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Oakwell House
2 Beevor Court
Pontefract Road
Barnsley
S71 1HG

www.sypensions.org.uk

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, 21 September 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: Governace Team Tel: 01226 666405
Email: governanceteam@sypa.org.uk

WEBCASTING NOTICE

This meeting may be filmed for live or subsequent broadcast via the Authority's website. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed.

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Therefore by entering the meeting room, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

Distribution

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

Contact Details

For further information please contact:

Governance Team
South Yorkshire Pensions Authority
Oakwell House
2 Beevor Court
Pontefract Road
Barnsley,
S71 1HG

Tel: 01226 666405
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AUDIT COMMITTEE TERMS OF REFERENCE

1. To fulfil the following core Audit 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 COMMITTEE

THURSDAY, 21 SEPTEMBER 2023 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT, PONTEFRACT ROAD, BARNSLEY, S71 1HG

Agenda: Reports attached unless stated otherwise

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE

27 JULY 2023

PRESENT: Councillor Marnie Havard (Chair)

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

Trade Unions: N Doolan-Hamer (Unison) and G Warwick (GMB)

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

Dina Peuters (Deloitte)
Lizzie Ferdani (Deloitte)

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

None

5 DECLARATIONS OF INTEREST

None

6 MINUTES OF THE MEETING HELD ON 2ND MARCH 2023

The Head of Governance confirmed that the agreed action agenda item 13 from the previous minutes had been completed and the TOR updated accordingly.

RESOLVED: That the minutes of the meeting held on 2 March 2023 be agreed as a true record.

7 EXTERNAL AUDITORS - PROGRESS REPORT

D Peuters presented the external audit status report. She confirmed that there were no major concerns. The audit is still ongoing with an expected completion date in September 2023.

Significant audit risks and their current position were highlighted, with no major concerns being raised. Particular focus was given to the valuation of pension liability, and it was noted that at the year end the Authority would have a pension asset.

Members questioned what implications that this has for the Authority. Officers confirmed that after referring to guidance and consulting with external auditors they are comfortable to include this as an asset on the balance sheet with a capped asset ceiling.

External Audit focus areas were also summarised and no major concerns have been raised as a result of the audit in these areas.

RESOLVED: Members received and noted the report.

8 STATEMENT OF ACCOUNTS

The Head of Finance presented the Statement of Accounts for 2022/23 and confirmed that the statutory deadline for publication had been met. It was also reported that no material changes to the current draft were anticipated.

RESLOVED:

a) **Members noted the Statement of Accounts 2022/23**

b) **Members authorised 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.**

9 INTERNAL AUDIT ANNUAL REPORT 2022/23

The Head of Internal Audit presented the 2022/23 Internal Audit annual report and confirmed a positive assurance opinion for the period. They highlighted that all pieces of work carried out during the year had received a substantial or reasonable assurance opinion.

They also added that an additional piece of work had been completed since the report was produced. This was the actuarial transition and received a positive assurance.

Members welcomed the positive assurance and queried if there were any negative outcomes from the reviews. They also commented that report showed the variances in the original audit plan and changes to the number of days allocated in particular areas. They questioned if Covid had any impact on the days allocated.

It was explained that the general outcomes were more around looking at improvements rather than significant negative findings. It is also important to focus and challenge to ensure areas are not over managed with excessive layers of bureaucracy. The agreed actions resulting from audits are monitored and where dates have been extended Internal Audit are assured that these have been done so on a reasonable basis.

The Head of Internal Audit also set out how the annual plan was agreed and explained that this was an indicative schedule agreed with management at the start of each year. Any necessary changes to the plan are agreed with management throughout the year, these could be due to things like to staff resourcing, additional information being requested etc. but charges are only made for actual days delivered. The overall view is that the pandemic has not materially affected the planning and scheduling of the various audits and any impact has been neutral.

10 INTERNAL AUDIT CHARTER 2022 TO 2025

The Head of Internal Audit presented the Internal Audit Charter and confirmed that there had been no changes to this since the last review.

RESOLVED: Members considered and approved the Internal Audit Charter

11 INTERNAL AUDIT PROGRESS REPORT 2023/24 Q1

The Principal Auditor presented the report providing a summary of the Internal Audit activity completed, and the key issues arising from it for the period. They drew members attention to the KPI relating to staff sickness highlighting two instances, one long term and one short, and confirmed that these had had no impact on the delivery of the audit plan.

Members questioned if Audit staff were office based or homeworking. It was confirmed that a hybrid system was in place with three days in the office and two days working from home.

A discussion took place about the benefits of face-to-face audits compared to Teams meetings and all agreed that in person was a better approach. The Principal Auditor confirmed that the majority of SYPA audits take place at the Oakwell House Offices.

RESOLVED: Members considered and accepted the report.

12 AUDIT AND GOVERNANCE COMMITTEE EFFECTIVENESS REVIEW

The Head of Governance presented the Audit and Governance Committee Effectiveness Review for 2022/23. They confirmed that this was the first effectiveness review to be conducted and will be scheduled into future workplans.

RESOLVED: Members received and agreed the report and the recommended actions.

13 PROGRESS ON AGREED MANAGEMENT ACTIONS REPORT

The Head of Governance presented the report to update Members on the Management Actions agreed with Internal Audit.

In considering the report, members raised concerns around certain actions that had been on the plan for an extended period without full resolution.

The Assistant Director - Resources responded and agreed that whilst some actions were taking time to fully resolve they reminded members of the Head of Internal Audit's previous comments confirming that any revisions to target completion dates were reviewed and considered reasonable. It was also noted that although the overall action may not have been completed and signed off, work has taken place over the last 18 months to progress individual actions within the area. The newly established Governance Team will provide the resource to focus on these particular areas to fully resolve in reasonable timescales.

The Head of Internal Audit also supported the need to have realistic timescales to ensure that the action plan is achievable.

Members commented that they were assured that these areas were being managed and progressed and recognised that actions had the potential to develop into bigger pieces of work, resulting in extended deadlines.

Members also questioned the implications of the lack of an accurate record of property holdings within the Authority's Portfolio for the verification of assets. They asked if the deadline of December 2023 was achievable, given the backlog that the Land Registry are currently having to manage.

The Service Manager Finance explained that this item potentially could have been completed however was left as in progress to ensure a focus on the final detail required. External Audit have also reviewed this area without any major concerns which supports officers' confidence in the records held. The Director also highlighted the detailed due diligence asset verification process currently taking place as a requirement of Project Chip which furthers strengthens assurance in this area.

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

CHAIR

Subject	**Internal Audit Progress Report 2023/24**	**Status**	For Publication
Report to	**Audit and Governance Committee**	**Date**	**21/09/2023**
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 10th July 2023 to 3rd September 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.

BARNSLEY
Metropolitan Borough Council

South Yorkshire Pensions Authority

Internal Audit Progress Report

Audit and Governance Committee

21st September 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
10th July 2023 to 3rd September 2023

Purpose of this report

This report has been prepared to update the Committee on our activity for the period 10th July 2023 to 3rd September 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 3rd September 2023, analysed by the number of plan assignments and audit days delivered by Service Area.

To date, we have delivered 19% 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 3rd September 2023 - Plan Days Delivered

2023/24 Plan	Original Plan Days	Revised Plan Days	Actual days (% of revised days)
Finance	92	92	7 (16%)
Pensions Admin	18	18	17.5 (40%)
Authority Wide	89	89	18.8 (43%)
Investments	10	10	0 (0%)
Corporate Services	20	20	0.6 (1%)
Contingency	2	2	0 (0%)
Chargeable Planned Days	**231**	**231**	**43.9 (19%)**

Position as at 3rd September 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 & Resources	6	0	0	0
Pensions Admin	3	1	1	2
Investments	1	0	0	0
Corporate Services	1	0	0	0
Service Wide	5	1	1	1
Total	**16**	**2**	**2**	**3**

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: Actuarial Transition	Reasonable	0	1	1	2	2
Service Wide: Procurement Compliance (Follow Up)	Limited	0	5	0	5	5
Total		**0**	**6**	**1**	**7**	**7**

There was one limited assurance report issued during the period (Procurement Compliance Follow Up). The review identified concerns with regards to an inconsistent application of and / or non-compliance with legislative and regulatory requirements. It was, however, acknowledged that a light touch review of the Contract Standing Orders had recently been undertaken, as part of a wider review of the Authority's Constitution, and this had addressed the legislative compliance omissions identified in the audit report. In addition, Management had already recognised the need to enhance the procurement governance framework to provide more guidance to Officers undertaking procurement activity. A gateway approval document has been developed (reviewed by Internal Audit) that will, in principle, address several of the findings identified during the review. The actions already taken and those scheduled is a positive direction of travel regarding an enhanced and improved governance framework, to drive better compliance, and would provide for a more positive assurance opinion in future reviews.

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 and Governance Committee Support	Time taken in the preparation of Audit and Governance 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
Pensions Admin: Customer Contact Centre		✓	
Finance: Accounting for Deals		✓	
Finance: Staff Payroll		✓	
Finance: Accounts Receivable		✓	
Service Wide: Training & Development – Appraisal Process	✓		
Finance: Fund Contributions	✓		

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	Not Yet Due	Closed - Implemented	Revised target date agreed	Awaiting Update From Mgt
High	1	1	0	0	0
Medium	18	9	0	9	0
TOTAL	**19**	**10**	**0**	**9**	**0**

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.	**Customer Perspective:**				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	**Business Process Perspective:**				
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%

Ref.	Indicator	Frequency of Report	Target 2023/24	This Period	Year to Date
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

Appendix 1

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.

Subject	Annual Review of Effectiveness of Internal Audit	Status	For Publication
Report to	Audit and Governance Committee	Date	21/09/2023
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 paper is to inform the Committee of the current position in terms of implementation of the agreed actions reported to the Committee at its October 2022 meeting, following the External Quality Assessment (EQA) undertaken by CIPFA in July 2021. The requirement to have an EQA and to maintain a Quality Assurance and Improvement Programme (QAIP) for the Internal Audit function is required by the Public Sector Internal Audit Standards 2017 (PSIAS).

2. Recommendation

2.1 Members consider and assess the proposed QAIP Framework which sets out how it will meet the requirements set out in the PSIAS.

2.2 That the Committee receives an annual update report on the delivery of the QAIP.

3. Background Information

3.1 Revised Public Sector Internal Audit Standards (PSIAS) came into effect from April 2017. Within those standards is the requirement for the Head of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QAIP).

3.2 The particular standard in the PSIAS is *1300 - Quality Assurance and Improvement Programme*. This states that:

> *"The Head of Internal Audit must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity".*

Guidance in relation to this states that:

> *"A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Head of Internal Audit should encourage [Audit Committee] oversight in the quality assurance and improvement programme".*

3.3 Whilst the 2017 PSIAS formalised this as a specific requirement, previous Internal Audit standards and professional requirements ensured that Heads of Internal Audit had effective quality assurance arrangements in place. This incorporated the duty to undertake an annual self-assessment and an independent external assessment against the PSIAS once every five years. An independent external assessment was undertaken during 2021 and reported to the Audit & Governance Committee in October 2021. This assessment confirmed that the Internal Audit function was in full conformance with the PSIAS.

3.4 It is important for the Internal Audit Team and client organisations that the requirements of professional standards are met and are seen to be met. A framework has been developed to ensure all aspects of the PSIAS are considered and factored into how the Internal Audit function is resourced, managed, audit work is identified and delivered, and personal professional standards are met. A self-assessment against the PSIAS will be undertaken, once the Service's Transformation Review has been concluded and any changes embedded, to measure and evidence compliance with the PSIAS. The outcome will be reported into the Audit and Governance Committee in due course.

