,325	0	0	1,325	Abrdn	1,292	1,292	0	0
40	0	0	40	Bidwells	41	41	0	0
45,791	52,874	1,554	100,219		62,672	55,218	5,765	1,689
			60	Custody fees	60			
			100,279	Total	62,732			

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In accordance with CIPFA guidance management fees deducted at source and transaction costs are shown gross.

Wherever possible these figures are based on actual costs disclosed by the manager; where this is not available, best estimates have been made using other available information.

Note 12. Investment Income

2021/22		2022/23
£000		£000
572	Income from Equities	243
10,394	Bonds	14,201
28,267	Income from Pooled Investment Vehicles	15,406
27,278	Net Property Income [Note 12a]	25,852
168	Interest on Cash Deposits	1,868
80	Stock Lending	0
35	Other	(115)
<u>66,794</u>	Total Before Taxes	<u>57,455</u>
<u>0</u>	Irrecoverable Withholding Tax on Equities	<u>0</u>
<u>66,794</u>	Net Investment Income	<u>57,455</u>

The Fund's equity holdings, together with its investment grade and index linked bond holdings, are now managed in pooled funds provided by Border to Coast and there is no direct income from those funds; the value of that income is instead reflected within the valuation of the Fund holdings. The income is accumulated and reinvested; therefore, the value of the income is reflected in the price of the units held and would only be realisable by the Fund by selling the units. The value of this re-invested income is reported separately and is shown below for information.

Re-Invested Income In Border to Coast Pooled Investment Vehicles

2021/22		2022/23
£000		£000
37,894	Border to Coast UK	38,732
62,472	Border to Coast Developed Overseas	73,535
17,977	Border to Coast Emerging Markets	58,449
11,661	Border to Coast Investment Grade Credit	0
16,945	Border to Coast Sterling Index Linked Bonds	14,810
8,990	Border to Coast MAC Fund	25,237
1,141	Border to Coast Listed Alternatives Fund	29,838
<u>157,080</u>		<u>240,601</u>

Note 12a. Property Income

2021/22		2022/23
£000		£000
28,714	Rental income	26,782
186	Other dividends and interest	604
(1,622)	Direct operating expenses	(1,534)
<u>27,278</u>	Net income	<u>25,852</u>

No contingent rents have been recognised as income during the period.

Note 13a. Other Fund Account Disclosures - External Audit Costs

2021/22		2022/23
£000		£000
46	Fees Payable in Respect of External Audit	39
<u>46</u>		<u>39</u>

The scale audit fee set by Public Sector Audit Appointments Ltd (PSAA) is £31,833 for 2022/23. However in the last few years, it has become evident that the audit work requirements for the external auditor cannot be fully met within this fee level, and therefore Deloitte have previously discussed and agreed additional fee for the audit with the Authority in respect of the 2021/22 audit and have set out their intention to do so again in respect of the 2022/23 audit. The process for obtaining approval from the PSAA for additional fee means that there is a time lag before the additional fee is confirmed and charged to the Authority. Therefore the figure shown for this above is an estimate based on best available information.

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Note 13b. Other Fund Account Disclosures - Irrecoverable VAT

2021/22		2022/23
£000		£000
298	Irrecoverable VAT Included in Administration Cost	199
144	Irrecoverable VAT Included in Investment Management Expense	362
95	Irrecoverable VAT Included in Oversight & Governance Cost	65
<u>537</u>		<u>626</u>

Unlike other local authorities, the Authority does not currently have Section 33 status under the VAT Act 1994 that would enable it to reclaim VAT incurred. This is due to its unique nature as a local authority with the sole purpose of administering the Pension Fund. Instead, a special exemption method agreed with HMRC is used for reclaiming a proportion of the Authority's VAT expense only. The remaining proportion that is not recoverable is charged to the management expenses of the Fund as outlined above. This irrecoverable proportion is approximately 65% of the total VAT expense incurred. The amounts shown here are included in the respective totals shown in Note 11.

Note 14a. Investments

31 March 2022 £000		31 March 2023 £000	31 March 2023 £000
1,182	Long Term Investments		
<u>1,182</u>	Equities	1,182	<u>1,182</u>
	Investment Assets		
25,621	Equities	786	
64,692	Bonds	38,082	<u>38,868</u>
<u>90,313</u>			
	Pooled Investments		
5,160,249	Equities	4,755,200	
1,019,328	Private Equity	1,062,509	
2,386,759	Credit	2,226,458	
721,538	Infrastructure	929,969	
116,269	Indirect Property	160,118	
14	Hedge Fund of Funds	0	
243,973	Other Managed Funds	208,555	<u>9,342,809</u>
<u>9,648,130</u>			

31 March 2022		31 March 2023	31 March 2023
£000		£000	£000
	Other Investments		
779,745	Direct Property	660,719	
15,810	Property Other	41,310	
<u>795,555</u>			<u>702,029</u>
118,756	Cash Deposits	97,025	
2,468	Investment Income Due	2,250	
<u>121,224</u>			<u>99,275</u>
<u>10,656,404</u>	Total Investment Assets		<u>10,184,163</u>
<u>10,656,404</u>	Net Investment Assets		<u>10,184,163</u>

Note 14b. Reconciliation Of Movements In Investments And Derivatives

Period 2022/23	Market Value 1 April 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2023
	£000	£000	£000	£000	£000
Equities	26,803	0	(463,535)	438,700	1,968
Bonds	64,692	30,000	(47)	(56,563)	38,082
Pooled Investments	9,648,130	730,438	(437,371)	(598,388)	9,342,809
Property	795,555	31,570	(8,773)	(116,323)	702,029
	10,535,180	792,008	(909,726)	(332,574)	10,084,888
<i>Other Investment Balances:</i>					
Cash Deposits	118,756			2,414	97,025
Other Investment Assets	2,468				2,250
Other Investment Liabilities	0				0
Net Investment Assets	10,656,404			(330,160)	10,184,163

Period 2021/22	Market Value 1 April 2021	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2022
	£000	£000	£000	£000	£000
Equities	57,123	0	(32,567)	2,247	26,803
Bonds	602,488	660,910	(734,960)	(463,746)	64,692
Pooled Investments	8,296,976	815,214	(804,183)	1,340,123	9,648,130
Property	762,177	29,792	(83,893)	87,479	795,555
					0
	9,718,764	1,505,916	(1,655,603)	966,103	10,535,180
<i>Derivative Contracts:</i>					
Forward Currency Contracts	(3,175)	67	(3,089)	6,197	0
	9,715,589	1,505,983	(1,658,692)	972,300	10,535,180
<i>Other Investment Balances:</i>					
Cash Deposits	170,769			5,497	118,756
Other Investment Assets	8,950				2,468
Other Investment Liabilities	0				0
Net Investment Assets	9,895,308			977,797	10,656,404

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Derivative Contracts:

Other Investment Balances:

Note 14c. Investments Analysed By Fund Manager

Market Value 31 March 2022			Market Value 31 March 2023	
%	£000		£000	%
Investments managed by Border to Coast Pensions Partnership:				
8.2%	870,683	Border to Coast Sterling Index Linked Bonds	702,953	7.0%
10.7%	1,140,799	Border to Coast UK	1,057,699	10.4%
29.1%	3,099,642	Border to Coast Developed Overseas	2,845,928	27.9%
6.8%	721,195	Border to Coast Emerging Markets	695,779	6.8%
5.5%	587,328	Border to Coast MAC (Multi Asset Credit) Fund	562,712	5.5%
4.3%	454,652	Border to Coast Investment Grade Credit	435,757	4.3%
1.9%	198,613	Border to Coast Listed Alternatives Fund	155,794	1.5%
1.4%	155,695	Border to Coast Private Equity Series	244,898	2.4%
0.4%	45,989	Border to Coast Private Credit Series	115,644	1.1%
1.7%	184,374	Border to Coast Infrastructure Series	355,724	3.5%
70.0%	7,458,970		7,172,888	70.4%
Investments managed outside of Border to Coast Pensions Partnership:				
22.7%	2,417,689	South Yorkshire Pensions Authority	2,350,556	23.1%
5.7%	606,190	Abrdn - Direct Property - Commercial Portfolio	477,930	4.7%
1.6%	173,555	Bidwells - Direct Property - Agricultural Portfolio	182,789	1.8%
30.0%	3,197,434		3,011,275	29.6%
100.0%	10,656,404	Total Net Investment Assets	10,184,163	100.0%

The following investments each represent over 5% of the net assets of the Fund.

Market Value 31 March 2022

%	£000	Security
8.2%	870,683	Border to Coast Sterling
10.7%	1,140,799	Border to Coast UK
29.1%	3,099,642	Border to Coast Developed Overseas
6.8%	721,195	Border to Coast Emerging Markets
5.5%	587,328	Border to Coast MAC Fund
	6,419,647	

Market Value 31 March 2023

£000	%
702,953	6.9%
1,057,699	10.4%
2,845,928	27.9%
695,779	6.8%
562,712	5.5%
5,865,071	

Note 14d. Property Holdings

The Fund's investment property portfolio comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows.

2021/22		2022/23
£000		£000
748,214	Opening balance at 1 April	779,745
	<i>Additions:</i>	
23,707	Purchases	467
718	New Construction	167
3,510	Subsequent Expenditure	1,036
(83,893)	Disposals	(8,773)
87,489	Net Increase / (Reduction) in Market Value	(111,923)
779,745	Closing balance at 31 March	660,719

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The Fund holds a number of buildings in prime locations. There are no legal restrictions on the ability to realise these properties or on the remittance of income or disposal proceeds, although the Fund recognises that it could take six months to achieve disposal on favourable terms.

As at 31 March 2023, there were two vacant properties (31 March 2022: one) and five vacant units (31 March 2022: six) across the property portfolio. Repairs and maintenance of the properties are either directly with the occupant of the property or via a service charge. Each lease sets out the condition in which a property should be left at the end of the tenancy and states that any cost to restore it to this condition is the responsibility of the tenant.

Note 15. Fair Value - Basis Of Valuation

The shares held as unquoted equities in our pool, Border to Coast Pensions Partnership Ltd, are valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2023, taking consideration of audited accounts for the company at 31 December 2022, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2023.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Exchange traded pooled investments and property funds	Level 1	Closing bid value on published exchanges	Not required	Not required
Bonds	Level 2	Average of broker prices (Valued on a "clean basis" i.e. not including accrued interest)	Evaluated price feeds/Composite prices	Not required
Pooled investments - listed debt funds and property funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis or a single price advised by the fund manager	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments - limited partnerships, hedge fund of funds, other funds and property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by post balance sheet events, gating or closing of pooled property funds, changes to expected cash flows, or by any differences between audited and unaudited accounts.
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Jones Lang LaSalle for the commercial portfolio and Fisher German for the agricultural portfolio in accordance with the <i>RICS Valuation – Professional Standards</i> January 2014	<ul style="list-style-type: none"> • Existing lease terms and rentals • Independent market research • Vacancy levels • Estimated rental growth • Discount rate 	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.

Sensitivity Of Assets Valued At Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

	Assessed valuation range (+/-)	Value 31 March 2023 £000	Value on increase £000	Value on decrease £000
Equities (Long Term)	0%	1,182	1,182	1,182
Equities	12%	103	115	91
Pooled Investment Vehicles	12%	2,535,430	2,839,682	2,231,178
Pooled Property Funds	8%	146,294	157,998	134,590
Property	6%	660,719	700,362	621,076
Property Other	6%	41,310	43,788	38,832
		3,385,038	3,743,127	3,026,949

Note 15a. Fair Value Hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

The table that follows provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
Values 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit and loss	168,530	6,533,570	2,723,137	9,425,237
Non-financial assets at fair value through profit and loss (Note 14d)			660,719	660,719
Net investment assets	168,530	6,533,570	3,383,856	10,085,956

The following assets were carried at cost:

Values 31 March 2023	Total
	£000
Investments in Border to Coast Pensions Partnership Pool	1,182
Investments held at cost	1,182

Reconciliation to Net Assets Statement

Total Analysed Above	10,087,138
Plus Cash	97,025
Total Net Investments per Net Assets Statement	10,184,163

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
Values 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets at fair value through profit and loss	235,553	7,196,880	2,324,288	9,756,721
Non-financial assets at fair value through profit and loss (Note 14d)	0	0	779,745	779,745
Net investment assets	235,553	7,196,880	3,104,033	10,536,466

The following assets were carried at cost:

Values 31 March 2022	Total £000
Investments in Border to Coast Pensions Partnership Pool	1,182
Investments held at cost	1,182

Reconciliation to Net Assets Statement

Total Analysed Above	10,537,648
Plus Cash	118,756
Total Net Investments per Net Assets Statement	10,656,404

Note 16a. Classification Of Financial Instruments

The financial instruments of the Fund comprises its investment assets, debtors and creditors as shown in the Net Assets Statement. Property held is classified as investment property and is not a financial instrument so is not included in the classification below.

31 March 2022			31 March 2023		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial Assets					
26,803	0	0	Equities	1,968	0
64,692	0	0	Bonds	38,082	0
9,648,130	0	0	Pooled Investments	9,342,809	0
15,810	0	0	Property Other	41,310	0
2,468	0	0	Other Investment Balances	2,250	0
0	118,756	0	Cash	0	97,025
0	33,828	0	Sundry Debtors and Prepayments	0	33,482
9,757,903	152,584	0		9,426,419	130,507
Financial Liabilities					
0	0	(16,670)	Sundry Creditors	0	(15,665)
9,757,903	152,584	(16,670)	Total	9,426,419	(15,665)
9,893,817			9,541,261		

Note 16b. Net Gains And Losses On Financial Instruments

2021/22 £000		2022/23 £000
	Financial Assets	
878,624	Gain / (Loss) on Assets at Fair Value Through Profit and Loss	(216,251)
5,497	Gain on Assets at Amortised Cost	2,414
	Financial liabilities	
6,197	Gain on Liabilities at Fair Value Through Profit and Loss	0
<u>890,318</u>	Net Gain / (Loss) on Financial Instruments	<u>(213,837)</u>

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

Note 17. Nature And Extent Of Risks Arising From Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members).

Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The management of risk is described within the Fund's Investment Strategy Statement (ISS) which is included in the published annual report and accounts and is also available in the 'Investments' area of the Fund's website (<https://www.sypensions.org.uk>). It centres upon the adoption of an investment strategy, as represented by the Fund's customised benchmark, which is appropriate to meet the objectives of the Funding Strategy Statement. It focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

The cash balances of the Fund are managed by the Administering Authority. The Authority's treasury management activities are governed by the Local Government Act 2003 and the Fund has broadly adopted CIPFA's Treasury Management Code of Practice. The annual Treasury Management Strategy was approved by the Authority in February 2023.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, any identified risk is monitored and reviewed.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter (OTC) equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund's ISS sets out the details of how the risk of negative returns due to price fluctuations is managed. Different asset classes have different risk and return characteristics and will therefore react differently to external events and will not necessarily do so in a correlated or pre-determined manner. No single asset class or market acts in isolation from other assets or markets. It is, therefore, extremely difficult to meaningfully estimate the consequences of a particular event in a particular asset on other asset classes. It is important to recognise that returns, volatility and risks vary over time.

In order to minimise the risks associated with market movements the Fund is well diversified across asset classes and within individual portfolios and constantly monitored and reviewed.

Price Risk - Sensitivity Analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on the Fund's asset allocations. Based on this, the Fund has determined that the following movements in market price risk are reasonably possible for 2023/24, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

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Asset Type	Values at 31 March 2023	Potential Market Movements	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
Long Term Equities	1,182	0.00%	1,182	1,182
Overseas Equities	786	12.03%	881	691
UK Bonds	37,879	20.50%	45,644	30,114
Overseas Bonds	203	7.24%	218	188
Pooled Investment Vehicles	9,182,691	11.57%	10,245,128	8,120,254
Indirect Property	160,118	7.85%	172,687	147,549
Total	9,382,859		10,465,740	8,299,978

Asset Type [Prior Year]	Values at 31 March 2022	Potential Market Movements	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
Long Term Equities	1,182	0.00%	1,182	1,182
UK Equities	9,776	15.05%	11,247	8,305
Overseas Equities	15,845	12.96%	17,899	13,791
UK Bonds	63,538	15.34%	73,285	53,791
Overseas Bonds	1,153	7.11%	1,235	1,071
Pooled Investment Vehicles	9,531,861	11.77%	10,653,761	8,409,961
Indirect Property	116,269	4.74%	121,780	110,758
Total	9,739,624		10,880,389	8,598,859

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Different classes of asset have different risk and return characteristics and sensitivities to changes in financial factors, in particular to inflation and interest rates. The Fund's investment strategy takes into account these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. The sensitivity analysis shown below is based on the Fund's methodology for this risk and shows the potential impact of a 0.89% change in interest rates. This percentage is equal to 1 standard deviation of the 10 year government bond yield (annualised).

The analysis assumes that all other variables, in particular exchange rates, remain constant.

Exposure To Interest Rate Risk	Values 31 March 2023	Potential Interest Rate	Potential Value on	Potential Value on
	£000	Movement (+/-)	Increase £000	Decrease £000
Cash - Sterling	77,751	0.89%	78,443	77,059

Exposure To Interest Rate Risk	Values 31 March 2022	Potential Interest Rate	Potential Value on	Potential Value on
	£000	Movement (+/-)	Increase £000	Decrease £000
Cash - Sterling	103,978	0.64%	104,643	103,313

Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The Fund's customised benchmark regulates such exposure: part of that approach involves the Authority passively hedging its overseas property portfolio's currency risk.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 11.01%. A strengthening/weakening of the pound by 11.01% against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets Exposed to Currency Risk	Asset Value 31 March 2023	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£000
Overseas Equities	786	87	873	699
Overseas Bonds	203	22	225	181
Overseas Pooled Funds	6,547,550	720,885	7,268,435	5,826,665
Overseas indirect property	12,763	1,405	14,168	11,358
Cash - Currency	19,274	2,122	21,396	17,152
Total Change In Assets Available To Pay Benefits	6,580,576	724,521	7,305,097	5,856,055

Assets exposed to currency risk [Prior Year]	Asset Value 31 March 2022 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Overseas Equities	15,845	1,036	16,881	14,809
Overseas Bonds	1,153	75	1,228	1,078
Overseas Pooled Funds	6,650,544	434,946	7,085,490	6,215,598
Overseas indirect property	14,342	938	15,280	13,404
Cash - Currency	14,778	966	15,744	13,812
Total Change In Assets Available To Pay Benefits	6,696,662	437,961	7,134,623	6,258,701

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The Fund's benchmark allowance for cash at 31 March 2023 was 1.5% of the Fund (1.5% at 31 March 2022). The actual cash held at 31 March 2023 represented 0.76% of the Fund value (0.98% at 31 March 2022).

The Treasury Management Strategy for managing the cash balances held includes limits as to the maximum sum placed on deposit with individual financial institutions and applies a minimum short term credit rating requirement of F1 or better.

Summary of Cash Balances and Credit Ratings

Counterparty Type	Rating	31 March 2022 £000	31 March 2023 £000
Money Market Funds	AAA	30,000	32,000
Banks	Minimum of F1	68,978	35,751
Other Local Authorities	-	5,000	10,000
Total		103,978	77,751

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2023 was £77.8 million (31 March 2022 £103.9 million).

The Fund maintains at least £40 million of its cash balances as readily available through the use of money market funds, call accounts and short-term deposits. In addition, the Fund holds Government bonds amounting to £37.9 million (£63.5 million at 31 March 2022) which could be realised within a week in normal market conditions, if necessary, to meet expected or unexpected demands for cash.

Note 18. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The funding strategy objectives are to:

1. take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
2. use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
3. where appropriate, ensure stable employer contribution rates
4. reflect different employers' characteristics to set their contributions rates, using a transparent funding strategy
5. use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. A risk-based approach to setting employer contribution rates is used to meet these objectives.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

Based on the assumptions adopted, the Fund was assessed as 119% funded (99% at the 2019 valuation). This corresponded to a surplus of £1,685 million (2019 valuation: £63 million deficit).

The employer contribution rate is made up of two components as follows:

Primary Contribution Rate

The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Secondary Contribution Rate

The Secondary rate covers the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate appropriate to their circumstances. These are shown in the 'Rates and Adjustments Certificate' section of the Valuation Report available on the Authority's website at www.sypensions.org.uk

The table below shows the whole Fund contribution rate as determined at the 2022 Valuation, as compared with the rates set at the previous valuation.

	Last Valuation 31 March 2019		This Valuation 31 March 2022	
Primary Rate	16.1% of pay		20.3% of pay	
	2020/2021	£26,675,000	2023/2024	(£21,921,000)
Secondary Rate	2021/2022	£13,475,000	2024/2025	(£20,058,000)
	2022/2023	£13,881,000	2025/2026	(£18,043,000)

In broad terms, primary rates have increased since the last valuation due to rising inflation. While secondary rates had decreased due to strong investment performance since the previous valuation. However, all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Valuation Assumptions

To set and agree assumptions for the valuation, the Fund carried out in depth analysis and review in February 2022 with the final set agreed by the Pensions Authority on 17 March 2022. The main actuarial assumptions used for assessing the Solvency Funding Target were as follows:

Financial Assumptions	Required for	Last Valuation 31 March 2019	This Valuation 31 March 2022
Discount Rate	To place a present value on benefits promised to members at the valuation date.	3.9% per annum	4.45% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	2.4% per annum	2.7% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	3.6% per annum	3.3% per annum

Demographic Assumptions

	Years
Life expectancy for current pensioners - men age 65	21.0
Life expectancy for future pensioners - men age 45	22.0
Life expectancy for current pensioners - women age 65	24.0
Life expectancy for future pensioners - women age 45	25.5

Commutation Assumption

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up. It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

Risk Analysis

Specific risks relating to the valuation include:

- McCloud: the remedy to resolve the McCloud case is yet to be formalised in regulations. However, an allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities.
- Goodwin: the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1% to 0.2% of liabilities). Therefore, no allowance has been made for this case at the 2022 valuation.
- Cost Cap: a legal challenge is still ongoing in relation to the results of the 2016 cost cap valuation and no information is known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance has been made for any changes to the benefit structure that may occur as a result of a cost cap valuation.
- GMP Indexation: it is assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is the same approach that was taken for the 2019 valuation.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2022; this is available in the 'How We Operate' area of the Fund's website at: www.sypensions.org.uk.

Note 19. Actuarial Present Value Of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year.

This valuation is not carried out on the same basis as that used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes set out in Note 18. The actuary has also valued ill health and death benefits in line with IAS 19.

Financial Assumptions	Required for	31 March 2022	31 March 2023
Discount Rate	To place a present value on benefits promised to members at the valuation date.	2.7% per annum	4.75% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	3.2% per annum	2.95% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	4.2% per annum	3.55% per annum
Demographic Assumptions			Years
Life expectancy for current pensioners - men age 65			20.5
Life expectancy for future pensioners - men age 45			21.5
Life expectancy for current pensioners - women age 65			23.7
Life expectancy for future pensioners - women age 45			25.2

Results	31 March 2022	31 March 2023
Present value of promised retirement benefits	£13,269 million	£9,280 million

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. The actuary estimates that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £5,106m, and that the impact of the change in demographic assumptions is to decrease the actuarial present value by £291m.

Note 20. Current Assets

31 March 2022		31 March 2023
£000		£000
	Short Term Debtors	
6,108	Contributions Due - Employees	6,123
14,844	Contributions Due - Employers	18,602
<u>20,952</u>		<u>24,725</u>
2,379	Early Retirement Strain Contributions Receivable	1,265
10,497	Sundry Debtors	7,492
<u>33,828</u>	Total	<u>33,482</u>

Note 21. Current Liabilities

31 March 2022		31 March 2023
£000		£000
(5,939)	Sundry Creditors	(7,578)
(2,390)	Payroll Expenses Payable	(2,725)
(5,433)	Advance Property Rents	(5,362)
(2,677)	Property Rental Deposits	0
(231)	Other Balances	0
<u>(16,670)</u>	Total	<u>(15,665)</u>

The Fund Net Assets Statement at 31 March 2023 includes a creditor of £1.831 million (£1.536 million at 31 March 2022) for sums due to the Authority. This is included in the 'Sundry Creditors' line above.

Note 22. Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Prudential, Scottish Widows and Utmost Life & Pensions. This note shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. In accordance with Regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

Market Value			Market Value	
31 March 2022			31 March 2023	
£000			£000	
10,869	Prudential ¹		10,075	
4,186	Scottish Widows ²		Not Available	
1,861	Utmost Life & Pensions		1,544	
16,916	Total		11,619	
Restated			Restated	
AVCs Paid to Providers			AVCs Paid to Providers	
2021/22			2022/23	
£000			£000	
1,966	Prudential ¹		Not Available	
366	Scottish Widows ²		Not Available	
6	Utmost Life & Pensions		6	
2,338	Total		6	

¹ At the date the 2021/22 statement of accounts was authorised for issue, it was reported that it had not been possible to obtain the information from Prudential on the market value at 31 March 2022 and the AVCs paid in year for 2021/22 in the required timescale to be included.

At the date of authorising the 2022/23 statement of accounts for issue, the information for the 2021/22 year has been provided and is now disclosed above. However, the equivalent information for 2022/23 has again not been provided by Prudential to the required timescales. Instead, Prudential have provided the figure disclosed above for market value based on a snapshot of the fund at 31 March 2023. This situation has previously been reported to the Pensions Regulator.

² At the date of authorising the 2022/23 statement of accounts for issue, Scottish Widows have been unable to provide the necessary information within the required timescales.

Note 23. Agency Services

The South Yorkshire Pension Fund pays discretionary awards to former employees of various bodies as shown below. The amounts paid are fully reclaimed from the employer bodies.

2021/22 £000		2022/23 £000
	<i>Payments on behalf of:</i>	
14	South Yorkshire Pensions Authority	15
2,435	Barnsley MBC	2,393
1,796	Doncaster MBC	1,788
1,266	Rotherham MBC	1,252
5,670	Sheffield CC	5,529
1,477	Other Scheduled Bodies	1,463
60	Admitted Bodies	48
12,718	Total	12,488

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Note 24. Related Party Transactions

South Yorkshire Pensions Authority

The South Yorkshire Pension Fund is administered by South Yorkshire Pensions Authority. During the reporting period, the Authority incurred costs of £6.555 million (2021/22 £5.983 million) in relation to the administration and management of the Fund and was reimbursed by the Fund for these expenses. All transactions are shown either in the Authority's statements or in the Fund accounts. All contributing employers are related parties to the Fund, and have material transactions with the Fund during the year in the form of contributions described elsewhere in the accounts.

The Fund received a total of £0.315 million (2021/22: £0.337 million) from the Authority as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body.

Elected members of the Authority are related parties to the Fund and are required to sign declarations when they are also members of the Fund.

External fund managers are also related parties to the Fund and fees paid to them are included within investment management expenses (see Note 11a).

One officer of the Authority is a director of the Fund's wholly owned subsidiaries, Waldersey Farms Limited and F H Bowser Limited (see Note 24a).

Border To Coast Pensions Partnership

Border to Coast Pensions Partnership (Border to Coast) is a related party to the Fund as the Fund is a shareholder in the company, along with 10 other LGPS Funds, and holds shares amounting to £1.182 million at 31 March 2023 (31 March 2022: £1,182 million).

During 2022/23, direct costs of £5.149 million were paid to Border to Coast (2021/22: £4.345 million).

Note 24a. Related Party Transactions - Subsidiary Companies

The Fund has within its portfolio two wholly owned subsidiary companies; Waldersey Farms Limited and F H Bowser Limited.

Waldersey Farms Limited

Waldersey Farms Limited is primarily a farming company. The book value of the company is included in the Net Assets Statement under the heading of Investment Assets, to reflect the exposure of the Pension Fund. One officer of the Authority is a director of the company.

31 March 2022		31 March 2023
£		£
1,365,012	Pension Fund Investment at Book Cost	1,365,012
8,000,100	Debenture Loan	10,200,100
<hr/>		<hr/>
9,365,112	Total Investment at Book Cost	11,565,112
9,365,100	Pension Fund Investment Market Value (Included in the Net Assets Statement)	11,565,100

Waldersey Farms Limited has a year end of 31 December, the latest available accounts for Waldersey Farms Limited contain the following information:

31 December 2021		31 December 2022
£		£
707,557	Profit/(Loss) On Ordinary Activities Before Taxation	1,598,443
223,954	Profit/(Loss) After Taxation	1,940,730
5,042,835	Retained Profit/(Loss)	6,983,565
6,907,835	Net Assets	8,848,565
2,242,549	Rent paid to South Yorkshire Pensions Authority	2,152,097
0	Dividends paid to South Yorkshire Pensions Authority	0

A full Statement of Accounts for Waldersey Farms Limited can be obtained from the Company at Northfield Farm, Lynn Road, Southery, Norfolk, PE38 0HT.