3.5 The full PSIAS covering the QAIP is attached as Appendix 1. Note that the PSIAS refers to the *chief audit executive* as a generic term for the officer responsible for the Internal Audit function. The job title 'Head of Internal Audit' is most commonly used in the public sector. Also, the term '*board*' is used which in the public sector context is the audit committee. CIPFA have produced a Local Government Application Note (LGAN) to provide guidance to ensure consistency in how the PSIAS are interpreted specifically in a local government context.
.

3.6 The key framework of the QAIP are shown in the table below. A more detailed analysis of the PSIAS is shown at Appendix 2 alongside the actions being undertaken or planned below.

Key Standard 1300 Requirements	Action / Current Position
Internal Assessments:	
Ongoing monitoring of the performance of the internal audit activity.	Processes are in place as part of audit management arrangements.
Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.	An EQA was undertaken during 2021 and this included the Assessor circulating and collating the responses from a number of key IA clients (BMBC and external).
External Assessments:	
External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.	An EQA was undertaken during 2021.
Reporting on the Quality Assurance and Improvement Programme:	
The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board.	Internal Audit report to SMT at its quarterly performance meeting. Reported to the Committee at its September 2022 meeting and this report is providing an updated position.
Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing":	

Key Standard 1300 Requirements	**Action / Current Position**
Indicating that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* is appropriate only if supported by the results of the quality assurance and improvement programme.	The EQA undertaken in 2021 confirmed full compliance.
Disclosure of Non-conformance:	
When non-conformance with the *Code of Ethics* or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.	Not applicable – the EQA confirmed full compliance.

3.7 In order to ensure continuous improvement and focus on quality and conformance, the Internal Audit Manager has been designated the responsibility to maintain and manage the QAIP and general quality process. The Action Plan is updated and discussed with the Head of Internal Audit, Anti-Fraud and Assurance on a quarterly basis.

3.8 The following actions are undertaken on an annual basis (and then as and when required during the financial year):-

a) Each member of the team completes an annual declaration of interests form, to identify any potential areas of conflict for which they will not be assigned Internal Audit work. This is a Code of Conduct and PSIAS requirement, to demonstrate Internal Audit's continued independence and objectivity.

b) Each member of the team has a Personal Development Review on an annual basis, with learning and development opportunities identified being monitored on a 6 monthly basis (mid year PDR) and 1:1 meetings that are scheduled every 2 months.

3.9 Clearly, ensuring an internal audit function meets all its professional standards is vitally important to provide client organisations with the best possible service. However, faced with increasing pressure on audit days it is equally essential to balance the input of resources to manage quality and professional standards compliance against actually delivering the audit function. A key role of the Head of Internal Audit, Anti-Fraud and Assurance and the Internal Audit Manager is to constantly review this balance.

4. List of Appendices

Appendix 1 - Public Sector Internal Audit Standards - Extract
Appendix 2 - Updated QAIP Action Plan

Rob Winter FCPFA
Head of Internal Audit, Anti-Fraud and Assurance

Contact Officer: **Sharon Bradley CMIIA**
Internal Audit Manager
sharonbradley@barnsley.gov.uk
Tel: 07795305846

PUBLIC SECTOR INTERNAL AUDIT STANDARDS - EXTRACT

1300 Quality Assurance and Improvement Programme

The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.

Interpretation:

A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the *Standards* and an evaluation of whether internal auditors apply the *Code of Ethics*. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement programme.

1310 Requirements of the Quality Assurance and Improvement Programme

The quality assurance and improvement programme must include both internal and external assessments.

1311 Internal Assessments

Internal assessments must include:

Ongoing monitoring of the performance of the internal audit activity.

Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.

Interpretation:

Ongoing monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the *Code of Ethics* and the *Standards.*

Periodic assessments are conducted to evaluate conformance with the *Code of Ethics* and the *Standards.*

Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.

1312 External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:

The form of external assessments.

The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

Interpretation:

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the *Code of Ethics* and the *Standards*; the external assessment may also include operational or strategic comments.

A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.

An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.

Public sector requirement

The chief audit executive must agree the scope of external assessments with an appropriate sponsor, e.g. the accounting/accountable officer or chair of the audit committee as well as with the external assessor or assessment team.

1320 Reporting on the Quality Assurance and Improvement Programme

The chief audit executive must communicate the results of the quality assurance and improvement programme to senior management and the board. Disclosure should include:

The scope and frequency of both the internal and external assessments.

The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.

Conclusions of assessors.

Corrective action plans.

Interpretation:

The form, content and frequency of communicating the results of the quality assurance and improvement programme is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the *Code of Ethics* and the *Standards*, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.

Public sector requirement

The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

1321 Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"

Indicating that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* is appropriate only if supported by the results of the quality assurance and improvement programme.

Interpretation:

The internal audit activity conforms with the *Code of Ethics* and the *Standards* when it achieves the outcomes described therein. The results of the quality assurance and improvement programme include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.

1322 Disclosure of Non-conformance

When non-conformance with the *Code of Ethics* or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the non-conformance and the impact to senior management and the board.

Public sector requirement

Such non-conformances must be highlighted by the chief audit executive to be considered for inclusion in the governance statement.

Appendix 2

Action Plan

	Continuous Improvement Area	EQA Rationale / Action	Priority	Lead Officer	Timescale	Current Status
1	Data Analytics	"The Council is developing its own data analytics processes, but it is likely to be some time before this is fully functional and as such the Head of Audit, Anti-fraud and Risk should consider obtaining a suitable application as an interim measure. There are a number of applications on the market that can be considered. BIAS is aware of the benefits achievable from developing their data analytics capability and have already explored the development of Power BI. However, until this is developed, suggest exploring the functionality available in the specialist applications on the market."	Advisory	HoIA	31st March 2024	Partially Completed – Explored specialist applications on the market and researched via CIPFA, IIA and similar IA services. Concluded the best option is Excel (most IA Services contacted are utilsing this option). The use of Data Analytics forms part of the Service's Transformation Review plan. A Principal Auditor is leading a small working group to develop and implement by 31st March 2024.
2	Dissemination of Information	"Once the review of the internal audit pages on the Council's intranet is complete, the Service should consider using the intranet as a means of disseminating briefings to officers on topics such as good practice found during audits that could be adopted by other units in the organisation, or emerging risks that may have a wider impact on services that are peripheral to the services likely to be effected by the risk."	Advisory	HoIA	31st March 2024	Partially Completed – the Intranet has been updated in terms of the IA purpose, contact details and links to key documents etc. Further development of communications / dashboards etc forms part of the Service's Transformation Review plan. A Task & Finish Group has been established to develop the approach and templates ready to launch by 31st March 2024. .

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South Yorkshire Pensions Authority and South Yorkshire Pension Fund

Update report to the Pensions Authority Audit Committee on the 2022/23 audit

Issued on 12 September 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 final 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 Committee meeting on 21 September 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 Committee on any unadjusted misstatements greater than our 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 Audit Risk Management override of controls – Fund and Authority	✗	! (Low)	DI	✓	✗	Pg. 5
Significant Audit Risk Valuation of directly held commercial property – Fund	✓	! (High)	DI	✗	✓	Pg. 6
Significant Audit Risk Completeness and existence of investments – Fund	✓	! (Low)	DI, OE	✓	✗	Pg. 7
Significant Audit Risk Valuation of pension liability – Authority	✓	! (Medium)	DI	✗	✓	Pg. 8
Audit Focus Area Valuation of alternatives – Fund	✓	! (Medium)	DI	✗	✗	Pg. 10
Audit Focus Area Valuation of directly held agricultural property – Fund	✓	! (Medium)	DI	✗	✓	Pg. 11
Audit Focus Area Completeness and accuracy of contributions – Fund	✓	! (Low)	DI	✗	✗	Pg. 12

Significant Risk: risks which require a tailored, elevated audit response in terms of the nature, timing and extent of audit testing. The determination of significant risks are based on professional judgment and the results of the risk assessment procedures we have performed.

Audit Focus Area: risk which requires additional audit consideration beyond that of normal risks, but where the potential for material misstatement or the likelihood is lower than that of a significant risk.

Significant Risk	! Low levels of complexity	DI Design and Implementation
Other area of audit focus	! Medium levels of complexity	OE 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.

Conclusion

We have concluded our journals testing and have nothing to report to the Committee. Our work on estimates is in progress and we will provide a verbal update to the committee on the 21 September.

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 posting of journals and 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;
- 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;
- used 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 tested 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;
- reviewed 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
- ensured that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year.

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.

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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 vouched disposals to appropriate support;
- evaluated the qualifications, independence and experience of JLL to prepare the valuations and obtain their engagement terms; and
- utilised Deloitte Real Assets Advisory (“DRAA”) to review the identified samples in the traffic light report for further testing.

Conclusion

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

We consider the valuations are appropriate as at 31 March 2023.

Significant audit 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.

Conclusion

We have no matters to bring to the attention of the Committee.

Although we received 99.93% of investment valuations by market value, we did not receive returns from Pradera and Sustainable Management, amounting to £7.5m, despite various chaser requests.

Deloitte response and challenge

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

- performed design, implementation and operating effectiveness testing over the controls in place at material investment managers through the review of their internal controls reports;
- vouched year end valuations in the financial statements to the reports received directly from the investment managers. We have received and agreed 99.93% of investment valuations to independent confirmations;
- agreed a sample of level 3 investments to the latest audited financial statements;
- agreed 100% of commercial properties to title deeds;
- reviewed the custodian to investment manager reconciliations;
- vouched a sample of sales and purchases through to deal slips, authorisations, and bank statements if applicable;
- 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.

Significant audit 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 21 September. 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.

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Conclusion

We have concluded our testing in this area.

The alternative investments are often subject to stale pricing, due to infrequent pricing. The majority 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. We identified an immaterial stale price adjustment of £46.4m (increase in investment assets), 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.
- performed 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; and
- ensured 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).

Conclusion

We have concluded our testing in this area and have nothing to report to the Committee.

We note that the valuer makes the Special Assumption that the properties let to the Fund's subsidiary, Waldersey Farms, are valued assuming vacant possession and that the Waldersey Farms enjoys the benefit of the Authority’s covenant. This is not normally permissible, but there are extenuating circumstances given the leases are to the subsidiary (Waldersey Farms). We note that this Special Assumption is unchanged from the valuation in the prior year.

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.
- agreed a sample of the directly held agricultural properties to title deeds to ensure the properties are held and in the name of the Fund/Authority;
- prepared 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; and
- for a sample of agricultural properties, utilised DRAA to challenge the valuations provided by Fisher German and assessed the detail and assumptions within the valuation report to support the valuations provided.

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.

Page 38

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 completed 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;
- 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

We have concluded our value for money testing and have not identified any significant weakness. Our Auditor’s Annual Report will be issued to the 21 September Committee meeting.

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 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.

We have nothing to report to the Committee as a result of our work performed.

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 99.93% 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 Committee concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- read minutes of the 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.

As noted on page 7, we have also identified a potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response our procedures to respond to the risk identified included the following:

- Obtained an understanding of relevant controls over the existence of investment holdings and transactions;
- Agreed investment holdings to independent third party confirmations; and
- Agreed investment and cash reconciliations to independent evidence and bank statements.

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 has been completed. We have not identified any significant weaknesses in the work completed to date. 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 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 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 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 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 | 12 September 2023

Appendices

Key audit matters

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		
[1] Stale price adjustment alternative investments	(46.4)	46.4
Total uncorrected misstatements	**(46.4)**	**46.4**

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

Disclosure Deficiencies

[1] In the 'Reconciliation of movements in investments and derivatives' note, we noted that sales of equities and pooled investment vehicles were misstated by approx. £440m. While this does not have an effect on the year end numbers, it affects the presentation. This has been corrected in the final version of the Statement of Accounts.

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

[1] Note 24. Defined Benefit Pension Liability: The pension liability includes the Authority's share of the Pension Fund assets and therefore the stale price error noted on page 20 impacts on the asset value recognised in the Authority's financial statements. As the pension is a net asset position that has been capped by an asset ceiling at the year end, there is no impact on the value of the pension liability recognised on the balance sheet. However there is a £139k impact on the pensions disclosure between the return on plan assets and asset ceiling values. This has not been corrected in the final accounts.