The Authority has a debenture in the company of up to £12 million with a maturity date of 21 July 2030, of which £10.200 million has been drawn down as at 31 March 2023 (£8.000 million at 31 March 2022).

FH Bowser Limited

F H Bowser Limited owns property which it lets to third parties. The book value of the company is included in the net assets statement under the heading of Investment assets, to reflect the exposure of the Pensions Authority. One officer of the Authority is a director of the company.

31 March 2022		31 March 2023
£		£
10,497,338	Pension Fund Investment at Book Cost	10,991,142
0	Debenture Loan	27,700,000
<u>10,497,338</u>	Total Investment at Book Cost	<u>38,691,142</u>
6,445,000	Pension Fund Investment Market Value (Included in the Net Assets Statement)	29,744,999

During 2022/23 a Debenture loan of £27.7 million was used for property purchases, the purchases were subsequently valued at £23.2 million.

F H Bowser has a year end of 31 December; the audit of the accounts for year ended 31 December 2022 has yet to be concluded. The unaudited draft accounts contain the following information:

31 December 2021		31 December 2022
£		£
7,000,600	Fixed Assets	22,878,589
515,834	Current Assets	12,320,125
(178,615)	Current Liabilities	(105,502)
<u>7,337,819</u>	Net Assets	<u>35,093,212</u>
212,554	Profit/(Loss) On Ordinary Activities	(92,373)

Unaudited Draft Accounts for F H Bowser Limited can be obtained from the Company at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley S71 1HG

The Authority has a debenture in the company of £27.700 million, fully drawn down as at 31 March 2023.

Note 24b. Key Management Personnel

The key management personnel of the Fund are the senior managers and the holders of statutory roles for the South Yorkshire Pensions Authority. These officers and their remuneration payable is set out in Note 20 to the Authority's accounts.

Note 25. Contractual Commitments and Contingent Assets

Outstanding capital commitments (investments) at 31 March are shown below. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of a number of years from the date of the original commitment. The following table shows the commitments analysed according to the different currencies in which they are designated.

	31 March 2022		31 March 2023	
Currency	£ Equivalent	Currency	£ Equivalent	
000	£000	000	£000	
£303,881	303,881	£272,654	272,654	
€325,277	273,964	€366,756	322,452	
US \$977,289	743,864	US \$1,214,848	984,719	
	1,321,709		1,579,825	

At 31 March 2023, 6 admitted body employers (31 March 2022: 17) in the South Yorkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2022/23 (2021/22: Nil).

Glossary of Key Terms

Accounting Period

The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Budget

An expression, mainly in financial terms, of the Authority's intended income and expenditure to carry out its objectives.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance

capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Payments for the acquisition, construction, enhancement or replacement of non-current assets that will be of use or benefit to the Authority in providing its services for more than one year.

Cash Equivalents

Short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in public services.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

Creditors

Amounts owed by the Authority for work done, goods received or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Debtors

Amounts due to the Authority that have not been received at the balance sheet date.

Depreciation

The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

Employee Benefits

Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits; and the cost of post-employment benefits, i.e. pensions.

Expected Rate of Return on Pensions Assets

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

Fair Value

The amount for which an asset could be exchanged or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs

In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available.

The fair value hierarchy has three levels of inputs:

Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold;

Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold;

Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund

The main revenue fund of the Authority which is used to meet the cost of services paid for from the Pension Fund for which the Authority is the administering authority.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software and licences.

Interest Cost

For defined benefit pension schemes, the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

Leasing

A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

Liability

An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Non-Current Asset

An item that yields benefit to the Authority for a period of more than one year.

Past Service Cost

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Reserves

The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Revenue Expenditure

Spending incurred on the day-to-day running of the Authority. This mainly includes employee costs and general running expenses.

Useful Economic Life

The period over which the Authority expects to derive benefit from non-current assets.

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Subject	Internal Audit Annual Report 2022/23	Status	For Publication
Report to	Audit and Governance Committee	Date	27/07/2023
Report of	Head of Internal Audit, Anti-Fraud and Assurance		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	sharonbradley@barnsley.gov.uk		

1. Purpose of the Report

- 1.1 To report on the Internal Audit Team's completed assignments relating to the 2022/23 audit plan, agreed management actions and also the Head of Internal Audit's assurance opinion based on the work undertaken.

2 Recommendation

- 2.1 *Members are recommended to consider and receive the report.***

3. Background Information

The Audit and Governance Committee has responsibility for reviewing the adequacy of the Authority's corporate governance arrangements, including those relating to internal control and risk management. The reports issued by Internal Audit are a key source of assurance contributing to the evidence the Committee receives to assure them that the governance, risk and internal control environment is adequate and operating as intended.

At the end of the financial year, the Head of Internal Audit, Anti-Fraud and Assurance produces his Annual Report, which provides his overall opinion on the adequacy of the Authority's governance, risk and internal control environment and compliance with it during the year.

4. Implications

- 4.1 The proposals outlined in this report have the following implications

Financial	The cost of the services of the Internal Audit Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

Rob Winter FCPFA

Head of Internal Audit, Anti-Fraud and Assurance

Background Papers	
Document	Place of Inspection
Background papers and other sources of reference include: Internal Audit Charter 2021-24, Annual Plan 2022-23, Individual Internal Audit Reports, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

South Yorkshire Pensions Authority

Internal Audit Annual Report 2022/23

Audit and Governance Committee

27th July 2023

The matters arising in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

INTERNAL AUDIT ANNUAL REPORT 2022/23

Purpose of this report

To report on the Internal Audit Team's completed assignments relating to the 2022/23 audit plan, agreed management actions and the Head of Internal Audit's assurance opinion on the Authority's internal control, risk management and governance arrangements based on the work undertaken.

Background

In accordance with statutory best practice provided by the Public Sector Internal Audit Standards (PSIAS), there is a requirement that the Head of Internal Audit (HoIA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control based on the audit work undertaken. For the Authority, the appropriate member body is the Audit and Governance Committee.

The Accounts and Audit Regulations require all local authorities to publish an Annual Governance Statement (AGS) providing a narrative on the Authority's internal control, risk management and governance framework, the results of the annual review process and detailing any actions to be taken in respect of any identified weaknesses. The AGS will address all aspects of corporate governance including internal control and risk management arrangements, in addition to financial controls.

This report provides a summary of key issues arising from the work of Internal Audit covered in the 2022/23 audit plan and up to the point of preparing this report, which contributes to the overall assurance opinion the HoIA is able to give the Audit and Governance Committee. The work of Internal Audit has been undertaken throughout the year with no impairment to our independence or objectivity.

Although providing an important and significant contribution to the assurances the Audit and Governance Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Audit and Governance Committee will receive the Annual Governance Statement for 2022/23 at the July meeting. The Audit and Governance Committee are therefore encouraged to consider this annual report in the context of broader sources of assurance.

The financial budget for the Internal Audit Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Internal Audit's opinion is provided reflecting all the work undertaken at the point of the approval of the AGS and Accounts.

Head of Internal Audit's Indicative Opinion on the Effectiveness of the Authority's Governance, Risk and Internal Control Environment

The Audit and Governance Committee has received reports throughout the year. In each of these reports a **reasonable** assurance opinion had been given reflecting on an incremental basis an overall satisfactory level of internal controls and their application and also satisfactory governance and risk arrangements.

Taking the whole year into account, the audits completed, it is appropriate to give an overall **reasonable** (positive) assurance opinion for the year. The information supporting this opinion is provided below.

The general financial pressures on the public sector, coupled with significant legislative and organisational changes in the pension's arena will in turn place pressure on the capacity of senior management that if not managed effectively could give rise to threats to the effectiveness of the control, risk and governance framework. The Authority's Senior Management Team will need to remain focused on maintaining a sound internal control, risk and governance framework – i.e. 'staying safe' in 2023-24 and beyond. The 2023-24 Internal Audit Plan aims to support the Authority and Senior Management through this period as well as focus on particular areas of activity and responsibility identified as higher risk.

Internal Audit is conscious of the extent and nature of overall scrutiny, oversight and challenge the Authority is subject to. Of particular importance is the good and effective working relationship between Internal Audit and senior management and other managers, to ensure an efficient audit is delivered and resources are directed to the most important areas of risk.

Although audit work aims to cover a broad range of services, systems and areas of Authority activity, it needs to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly, the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Director regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.

To remind the Committee, Internal Audit assurance opinions are classified within a range of four options, two positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exists that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable Assurance	A sufficient framework of key controls exists that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	Risk exists of objectives not being achieved due to the absence of key controls in the system.	A significant breakdown in the application of key controls.
	No Assurance	A significant risk exists of objectives not being achieved due to the absence of controls in the system.	A fundamental breakdown in the application of all or most controls.

Internal Audit seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2022-23, no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this annual assurance opinion.

Summary of Internal Audit Work and Coverage 2022-23

Internal Audit aims to utilise a risk-informed approach to planning its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by Internal Audit work. Internal Audit was able to use the Strategic and Operational Risk Registers to contribute to

the planning of audit coverage. The audit planning process and details of the 2022-23 audit plan were reported to the Audit Committee in the March 2022 meeting.

The Audit and Governance Committee has received reports at each meeting that incorporate the results of audit work and management's response on a continuous basis. A summary of the Internal Audit reports for 2022-23 is at Appendix 1.

At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for Audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.

It should also be noted that Internal Audit work is variable both in its nature and timing. The risk-informed approach aims to ensure the highest priority work is undertaken. As with all plans, the audit plan was determined at a particular point in time (March 2022) utilising information available and has been subject to changes in certain areas. The Audit and Governance Committee should be assured that within the finite resources available to Internal Audit, the key audit risks identified have either received audit attention during the year or are reflected in the audit plan for 2023-24.

2022-23 Internal Audit Plan Progress

The following table shows the delivery of the internal audit planned days for 2022-23 (incl. days spent on completing 2021-22 work in Q1 of the financial year), with a breakdown per Service Area. A further table confirms the number of planned assignments for the 2022-23 planned days and those completed at the time of drafting this report.

As at financial year end, we had delivered 77% of the planned days (18.5% of the planned days remained in contingency i.e. unallocated at year end). A total of 11 formal audit reports have now been completed (as in previous years, a small number of reviews were finalised during quarter one of 2023-24. Two reports are currently in draft stage for discussion and agreement with management (Actuarial Transition and Procurement Compliance). The majority of work was scheduled to be undertaken towards the end of the financial year and Internal Audit profiled their resources accordingly.

Three reviews were deferred into 2022-23, these being a review of Business Continuity Planning arrangements and the provision of advice / support to management during the design and implementation of the new Staff Payroll and HR System and the Pentana Risk Management System.

Delivery of 2022-23 Plan – Audit Days Delivered as at 31st March 2023

	Original plan days	Revised plan days	Actual days (% of revised days)
Finance	58.75	69.75	69.7 (100%)
Pensions Admin	41.75	49.75	42.3 (85%)
Investments	0	0	0
Authority Wide	101.5	65.5	62.5 (95%)
Corporate Services	15	0	0
Contingency	10	42	0
Chargeable Planned Days	227	227	174.5 (77%)

Delivery of 2022/23 Plan – Planned Assignments Delivered as at 9th July 2023

	Planned Assignments	Actual Assignments Completed
Finance	6	6
Pensions Admin	5	4*
Investments	0	0
Corporate Services	0	0
Authority Wide	2	1*
	13	11

* At the time of this review, two of the planned assignments were at draft report stage for discussion and agreement with management (Actuarial Transition (Pensions Admin) and Procurement Compliance (Authority Wide)).

Summary of Governance, Risk and Internal Control Issues Arising from Internal Audit work in 2022-23

Internal Audit has completed 11 individual reviews of aspects of the Authority's governance, risk and internal control framework during 2022-23 that resulted in a formal report. These audits sought to identify, test and review various controls to ensure management were meeting their responsibilities to establish and adhere to appropriate systems of internal control.

A summary of the assurance opinions given for the 11 reports issued, where an assurance opinion was provided, are shown below together with a comparison to 2021/22 and 2020/21.

Assurance Opinion		2022/23 Completed		2021/22		2020/21	
		No	%	No	%	No.	%
Positive Opinions	Substantial	3	27%	5	50%	6	40%
	Reasonable	8	73%	5	50%	8	53%
Negative Opinions	Limited	0	0%	0	0%	1	7%
	No Assurance	0	0%	0	0%	0	0%
TOTAL		11	100%	10	100%	15	100%

Across the various completed pieces of work 24 implications were reported and management actions agreed. These are summarised below:

AMA Category	2022/23		2021/22		2020/21	
	No	%	No	%	No	%
High	1	4%	1	6%	0	0%
Medium	14	58%	9	50%	19	70%
Low	9	38%	8	44%	8	30%
Total	24	100%	18	100%	27	100%

One high categorised management action was made in relation to the Pensions Admin System PIR, with the remainder being categorised as medium (58%) and low (38%) priority. In all cases, management have agreed to implement the required actions and set timescales for implementation. Although there has been significant pressure on management throughout the year and across all services, Internal Audit has continued to get good co-operation from management across the Authority and at various levels.

Details of the key issues arising from these reviews have been presented to the Audit and Governance Committee in the progress reports at each meeting.

As stated in the progress reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential/risk* that losses or inefficiencies could occur.

An important part of Internal Audit's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority.

Internal Audit monitors the implementation of management actions. The progress is reported to the Audit and Governance Committee via the progress reports. These include the priority level and status of newly added management actions. As at 9th July 2023, there were seven management actions that remained outstanding six months after the original agreed implementation date and/or that had 3 revisions to the original agreed implementation date. Refer to Appendix 2.

The timeliness of when management implement their agreed actions has been generally satisfactory throughout the year, with reasons provided where original agreed dates have not been met and revised dates provided.

Other Internal Audit work undertaken

Audit Activity	Description
Follow-up of Agreed Management Actions	Regular work undertaken to follow-up of agreed management actions.
Liaison, Planning and Feedback	Meeting with Senior Management regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters.
Advice – DPO Assurance	A review of documentation (where required).
Advice – Programme / Project Management	Provision of advice during the review and establishment of policies, systems and processes.
Advice – Management Information / Reporting	Provision of advice during the review and establishment of policies, systems and processes.
Audit and Governance Committee Support	Time taken in the preparation of Committee reports, Member training (where required), general support and development.
NFI	Time allocated to undertake the National Fraud Initiative data matching exercise.

Appendix 1

Summary of Internal Audit Reports 2022-23

Audit Assignment	Assurance Opinion	Number of implications raised:			Total	Agreed
		High	Medium	Low		
Authority Wide: Risk Management	Reasonable	0	1	2	3	3
Finance: Transfer Values	Substantial	0	0	0	0	N/A
Finance: Verification of Assets	Reasonable	0	1	0	1	1
Finance: Treasury Management	Reasonable	0	1	1	2	2
Pensions Admin: Annual Benefit Statements	Reasonable	0	1	1	2	2
Finance: Budget Management / Monitoring	Reasonable	0	3	0	3	3
Finance: Main Accounting	Substantial	0	0	3	3	3
Finance: Accounts Receivable	Substantial	0	0	2	2	2
Pensions Admin: Pensions Saving Statements	Reasonable	0	3	0	3	3
Pensions Admin: Interfund Transfer-In End-to-End Process	Reasonable	0	2	0	2	2
Pensions Admin: Pensions Admin System PIR	Reasonable	1	2	0	3	3
Total		1	14	9	24	24

Pensions Agreed Management Actions as at 3rd July 2023

Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - Budget Management and Monitoring 2022/23 - I1 - Documented Procedures and Training	Lack of clearly defined processes and appropriate training for budget management and monitoring may result in uncertainty of roles and responsibilities and inconsistencies in processes. There may be a failure to implement robust financial management and monitoring arrangements resulting in a failure to effectively manage budgets, with variances identified and appropriate corrective actions not implemented in a timely manner. In addition, in the absence of key staff, this could impact on business continuity. An over reliance on the Assistant Director – Resources could result in budget managers and holders neglecting their specific responsibilities	Medium	Pensions; Financial Management	Not Yet Due	31-Jan-2024		0	AMA 1 : As the work progresses during the course of 2023/24 to increase the level of delegation of a lot of this work to the Financial Services Manager and Finance Team Leader in particular, and then to involve Senior Finance Officers as well, a procedure manual will be developed and kept under review on an on-going basis. This will be coupled with training for these officers in this area – primarily on-the-job training, supplemented by appropriate CPD training on the principles and practice of budget management. Training for budget holders will be developed and delivered as part of AMA 3. Responsible Officer Gillian Taberner, Assistant Director - Resources Target Implementation Date 31/03/2024		Gillian Taberner, Assistant Director – Resources	Pamela Radley
PA - Budget Management and Monitoring 2022/23 - I3 - Proactive ownership of budgets by budget holders	Without access to real time budget and actual financial information and appropriate training around budget management and monitoring, budget holders may not be able to monitor and control their budgets appropriately and effectively.	Medium	Pensions; Financial Management	Not Yet Due	31-Dec-2024		0	AMA 3: This will be addressed via a series of actions: Setting up access for named budget holders to the finance system. Developing and delivering training for these budget holders – both on how to use the system and on budget management / monitoring. Finance team working with the budget holders to help develop their awareness and encourage greater level of involvement and ownership as part of the overall budget monitoring and setting process. (We are a small team and therefore will approach this with AMA 1 as the first phase, followed by work on AMA 3. Progress on this action is expected to start during 2023/24 but the realistic target completion timescale for this will be by the end of 2024).		Gillian Taberner, Assistant Director – Resources	Pamela Radley
PA - End to End Interfund Transfer In 2022/23 - I1 - Interfund Transfer Process Delays	Failure to address the cause of delays in the interfund process may impact on the member's ability to transfer their previous pension rights into the South Yorkshire Local Government Pension Scheme and impact on the benefits available to them when accessing their pension. Also, delays will increase the risk of complaints and reputational damage to the organisation.	Medium	Pensions; Performance Management and Data Quality	Not Yet Due	30-Sep-2023		0	AMA 1: A review of the reminder process is to be undertaken which will consider the frequency of reminders issued, content within standard reminder documentation and how reminders are evidenced on the UPM system to provide for a complete audit trail. The review will also consider the reason for delays and action that can be taken to address these.		Lindsay Grayson, Benefits Team Manager	Sarah Shepherd
PA - End to End Interfund Transfer In 2022/23 - I2 - Lack of Escalation Procedure	Failure to establish a formal escalation route to report issues / concerns in relation to the receipt of pension contributions from the previous pension provider impacting on management's ability to address areas of concern and ensure that interfund transfers are processed in a timely manner.	Medium	Pensions; Performance Management and Data Quality	Not Yet Due	30-Sep-2023		0	AMA 2: During review of the reminder process, consideration will be given to inclusion of a formal escalation route to report on delays in receipt of information from both the previous employer and also the previous pension provider.		Lindsay Grayson, Benefits Team Manager	Sarah Shepherd

Pensions Agreed Management Actions as at 3rd July 2023

Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - HR Governance - 13 Training Programme	The lack of a corporate approach to the management of training & development has led to an ineffective and inefficient process for monitoring training requirements across the Pensions Authority.	Medium	Managing People	Implementation Date Elapsed - Management Response Not Received	31-Jul-2020	31-May-2023	4	<p>Agreed Management Action</p> <p>AMA 4:- Historically the aspects of training examined have been almost entirely focussed on the technical knowledge requirements of the Pensions Administration Service. This reflects the way which the organisation has been managed historically. In future, while responsibility for specific areas of technical learning will remain with individual services, a whole organisation approach to managing and assessing requirements for learning and development will be adopted. The Authority's budget proposals include very significant investment in various forms of learning and development activity covering all staff. The aim is to create programmes (utilising e-learning and other technologies) which cover:-</p> <ul style="list-style-type: none"> •Induction •Annual refresher programmes (covering areas such as data protection and anti-fraud) •Supporting the Pensions Administration career grade process <p>Work is also required as part of this process to more clearly drive the overall training and development plan from the results of the appraisal process and to more clearly identify the volume of learning and development activity undertaken by staff which is self-evidently considerable but not properly recognised.</p> <p>This is a very significant programme of work which will</p>	<p>Update Note 02/02/2023:</p> <p>The position remains largely unchanged. However, additional resources have been allocated to support L&D activity and match training needs to courses etc. The aim is to fill this role before the end of March. In addition a renewed effort is being made to capture L&D needs for all staff as part of the appraisal process. It is recognised that this time taken to fully address this issue is significantly longer than is desirable but in terms of the issues being dealt with this is lower priority than some others although management recognise its importance to the organisation and are committed to addressing it.</p>	George Graham, Director	Caroline Hollins
PA - Information Governance - 11 Records Management / Document Retention Policy	Failure to comply with legislative requirements in relation to the retention of documents (particularly those containing personal information) and this could lead to reputational damage and sanctions/fines from the Information Commissioners Office.	Medium	Information Governance	Implementation Date Elapsed - Revised Date Provided	31-Jan-2021	30-Sep-2023	6	<p>Updated as part of the draft report responses from the Head of Pensions Administration.</p> <p>Although a Records Management Policy is in place, it is acknowledged that this is currently lacking a sufficient level of detail to make it a practical basis for determining document retention for the many different categories of records across the organisation. A more detailed Records Management/Document Retention Policy will therefore be developed in conjunction with the new Governance, Risk and Compliance Officer who is currently being recruited. Given the time lag for recruitment, a later implementation date has been suggested.</p>	<p>Update Note 03/07/2023:</p> <p>DP templates finalised and process drafted for DPIA and DSAR. Data Breach process is under review to enhance the system in line with ICO requirements.</p> <p>Whilst work in this area has been delayed due to other work priorities, the action plan is progressing and the new processes and templates will be submitted to SMT July/Aug 2023</p> <p>Programmes of Awareness Training to follow new process sign off by SMT</p> <p>Implementation date revised to 30th September 2023</p>	Assistant Director Pensions	Caroline Hollins

Pensions Agreed Management Actions as at 3rd July 2023

Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - Information Governance - 13 - Action Plan	Lack of a framework upon which the Authority can monitor and evidence its progress in addressing the areas of non-compliance with GDPR requirements.	Medium	Information Governance	Implementation Date Elapsed - Revised Date Provided	30-Nov-2020	31-Dec-2023	4	Updated as part of the draft report responses received from the Head of Pensions Administration. The Process Maps will be updated by each of the individual service areas now that the new Service Managers have been appointed and the Head of Pensions Administration and Corporate ICT and Digital Manager, in conjunction with the Risk and Compliance Officer (when appointed) will create and monitor the Action Plan to ensure that any areas of non-compliance are addressed.	Update Note 02/02/2023: Due to Governance Team capacity and capability the process mapping has been delayed. This is a large scale activity, a realistic timescale would be Q3 2023. Implementation date revised to 31 December 2023	Assistant Director Pensions	Caroline Hollins
PA - Information Governance - 14 - Records Management	Failure to comply with legislative requirements in relation to the retention of documents (particularly those containing personal information) and this could lead to reputational damage and sanctions/fines from the Information Commissioners Office.	Medium	Information Governance	Implementation Date Elapsed - Revised Date Provided	31-Jan-2021	31-Dec-2023	4	Updated as part of the draft report responses from the Head of Pensions Administration Although a Records Management Policy is in place, it is acknowledged that this is currently lacking a sufficient level of detail to make it a practical basis for determining document retention for the many different categories of records across the organisation. A more detailed Records Management/Document Retention Policy will therefore be developed in conjunction with the new Governance, Risk and Compliance Officer who is currently being recruited. This will include a review of the current wording of the Privacy Notice to ensure consistency with the new Policy. Given the time lag for recruitment, a later implementation date has been suggested. With specific reference to SharePoint, a Quarterly Monitoring Report will be made available to the Senior Management Team to ensure all documentation on SharePoint is reviewed in line with the retention dates	Update Note 02/02/2023: Due to Governance Team capacity and capability this area has been delayed. This is a large scale activity, a realistic timescale would be Q3 2023. Exploratory activity will commence in Q2 onwards to identify a DP software system with the capacity to create asset registers, process maps and potential macro functionality to retention, deletion, archiving and safe disposal of personal data. Implementation date revised to 31 December 2023.	Assistant Director Pensions	Caroline Hollins
PA - Online Retirement Tool - 12 - Added Voluntary Contributions	The previously identified AVC concerns have not been fully resolved and this may impact upon the successful delivery of the Deferred Online Retirement Tool.	Medium	Performance Management & Data Quality	Implementation Date Elapsed - Revised Date Provided	31-Mar-2021	31-Aug-2023	5	AMA 2: The performance of AVC providers specifically in relation to release of retirement funds at retirement has already been monitored for at least 12 months with no specific concerns identified which would impact on the Retire Online process. However, it is acknowledged that the performance of AVC providers on the wider range of administration functions does need to be resolved and new SLAs agreed. The Benefits Team Manager has been compiling the totality of issues to raise with the respective AVC providers over a representative period and this will be raised formally with the respective Relationship Managers to agree new terms.	Update Note 03/07/2023: An Independent Advisor has been appointed to undertake a wider review of our AVC providers. Report awaited and will be reviewed and actioned appropriately once received. Implementation date revised to 31st August 2023.	Lindsay Grayson, Service Manager Benefits	Caroline Hollins

Pensions Agreed Management Actions as at 3rd July 2023

Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - Pensions Admin System PIR - I1 - Improvement Plan	Failure to maintain an up to date Improvement Plan that captures all gaps / areas for improvement arising from the review of the Specification of Requirements, impacting on management's ability to effectively manage and monitor delivery of agreed actions to full implementation and address areas of non-delivery.	Medium	Pensions; Performance Management and Data Quality	Not Yet Due	30-Sep-2023		0	AMA 1: The Improvement Plan is now being reviewed within the Monthly Account meetings and actions arising are being documented. Discussions cover all areas CIVICA need to improve UPM to meet the target. The RAG rated actions are currently being reviewed by the Interim Assistant Director – Pensions and we are awaiting a recent update on some of the amber actions.		Andy Kenyon, Service Manager Pensions Systems	Caroline Hollins
PA - Pensions Admin System PIR - I2 - User Acceptance Testing	Failure to undertake detailed and timely user acceptance testing, increasing the risk of adopting a system that is not fit for purpose and upon which to supplier has not fulfilled its contractual obligations.	High	Pensions; Information Governance / Security	Not Yet Due	30-Sep-2023		0	AMA 2: The work to be delivered by CIVICA on improvements to Monthly Data Collection and Aggregations is expected around August 2023. A plan and project management approach for UAT will be in place to ensure this is carried out promptly and properly documented in order to ensure the updates are rigorously tested and feedback provided to CIVICA as required. This UAT will involve the Systems team and relevant teams in Pensions Admin who are the main users of the processes being tested. Internally, any system improvements would be tested within 1 month of receiving a release with a focus on the changes mentioned in the release notes from CIVICA. The Database Management improvements require an update from CIVICA, which has been requested and is being monitored by the Head of ICT.		Andy Kenyon, Service Manager Pensions Systems	Caroline Hollins
PA - Pensions Admin System PIR - I3 - LGPS User Group Action Log	Failure to maintain an accurate and up to date Action Log, including the detailed actions required, by whom and when may result in a lack of clarity with regards to the actions required and a lack of a framework upon which these can be proactively managed, monitored and escalated where concerns arise.	Medium	Pensions; Performance Management and Data Quality	Not Yet Due	30-Sep-2023		0	AMA 3: Minutes and Actions from the Monthly Account Meetings have now been reinstated so improvements are logged. A LGPS UPM group acknowledged by CIVICA that has regular meetings both with and without CIVICA. Added to this a separate forum will be created, facilitated by SYPA, and separate from CIVICA where the same group of funds can share updates on their experiences, issues and resolutions.		Andy Kenyon, Service Manager Pensions Systems	Caroline Hollins
PA - Pension Savings Statements - I2 - Improvement Plan	A lack of an Improvement Plan that captures all issues / concerns arising from the annual Pension Savings Statement exercise, impacting on management's ability to effectively manage and monitor delivery of agreed actions to full implementation and the Service's ability to address the concerns identified and complete the exercise by the deadline.	Medium	Pensions; Performance Management and Data Quality	Not Yet Due	30-Sep-2023		0	AMA 2: We plan to revitalise the Improvement Plan to suit a more modern way of processing annual allowances on the whole and will need to look at it in more depth. We have been made aware of a significant change to the way that Statements are calculated from 22/23 and the information we require from employers now differs to previous years. This is something we are trying to prioritise with the time limitations we current hold. The SYPA have now appointed a Monthly Data Contributions Team within the Benefits Team structure who will assist in bringing monthly data up-to date which may allow us to obtain the required information more promptly.		Tom Dove, Pensions Technical Specialist Katherine Morrison, Technical and Training Officer Becky Uttley, Pensions Technical Specialist	Caroline Hollins