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. 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.
Fees	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.

FUND	AUTHORITY
• IAS 26 disclosure testing	• Review of the IAS 19 reports and consideration of the treatment of the pension asset
• Resolution of sundry queries	• Review of accounting estimates
	BOTH
	• Satisfactory completion of our post year-end events review
	• Finalisation of our internal quality control procedures
	• Final partner and technical review clearance
	• Receipt of signed management representations letter
	• Receipt and review of updated statement of accounts

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South Yorkshire Pensions Authority

Auditor’s Annual Report 2022/23

12 September 2023

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Auditor’s Annual Report

Appendices

Key messages

Audit opinion on the financial statements	We expect to issue an unqualified opinion on the Authority and Fund's financial statements.

The Authority's arrangements to secure Value for Money

Financial sustainability *How the body plans and manages its resources to ensure it can continue to deliver its services*	• The Authority recognised a deficit on the provision of services for the year ended 31 March 2023 of £749k. • The Authority has an annual financial planning and forecasting process and has set out a balanced Medium Term Financial Strategy from 2022/23 to 2024/25. • The Authority reports the financial position on a quarterly basis which includes an analysis of the actual expenditure incurred compared to budget.
Governance *How the body ensures that it makes informed decisions and properly manages its risks*	• The Authority has a detailed risk management process in place. The Authority maintains a Risk Management Framework and risk register, which are reviewed on a quarterly basis by the Authority. • The Authority has a number of policies in place to ensure it makes properly informed decisions. The Authority has an approved decision methodology for investment and divestment decisions, which includes approval by finance personnel, and other key factors. Where necessary decisions will be reviewed by the executive management team for comment and to determine if the proposal should be approved. Business cases with supporting information are submitted to the relevant committee for approval.
Improving economy, efficiency and effectiveness *How the body uses information about its costs and performance to improve the way it manages and delivers its services*	• The Authority assesses its performance through quarterly Corporate Performance Reports, which consider a number of measures, covering corporate, investment, pension administration and financial matters. • The Authority also engages with CEM benchmarking to perform benchmarking reviews on an ad hoc basis to identify areas for improvement.

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at South Yorkshire Pensions Authority ("the Authority") for the year ended 31 March 2023.

This report is intended to bring together the results of our work over the year at the Authority, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM").

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 07. These are available from the NAO's website.

A key element of this report is our commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources. Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money.

Where we identify recommendations, we indicate whether these are:

- Recommendations in respect of significant weaknesses in the Council's VfM arrangements, which we are required to make in accordance with paragraph 54 of AGN 03 where we identify a significant weakness; or
- Other recommendations, which we have indicated as "Deloitte Insights" .

We have not identified any significant weaknesses in the Authority's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Assurance sources for the Authority

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems, and the future of the Authority (set out in the green rows) fit with some of the other assurances available over the Authority's position and performance.

	Financial How is the Authority performing financially?	**Quality and Operational** How is the Authority performing operationally and in quality of outcomes?	**Controls and Systems** Does the Authority have adequate processes?	**Future of the Authority** Is the Authority's strategy appropriate and sustainable?
Business processes and Board/Committee oversight	Is reliable reporting and data being produced through the year, at each level within the Authority, and appropriately reviewed and followed up?			
	Is the Statement of Accounts, taken as a whole, fair, balanced and understandable?		Are the Authority's processes operating effectively?	Are the Authority's plans realistic and achievable?
	Is the Authority meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?			
	Has the Authority delivered on its financial plans?	Are quality priorities selected appropriate for the Authority?	Does the Authority have efficient systems and processes?	Are appropriate actions in place to deliver the Authority's plans?
	Is the Authority generating sufficient surplus for reinvestment?	Are quality metrics reported accurate and complete?	Are risks around legacy systems etc. appropriately mitigated?	What are the risks to achievement of the Authority's plans and are appropriate mitigations in place?
Internal audit assurance	Is there a generally sound system of internal control on key financial and management processes?			
	Has the Authority suffered losses due to fraud?		Does the Authority have appropriate arrangements in place to mitigate fraud risks?	
External Audit assurance on reported performance	Do the financial statements give a true and fair view? Have the financial statements been properly prepared?		Is the Annual Governance Statement misleading or inconsistent with information we are aware of from our audit? *	Is there significant uncertainty over the going concern assumption?
	Is the Annual Governance Statement consistent with the financial statements? *		Has the Authority made proper arrangements for securing economy, efficiency and effectiveness in the use of resources?	

* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

Opinion on the financial statements

We provide an independent opinion on whether the Authority and Fund's financial statements:

- Give a true and fair view of the financial position of the Authority and Fund at 31 March 2023 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The full opinion and certificate will be included in the Authority's Statement of Accounts, which can be obtained from the Authority's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements	We expect to issue an unqualified opinion on the Authority's financial statements. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.
Annual Governance Statement	We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the CIPFA Code of Practice, was misleading, or was inconsistent with information of which we are aware from our audit.
Narrative report	We are satisfied that the information given in the narrative report for the year ended 31 March 2023 is consistent with the financial statements.
Reports in the public interest and use of other powers	We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2023.
Audit certificate	We will certify completion of the audit following completion of our responsibilities in respect of the audit for the year ended 31 March 2023. We have not yet concluded our work on the consistency of the Pension Fund Annual Report.

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Authority and Fund and the environment they operate in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit partner, Nicola Wright. The audit team included integrated Deloitte specialists bringing specific skills and experience in local government pension schemes, property valuation and information technology systems.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Authority to be £149k, on the basis of 2% of expenditure. We set materiality for the Fund as £102,019k, on the basis of 1% of net assets.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £7k for the Authority and £5,100k for the Fund as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the Authority's financial statements

Our audit of the Authority and Fund's financial statements included:

- Developing an understanding of the Authority and Fund, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the Authority and Fund's financial statements;
- Interviewing members of the Authority and Fund's management team and reviewing documentation to test the design and implementation of the Authority and Fund's internal controls in certain key areas relevant to the financial statements; and
- Performing sample tests on balances in the Authority and Fund's financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances.

Our financial statement audit approach (continued)

Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Authority and Fund’s Audit Committee setting out what we considered to be the significant audit risks for the Authority and Fund, together with our planned approach to addressing the risk. We have provided a summary of the significant audit risks on the next pages.

We have made recommendations in our Audit Committee reporting for improvement in the Authority and Fund’s policies, procedures and internal controls based on observations from our work in relation to the IT environment. However, we do not consider these recommendations to reflect significant weaknesses in the Authority’s VfM arrangements.

Financial statement audit significant risks

Risk identified	Deloitte response	Key observations
Management override of controls – Authority and Fund In accordance with auditing standards, management override is a significant risk due to fraud. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the entity's controls for specific transactions.	We completed the following procedures: • 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; • performed a walkthrough of the financial reporting process; • used Spotlight, our data analytics software, to interrogate 100% of journals posted. We performed an analysis of journal entries which enable us to focus on journals meeting specific pre-determined parameters determined during our audit planning; • substantively tested the appropriateness of journal entries; • reviewed the accounting estimates for bias; and • ensured that there is an appropriate level of segregation of duties over processing journal entries to the financial statements throughout the year.	No issues were identified through this testing.
Valuation of pension liability – Authority 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. At the year end the Authority has a pension asset. consideration is required regarding the right to recognise an asset and if there are any restrictions on the value recognised.	We are completing the following procedures: • 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; • reviewed 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 • ensured that the pension assets and membership information is consistent with those in the Fund financial statements.	Our audit in this area is ongoing and we will provide a verbal update to the committee on the 21 September.

Financial statement audit significant risks (continued)

Risk identified	Deloitte response	Key observations
Valuation of directly held commercial properties - Fund Property valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.	We completed the following procedures: • 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; • evaluated the qualifications, independence and experience of JLL to prepare the valuations and obtain their engagement terms; and • utilised Deloitte Real Assets Advisory ("DRAA") to review the identified samples in the traffic light report for further testing.	No issues were identified through this testing.
Completeness and existence of investments - Fund 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.	We completed the following procedures: • performed design, implementation and operating effectiveness testing over the controls in place at material investment managers through the review of their internal controls reports; • vouched year end valuations in the financial statements to the reports received directly from the investment managers. We have received and agreed 99.93% of investment valuations to independent confirmations; • agreed a sample of level 3 investments to the latest audited financial statements; • agreed 100% of commercial properties to title deeds; • reviewed the custodian to investment manager reconciliations; • vouched a sample of sales and purchases through to deal slips, authorisations, and bank statements if applicable; • 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.	We did not identify any material issues through the testing performed.

Auditor’s work on Value for Money (VfM) arrangements

The Accounting Officer and the Pensions Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Authority’s arrangements, and the effectiveness with which the arrangements are operating, as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the National Audit Office’s Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial sustainability	*How the body plans and manages its resources to ensure it can continue to deliver its services*
Governance	*How the body ensures that it makes informed decisions and properly manages its risks*
Improving economy, efficiency and effectiveness	*How the body uses information about its costs and performance to improve the way it manages and delivers its services*

In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Authority can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:

- **Interviews with key officers, including Gillian Taberner (Assistant Director – Resources).**
- **Review of Board and Committee reports and attendance at Audit Committee meetings.**
- **Reviewing reports from third parties including internal audit.**
- **Considering the findings from our audit work on the financial statements.**
- **Review of the Authority’s Annual Governance Statement and narrative report.**

VfM arrangements: Financial sustainability

Approach and considerations

We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans, and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
- How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.

Commentary

The Authority recognised a deficit on the provision of services for the year of £749k (31 March 2022: £193k). At 31 March 2023, the Authority had net assets of £1,377k (31 March 2022: liabilities £8,485k), net current assets of £425k (31 March 2022: £201k), and cash of £0k (31 March 2022: £1k). Although the Authority does not have a cash balance, the expenditure is funded by the Pension Fund and they have a debtor due from the Fund of £1,831k. The Fund has over £10b of assets therefore there are no concerns over the recoverability of the debtor. The Authority's useable reserves have decreased by £66k to £423k. This was a planned use of earmarked reserves which had been set aside to fund a number of areas including capital projects.

The Authority has an annual financial planning and forecasting process. The financial plan is considered as part of the overall operational planning process and this process is lead by the director and Assistant Director - Resources. The Authority has a Medium Term Financial Strategy from 2022/23 to 2024/25. The 2022/23 budget is linked to the corporate objectives and has been prepared to ensure the Authority has sufficient resources to deliver services.

Due to the nature of the Authority, the expenditure incurred is funded by the Pension Fund in accordance with regulations. The Authority is, therefore, less exposed to the wider constraints on the public sector financial environment. As such, there is no funding gap or savings plans to consider. The Pension Fund is currently in surplus and has net assets of £10bn and therefore has sufficient resources to fund the expenditure of the Authority.

The Authority has a risk management process which we have observed through the Risk Framework and the RAG rating system used. The Authority maintains a risk register which is regularly reviewed and challenged by the Pensions Authority Audit Committee and the South Yorkshire Local Pension Board. The Authority reports the Corporate Performance on a quarterly basis which includes a review of the financial position and an analysis of the actual expenditure incurred compared to budget, this allows the Authority to identify any changes in demand throughout the year.

VfM arrangements: Governance

Approach and considerations

We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including:

- How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary

The Authority has a risk management process in place. The Authority maintains a Risk Management Framework and risk register which are reviewed on a quarterly basis by the Audit Committee. The risks identified are allocated to an owner to implement the mitigating actions. The Authority has a series of policies covering internal controls including a clear whistleblowing and anti-fraud policy. These policies were last reviewed in 2019 and are now overdue for review. The Governance team will be reviewing and updating the policies in 2023/24.