Pensions Agreed Management Actions as at 3rd July 2023
Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - Pension Savings Statements - I3 - Additional Data from Employers	Preparation of Pension Savings Statements on estimated figures and / or failure to notify the member of this increases the risk of inaccurate Statements and / or declaration of tax charges to the HMRC by the member.	Medium	Pensions; Financial Management	Not Yet Due	31-Dec-2023		0	AMA 3: We believe the best course of action to improve this development would be to liaise with our Engagement Team who deal directly with the employers (starting with the 4 main council employers) and work with them to develop a better way of requesting the information rather than individually for each case. The issue is that we are not aware of which members will require a PSS before the Annual Benefit Statements are run therefore having to estimate figures where we have not yet received confirmation. We could request the employers provide the same information for all of their employees, but we could be looking at breaches where the information is only required for a very small amount of the overall employ. This needs a deep dive into to find out the best solution moving forwards but believe it is something we will be able to incorporate to decrease workload for our employers.	Update Note 02/05/2023: Meeting to be arranged with the Engagement Team and ABS Sub-Team to start a plan of working with employers.	Tom Dove, Pensions Technical Specialist Katherine Morrison, Technical and Training Officer Becky Uttley, Pensions Technical Specialist	Caroline Hollins
PA - Procurement Insurance - I1 - Legislative and Regulatory Compliance	Non-compliance with legislative and regulatory requirements increases the risk of supplier challenge and / or claim and may impact on the maximisation of opportunity to achieve efficiencies and value for money through procurement activity undertaken. The absence of an effective / robust management trail increases the potential for adverse publicity should a challenge or claim be submitted that requires evidence of how the processes had been administered and also how decisions had been made.	Medium	Contracts / Procurement / Commissioning	Implementation Date Elapsed - Revised Date Provided	30-Sep-2021	31-Aug-2023	5	AMA 1 Procurement training will be delivered to key officers of the Authority to increase awareness of and to facilitate compliance with the requirements of the PCRs and Authority CSOs. A filing system and a collaboration platform (i.e. egress workspace) will be utilised for procurement activity moving forward to allow for the sharing and review of documentation between all relevant stakeholders aligned to the process flows / requirements of Authority CSOs. Responsible Officer Head of Finance & Corporate Services Target Implementation Date 30th September 2021	Update Note 02/05/2023: The review of the Constitution (including the current CSO's) will be completed for approval at the June 23 Authority meeting. The Gateway approval document has now been reviewed by Internal Audit and will be submitted to SMT for approval once reviewed alongside the updated CSO's. The training will be scheduled in to take place in the Autumn once all documents and policies are aligned and approved.	George Graham, Director / Gillian Taberner, Assistant Director Resources	David White
PA - Risk Management - I1 - Operational Procedures	Lack of operational procedures and relevant training may result in uncertainty of roles and responsibilities, inconsistencies in processes, failure to adhere to requirements and/or a lack of appropriate approvals. In addition, in the absence of key staff, this could impact on business continuity.	Medium	Information Governance	Implementation Date Elapsed - Revised Date Provided	31-Jan-2023	30-Sep-2023	2	AMA 1:- As part of the plan to involve middle management in the risk management work, we will produce an operational guidance / procedure document for reference to complement and support the Risk Management Framework already in place. Responsible Officer: Jo Garrison, Corporate Manager – Governance Target Implementation Date: 31st January 2023 AMA 2:- We will also identify and commission relevant training on risk management to be provided for the managers involved. Responsible Officer: Jo Garrison, Corporate Manager – Governance Target Implementation Date: 31st January 2023	Update Note 02/05/2023: Due to the revisions to the training, development and implementation programme for the Pentana Risk Management Software, the expected 'go live' date is now 24th August 2023. Exploration of wider risk management training will still continue through this period however an overall revised target date is necessary to align with the implementation of the new system. Target implementation date revised to 30th September 2023	Jo Stone, Head of Governance	Dee Beleckaite

Pensions Agreed Management Actions as at 3rd July 2023

Implications

Audit Report Title, Implication Number and Implication Title	Implication - Description	Priority	Theme	Status	Target Impl. Date	Revised Target Impl. Date	No of Date Revisions	Agreed Management Action	Management Update	Action Manager	Auditor
PA - Treasury Management 2022/23 - I1 - Treasury Management Policy	Lack of a detailed and up to date Treasury Management Strategy that has been recently reviewed, approved and published may result in a misalignment with strategic objectives and priorities, lack of clarity with regards to processes to be adopted and individual roles and responsibilities and a failure to take into consideration any changes in legislative / regulatory requirements.	Medium	Information Governance	Implementation Date Elapsed - Revised Date Provided	31-Mar-2023	31-Dec-2023	1	<p>The delay in submitting the strategy for 2022/23 for approval was strictly a one-off occurrence, as a result of staffing shortages and there were no changes to any of the limits or policy from the previous year.</p> <p>The Treasury Management Strategy for 2023/24 will be prepared in time to be submitted to the February 2023 Authority meeting alongside the Budget and MTFS. The preparation of the 2023/24 Strategy will include undertaking a full review and refresh of the strategy, taking account of the latest CIPFA TM Code, and we will be liaising with our TM advisors at Link and aligning any changes with the Authority's strategic objectives. After the Strategy has been considered and approved by the Authority, then it will be communicated to all officers engaged in Treasury Management work.</p>	<p>Update Note 03/04/2023: The new TM strategy was taken to the February 2023 Authority meeting and approved by members. Following the approval the strategy has been circulated to all officers involved.</p> <p>The final piece of work in this area is to complete a schedule for the strategy which brings together all our procedures, and roles/responsibilities in one place.</p> <p>Revised Date 31/12/2023</p>	Will Goddard, Service Manager Finance	Sarah Shepherd
PA - Verification of Assets - I1 - Property Holdings	Lack of an accurate and up to date record of property holdings within the Authority's Portfolio, increasing the risk of inaccurate financial records and misappropriation of assets held.	Medium	Assets	Implementation Date Elapsed - Revised Date Provided	31-Mar-2023	31-Dec-2023	1	<p>AMA 1: Context: The nature of the agricultural portfolio with a large number of landholdings and farms does mean that there can be apparent variances and a need to investigate and reconcile these – sometimes arising just from different names used by different parties for parcels of land for example – and in recent years, we have undertaken a large exercise to map all of the agricultural portfolio properties to both title deeds and land registry references; this was examined in detail by our external auditors for their audit of our 2021/22 Annual Accounts and their work concluded satisfactorily.</p> <p>AMA: Following the finding above, we are now in the process of engaging with Bidwells, the agricultural property advisors, to investigate and resolve the variances in records held.</p>	<p>Update Note 03/04/2023: We have been liaising with our property advisors Bidwells to establish which land holdings are active with each solicitor. Following this piece of work we are now engaging with the Solicitors to remove a number of sold land holdings from their records and explain three holdings that are unexplained. Due to the nature of the work with the solicitors this could take some time, we are however confident with the records we hold, alongside the Bidwells records now, and it is the final work with the solicitors we need to finish to complete the AMA.</p> <p>Implementation date revised to 31/12/2023.</p>	Will Goddard, Service Manager Finance	Sarah Shepherd

Subject	Internal Audit Charter Report 2021-24	Status	For Publication
Report to	Audit and Governance Committee	Date	27/07/2023
Report of	Head of Internal Audit, Anti-Fraud and Assurance		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	SharonBradley@barnsley.gov.uk		

1 Purpose of the Report

- 1.1 This report presents to the Committee the Internal Audit Charter (attached as Appendix 1) for approval as required by the Public Sector Internal Audit Standards (PSIAS).

2 Recommendation

- 2.1 The Committee is recommended to consider and approve the Internal Audit Charter and consequently be assured that the Internal Audit function operates in accordance with the relevant standards.**

3 Background Information

- 3.1 The first Standard in the PSIAS – 1000 Purpose, Authority and Responsibility, states that:

“The internal audit charter is a formal document that defines the internal audit activity’s purpose, authority and responsibility. The internal audit charter establishes the internal audit activity’s position within the organisation, including the nature of the Head of Internal Audit’s functional reporting relationship with the Board (Audit Committee); authorises access to records, personnel and physical properties relevant to the performance of engagement; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the Board.”

- 3.2 The Charter is structured to explain the various aspects of the function, its Mission and Core Principles, authority and scope, purpose, definitions, responsibilities of Internal Audit and Senior Management, the position of Internal Audit within the organisation, the resources, skills, competencies and standards, access to people and information, the scope of activity, planning, reporting and quality assurance.

- 3.3 Some of the language used in the Charter is generic, to cover the various organisations that Internal Audit serves.

- 3.4 It is good practice to review the Charter periodically to ensure it reflects how the function operates but also to ensure that the requirements and provisions of the PSIAS are adequately covered.

- 3.5 The Charter remains representative of how the Internal Audit service currently operates and therefore no changes have been made.

4. Appendix

Appendix 1 – Internal Audit Charter 2021 – 2024

Officer Contact: Head of Internal Audit, Anti-Fraud and Assurance
Email: robwinter@barnsley.gov.uk
Date: 10th July 2023



BARNSLEY
Metropolitan Borough Council

INTERNAL AUDIT SERVICES

Internal Audit Charter

2021 – 2024

Updated March 2021

1. Introduction

- 1.1 The Internal Audit function is a key component of an organisation's governance framework. As such, it aims to provide a quality objective and independent management support function in order to influence and contribute to the achievement of strategic objectives. An important part of this support is the development and maintenance of excellent client relationships and adopting an innovative and flexible approach to the delivery of the service. This Charter provides the framework for the management and delivery of the Internal Audit function and is applicable to all client organisations.
- 1.2 This Charter therefore defines the mission and core principles for Internal Audit, its authority and scope, purpose, responsibilities, position in the organisation, resources and standards, planning and reporting. This is consistent with and in compliance with the Public Sector Internal Audit Standards (PSIAS).
- 1.3 The PSIAS defines internal audit as:

“... an independent, objective assurance and consulting function designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”.

2. Mission and Core Principles

- 2.1 The PSIAS also provides a mission for the Internal Audit function that articulates what it aspires to accomplish within the Council and for its external client organisations.
- 2.2 The mission for Internal Audit is:
- “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.*
- 2.3 A set of core principles have also been defined through the PSIAS aimed at articulating internal audit effectiveness. The function aims to demonstrate these principles in all it does and across all the organisations it serves. The core principles and how they are met are: -

Principle	How Discharged
Demonstrates integrity	All IA staff are obliged to adhere to the Code of Ethics within the PSIAS (see para 8.8) and confirm annually that they have read, understood and will comply.
Demonstrates competence and due professional care	IA have a performance management process of specific job supervision and management complimented by regular 1:1s and the corporate PDR process. Feedback from clients and peers on each piece of work is also utilised for this purpose. IA staff undertake regular specific and general training and development activities in accordance with the agreed training plan. (See para 8.9)
Is objective, free from undue influence and therefore demonstrates independent thought	As individuals, the ability to operate objectively and with an independent mind is a core attribute of being in IA and a requirement within PSIAS (see paras 8.5 and 8.6). The HoIA’s position within the organisation also sets this tone and is further reinforced by the specific access to information and other officers afforded to IA.
Aligns with the strategies, objectives and risks of the organisation	IA planning and delivery is built upon the knowledge of the organisation’s strategies, objectives and key risks. Consideration of these is an integral part of annual and specific job planning.

Principle	How Discharged
Is appropriately positioned and adequately resourced	The HoIA has the necessary reporting lines and unfettered access to the relevant statutory officers, audit committees and the external auditors of all client organisations. The resources of the IA function are assessed annually as part of the audit planning process. It is the duty of the HoIA to highlight any concern regarding the resources available for IA to the organisation.
Demonstrates quality and strives for continuous improvement	The HoIA maintains a Quality Assurance and Improvement Programme (QAIP) as required by PSIAS. This aims to ensure the delivery of high-quality IA services but to also identify any opportunities for further improvement. The client feedback process is a key element of this and liaison with other external parties (e.g. S&WY HoIA Group, CIPFA Special Interest Group for IA and Police Audit Group).
Communicates effectively	A key output from IA is the audit report. These are compiled in a clear and concise manner to highlight the key areas for management to address. Regular liaison meetings are held with each client throughout the year via client update meetings with nominated SPOCs, DMTs, to ensure the sharing of information and that operational working arrangements, job planning and delivery are effective. The HoIA's annual report is also a key element of organisational communication.
Provides risk-based assurance and advice	All IA planning (formal assurance work and advice/consultancy) considers the risk, concerns, issues and threats to an organisation, a service or system in whatever capacity IA work is focussed. IA reports refer to these matters such that management are alerted to undertake any actions to address risks etc. The HoIA's annual opinion focusses on assurance about the effectiveness of an organisation's risk management, control and governance arrangements.
Is insightful, proactive and future-focussed	The scoping of IA work includes prompts and opportunities to provide innovative solutions, provide advice and consider future activities, capacity and efficiencies. This is particularly an area of focus in the advisory work IA undertakes.
Promotes organisational improvement	All IA work as referenced above, is designed to assist management and the organisation deliver its strategic and operational objectives in the most efficient and effective way.

2.4 The Barnsley Internal Audit Service operates within a challenging environment across all client organisations to deliver the services each requires and to ensure it provides added value. The Service needs to be able to react and adapt to the rapid pace of change which is taking place both locally, regionally and nationally. Accordingly, and in addition to the core principles in the PSIAS, the Charter has been extended to include even wider aspirations of the Internal Audit Service, which are to:

- ✓ Develop, maintain and enhance relationships particularly where a client organisation is undergoing significant change to ensure that the service is aware of and understands its needs and objectives;
- ✓ promote and support clients with regards to an increase in regional and collaborative working;
- ✓ understand its position with respect to the organisation's other sources of assurance and plan our work accordingly;
- ✓ be seen as a catalyst and support for change at the heart of the organisation;
- ✓ be the auditor of choice, delivering exceptional client service;
- ✓ add value and assist the organisation in achieving its strategic objectives;
- ✓ be forward looking – knowing where the organisation wishes to be and being aware of the relevant national agenda and its impact;
- ✓ be innovative and challenging;

- ✓ help to shape the ethics and standards of the organisation, reducing bureaucracy whilst maintaining high standards of governance and compliance;
- ✓ ensure the right resources are available recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly;
- ✓ ensure all staff are supported in undertaking relevant professional qualifications and continuous professional development;
- ✓ share best practice with other internal auditors, clients and other professional services;
- ✓ seek opportunities for joint working with other organisations' auditors and assurance providers.

3. Authority and Scope of Internal Audit

- 3.1 The requirement for an internal audit function is detailed within the Accounts and Audit Regulations 2015 which state that a relevant body must “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards and guidance [PSIAS]*”.
- 3.2 In accordance with the PSIAS, the scope of Internal Audit allows that in fulfilment of audit responsibilities there will be unrestricted coverage of all the organisation’s activities and unrestricted access to all functions, records, data, personnel, premises and assets of the organisation and its partner organisations, as deemed necessary in the course of audit work and as set out in relevant partnership agreements and contracts. Internal Audit has therefore the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 3.3 All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The Head of Internal Audit (HoIA) and staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 3.4 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in an organisation as well as the quality of performance management arrangements in carrying out assigned responsibilities to achieve the objectives of the organisation.

4. Purpose of Internal Audit

- 4.1 Each client organisation is responsible for establishing and maintaining appropriate risk / concern management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising whether effective and efficient arrangements exist. The annual HoIA opinion, which informs the annual governance statement, both emphasises and reflects upon the importance of this aspect of Internal Audit work. The response to Internal Audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the corporate objectives, improvement and support innovation and change.
- 4.2 This is achieved through internal audit providing a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed (adequacy) and how well they are working (application). Consulting and advisory activities are available and complimentary to assist management make improvements to systems and processes where necessary.

5. Definitions

- 5.1 As the Internal Audit function serves a number of different organisations and for the purpose of this Charter the following definitions apply:

The Board – generally the governance group charged with seeking independent assurance on the adequacy of the control, risk management and governance framework, and the main oversight body for the delivery of the internal audit function. Such Boards are usually the group performing the role of an audit committee.

Senior Management – generally those responsible for the leadership and direction of the organisation as a collective, incorporating the ‘chief executive’ role.

6. Responsibilities of Internal Audit and Senior Management

6.1 The responsibilities and objectives of Internal Audit are as follows:

- i. To be a valuable asset to the organisation by supporting senior management in meeting their corporate responsibilities.
- ii. To contribute to assurances to those charged with governance in relation to the robustness and reliability of internal controls, risk / concern management and governance to support the Annual Governance Statement (AGS).
- iii. To support the Statutory S151 Officer / Responsible Financial Officer in discharging their duties.
- iv. To periodically review, appraise and report on the extent to which the assets and interests of the organisation are accounted for and safeguarded from loss and the suitability and reliability of financial and other management data and information.
- v. To support the requirement to seek efficiency including the arrangements for achieving value for money and effective change management.
- vi. To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk / concern and governance arrangements. Such assurances include information technology governance and ethical behaviour.
- vii. To assess the adequacy and effectiveness of the organisation's contracts, procurement, commissioning and associated governance arrangements.
- viii. To assess the adequacy and effectiveness of the organisation's corporate risk / concern management process and the level of embeddedness in business as usual, whilst ensuring that Internal Audit does not adopt management responsibilities for managing risks.
- ix. To evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, to reduce the incidence of fraud and irregularity by publicising the findings of fraud investigations to act as a deterrent and provide a quality fraud and irregularity prevention, detection and investigation service.
- x. To disseminate examples of best practice in the application of an effective control, risk / concern and governance framework.
- xi. To provide an Internal Audit advisory service intended to add value and improve governance, risk / concern management and control processes.
- xii. To provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls. This is usually achieved through membership of Officer Groups, Governance and other Boards or working parties as well as direct contact with officers within services / functions / departments. Such advice and consultation work forms an important part of the audit plan.
- xiii. To prepare timely, concise and informative reports to management to facilitate the improvement of the control environment.
- xiv. To undertake Audit support activities in respect of assisting the Audit Committee (or equivalent) to discharge its responsibilities; monitoring the implementation of agreed management actions; disseminating across the entity better practice and lessons learnt arising from its audit activities and having oversight of the audit function.

6.2 Under the PSIAS, the HoIA has a specific responsibility to lead and manage the Internal Audit function and have the necessary and unfettered access to senior management and audit committees.

6.3 Senior management also have responsibilities under this Charter in order to maximise the effectiveness and efficiency of the Internal Audit function. These are to:

- Engage fully and flexibly in the audit planning process, providing information and insight into high risk areas or areas of strategic focus or concern
- Nominate and commit to lead officers for each internal audit assignment and a point of reference for the overall management of the internal audit service
- Engage in a timely manner with Internal Audit in the scoping of work and agreeing terms of reference, dealing with audit queries and discussing draft and final reports

- Provide evidence to Internal Audit (and the audit committee) of the implementation of agreed management actions.
- 6.4 Arrangements will be made with each client organisation to monitor joint compliance with these responsibilities.
- 6.5 It should be noted that internal audit is not responsible for the operation of control functions within the Council (or other organisations); these responsibilities rest with senior management. Internal audit should not be regarded as a substitute for good management.
- 7. Position of Internal Audit in the Organisation(s)**
- 7.1 Within the Council the HoIA reports functionally to the Audit Committee and organisationally to the Service Director – Finance (Section 151 Officer).
- 7.2 With regards to non-council client organisations the HoIA reports functionally to the respective audit committee / Board. Whilst the organisational relationship is different in the external client organisations, to fulfil professional responsibilities the HoIA will report to the respective Chief Finance Officer and/or Chief Executive.
- 7.3 Irrespective of the organisation, the HoIA has direct and unfettered access to the Chief Executive (or equivalent), Monitoring Officer (or equivalent) and Responsible Finance Officer. The HoIA also has access to the respective audit committees where this is deemed necessary in the discharging of professional responsibilities.
- 8. Internal Audit Resources / Skills / Competencies and Standards**
- 8.1 In accordance with PSIAS, the HoIA will be professionally qualified and suitably experienced in the leadership and management of an internal audit function. These requirements reflect the responsibilities of the HoIA in leading a professional discipline, demonstrating personal independence and objectivity and the need to liaise with senior management, members and other professionals.
- 8.2 It is the responsibility of the HoIA to establish and maintain an appropriately skilled and experienced team and to set a culture of continuous improvement for the function. Resources will be set aside in the operational budget for the purposes of staff development and general and professional training.
- 8.3 At least annually, the HoIA will submit to the 'Chief Executive' and the Audit Committee an Internal Audit plan for review and approval. The plan will consist of a work schedule and resource requirements for the next financial year(s). The plan will include the impact of any resource limitations and significant actual or planned changes.
- 8.4 The Standards element of the PSIAS highlights some key expected competencies. These are:
- 8.5 Independence:
- 8.5.1 An independent approach and mind-set is essential to the effectiveness of the Internal Audit function. To ensure this, Internal Audit operates within a framework that allows: -
- Unrestricted access to the relevant senior officers; the Chair of the Audit Committee and Audit Committee Members; individual Senior Management Officers; employees and the responsible External Auditor.
 - The HoIA to report in his own name.
 - Segregation from line operations. Where the Head of Internal Audit has management responsibility for an operational area (i.e. Data Protection Officer for the Council and Clients, Risk Management, Governance and Assurance, Corporate Anti-Fraud), the Audit Manager will be responsible for managing reviews of those areas and for approving the final reports.
- 8.5.2 The Head of Internal Audit reports directly to the Board and it is the Board's responsibility to:

- Approve the internal audit charter;
 - Approve the risk based internal audit plan (within the approved resource envelope);
 - Receive updates on internal audit activity and performance relative to the delivery of the plan and other matters;
 - Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope, operational responsibility or resource limitations.
- 8.5.3 The Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.
- 8.5.4 Internal Auditors are generally not involved in undertaking non-audit activities and an Auditor will not be involved in the audit of any system or process for which they had previous operational responsibility for a period of two years, where they have secondary employment or where there is a conflict of interest.
- 8.5.5 Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and to provide for service continuity and resilience.
- 8.6 Objectivity:
- 8.6.1 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and:
- not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
 - not accept anything that may impair or be presumed to impair their professional judgement.
 - disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
 - declare any real or perceived interests on an annual basis. In addition, a prompt is included at the assignment planning phase of each audit and officers are reminded each year (and asked to confirm understanding) that they will comply with the Council's Code of Conduct plus that of their professional body (e.g. AAT, CIPFA, IIA).
- 8.7 Confidentiality:
- 8.7.1 Internal Auditors are expected to display confidentiality and:
- Shall be prudent in the use and protection of information acquired in the course of their duties.
 - Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.
- 8.8 Integrity:
- 8.8.1 In the conduct of audit work, Internal Audit staff will:
- perform their work with honesty, diligence and responsibility.
 - observe the law and make disclosures expected by the law and the profession.
 - not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
 - respect and contribute to the legitimate and ethical objectives of the organisation.
 - comply with relevant professional codes/standards of conduct and declare any real or perceived conflicts of interest.
 - respect and contribute to the legitimate and ethical objectives of the organisation.
 - observe the Standards of Public Life's Seven Principles of Public Life.

8.9 Competency:

8.9.1 Internal Auditors are competent in their role by:

- engaging only in those services for which they have the necessary knowledge, skills and experience.
- performing internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- continually improving their proficiency and effectiveness and quality of their services.

8.9.2 The allocation of audit work to an Internal Auditor is based on consideration of their knowledge, skills and experience and any expression of interest to develop in a particular field/business area. Internal Auditors are encouraged to undertake continuous professional development and opportunities for further development are discussed and agreed during day to day on the job supervision, mentoring, 1:1s and PDR meetings. A training plan is maintained for the Service.

8.9.3 The HoIA maintains a Quality Assessment and Improvement Programme (QAIP) as required by the PSIAS and reports this to each client audit committee on an annual basis.

9. **Access to Relevant Personnel and Information**

9.1 Each member of the Internal Audit Team will carry with them at all times an ID card that clearly shows their responsibilities and authority as auditors. In the fulfilment of their audit duties this entitles them to unrestricted access to all records, assets, personnel and premises belonging to each client organisation. In addition, internal auditors have the authority to obtain such information and explanations as is considered necessary to meet the requirements of the audit activity. Where necessary, such access will be granted on demand and not subject to prior notice.

10. **Scope of Internal Audit Activity**

10.1 The HoIA is responsible for producing an annual report to each client organisation's audit committee providing an opinion on the adequacy and effectiveness of the control, risk / concern management and governance arrangements. Through careful annual audit planning and based on a programme of audit activities of sufficient breadth and depth covering the whole organisation, the HoIA is able to produce such an annual opinion.

10.2 The overall approach is determined by the HoIA and will take into account the level of assurance required, the significance of the objectives of the organisation, the degree of change within the organisation, the prevailing risk appetite and culture, and previous audit findings and implementation of agreed management actions.

10.3 To fulfil the scope of internal audit, the programme of audit activities is usually varied covering assurance work, advice, consultancy, anti-fraud work and irregularity investigations. The types of internal audit work are shown as annexe 1.

10.4 Increasingly, a major contribution to the HoIA's annual opinion is through advisory/consultancy type work where in a more proactive and timelier basis input can be given and assurance obtained regarding the adequacy and effectiveness of the activities of the organisation, e.g. through attendance at key management meetings, steering groups and project and programme boards. This work is also valuable for audit planning and generally ensuring a high level of awareness of the organisation's direction, objectives, pressures and performance.

11. **Internal Audit Planning**

11.1 Setting an annual or periodic risk-based plan is the responsibility of the HoIA. The audit plan is determined through a process of information gathering, reflection, forward looking and above all consultation and engagement with senior management and the Board.

11.2 The following are the key issues in the development of the risk-based audit plan: -

- An understanding of the organisation's vision and ambition, as articulated within the organisation's strategic plans and ensuring that audit coverage is directed and links to these areas of corporate importance.
 - Identification of the significant (key) risks, concerns and issues arising from the above and understanding which areas of service delivery the significant risks impact upon.
 - Internal Audit provides support to management and directs resources to areas where the Service can add value and support change and innovation.
- 11.3 The HoIA will advise senior management and the Board regarding the planned coverage and if/where this is potentially compromised due to limited resources.
- 11.4 Each year the HoIA will set out the planning process and key issues as part of senior management and Board engagement.

12. Reporting

- 12.1 The key output from internal audit activity is a report, a written and formal product to show the outcome from the assignment.
- 12.2 Audit Assignment Reporting
- 12.2.1 In reporting the outcome of individual audit assignments, the lead Internal Auditor will follow a proactive and consultative approach to engage management. The key principles of which are: -
- Advance discussion and agreement of the scope and objectives of audit assignments, the timescales for the completion of the work, and key client / audit contacts along with the recipients of the final audit report.
 - Immediate reporting of any significant or critical issues arising during the course of audit work.
 - Post audit meetings to discuss the conclusion and outcome of audit work on a prioritised basis and to agree management actions and timescales.
 - Any areas of disagreement which are not resolved by discussion are recorded in the action plan and the residual risk highlighted within the report.
 - Providing management with the opportunity to give feedback on the conduct of the work and how valuable and effective they found the audit process and report.
- 12.2.2 The process for the communication of audit work is designed to conform with the PSIAS.
- 12.2.3 Final audit reports will normally include an overall assurance opinion on the adequacy and effectiveness of the system of risk / concern management, controls and governance arrangements. The report will be issued on a timely basis and responses sought monthly from senior management on the implementation of high and medium agreed management actions. The non-receipt of a response will be followed up with the responsible manager, on a quarterly basis with the Executive Director or equivalent and also reported to the Audit Committee.
- 12.2.4 A process has been established with each organisation to ensure the high and medium categorised agreed actions are implemented or that senior management have accepted the risk of not taking action. Internal Audit will in certain circumstances undertake specific further work to obtain direct evidence of management actions having been taken as planned. The implementation of agreed management actions is reported to each audit committee where senior management may be invited to explain any delays in taking action.
- 12.2.5 All low categorised agreed management actions are reported to senior management (i.e. Executive Directors) on a 6-monthly basis. It is management's responsibility to obtain assurance that these have been implemented, and they are required to declare that they have fulfilled this responsibility within the annual declaration which forms part of the Annual Governance Review.

12.3 Reporting of Ad Hoc Advice and Development / Consultancy Work

12.3.1 Internal Audit undertakes a variety of tasks which do not always justify a formal audit report, e.g. responding to one-off queries, advice and consultancy type work given verbally at meetings e.g., projects and developments. Internal Audit does however ensure that details of advice given are recorded by the retention of memos / copy e-mails, or file notes and minutes of meetings. Such records are retained in respect of advice given which is likely to (or intended to) influence management decisions or effect changes in systems and processes. The result of this work is considered as part of the HoIA's overall assurance opinion.

12.3.2 Issues and risks / concerns arising would also be recorded within project and operational risk / concern registers in order to be managed by project lead officers. Details of issues arising would not necessarily be reported separately to the Audit Committee. However, details of the engagement and work undertaken would be recorded within the respective Audit Committee Report and any material issues would be followed up in accordance with the standard reporting and monitoring process.