The annual budget exercise is conducted as part of the annual planning exercise for which the Assistant Director - Resources and the Director have executive responsibility. National and local guidance is assessed and used to form the basis of a number of assumptions in the plan. Current year performance is evaluated with notable variances explained to determine any ongoing impact. The budget seeks to explain year on year movements and any pressures are identified. There is a clear process in place to set the annual budget and this is approved by the Authority.

The Authority produces a quarterly Corporate Performance Report which includes a review of the actual outturn position against the budget and details any significant variances. This is reported to the Authority quarterly which ensures there is sufficient oversight of the budget monitoring process. The report also includes non financial information and reports on how the Authority is achieving against their corporate plans.

The Authority has a number of policies in place to ensure it makes properly informed decisions. The Authority has an approved decision methodology for investment and divestment decisions which includes finance and other key factors. Where necessary decisions will be reviewed by the executive management team for comment and to determine if the proposal should be approved. Business cases with supporting information are submitted to the relevant committee for approval. This allows for challenge and transparency before decisions are approved.

VfM arrangements: Governance – continued

Commentary

The Authority has governance processes in place to ensure all employment matters are approved by the appropriate individuals within the organisation and ensures they are reported to the Pensions Authority meetings where appropriate.

The role of Monitoring Officer was performed by an officer of Barnsley Council until December 2022 and from January 2023 this role was undertaken by the Authority's Head of Governance to bring the responsibility in house and strengthen the governance at the Authority.

The Authority has a number of staff policies in place including a code of conduct. These are all contained within the constitution and are readily available for all staff to access. Declarations of interest are maintained for all senior members of staff and decision making officers.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the Authority evaluates the services it provides to assess performance and identify areas for improvement;
- How the Authority ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.

Commentary

The Authority assesses its performance through quarterly Corporate Performance Reports which consider a number of measures including corporate, investment, pension administration and financial metrics. There is also quarterly reporting on the performance of the Pension Fund investments. These reports are presented to the Authority.

The Authority engage CEM Benchmarking on an ad hoc basis to perform benchmarking reviews in areas such as pensions administration and investments. CEM Benchmarking performed an investments review for the 8 years up to March 2022. This showed the investments were performing ahead of the LGPS median with regards to the net total return. The report concluded the fund are delivering positive value at low cost.

The most significant partnership that the Authority is part of is the Border to Coast Pensions Partnership (‘BCPP’). The Authority is both an investor in products and an owner in the company. BCPP currently manages 70.4% of the Pension Fund assets. BCPP provide monthly and quarterly reports to the Authority outlining their performance and compliance with mandates agreed with the Authority. These are reviewed by the Director.

BCPP have an annual internal controls review undertaken by KPMG who have produced an Independent Service Auditor’s Assurance Report on Investment Management Control System for the period 1 January 2022 to 31 December 2022. This report is unqualified.

The Authority performs an annual review of BCPP. They have an annual review meeting involving the BCPP portfolio managers, senior management and the Authority’s investment advisory panel and produce an annual review report. This covers the investment performance and the delivery of the partnership against the principles and the Authority’s objectives. The annual report concludes that the partnership has delivered the intended outcomes and has improved delivery of value for money. The report highlights a few recommendations mostly relating to improving the oversight processes in place.

Appendices

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Authority's arrangements.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Audit Committee.

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

Finally, our views on internal controls and business risk assessment 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 financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Authority, 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.

Deloitte LLP

Deloitte LLP

Newcastle upon Tyne |12 September 2023

Appendix 1: Authority's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Treasurer as Accounting Officer of the Authority, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the CIPFA code of practice and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Authority provides will continue into the future.

The Accounting Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Authority's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Authority's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Authority, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

Appendix 2: Auditor’s responsibilities

Auditor’s responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Auditor’s responsibilities relating to the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources
We are required under the Code of Audit Practice and the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
We are not required to consider, nor have we considered, whether all aspects of the foundation Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in January 2023, as to whether the Authority has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. Other findings from our work, including our commentary on the Authority’s arrangements, are reported in our Auditor’s Annual Report.

Auditor’s other responsibilities
We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:
- make a written recommendation to the Authority, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Authority or an officer of the Authority is:
    - about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure; or
    - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.

Agenda Item

Subject	**Letter of Representation 2022/23**	**Status**	For Publication
Report to	Audit & Governance Committee	**Date**	21 September 2023
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Will Goddard Head of Finance	**Phone**	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

1.1 To seek Members' approval of the formal letter to the Auditor giving representations regarding the information in the Authority's Statement of Accounts for 2022/23, as set out in the Accounts and Audit Regulations 2015.

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2 Recommendations

2.1 Members are recommended to:

a. **Authorise the Chair of the Audit & Governance Committee to sign the Letter of Representation on behalf of the Authority.**

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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.

The Letter of Representation is a requirement of the audit process and includes a confirmation that the Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015.

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 As part of the external audit process, the auditor, Deloitte, is required to obtain representations from the Authority as part of their audit process. The auditor requests a letter of representation that includes assurances on specific items and is signed on behalf of the Audit & Governance Committee.

5.2 This letter will include the following statements:

a. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

b. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

c. We are not aware of any fraud or suspected fraud in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

   i. Management;

   ii. Employees who have significant roles in internal controls; or

   iii. Others where the fraud could have a material effect on the financial statements.

d. We have disclosed to you all information in relation to allegations of fraud or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

5.3 The Letter of Representation should be approved by the Audit & Governance Committee and signed by the Chair of the meeting as well as by the Chief Finance Officer.

5.4 The Letter of Representation is attached at Appendix A.

6 Implications

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

Financial	None
Human Resources	None
ICT	None
Legal	The Letter of Representation includes confirmation that the Authority has fulfilled its responsibilities set out in the Accounts and Audit Regulations 2015.
Procurement	None

Gillian Taberner

Chief Finance Officer

Background Papers	
Document	**Place of Inspection**
-	-

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG
www.sypensions.org.uk

Nicola Wright
Audit Partner
One Trinity Gardens
Broad Chare
Newcastle
NE1 2HF

Our ref: WG/LoR 2023

Direct Line: 01226 666421

Email: wgoddard@sypa.org.uk

Date: 21/09/2023

Dear Nicola

South Yorkshire Pensions Authority and South Yorkshire Pension Fund

This representation letter is provided in connection with your audit of the financial statements of South Yorkshire Pension Authority (the "Authority") for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Authority as of 31 March 2023 and of the results of its operations, other comprehensive income and expenditure, and its cash flows for the year then ended in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

In addition to the above, this representation letter is provided in connection with your audit of South Yorkshire Pension Fund (the "Fund") for the purposes as to whether the financial statements of the Fund show a true and fair view of the financial transactions of the Fund during the period from 1 April 2022 to 31 March 2023 and of the amount and disposition at the end of the Fund period of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the period, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the "Code").
2. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures, including those assessing the impact of Covid-19 on the Fund are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS 24 "Related party disclosures".

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4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.
6. We confirm that the financial statements have been prepared on the going concern basis. As a local authority, the South Yorkshire Pensions Authority (including the Fund) cannot be dissolved without statutory prescription, and it is assumed that the Authority will continue to operate for the foreseeable future. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Authority's and Fund's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. We confirm that all of the disclosures within the Annual Governance Statement have been prepared in accordance with the relevant legislation and guidance.
8. We have considered the valuation of the Authority's Property, Plant and Equipment, and are not aware of any circumstances indicating volatility in asset values requiring a revaluation of the entire portfolio in the current year.
9. To the best of our knowledge and belief the Fund holds title to all Property included in its Net Assets Statement at 31 March 2023.

Information provided

10. We have provided you with all relevant information and access.
11. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
12. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We are not aware of any fraud or suspected fraud that affects the Authority and the Fund and involves:
    i. management;
    ii. employees who have significant roles in internal control; or
    iii. others where the fraud could have a material effect on the financial statements.
15. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Authority and Fund's financial statements communicated by employees, former employees, analysts, regulators or others.
16. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations and contractual agreements whose effects should be considered when preparing financial statements

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17. We have disclosed to you the identity of the Authority and Fund's related parties and all the related party relationships and transactions of which we are aware.
18. No claims in connection with litigation have been or are expected to be received.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
20. We confirm that:
    (i) we consider that the Authority and Fund have appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
    (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
21. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the Fund should change.
22. We have not made any reports to The Pensions Regulator nor are we aware of any such reports having been made by any of our advisors. We also confirm that we are not aware of any other matters which have arisen that would require a report to The Pensions Regulator.
23. We have drawn to your attention all correspondence and notes of meetings with regulators.
24. We have not commissioned advisory reports which may affect the conduct of your work in relation to the Authority and Fund's financial statements.
25. We confirm that, under section 27 of the Pensions Act 1995, no trustee of the Fund is connected with, or is an associate of Deloitte LLP, which would render Deloitte LLP ineligible to act as auditor to the Fund.
26. We confirm that:
    (i) all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
    (ii) all settlements and curtailments have been identified and properly accounted for;
    (iii) all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
    (iv) the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the Authority's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
    (v) the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
    (vi) the amounts included in the financial statements derived from the work of the actuary are appropriate.
27. Based upon advice from our actuaries we do not consider that any adjustment to the Authority's pension liabilities arising from GMP equalisation is required as amounts involved are not considered to be significant.

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28. We confirm that, under section 27 of the Pensions Act 1995, no Committee member of the Authority or Fund is connected with, or is an associate of Deloitte LLP, which would render Deloitte LLP ineligible to act as auditor to the Authority and Fund.
29. You have been informed of all changes to the Fund rules.
30. We confirm there has been no stock-lending.
31. No transactions have been made which are not in the interests of the Fund members or the Fund during the Fund year or subsequently.
32. We confirm that the Fund does not hold investments in the Principal or Participating employers in excess of 5% of the net assets of the Fund.
33. All trades in complex financial instruments are in accordance with our risk management policies, have been conducted on an arm's length basis and have been appropriately recorded in the accounting records, including consideration of whether the complex financial instruments are held for hedging, asset/liability management or investment purposes. None of the terms of the trades have been amended by any side agreement and no documentation relating to complex financial instruments (including any embedded derivatives and written options) and other financial instruments has been withheld.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours Sincerely,

Councillor Marnie Havard	Gillian Taberner
Chair, Audit and Governance Committee	Chief Finance Officer

Signed on behalf of South Yorkshire Pensions Authority and South Yorkshire Pension Fund

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Appendix 1

Schedule of Uncorrected Misstatements

Fund

Description	**Assets DR / (CR) £m**	**Liabilities DR / (CR) £m**	**Equity DR / (CR) £m**	**Fund Account DR / (CR) £m**
Unadjusted stale price adjustment	46.4			(46.4)

Disclosure Deficiencies

Authority

[1] Note 24. Defined Benefit Pension Liability: The pension liability includes the Authority's share of the Pension Fund assets and therefore the stale price error noted above impacts on the asset value recognised in the Authority's financial statements. As the pension is a net asset position that has been capped by an asset ceiling at the year end, there is no impact on the value of the pension liability recognised on the balance sheet. However there is a £139k impact on the pensions disclosure between the return on plan assets and asset ceiling values. This has not been corrected in the final accounts.

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Agenda Item

Subject	**Approval of Statement of Accounts 2022/23**	**Status**	For Publication
Report to	Audit & Governance Committee	**Date**	21 September 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 To approve the audited Statement of Accounts 2022/23.

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2 Recommendations

2.1 Members are recommended to:

a. **Approve the Statement of Accounts 2022/23**

b. **Authorise the Chair of the Audit & Governance Committee to sign the Statement of Accounts on behalf of the Authority**

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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.

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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 (as amended) 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.

Statutory Deadlines for Publication of the Statement of Accounts

5.3 Officers planned a timetable for the production of the Authority's 2022/23 accounts in accordance with the statutory deadline dates of 31 May for the draft accounts, and 30 September for publication of the audited accounts. It is considered very important that we prepare our accounts as early as possible given that the four district Councils and other large employers in the scheme are reliant on the completion of the audit on the Fund accounts and receipt of assurances from our auditor before their own audits can be completed.

5.4 This was discussed with our external auditor, Deloitte, who agreed to commit to working with us to achieve these deadlines.

5.5 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.

Statement of Accounts

5.6 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).

5.7 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.

5.8 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.

5.9 The accounts are subject to audit by Deloitte LLP who is the auditor appointed by Public Sector Audit Appointments Limited. Deloitte LLP has conducted its audit and 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. At time of writing, the audit work is substantially complete with only finalisation procedures and audit consideration of IAS 26 and IAS 19 Defined Benefit Pensions Liability disclosures not yet completed.

5.10 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).

5.11 During the course of the audit, a small number of amendments to the accounts were agreed as set out below. The amended, audited Statement of Accounts is attached as Appendix A to this report.

Amendments to the Accounts

5.12 <u>Authority Accounts – Accounting Policies and Critical Judgements</u>

5.13 Note 2a to the Authority Accounts provides details of the accounting policies followed when preparing the statement of accounts. The details for the accounting policy in relation to Post Employment Benefits (shown under policy [v] Employee Benefits) were updated to explain how remeasurements relating to the 'Effect of the Asset Ceiling' are accounted for. This had not been applicable in previous years; it was added this year due to the fact that the funded defined benefit pensions obligation of the Authority moved from a liability at 31 March 2022 to an asset at 31 March 2023, requiring an adjustment for the effect of the asset ceiling set out in Note 24 to the accounts.

5.14 A new Note 2b was added to supplement the Statement of Accounting Policies with a note on *Critical Judgements in Applying Accounting Policies* which identified where certain judgements have had to be made relating to complex transactions. Linked to the above, this was not previously relevant in the Authority's accounts but the accounting for the asset ceiling on the defined benefit pensions obligation in this year's accounts required critical judgements to be made relating to the application of accounting policies and therefore this note has been added to explain the judgements made.

Authority Accounts – Officer Remuneration

5.15 Note 19 to the Authority accounts provides details of officer remuneration. The note has been amended to insert a column for Compensation for Loss of Office which had been omitted in error in the draft statement of accounts, and to amend the 2022/23 figures shown for the remuneration of the Assistant Director – Pensions accordingly.

Authority Accounts – External Audit Costs

5.16 Note 21 to the Authority Accounts provides details of the external audit costs. The note in the draft accounts disclosed an amount of £7k in relation to estimated additional fees accrued for the 2022/23 audit; as we are in discussions with the external auditor regarding such fees. However, the figure in the disclosure was estimated based only on previous year fees, as the amount for any additional fee in 2022/23 has yet to be proposed by the auditor and will require approval by Public Sector Audit Appointments (PSAA); therefore, at the auditor's request, the note has been amended, changing this amount to Nil.

Fund Accounts – Reconciliation of Investment Movements

5.17 Note 14b to the Fund Accounts is a disclosure that provides a reconciliation of the movements in investments and derivatives. An error was found in the presentation of the figures for 'sales during the year and derivative receipts' whereby sales and receipts amounting to (£440,000k) were included in the total for Equities incorrectly, as they were actually sales and receipts of Pooled Investment Vehicles.

5.18 The sales and receipts figure for Equities has been amended from (£463,535k) to (£23,535k) and for Pooled investment Vehicles from (£437,371k) to (£877,371k).

5.19 These amendments to the figures in the 'Sales during the year and derivative receipts' column are also reflected in the figures for total Change in value during the year in this note.

Minor Presentational Amendments

5.20 Throughout the Authority and Fund accounts, a number of minor typographical and wording amendments have also been made.

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 (as amended).
Procurement	None

Gillian Taberner

Chief Finance Officer

Background Papers	
Document	**Place of Inspection**
None	-

South Yorkshire Pensions Authority

Statement of Accounts 2022/23

Contents

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South Yorkshire Pension Fund Financial Statements & Notes

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South Yorkshire Pension Fund Financial Statements & Notes (Continued)

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.

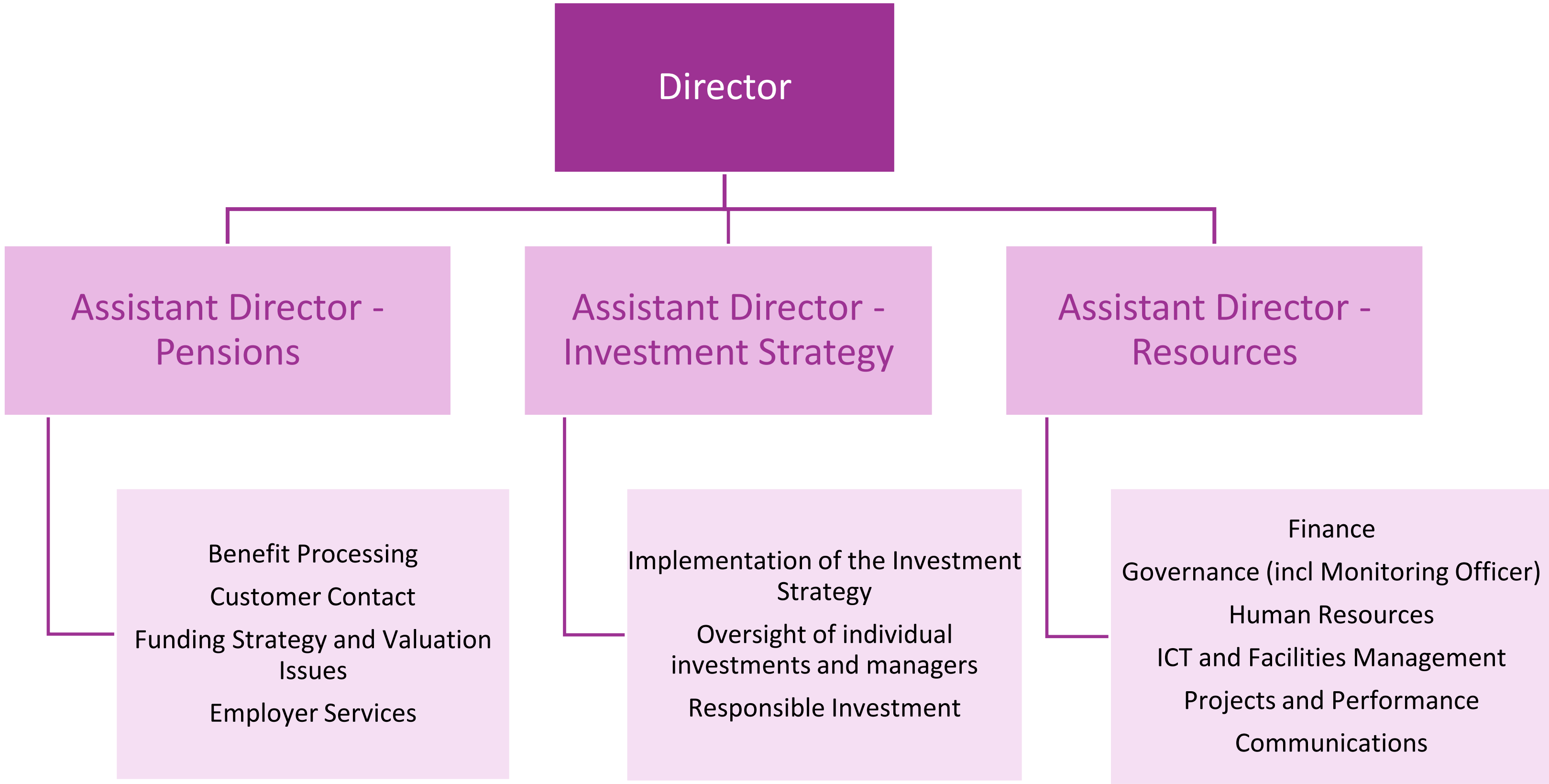
When the Authority was established in 1988, it was also made responsible for certain residual liabilities of the South Yorkshire Residuary Body. These were compensation payments which were not met by the Pension Fund. These liabilities are met by a levy on the four district councils of South Yorkshire 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.



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 Start	Timescale Finish	Progress Updates at End of 2022/23
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.
	System Upgrades	*Apr-23*	*Oct-23*	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.
	Processing and Case Reviews	*Apr-23*	*Mar-24*	Ongoing.
	Member Communications	*Apr-22*	*Mar-24*	Ongoing. Some general communications have appeared in newsletters and on Annual Benefits Statements.
	Employer Communications	*Oct-21*	*Mar-24*	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**	
	Review of compliance with the new contract and effectiveness of delivery	*Dec-22*	*Jun-23*	Work is well progressed with a report to be provided to the June 2023 Authority meeting.
	Review and updating of processes	*Apr-22*	*Mar-24*	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 Start	Timescale Finish	Progress Updates at End of 2022/23
	Retire Online for Deferred Members	*Jan-21*	*Apr-22*	**Completed**
	Automation of Joiners	*Sep-21*	*Apr-24*	Work slipped but is now in progress. Finish date revised to Apr-24.
	Automation of leavers / deferred members	*Jun-21*	*Jun-24*	Work slipped but is now in progress. Finish date revised from Jun-23 to Jun-24.
	Implement dynamic homepage and improve the log in / sign up process for mypension	*Apr-22*	*Mar-23*	**Completed**
	mypension App	*Apr-24*	*Mar-25*	Ongoing; dependent on pensions software system provider.
	Feasibility/Pilot of Chatbots	*Apr-24*	*Mar-25*	Ongoing; dependent on pensions software system provider.
	Online ID Verification for pension claims	*Apr-24*	*Mar-25*	Ongoing; dependent on pensions software system provider.
	Improve functionality of employer hub	*Apr-23*	*Mar-24*	Due to start in 2023/24
P02	**Monthly Data Collection-**	**Mar-22**	**Mar-25**	
	Validator App enhancements	*Mar-22*	*Mar-25*	Ongoing
	Automate the processing of direct debit instructions from data submissions	*Jan-24*	*Aug-24*	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**	
	Statutory Disclosures	*Apr-22*	*Mar-23*	**Completed**
	Pension Administration Regular Management Information	*Apr-22*	*Mar-24*	Limited progress during 2022/23, this is now a priority for 2023/24.
	UPM Finance Reports	*Apr-22*	*Mar-24*	In progress, awaiting delivery of second phase of consultancy work by the pensions software system provider.

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

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Ref	Project / Action	Timescale Start	Timescale Finish	Progress Updates at End of 2022/23
Investment				
I01	**Strategic Issues –**	**Apr-22**	**Mar-25**	
	Conduct an Investment Strategy review following the 2022 Valuation and update the Investment Strategy Statement	*Apr-22*	*Mar-23*	**Completed**
	Address systemic risks to the fund's investments resulting from climate change through progressing annual updates to the Net Zero action plan.	*Mar-22*	*Mar-25*	Annual update completed as at March 2023
	Implement new requirements related to TCFD Reporting	*Apr-22*	*Ongoing*	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**	
	Implement revisions to the Strategic Asset allocation	*Apr-23*	*Ongoing*	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.
	Determine the approach to the Border to Coast property proposition and transition assets as necessary	*Mar-22*	*Dec-24*	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.
	Conclude Project Chip	*Sep-21*	*Sep-23*	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.
	Review legacy portfolios and determine the ultimate exit routes in each case	*Apr-22*	*Ongoing*	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.
	Continue to develop stewardship reporting in response to regulatory feedback	*Apr-22*	*Ongoing*	Work is ongoing.
Organisation				
O01	**Governance –**	**Dec-21**	**Mar-25**	

Ref	Project / Action	Timescale Start	Timescale Finish	Progress Updates at End of 2022/23
	Review and update information governance arrangements	*Jun-22*	*Mar-24*	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.
	Complete roll out of workflows etc. within Modern.gov and implement paperless meetings	*Apr-22*	*Sep-23*	Work slipped from original target of June 2022 but is now well in progress with completion target of Sep-23.
	Implement new statutory officer arrangements and internalise committee and member support activity	*Apr-22*	*Mar-23*	**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.
	Update procurement arrangements, processes, and systems including the implementation of the YORtender replacement	*Dec-21*	*Jun-23*	YORTender replacement platform was implemented successfully. Procurement procedures currently being reviewed.
	Update process and procedure documentation across all aspects of Pension Administration to allow regulatory compliance to be demonstrated through the Portal	*Apr-22*	*Mar-25*	Work is ongoing.
	Demonstrate compliance with the relevant TPR codes	*Sep-22*	*Aug-23*	Currently awaiting publication of new TPR General Code of Practice.
	Commission full review of the Constitution through the use of legal advisers.	*Dec-22*	*Jun-23*	Review largely complete; fully revised Constitution to be presented to June 2023 Authority meeting.
O02	**People –**	**Jan-22**	**Ongoing**	
	Procure and implement a new HR and Payroll System	*Jan-22*	*Sep-23*	Work has slipped. Finish date revised from Mar-23 to Sept-23
	Consolidate the new finance team structure and capture benefits	*Apr-22*	*Ongoing*	An exercise to review progress and benefits realised is due to take place in Oct-Dec 2023.
	Develop a staff Health and Wellbeing Strategy	*Jan-23*	*Apr-24*	Health and Wellbeing arrangements are well embedded but the development of a strategy has not yet started.