12.4 Reporting to the Audit Committee

12.4.1 Internal Audit reports as follows: -

- Details of audit plans, performance against plans and against key performance measures, and on significant control or compliance issues arising from audit work, longstanding agreed management actions and management responses, completed projects / advice, unplanned, cancelled or deferred audit work.
- To client Audit Committee's on its performance and on individual audit reports.
- Audit Committees provide a route for the escalation of a failure to respond to audit reports, or the non-implementation of agreed management actions, with the potential for management to be called to answer to the Committee.
- The Audit Committee receives an annual report summarising the outcome of the review of the effectiveness of the internal audit function which is required under the PSIAS.

12.5 Annual Report of the Head of Internal Audit

12.5.1 The annual report to the Audit Committee includes the HoIA's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk / concern management and control as determined from the programme of work undertaken. The following elements are incorporated into annual audit reports: -

- The HoIA's opinion on the overall effectiveness of the organisation's internal control, risk / concern management and governance environment based on work undertaken.
- Disclosure of any qualification to this opinion, together with the reason for the qualification.
- The disclosure of any impairments or restriction in scope of audit work.
- A summary of the audit work undertaken to provide this opinion, including any reliance placed on assurance work by other bodies.
- Details of any issues that the HoIA judges to be particularly relevant to the AGS.
- A comparison of work actually undertaken with the work originally planned and a summary of the performance of Internal Audit against its performance measures and criteria.
- A statement to confirm work has been completed independently and in accordance with the PSIAS.
- The results of the Quality Assurance Improvement Programme (QAIP).
- Any other issues that the HoIA judges is relevant to the preparation of the AGS.

13. **Quality Assurance**

13.1 Internal Audit is committed to provide a high-quality service to all client organisations and encourages clients to give feedback. A programme of internal quality assurance reviews of completed work are undertaken during the year to provide assurance that these have been undertaken in compliance with PSIAS and operational procedures. All matters relating to the

quality of the function are captured within the Quality Assessment and Improvement Plan (QAIP) which is maintained by the HoIA and reported to each audit committee annually.

14. **Contacts**

The key contacts for the Internal Audit Service are:

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Audit Manager

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The office address is:

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Internal Audit Services
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Barnsley
S70 9EY

Types of Internal Audit Work

Advice	To meet requests from management for information and guidance on matters of internal control, procedures, compliance with relevant policies etc.
IT Audit	Operational IT audit designed to assess and review the operating procedures supporting key IT policies, environmental controls and input into system developments and new systems.
Information Governance	<p>Work specifically looking at the adequacy and effectiveness of the management, use, control and security of information, compliance with the requirements of data protection legislation as well as internal policies and procedures.</p> <p>Support the Data Protection Officer in undertaking specific compliance reviews in relation to Data Protection legislation.</p>
Regularity	<p>Audit work designed to review and assess compliance with policies and procedures to ensure internal controls exist and are effective.</p> <p>Such work covers the functional areas of services and establishments.</p> <p>Important Internal Audit work to demonstrate presence at an operational level. Work supported by risk based and themed audit work.</p>
Financial Systems	<p>Work designed to assess and review the adequacy of the internal controls within the financial systems of the Organisation. Such work will take the form of either a walkthrough or full compliance audit on a risk-based approach set out in the annual strategy.</p> <p>This work is also considered by External Audit as part of their work on the statutory opinion on the accounts.</p>
Grant Claims	Work necessary to independently verify grant claims as required by the awarding body.
Management Audit (Incl. Corporate items)	<p>Provision for work on corporate procedures and processes. Also incorporates work specifically for management on an advisory basis.</p> <p>These jobs also tend to be of a significant length in terms of Internal Audit days and elapsed time due to their detail and nature.</p>
Anti-Fraud and Investigations	<p>This work, undertaken or led by the Corporate Anti-Fraud Team, focuses on prevention, detection and investigations.</p> <p><i>Prevention</i> work focuses on developing good procedures, policies and guidance for managers and ensuring awareness so that appropriate controls are in place to avoid irregularities.</p> <p><i>Detection</i> work focuses on proactively examining the transactions of the organisation and other information to identify potentially fraudulent activity.</p> <p><i>Investigations</i> work is largely in response to allegations of irregularity being brought to Internal Audit's attention. This work is often extremely sensitive and requires great care, tact, diplomacy and attention to detail. A report to management is most often the output from this work where audit findings</p>

are described along with recommendations regarding potential disciplinary action or referral to the Police, and guidance on improving controls to minimise the risk of such matters arising again.

**Commissioning,
Procurement and
Contract Audit**

Commissioning & Procurement - generally focussed on the policies, procedures and systems in place to identify, assess and deliver a requirement; including compliance with procurement regulations (EU requirements and/or Contract Procedure Rules, Commissioning and Procurement Strategies/Policies).

Contract - this work focuses on the controls within the organisation's contractual policies and procedures to ensure that individual contracts are entered on a timely basis and that these protect the organisation's interests. In addition, that the contract management arrangements are robust, and payments made are appropriate.

**Project
Management**

Work which evaluates the effectiveness of the application of project management principles in order to achieve given outcomes / deliverables.

**Corporate
Governance
Assurance**

Requirements under the Accounts and Audit Regulations mean that all client organisations have to prepare and publish a statement on the overall adequacy of their governance arrangements (annual governance statement).

A key element to providing assurance to the organisation is the work of Internal Audit overall and particularly in the key areas of corporate governance, risk management, performance management and general policy and procedure compliance.

**Audit Committee
Support**

Time is allocated to support the various audit committees. This work involves the provision of reports, guidance and training.

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Agenda Item

Subject	Internal Audit Progress Report 2023/24	Status	For Publication
Report to	Audit and Governance Committee	Date	27/07/2023
Report of	Head of Internal Audit, Anti-Fraud and Assurance		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	SharonBradley@barnsley.gov.uk		

1. Purpose of the Report

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period 1st April 2023 to 9th July 2023.
- 1.2 To provide information regarding the performance of the Internal Audit function during the period.

2 Recommendation

- 2.1 **It is recommended that Members consider the report and as necessary request further information and/or explanations from Internal Audit or Management.**

3 Background Information

- 3.1 The Audit and Governance Committee has responsibility for reviewing the adequacy of the Authority's corporate governance arrangements, including those relating to internal control and risk management. The reports issued by Internal Audit are a key source of assurance contributing to the evidence the Committee receives to assure them that the internal control environment is operating as intended.
- 3.2 The Head of Internal Audit produces an Annual Report (reported into the July Committee meeting), which provides his overall opinion on the adequacy of the Authority's control environment and compliance with it during the year.

4. Implications

- 4.1 The proposals outlined in this report have the following implications:

Financial	The cost of the services of the Internal Audit Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

Rob Winter FCPFA
Head of Internal Audit, Anti-Fraud and Assurance

Background Papers	
Document	Place of Inspection
Background papers and other sources of reference include: Internal Audit Charter 2021-24, Annual Plan 2023-24, Individual Internal Audit Reports, MK Insight (Audit Management System), Public Sector Internal Audit Standards 2017	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

South Yorkshire Pensions Authority

Internal Audit Progress Report

Audit and Governance Committee

27th July 2023

The matters arising in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

INTERNAL AUDIT PROGRESS REPORT 2023/24

1st April 2023 to 9th July 2023

Purpose of this report

This report has been prepared to update the Committee on our activity for the period 1st April 2023 to 9th July 2023, bringing to your attention matters that are relevant to your responsibilities as members of the Authority's Audit and Governance Committee.

The report also provides information regarding the performance of the Internal Audit function during the period.

Internal Audit Plan Progress

The following table shows the progress of the internal audit plan up to the 9th July 2023, analysed by the number of plan assignments and audit days delivered by Service Area.

To date, we have delivered 11% of the planned days. The 2023/24 plan (as in previous years) is profiled more heavily towards the end of the financial year and Internal Audit has profiled its resources accordingly. As in previous years, there are likely to be a number of pieces of work that will be completed in the new financial year.

Position as at 9th July 2023 - Plan Days Delivered

2023/24 Plan	Original Plan Days	Revised Plan Days	Actual days (% of revised days)
Finance	92	92	6.2 (24%)
Pensions Admin	18	18	13.4 (53%)
Authority Wide	89	89	5.8 (23%)
Investments	10	10	0 (0%)
Corporate Services	20	20	0 (0%)
Contingency	2	2	0 (0%)
Chargeable Planned Days	231	231	25.4 (11%)

Position as at 9th July 2023 – Planned Assignments With Report

	Planned assignments in year	Assignments to be completed in period	Actual assignments completed in period	Actual assignments completed to date
Finance	6	0	0	0
Pensions Admin	3	2	1*	1
Investments	1	0	0	0
Corporate Services	1	0	0	0
Authority Wide	5	1	0*	0
Total	16	3	1	1

* The Actuarial Transition and Procurement Compliance Reviews are currently at draft report stage, for discussion and agreement with management.

Changes to the 2023/24 Internal Audit Plan

At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. There have been no plan changes during the period.

Final Internal Audit Reports

The following report has been issued during the period.

Audit Assignment	Assurance Opinion	Number of recommendations raised:			Total	Agreed
		High	Medium	Low		
Pensions Admin: Pensions Admin System PIR	Reasonable	1	2	0	3	3
Total		1	2	0	3	3

Other Internal Audit work undertaken

Audit Activity	Description
Follow-up of Agreed Management Actions (AMAs)	Regular work undertaken to follow-up agreed management actions.
Planning, Liaison and Feedback	Meeting and corresponding with Senior Management regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Member training (as required), general support and development.
National Fraud Initiative	Time allocated to provide assurance that the NFI data matching exercises have been undertaken.

Work in Progress

The following table provides a summary of the audits in progress at the time of producing this report:

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
Service Wide: Procurement Compliance			✓
Pensions Admin: Actuarial Transition			✓
Pensions Admin: Customer Contact Centre		✓	
Finance: Accounting for Deals		✓	
Finance: Staff Payroll	✓		
Service Wide: Training & Development – Appraisal Process	✓		

Follow-up of Internal Audit Report Management Actions

The following table shows the status of internal audit management actions due for completion during the period:

Management Action Classification	Followed up	Closed - Implemented	Revised target date agreed	Awaiting Update From Mgt
High	0	0	0	0
Medium	6	5	0	1
TOTAL	6	5	0	1

Internal Audit continues to get good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management actions.

Internal Audit performance indicators and performance feedback for 2023/24 (Quarter 1)

Internal Audit's performance against a number of indicators is summarised below. The Service uses a range of performance indicators to monitor operational efficiency. Quarterly performance of the function is satisfactory and all PIs for the year are either on or exceed target levels.

Ref.	Indicator	Frequency of Report	Target 2023/24	This Period	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	61%	61%*
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	3.37 days	3.37 days*
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within budget	Yes	Yes

* The chargeable time indicator in Q1 has been impacted upon by the profile of annual and statutory leave which will level out throughout the year. Taking account of the profile of leave the chargeable time would have been 71%, just below the target of 73%. This is due to the long term of absence of one member of the team and short-term sickness absence of another team member. These absences have not impacted on the delivery of the South Yorkshire Pensions Authority Plan.

Performance indicator definitions and supporting information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted "good" or "very good") relating to work concluding with an audit report.	Audit Sponsor and Operational Lead Questionnaires are circulated at the end of each piece of work. The questionnaires asks specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report/output. An overall assessment is sought as to the overall value of the work. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of Senior Internal Audit staff to clear the report and any issues the Service's quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the 'productivity' of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Service's expenditure for the year has been kept within the budget.

Head of Internal Audit's Assurance Opinion

The Head of Internal Audit, Anti-Fraud and Assurance must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

At this point in the audit year, based on work completed to date, it is anticipated that a **Reasonable** (positive) overall assurance opinion will be provided.

Audit Contacts

Contact	Title	Contact Details
Rob Winter	Head of Internal Audit, Anti-Fraud and Assurance	Mobile: 07786 525319 Email: RobWinter@barnsley.gov.uk
Sharon Bradley	Internal Audit Manager	Mobile: 07795 305846 Email: SharonBradley@barnsley.gov.uk

KEY TO INTERNAL AUDIT ASSURANCE GRADINGS AND CLASSIFICATION OF IMPLICATIONS

1. **Classification of Implications (impact)**

- High** Requires immediate action – imperative to ensuring the objectives of the system under review are met.
- Medium** Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
- Low** Action is advised to enhance control or improve operational efficiency.

2. **Assurance Opinions**

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	None	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.

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Subject	Audit Committee Effectiveness Review 2022/23	Status	For Publication
Report to	Audit & Governance Committee	Date	27 July 2023
Report of	Head of Governance		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone	Phone	01226 666418
E Mail	jstone@sypa.org.uk		

1. Purpose of the Report

1.1 To report the results of the Committee’s review of its effectiveness in 2022/23.

2. Recommendation(s)

2.1 Members are recommended to:

- a. Agree the Effectiveness Review report at Appendix A and the recommended actions therein.**

3. Link to Corporate Objectives

3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

To uphold effective governance always showing prudence and propriety.

The principles of good governance and those outlined in the CIPFA Position Statement on Audit Committees 2022 require that the Audit Committee should evaluate its impact. This report contributes to this objective.

4. Implications for the Corporate Risk Register

4.1 The actions outlined in this report demonstrate the mitigations in place to address the identified risks around weaknesses in the overall governance and control framework.

5. Background and Options

- 5.1 As part of ensuring continuous improvement, the Audit Committee undertook an effectiveness review on 2 March 2023. The review report is attached as Appendix A. This is the first effectiveness review conducted by the Audit Committee.
- 5.2 In preparation for the effectiveness review, Committee members participated in a bespoke workshop session about CIPFA’s Position Statement on Audit Committees in Local Authorities 2022, delivered by CIPFA’s Governance adviser, Diana Melville on 15 February.
- 5.3 The results of the review will be used to support planning of the Committee’s future work programme and training provision. The recommended actions arising from the review will be monitored during 2023/24 and reviewed annually going forward.

6. Implications

6.1 The proposals outlined in this report have the following implications

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jo Stone
Head of Governance

Background Papers	
Document	Place of Inspection

Audit Committee – Effectiveness Review 2023

On 2 March 2023, members of the Audit Committee met to conduct a self-assessment to evaluate impact and effectiveness over the previous year. This was carried out based on the evaluation tool provided with the CIPFA Position Statement 2022 on Audit Committees in Local Authorities. The review results will be utilised to support planning of the Committee’s future work programme and training plans. This is the first effectiveness review conducted by the Audit Committee.