Ref	Project / Action	Timescale Start	Timescale Finish	Progress Updates at End of 2022/23
	Develop an Apprenticeship framework to support existing and future apprentices	*Jan-22*	*Apr-23*	Framework in place but requires further development - to be taken forward in 2023/24.
	Create structured learning paths for different job roles using the different learning support technologies available	*Jan-22*	*Dec-23*	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.
	Implement actions from the 2020 staff survey	*Ongoing*		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.
	Undertake 2022 staff survey and identify appropriate responses to the results	*Jun-23*	*Dec-23*	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.
	Enhance collaborative working across the organisation	*Jan-22*	*Ongoing*	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**	
	Complete the roll out of Microsoft 365 tools and the migration to 365 infrastructure	*Jun-21*	*Dec-23*	The majority of this is complete, final stages will be completed by December 2023, finish date revised accordingly.
	Agree and implement a revised hardware replacement programme	*Apr-22*	*Jun-23*	Work has slipped on preparing the policy for this; finish date revised from Apr-23 to Jun-23.
	Implement the updated corporate website	*Nov-21*	*Jan-22*	**Completed**
	Review and update ICT policies, including specifically a review of password management arrangements	*Apr-22*	*Ongoing*	Work is ongoing.

Ref	Project / Action	Timescale Start	Timescale Finish	Progress Updates at End of 2022/23
	Strengthen Cyber Security	*Apr-22*	*Ongoing*	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**	
	Determine a stripped down and appropriately scaled programme and project management process	*Jun-22*	*May-23*	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.
	Initiate a clearly defined process for prioritising and agreeing development and other system change requests	*Jun-22*	*Mar-23*	**Completed**
O05	**Business Continuity –**	**Apr-22**	**Ongoing**	
	Produce revised corporate business continuity plan	*Apr-22*	*Dec-23*	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.
	Reinstate annual testing of ICT Disaster Recovery arrangements.	*Sep-22*	*Ongoing*	Ongoing local testing has taken place.
O06	**Pay and Benefits Review**			
	Commission an indpendent review of the organisation's pay and benefits, and develop actions to address the findings.	*Oct-22*	*Mar-24*	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). 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 updates 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 Operational Budget	2021/22 Outturn £	2022/23 Budget £	2022/23 Outturn £	2022/23 Outturn Variance £	2022/23 Outturn Variance %
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 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 was under-spent by (£12k) 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**

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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).

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.

SOUTH YORKSHIRE
PENSIONS AUTHORITY

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 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.

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

Principle B: Ensuring openness and comprehensive stakeholder engagement
Arrangements in Place
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. 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.

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

Arrangements in Place

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.

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.

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

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.

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.

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

Principle F: Managing risks and performance through robust internal control and strong public financial management
Arrangements in Place
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. 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*

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

Arrangements in Place

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.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability
Arrangements in Place
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.
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	**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. 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.

Action Plan 2021/22	Responsible Officer	Target Date	Progress Update 2022/23
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	**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.
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	**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. 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.
Reinvigorate staff engagement. Implement action plan developed following staff feedback	Senior Management Team	Mar 2023	**Completed** 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. 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.

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
A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law Dealing with Appeals	Complete process mapping and implement fully updated procedures for appeals processing with clearly defined roles and responsibilities. Provide guidance, training and support for relevant staff to support the above.	Head of Governance	July 2023
E: Developing capacity, including the capability of leadership and individuals Staff Appraisals and Development	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. Recruit to new Business Support Officer role in the HR team to support Learning and Development strategy and provision across the organisation.	Assistant Director – Resources and HR Business Partner	Mar 2024
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

Principle and Area for Improvement	Actions Required	Responsible Officer	Date for Completion
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**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH YORKSHIRE PENSIONS AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of South Yorkshire Pensions Authority ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2022/23.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Authority is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Treasurer's responsibilities

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the Authority and its control environment, and reviewed the Authority's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Authority operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Accounts and Audit Regulations 2015 and the Local Government Act 2003; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate or to avoid a material penalty. These included relevant employment legislation and the Value Added Tax Act 1994.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in respect of this matter.

Respective responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under the Code of Audit Practice and Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in January 2023, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

Reports in the public interest or to the regulator

The Code of Audit Practice also requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Delay in certification of completion of the audit

We are required to give an opinion on the consistency of the financial statements of the pension fund included in the Pension Fund Annual Report of South Yorkshire Pensions Authority with the pension fund accounts included in the financial statements of South Yorkshire Pensions Authority.

The Local Government Pension Scheme (Administration) Regulations 2008 require authorities to publish the Pension Fund Annual Report by 1 December following the end of the relevant financial year. As the Authority has not yet prepared the Pension Fund Annual Report we have not issued our report on the financial statements included in the Pension Fund Annual Report. Until we have done so, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Newcastle upon Tyne, United Kingdom
21 September 2023

Independent auditor's report to the members of South Yorkshire Pensions Authority on the pension fund financial statements of South Yorkshire Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion the pension fund financial statements of South Yorkshire Pensions Authority (the 'pension fund'):

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2023 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We have audited the financial statements which comprise:

- the Fund Account;
- the Net Assets Statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2022/23.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of South Yorkshire Pensions Authority and the pension fund it administers in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the pension fund is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

Other information

The other information comprises the information included in the South Yorkshire Pensions Authority's statement of accounts, other than the financial statements and our auditor's report thereon. The Treasurer responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Treasurer's responsibilities

As explained more fully in the Treasurer's responsibilities statement, the Treasurer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the pension fund will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the pension fund, and reviewed the pension fund's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the pension fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Public Services Pensions Act 2013 and Local Government Pension Scheme Regulations 2013; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the pension fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as actuarial, IT and real estate specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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As a result of performing the above, we identified the greatest potential for fraud in the misappropriation of investment assets due to the significant size of investment transactions and balances. In response we have: obtained an understanding of the relevant controls over investment holdings and transactions; agreed investment holdings to independent confirmations; and agreed investment and cash reconciliations to independent sales and purchase reports and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Pensions Regulator.

Use of our report

This report is made solely to the members of South Yorkshire Pensions Authority ('the Authority'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Newcastle upon Tyne, United Kingdom
21/09/2023

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).

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 **Date: 21 September 2023**

Assistant Director – Resources, Chief Finance Officer

Approval of the Statement of Accounts

These accounts were approved, in accordance with Regulation 9 of the Accounts and Audit Regulations 2015, by the Audit Committee of South Yorkshire Pensions Authority.

Councillor Marnie Havard **Date: 21 September 2023**

Chair, Audit and Governance Committee

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					2022/23		
Gross Expenditure £	**Gross Income £**	**Net Expenditure £**		**Notes**	**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 Gross Expenditure £	2021/22 Gross Income £	2021/22 Net Expenditure £		Notes	2022/23 Gross Expenditure £	2022/23 Gross Income £	2022/23 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**	**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.

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 Liabilities) or Net Assets**		**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 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 and Cash Equivalents at the Beginning of the Reporting Period	[14]	720
720	**Cash and 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.

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)	Other Income and Expenditure	(6,465,377)	(118,159)	(6,583,536)
1,122,363	**(929,412)**	**192,951**	**Deficit on Provision of Services**	**66,364**	**682,221**	**748,585**
(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 2a. 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.

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 Benefits

Benefits 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;

  - Effect of Asset Ceiling – where the defined benefit liability is negative (i.e., an asset), a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling; the adjustment required to reduce the total asset to the amount of the asset ceiling is 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. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement 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.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

<u>Discretionary Benefits</u>

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.

The Authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

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 2b. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

• Post Employment Benefits - Net Defined Benefit Pensions Liability / (Asset)

As set out in Note 24, the net balance of the Authority's funded defined benefit obligations has changed from a deficit to a surplus position at the reporting date. Where this is the case, there is a limit on the amount that can be recognised as an asset on the Balance Sheet and the Code requires that this shall be determined in accordance with *IAS 19 Employee Benefits* and *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* . The Authority has carefully reviewed the relevant details in IAS 19 and IFRIC 14 and concluded that it is appropriate to recognise a surplus on the Authority's net defined benefit obligations at the level of the asset ceiling, which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Authority also consulted with advisers from CIPFA, with the actuary and with the external auditor regarding this judgement.
The measurement of the asset ceiling recognised in the accounts (an amount of £1,306,000 as detailed in Note 24), is 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.

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

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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: > 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 signficantly 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 21 September 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 between funding and accounting basis 2022/23			
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	**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 from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	**Adjustments between funding and accounting basis 2021/22**			
	Adjustment for Capital Purposes	**Net Change for Pensions Adjustments**	**Other Statutory Adjustments**	**Total 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 £ General Fund	*Adjustments to Revenue Resources*	2022/23 £ General Fund
(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 from/(to) the Accumulated Absences Adjustment Account)	(6,183)
(617,513)	**Total Adjustments to Revenue Resources**	**(772,044)**
	Adjustments Between Revenue and Capital Resources	
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)**

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 incuded 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
£		£
	Fees, Charges & Other Service Income:	
(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
£		£
	Other Operating Income:	
(5,982,548)	Charge to the South Yorkshire Pension Fund	(6,555,200)
	Taxation Income	
(337,477)	Levy for Residual Liabilities	(315,336)
(6,320,025)	***Subtotal Other Income***	**(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 Pensions Administration System £		2022/23 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)
	Disposals - Fully Amortised Asset:	
(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
1,951,013	**Total**	**2,203,201**

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
720	**Total**	**0**

Note 15. Creditors

31 March 2022		31 March 2023
£		£
	Short Term Creditors	
(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)
(1,467,532)		(1,777,925)
	Long Term Creditors	
0	Retention Payments Due on Retirement	(62,366)
(1,467,532)	**Total**	**(1,840,291)**

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
8,973,774	**Total Unusable Reserves**		**(954,227)**

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

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	
(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**
53,447	**Balance at 31 March**		**59,630**

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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)
1,465,438	**Total Adjustment for Non Cash Movements**	**1,123,594**

Note 18. Cash Flow Statement - Investing Activities

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

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 £	Compensation for Loss of Office £	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]	111,547	68,000	17,473	0	**197,020**
	2021/22		88,767	0	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	[c]	5,250		856		**6,106**
	2021/22		4,966		809		**5,775**
Monitoring Officer (February 2022- December 2022)	2022/23	[b]	3,281		535		**3,816**
	2021/22		582		95		**677**

[a] The Assistant Director - Pensions left their post in February 2023, with an agreed termination date of 31 May 2023 allowing for a 3-month notice period. The salary costs payable during the 3-month notice period were recognised in full in 2022/23 when the decision was made and are included in the salary figure shown above, along with an amount paid in lieu of unused annual leave accrued by the employee.

[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 recognised as long term provision 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	2021/22 Number of Redundancies or Other Departures	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
61,217	**Total**	**66,030**

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	0
45,969	**Total**	**31,833**

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 no figure for additional costs of external audit in 2022/23 can be disclosed.

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 accomodation 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
1,075,604	**Total**	**1,035,369**

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
143,396	**Total**	**81,720**

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 payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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**	**£**
	Cost of Services	
	Service Cost Comprising:	
1,014,000	Current Service Cost	1,099,000
	Financing and Investment Income and Expenditure	
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**
	Other Post-Employment Benefits Charged To The Comprehensive Income And Expenditure Statement	
	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:

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)
(10,507,255)	**Net Liability Arising from Defined Benefit Obligation**	**(505,192)**

	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
	Remeasurement Gains/(Losses):	
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)
31,124,531	**Closing Fair Value of Plan Assets At 31 March**	**30,277,191**

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)
	Remeasurement (Gains) And Losses:	
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)**
	Comprising:	
(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)**

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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	0.0	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%**

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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

	Mortality Assumptions	
31 March 2022		31 March 2023
Years	*Longevity at 65 for current pensioners*	Years
22.6	Men	20.5
25.4	Women	23.7
	Longevity at 65 for future pensioners [1]	
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
PENSIONS AUTHORITY

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 Decrease/ (Increase) 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.	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: • 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 market investments (Note 15)	Private market 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 market 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 market 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 21 September 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 £000		2022/23 £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**

By Employer Type

2021/22 £000		2022/23 £000
556	Administering Authority	651
	Scheduled Bodies:	
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.

Note 8. Transfers In From Other Pension Funds

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

Note 9. Benefits Payable

By Category

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

By Employer Type

2021/22 £000		2022/23 £000
771	Administering Authority	798
	Scheduled Bodies:	
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
320,872		**346,267**

Note 10. Payments To And On Account of Leavers

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

Note 11. Management Expenses

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

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**			

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.

The presentation of this note has been amended to comply with CIPFA guidance and present an analysis of investment management expenses by investment manager as a more meaningful categorisation to show the nature of the costs incurred and how these arise for each different investment manager type.
The overall increase in expenses for 2021/22 from the previous year has largely been driven by the increase in performance-related fees; reflecting the increase in value held and the strong performance of Pooled Investment Funds in particular.

Note 12. Investment Income

2021/22 £000		2022/23 £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)
66,794	**Total Before Taxes**	**57,455**
0	Irrecoverable Withholding Tax on Equities	0
66,794	**Net Investment Income**	**57,455**

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 £000		2022/23 £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
157,080		**240,601**

Note 12a. Property Income

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

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
46		**39**

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 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
537		**626**

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
	Long Term Investments		
1,182	Equities	1,182	
1,182			**1,182**
	Investment Assets		
25,621	Equities	786	
64,692	Bonds	38,082	
90,313			**38,868**
	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	
9,648,130			**9,342,809**

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

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	(23,535)	(1,300)	**1,968**
Bonds	64,692	30,000	(47)	(56,563)	**38,082**
Pooled Investments	9,648,130	730,438	(877,371)	(158,388)	**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**
Other Investment Balances:					
Cash Deposits	118,756			2,414	97,025
Other Investment Assets	2,468				2,250
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**
Derivative Contracts:					
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**
Other Investment Balances:					
Cash Deposits	170,769			5,497	118,756
Other Investment Assets	8,950				2,468
Net Investment Assets	**9,895,308**			**977,797**	**10,656,404**

Note 14c. Investments Analysed By Fund Manager

Market Value 31 March 2022 %	Market Value 31 March 2022 £000		Market Value 31 March 2023 £000	Market Value 31 March 2023 %
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			Market Value 31 March 2023	
%	**£000**	**Security**	**£000**	**%**
8.2%	870,683	Border to Coast Sterling	702,953	6.9%
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 Fund	562,712	5.5%
	6,419,647		**5,865,071**	

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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 £000		2022/23 £000
748,214	**Opening balance at 1 April**	**779,745**
	Additions:	
23,707	Purchases	467
718	New Construction	167
3,510	Subsequent Expenditure	1,036
(83,893)	Disposals	(8,773)
87,489	Net Increase / (Decrease) 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 *RICS Valuation – Professional Standards* January 2014	• 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.

Values 31 March 2023	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs Level 3 £000	Total £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)	0	0	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**

Values 31 March 2022	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs 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:				Total
Values 31 March 2022				**£000**
Investments in Border to Coast Pensions Partnership Pool				1,182
Investments held at cost	**0**	**0**	**0**	**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	0
64,692	0	0	Bonds	38,082	0	0
9,648,130	0	0	Pooled Investments	9,342,809	0	0
15,810	0	0	Property Other	41,310	0	0
2,468	0	0	Other Investment Balances	2,250	0	0
0	118,756	0	Cash	0	97,025	0
0	33,828	0	Sundry Debtors and Prepayments	0	33,482	0
9,757,903	**152,584**	**0**		**9,426,419**	**130,507**	**0**
			Financial Liabilities			
0	0	(16,670)	Sundry Creditors	0	0	(15,665)
9,757,903	**152,584**	**(16,670)**	**Total**	**9,426,419**	**130,507**	**(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	(Loss)/ Gain 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
890,318	**Net (Loss)/ Gain on Financial Instruments**	**(213,837)**

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:

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 one 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 Movement**	**Potential Value on Increase**	**Potential Value on Decrease**
	£000	**(+/-)**	**£000**	**£000**
Cash - Sterling	77,751	0.89%	78,443	77,059

Exposure To Interest Rate Risk	**Values 31 March 2022**	**Potential Interest Rate Movement**	**Potential Value on Increase**	**Potential Value on Decrease**
	£000	**(+/-)**	**£000**	**£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.

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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	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£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 counterparts, 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		**31 March 2022**	**31 March 2023**
Counterparty Type	**Rating**	**£000**	**£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 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.

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Note 20. Current Assets

31 March 2022 £000		31 March 2023 £000
	Short Term Debtors	
6,108	Contributions Due - Employees	6,123
14,844	Contributions Due - Employers	18,602
20,952		**24,725**
2,379	Early Retirement Strain Contributions Receivable	1,265
10,497	Sundry Debtors	7,492
33,828	**Total**	**33,482**

Note 21. Current Liabilities

31 March 2022 £000		31 March 2023 £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
(16,670)	**Total**	**(15,665)**

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 31 March 2022 £000		Market Value 31 March 2023 £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 AVCs Paid to Providers 2021/22 £000		AVCs Paid to Providers 2022/23 £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
	Payments on behalf of:	
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
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 On Ordinary Activites Before Taxation	1,598,443
223,954	Profit After Taxation	1,940,730
5,042,835	Retained Profit	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
10,497,338	Total Investment at Book Cost	38,691,142
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)
7,337,819	Net Assets	35,093,212
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.

South Yorkshire Pensions Authority
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2 Beevor Court
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SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Annual Report 2022/23**	**Status**	For Publication
Report to	Audit and Governance Committee	**Date**	21st September 2023
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	George Graham Director	**Phone**	01226 666439
E Mail	ggraham@sypa.org.uk		

1 Purpose of the Report

1.1 To secure approval of the Authority's Annual Report for 2022/23

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2 Recommendations

2.1 Members are recommended to:

a. **Approve the Annual Report of the Authority for 2022/23 at Appendix A and authorise its publication subject to the receipt of a positive consistency opinion from the external auditor.**

---

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.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report do not directly impact any items contained in the Corporate Risk Register.

5 Background and Options

5.1 The LGPS Regulations require that each Administering Authority prepare and publish by the 31st December following the end of each financial year an annual report including the accounts of the Pension Fund. The contents of the report are specified in the regulations and guidance issued by CIPFA which constitutes statutory proper practice.

5.2 The report is subject to a check by the external auditors to ensure that the accounts reflect what they have audited and that the report is consistent with their knowledge of the Fund. This results in what is known as the consistency opinion.

5.3 SYPA's Draft Annual report for 2022/23 is attached at Appendix A, and members are asked to approve it for publication subject to the receipt of a positive consistency opinion from the external auditor.

6 Implications

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

Financial	None
Human Resources	None
ICT	None
Legal	Approval of the report by the Committee ensures appropriate regulatory compliance.
Procurement	None

George Graham

Director

Background Papers	
Document	**Place of Inspection**

Appendix A

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Annual Report
2022 - 2023

CONTENTS

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7 FINANCIAL STATEMENTS

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MANAGEMENT ARRANGEMENTS

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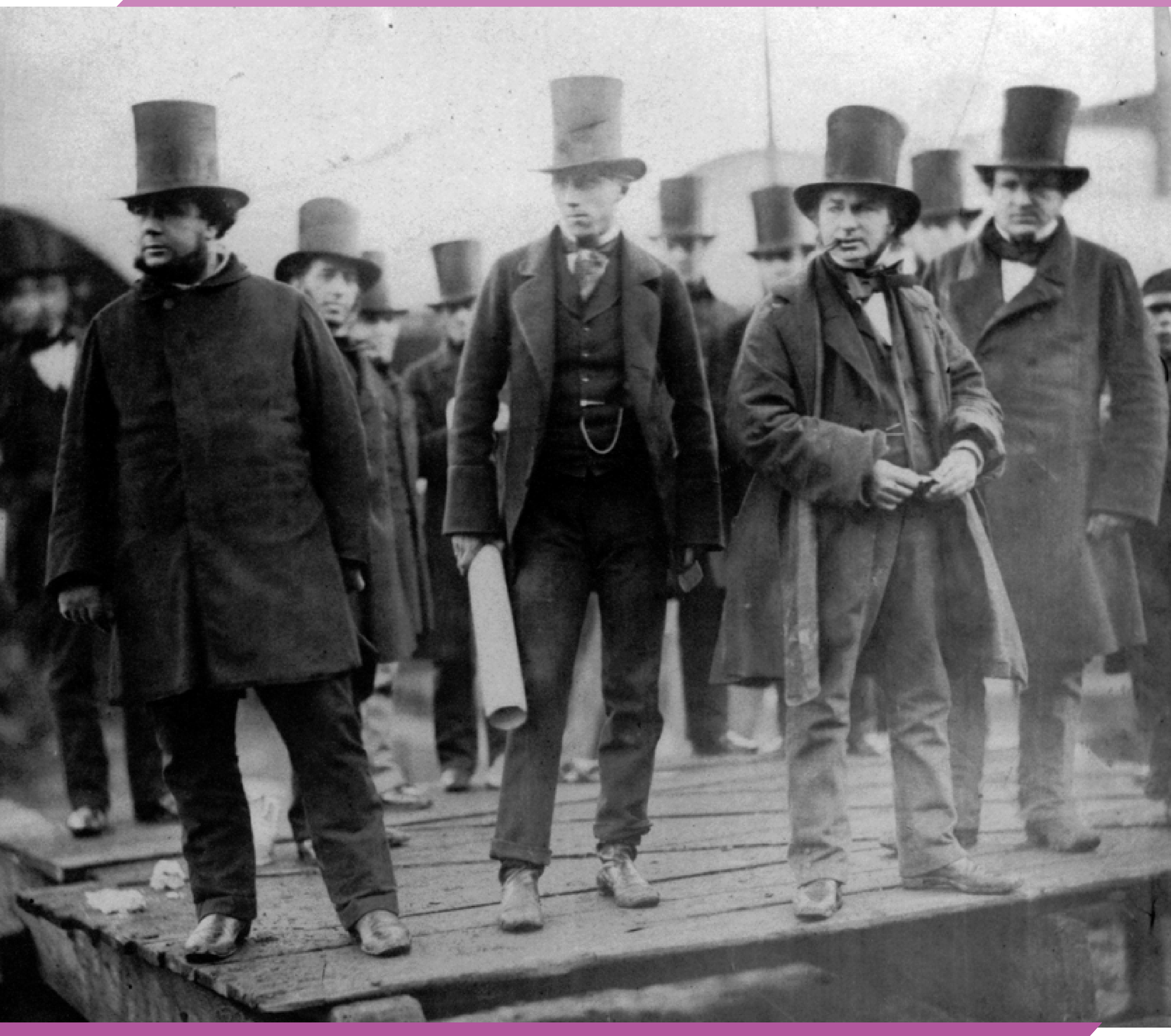