Prior to the effectiveness review, in February members also attended a bespoke workshop delivered by CIPFA’s Governance adviser on the roles and responsibilities of the Audit Committee.

CIPFA guidance states that an audit committee’s effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority’s business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as ‘influence’, ‘persuasion’ and ‘support’. The broad areas that the Committee may support are illustrated below and formed the basis for this review.

Figure 1: The influential audit committee



The table below summarises the Committee’s evaluation of their impact, with any actions identified for improvement or further development.

Areas where the audit committee can have impact by supporting improvement	Strengths of the Audit Committee	Areas for Improvement / Further Development	Proposed Actions
<p>Promoting the principles of good governance and their application to decision making.</p>	<ul style="list-style-type: none"> • Providing a robust review of the Annual Governance Statement and the assurances underpinning it. • Supporting reviews/audits of governance arrangements. • Strong working relationships, confidence and openness with partner agencies, auditors etc. • Carries out an annual effectiveness review. • Produces an annual Audit Committee report. • Agreed a revised Terms of Reference and change of title to Audit and Governance Committee to take effect from 2023/24. 	<ul style="list-style-type: none"> • Continuous development required to maintain and enhance knowledge and understanding of role of the Committee and governance. • The Local Code of Corporate Governance is overdue for review. • There is currently no independent member of the Audit Committee, which is recommended in the CIPFA Position Statement. 	<p>1.</p> <ol style="list-style-type: none"> a) Review and update of Local Code of Corporate Governance to be completed in 2023. b) Head of Governance to carry out a recruitment process for an independent member for the Committee. c) Training and development plan for 2023/24 to include appropriate coverage of audit and governance issues for members of this Committee.
<p>Contributing to the development of an effective control environment.</p>	<ul style="list-style-type: none"> • Actively monitoring the implementation of management actions arising from audit findings. • Able to raise concerns over controls with appropriate senior managers. 	<p>-</p>	<p>-</p>
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</p>	<ul style="list-style-type: none"> • Annual review of the risk management framework and its effectiveness. • Monitoring improvements to risk management. • A robust process for managing risk is evidenced by independent assurance from internal audit or external review. 	<p>-</p>	<p>-</p>

Areas where the audit committee can have impact by supporting improvement	Strengths of the Audit Committee	Areas for Improvement / Further Development	Proposed Actions
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p>	<ul style="list-style-type: none"> • Reviewing the effectiveness of assurance providers, e.g., internal audit and external audit. • Pre-meetings take place for the Chair of the Audit Committee with internal audit, independently of officers. 	<ul style="list-style-type: none"> • Provide opportunity for pre-meeting with external audit as well as internal audit. • The Committee should consider any additional actions to be taken in order to ensure review of the leadership team’s assurance framework and identifying gaps or overlaps in assurance. 	<p>2.</p> <p>a) Head of Governance to liaise with external auditors regarding opportunity to join a pre-meeting with the Committee Chair.</p>
<p>Supporting effective external audit, with a focus on high quality and timely audit work.</p>	<ul style="list-style-type: none"> • Reviewing and supporting external audit arrangements with focus on independence and quality. • Providing good engagement on external audit plans and reports. • The auditors deliver in accordance with their plan and any changes are explained. 	<ul style="list-style-type: none"> • As there will be a change in the external auditor (from Deloitte to KPMG) during 2023/24, the Committee will need to ensure that the focus on supporting effective, timely and high-quality audit work continues with the new auditor. 	<p>-</p>
<p>Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.</p>	<ul style="list-style-type: none"> • Internal audit service is provided by Barnsley MBC under a service level agreement. • Pre-meetings take place for the Chair of the Audit Committee with internal audit, independently of officers. • Committee reviews the internal audit charter and plans. • Assessing the effectiveness of internal audit arrangements, providing constructive challenge, and supporting improvements. 	<p>-</p>	<p>-</p>

Areas where the audit committee can have impact by supporting improvement	Strengths of the Audit Committee	Areas for Improvement / Further Development	Proposed Actions
<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<ul style="list-style-type: none"> The Committee ensures that assurance regarding value-for-money arrangements is included in the assurances received; this is particularly assessed and covered in the external auditor’s annual report. Considers how performance in value for money is evaluated as part of the AGS. 	<ul style="list-style-type: none"> The Committee identified that reports on outcomes of benchmarking exercises are not currently brought to the Committee as a matter of routine. 	<p>3.</p> <p>a) Head of Governance to arrange for Benchmarking Exercise results to be reported to the Audit & Governance Committee in 2023/24.</p>
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</p>	<ul style="list-style-type: none"> Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks. The Committee are satisfied that there are effective arrangements for countering fraud and corruptions risks across the Authority. 	<ul style="list-style-type: none"> Identified that there could be potential for doing some further work around ethics and values. Discussed whether reviewing and increasing any pre-employment checks would be useful. 	<p>4.</p> <p>a) Governance team will include a session around ethics and values on the agenda for the Members’ away day scheduled for Nov 2023.</p> <p>b) Officers to review the question regarding pre-employment checks and vetting as additional due diligence to help combat fraud and corruption risks.</p>
<p>Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability.</p>	<ul style="list-style-type: none"> The Committee reviews and prioritises the work of the Authority in ensuring that annual accounts, Annual Governance Statement (AGS) and annual report are all published in line with statutory guidance and ahead of deadlines. The Committee publishes an annual report. 	<ul style="list-style-type: none"> Further development of members’ understanding of the AGS and their contribution to this would be useful. 	<p>5.</p> <p>a) Governance team will ensure that reporting and transparency, including the AGS in particular, is appropriately covered in the Member Learning and Development Strategy for 2023/24.</p>

Conclusion

Audit Committee members evaluated their impact and effectiveness over the year just ended. The review identified actions for continuous improvement; progress on these will be monitored in the forthcoming year.

An effectiveness review will be completed annually.

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Subject	Progress on Agreed Management Actions	Status	For Publication
Report to	Audit & Governance Committee	Date	27 July 2023
Report of	Team Leader Governance		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Annie Palmer	Phone	01226 666404
E Mail	APalmer@sypa.org.uk		

1. Purpose of the Report

- 1.1 To update Members on the actions being taken in response to audit recommendations made by internal audit during the current financial year and in previous financial years.

1. Recommendation(s)

2.1 Members are recommended to:

- a. Note the progress being made on implementing agreed management actions; and
- b. Consider if any further information or explanation is required from officers.

3. Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Effective and Transparent Governance

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

- 3.2 The reporting of audit findings and management actions being taken to address these is a key part of providing assurance on the adequacy of the Authority's corporate governance arrangements, particularly those relating to internal control and financial and risk management.

4. Implications for the Corporate Risk Register

- 4.1 The contents of this report do not link to a specific risk in the corporate risk register; instead they set out the actions being taken in a number of areas that will contribute to

addressing various risks in relation to operations and governance as detailed in the original audit reports.

5. Background and Options

- 5.1 The Authority’s Local Code of Corporate Governance sets out the framework in which the Authority complies with the seven principles of good governance; one of which is “*managing risks and performance through robust internal control and strong public financial management*”. One aspect of achieving this is having arrangements for assurance and effective accountability in place and ensuring that recommendations made by both external audit and internal audit are acted upon.
- 5.2 The Audit & Governance Committee receives reports of the external auditor and of the Head of Internal Audit at regular intervals throughout the financial year. The report attached at Appendix A summarises the actions taken, and progress being made on implementing the actions agreed in response to audit findings during the current and previous financial years.
- 5.3 The tables in the attached appendix show the status and progress being made on the outstanding actions, as well as the actions that have been agreed with timescales for future completion, and this will continue to be actively monitored.
- 5.4 The progress on implementation will continue to be reported to the Audit & Governance Committee at regular intervals.

6. Implications

- 6.1 The proposals outlined in this report have the following implications

Financial	No additional financial implications; the costs of the internal audit service and the fees for the external audit are met from existing budgets.
Human Resources	None
ICT	None
Legal	None
Procurement	None

Annie Palmer

Team Leader Governance

Background Papers	
Document	Place of Inspection
None	-

Table 1: Progress Updates on Actions Agreed from Internal Audit Reviews

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Pension Savings Statements - Improvement Plan	March 2023	A lack of an Improvement Plan that captures all issues / concerns arising from the annual Pension Savings Statement exercise, impacting on management's ability to effectively manage and monitor delivery of agreed actions to full implementation and the Service's ability to address the concerns identified and complete the exercise by the deadline.	The plan is to revitalise the Improvement Plan to suit a more modern way of processing annual allowances on the whole. There is a significant change to the way that Statements are calculated from 2022/23 and the information we require from employers now differs to previous years and this is being prioritised. A Monthly Data Collection (MDC) Team has been established within the Benefits Team and this MDC team are assisting in bringing monthly data up-to date which should allow us to obtain the required information more promptly.	Team Leader – Support September 2023
Verification of Assets - Property Holdings	December 2022	Lack of an accurate and up to date record of property holdings within the Authority's Portfolio, increasing the risk of inaccurate financial records and misappropriation of assets held.	<p>We have been liaising with our property advisors Bidwells to establish which land holdings are active with each solicitor. Following this piece of work we are now engaging with the Solicitors on reconciling a few small remaining queries on information held, to remove a number of sold landholdings from their records and clarify a small number of holdings that are currently unexplained.</p> <p>Due to the nature of the work with the solicitors, finalising these remaining minor issues could take some time, we are however confident in the accuracy of the records we hold. This will be the final piece of work with the solicitors in order to complete the AMA.</p>	Head of Finance Revised to December 2023
Treasury Management Policy	December 2022	Lack of a detailed and up to date Treasury Management Strategy that has been recently reviewed, approved and published may result in a misalignment with strategic objectives and priorities, lack of clarity with regards to processes to be adopted and individual roles and responsibilities and a failure to take into consideration any changes in legislative / regulatory requirements.	<p>The new Treasury Management Strategy was taken to the February 2023 Authority meeting and approved by members. Following the approval the strategy has been circulated to all officers involved.</p> <p>The final piece of work remaining in this area is to complete a schedule for the strategy which brings together all our procedures, and roles/responsibilities in one place.</p>	Head of Finance Revised to December 2023

Progress Update on Audit Recommendations
Appendix A

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Risk Management - Operational Procedures	November 2022	Lack of operational procedures and relevant training may result in uncertainty of roles and responsibilities, inconsistencies in processes, failure to adhere to requirements and/or a lack of appropriate approvals. In addition, in the absence of key staff, this could impact on business continuity.	<p>A new risk management software system is being implemented, with a go-live date of 24 August 2023.</p> <p>To align with rolling out the new software system, a bespoke risk management training course has been commissioned from a risk management specialist to be delivered for all relevant managers in September 2023. The Governance Team will then work with key staff to provide guidance on internal procedures and support them to build their operational risk registers.</p>	<p>Head of Governance</p> <p>Revised to September 2023</p>
Online Retirement Tool - Added Voluntary Contributions	22/01/2021	Ensure that previously identified AVC concerns are resolved to prevent any issues having an impact on the successful delivery of the Online Retirement Tool.	<p>Following the appointment of the Service Manager – Benefits, examples have been collated and are being reviewed by the Interim Assistant Director Pensions.</p> <p>An Independent Adviser has also been appointed to undertake a wider review of our AVC providers. This report is awaited and will be reviewed and actioned appropriately once received.</p>	<p>Service Manager – Benefits</p> <p>Revised to August 2023</p>
Procurement Insurance - Legislative and Regulatory Compliance	29/10/2020	<p>Legislative / regulatory compliance; absence of effective and robust management trail increases risk of potential supplier challenge.</p> <p>Contract formalities – ensuring that contracts are signed / sealed in accordance with Contract Standing Orders (CSOs)</p>	<p>The review of the Constitution (including the current CSO's) was completed and approved at the June 2023 Authority meeting.</p> <p>A Gateway approval document has now been reviewed by Internal Audit and will be submitted to SMT for approval alongside the updated CSO's.</p> <p>Internal training will then be scheduled to take place during the autumn.</p>	<p>Director, Assistant Director – Resources</p> <p>Revised to August 2023</p>

Progress Update on Audit Recommendations
Appendix A

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Information Governance - Records Management / Document Retention Policy	18/08/2020	Although a Records Management Policy is in place, it is acknowledged that this is currently lacking a sufficient level of detail to make it a practical basis for determining document retention for the many different categories of records across the organisation.	Whilst completion of work in this area has been delayed due to other work priorities, the action plan is progressing, and a suite of new processes and templates are being prepared with a target of September 2023 for rollout.	Assistant Director – Pensions Revised to September 2023

Table 2: Actions Fully Completed Since Last Report

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
Budget Management and Monitoring 2022/23 - Use of new financial system for financial monitoring	March 2023	Potential of inefficient use of resources and/or a risk of an error in uploads of the budget and actual figures if an automated upload process is not implemented with budget monitoring being performed within the financial management system. This may also result in delays in the identification of variances and the implementation of corrective actions.	<p>Testing on the budget journal upload was completed successfully in April.</p> <p>Due to impact of workloads during year-end, the upload of the budget journal was slightly delayed however the budget for 2023/24 has now been uploaded to the live system.</p> <p>AMA completed</p>	<p>Assistant Director – Resources</p> <p>Completed June 2023</p>
Pensions Administration System - Action Logs		Failure to maintain an accurate and up to date Action Log, including the detailed actions required, by whom and when may result in a lack of clarity with regards to the actions required and a lack of a framework upon which these can be managed / monitored.	<p>Monthly account meetings are now scheduled, and regular updates are being received. All meetings are now minuted and actions captured and monitored, and contract service levels are being reviewed at regular intervals</p> <p>AMA Completed</p>	<p>Assistant Director – Pensions/ Service Manager - Pensions Systems</p> <p>Completed June 2023</p>
Accounts Receivable - Debt Recovery Procedure		Lack of a formal Debt Recovery Procedure may result in uncertainty of roles and responsibilities, inconsistencies in processes, failure to adhere to requirements and / or a lack of appropriate approvals during the debt recovery process. In addition, in the absence of key staff, this could impact on business continuity and the successful recovery of outstanding debt.	<p>The debt recovery process has been reviewed and amended as per the agreed AMA. We now have procedures and approval processes for the debt recovery process in place that the staff involved are aware of. In addition we have created a debt recovery policy.</p> <p>Also we have started a relationship with a debt recovery agent, and agreed a process for sending debts to them in a timely manner, aligned with the draft policy.</p> <p>AMA Completed</p>	<p>Head of Finance</p> <p>Completed March 2023</p>