South Yorkshire factory owners circa 1800

Members of the Authority 2022-23 Municipal Year

Barnsley	Doncaster Council	Rotherham Metropolitan Borough Council	Sheffield City Council	Non-voting co-opted members nominated by the Trades Unions
Cllr Mick Stowe* (SA)	**Cllr Steve Cox** (AC, SA)	**Cllr David Fisher**	**Cllr Simon Clement-Jones** (AC)	**Nicola Doolan** (AC) Unison
Cllr Roy Bowser (AC)	**Cllr John Mounsey (Chair)** (SA)	**Cllr Marnie Havard*** (AC, SA)	**Cllr Ben Curran**	**Doug Patterson** (AC) Unite
	Cllr David Nevett* (AC)		**Cllr Alexi Dimond**	**Garry Warwick** (AC) GMB
			Cllr Andrew Sangar (SA)	
			Cllr Garry Weatherall* (AC, SA)	

MEMBERS OF THE SOUTH YORKSHIRE LOCAL PENSION BOARD (AS AT 31 MARCH 2022)

EMPLOYEE REPRESENTATIVES	EMPLOYER REPRESENTATIVES
Garry Warwick *(GMB) - Trades Union* **(Chair)**	**Rob Fennessey (Chair)** *'Other Large Employer'* South Yorkshire Police
Danny Gawthorpe (Unite) *Trades Union*	**Nicola Gregory** *Academy*
Nicola Doolan-Hamer (UNISON) *Trades Union*	**Riaz Nurenabi** *Sheffield Hallam University*
Andrew Gregory LGPS Member	**Councillor Minesh Parekh** *Local Authority Member (Sheffield)*
David Webster LGPS Member	**Councillor Ken Richardson** *Local Authority Member (Barnsley)*

AC *= Member of the Audit Committee,*

SA *= Member of the Staffing, Appointments and Appeals Committee,*

***** *= S41 Member who answers questions on behalf of the Authority in meetings of the relevant full Council*

Labour representative

Conservative representative

Liberal Democrat representative

Green Party representative

Officers of the Authority

DIRECTOR AND HEAD OF PAID SERVICE	George Graham
ASSISTANT DIRECTOR INVESTMENT STRATEGY	Sharon Smith
ASSISTANT DIRECTOR PENSIONS	Vacant (Nigel Keogh interim)
ASSISTANT DIRECTOR RESOURCES	Gillian Taberner
CLERK	Sarah Norman (Chief Executive Barnsley MBC)
MONITORING OFFICER	Jason Field (Head of Legal Services Barnsley MBC) *(to 31 Dec 2022)* Jo Stone (Head of Governance SYPA) *(from 1 January 2023)*
TREASURER	Neil Copley (Service Director Barnsley MBC) *(to 31 March 2023)*

Aoifinn Devitt

Service Providers

INDEPENDENT INVESTMENT ADVISERS	Aoifinn Devitt Trevor Castledine (from September 2022) Leslie Robb (until September 2022)
INDEPENDENT ADVISER TO THE LOCAL PENSION BOARD	Clare Scott
CUSTODIAN OF THE FUND	HSBC
BANKERS	Lloyds Bank HSBC
EXTERNAL AUDITOR	Deloitte LLP
INTERNAL AUDITOR	Barnsley MBC
ACTUARY	Mercer (to November 2022) Hymans Robertson (from November 2022)
AVC PROVIDERS	Utmost . Prudential . Scottish Widows
INVESTMENT MANAGERS	**The managers of major mandates are:** Abrdn (Commercial Property) Bidwells (Agricultural Property) Border to Coast Pensions Partnership Ltd (Listed Equities, new Alternative Commitments and Investment Grade Credit, Sterling Index Linked Bonds, Multi Asset Credit) Cash and previously committed Alternatives are managed in house. Details of managers within the Alternatives portfolios are available HERE.
LEGAL ADVISERS (PROPERTY)	Addleshaw Goddard Mills & Reeve (Agricultural Property) Pinsent Mason
INDEPENDENT PROPERTY VALUERS	Jones Lang LaSalle (Commercial Property) Fisher German (Agricultural Property)
PERFORMANCE MEASUREMENT	Portfolio Evaluation Ltd

Councillor John Mounsey Chair of the Authority

The last year has, as ever, presented a range of new challenges for the Authority and it is pleasing to report that our team have risen to and met each challenge with true Yorkshire grit.

As you will see throughout this Annual report it has been another busy year with a number of key events punctuating the year.

- The three yearly valuation of the Pension Fund by our new actuary Hymans Robertson which 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.
- 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.
- Approval 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 also more traditional means such as our regular newsletters.

Alongside all these important developments we have continued to ensure that our scheme members receive their pensions and support employers in meeting their obligations to the scheme.

We have also paid attention to the things that go on "under the bonnet" with an emphasis on delivering a range of improvements to our governance and also 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.

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.

While SYPA's default position is to just carry on carrying on with our day job of running the Pension Scheme this year we have been shortlisted for a number of awards winning the LAPF Award for LGPS Fund of the year valued at over £2.5bn. This is a tremendous accolade for the whole SYPA Team and I and the other members of the Authority are extremely proud of this recognition of all their hard work in running the Fund.

Councillor John Mounsey
Chair of the South Yorkshire Pensions Authority
2022/23 Municipal Year

OUR YEAR IN REVIEW

2

A good old South Yorkshire street party

2.1 OUR YEAR IN REVIEW

APRIL 2022
month 01

We held *'Making it Better'* focus groups with employees to help improve ways of working and tackle any concerns from across the organisation as we continued to work in a hybrid way.

MAY 2022
month 02

Customer Service Excellence assessment confirms that SYPA can proudly continue to display the CSE Logo for another 12 months.

JUNE 2022
month 03

Authority creates a working group of councillors to define its approach to delivering impact investment and the government's "levelling up" requirements.

JULY 2022
month 04

Employees enjoyed our first Staff Away Day, held at our neighbouring Oakwell stadium, taking time out to work on a range of plans to help shape the future of SYPA.

AUGUST 2022
month 05

SYPA appointed award winning Independent Investment Adviser, Trevor Castledine, to develop the fund's investment strategy and oversee the managers responsible for its delivery.

SEPTEMBER 2022
month 06

South Yorkshire Pension Fund provides £34m development loan to Trammell Crow Company to deliver a grade A logistics scheme in Sheffield.

SYPA ran their first hybrid member information sessions at Oakwell House for Pension Awareness Week 2022 focusing on how to save more and how to plan for retirement.

OCTOBER 2022
month 07

Actuarial Valuation results for the whole fund announced revealing that at 31 March 2022 for the first time in many years the Pension Fund had more assets than future liabilities, reflecting the success of a long term investment strategy.

NOVEMBER 2022
month 08

The Authority held their first hybrid AGM from their new Oakwell House office.

DECEMBER 2022
month 09

SYPA receives an early Christmas present and was awarded the LAPF Investment Award for LGPS Fund of the Year (Assets over £2.5 billion).

An £80m investment in local development loans from SYPA helped boost the South Yorkshire economy in 2022.

JANUARY 2023
month 10

In response to the cost of living crisis we launched a new leaflet for members who are thinking of opting out of the scheme highlighting the benefits of staying a member and options to go 50/50 to save some money.

SYPA were also shortlisted in the Pension Age Awards in the Defined Benefit Pension Scheme of the Year category.

FEBRUARY 2023
month 11

Following the success of the hybrid member events for Pension Awareness and Talk Money Week in 2022, with hundreds of attendees, SYPA launched a range of member information sessions for their active and deferred members in 2023.

MARCH 2023
month 12

South Yorkshire region to benefit from £500 million in 'Levelling Up' investment from South Yorkshire Pensions Authority.

SYPA reveal their plans to invest more to support the move to a lower carbon economy in their 2023 Investment Strategy.

OUR ORGANISATION

3

Barnsley Main Colliery circa 1900

Mission Statement

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

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

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

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

Objectives

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

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

LISTENING TO OUR STAKEHOLDERS
to ensure that stakeholders' views are heard within our decision making processes.

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

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

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

EFFECTIVE AND TRANSPARENT GOVERNANCE
to uphold effective governance showing prudence and propriety at all times.

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

The Authority itself consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition, 3 representatives of the recognised Trades Unions have been co-opted as non-voting members to represent the interests of scheme members. The work of the Authority during 2022-23 was conducted through meetings of the Authority itself and its Audit Committee together with the Staffing, Appointments and Appeals Committee. The following tables show attendance by members at meetings of the Authority and the Staffing, Appointments and Appeals Committee during the year. Details of attendance at the Audit Committee are included with the Audit Committee's Annual Report at page 50.

Members' attendance at **Authority meetings 2022/23**

	9 June 2022	8 Sept 2022	8 Dec 2022	9 Feb 2023	16 Mar 2023	% Attendance
Cllr Roy Bowser	✓	x	✓	✓	✓	80
Cllr Simon Clement-Jones	✓	✓	✓	x	x	60
Cllr Steve Cox	✓	✓	✓	✓	✓	100
Cllr Ben Curran	✓	x	✓	x	✓	60
Cllr Alexi Dimond	✓	✓	✓	✓	✓	100
Cllr David Fisher	✓	✓	✓	✓	✓	100
Cllr Marnie Havard	✓	✓	x	✓	✓	80
Cllr John Mounsey	✓	✓	✓	✓	✓	100
Cllr David Nevett	✓	✓	✓	✓	x	80
Cllr Andrew Sangar	✓	✓	✓	✓	✓	100
Cllr Mick Stowe	✓	✓	✓	x	✓	80
Cllr Garry Weatherall	✓	✓	x	✓	✓	80
Non-Voting Co-Opted Members						
Nicola Doolan-Hamer	✓	✓	✓	✓	✓	100
Doug Patterson	x	✓	✓	x	✓	60
Gary Warwick	✓	✓	x	✓	✓	80

Key: x = Apologies received

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Members' Attendance at **Staffing, Appointments & Appeals Committee Meetings 2022/23**

	17 Oct 2022	% Attendance
Cllr John Mounsey	✓	100
Cllr Marnie Havard	✓	100
Cllr Andrew Sangar	✓	100
Cllr Mick Stowe	✓	100
Cllr Steve Cox	x	0
Cllr Garry Weatherall	x	0

Members' Learning and Development

All members (whether voting or non-voting) have an obligation in line with the Pensions Regulator's Code of Practice to ensure that they undertake appropriate learning and development activity, and the table below illustrates the formal activity undertaken by members during the year.

Training Session + Date	R Bowser	S Clement Jones	S Cox	B Curran	A Dimond	D Fisher	M Havard	J Mounsey	D Nevett	A Sangar	M Stowe	G Weatherall	N Doolan Hamer	D Patterson	G Warwick
LGPS Module 1 **Introduction to the LGPS** 06 December 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LGPS Module 2 **Governance & Oversight Bodies** 10 Nov 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LGPS Module 3 **Administration & Fund Management** 01 Sept 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LGPS Module 4 **Funding & Actuarial Matters** 30 June 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LGPS Module 5 **Investments** 20 Sept 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
LGPS Module 6 **Current Issues** 06 Dec 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Induction Training 09 June 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Actuarial Valuations 15 Sept 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Climate Change Induction 10 Nov 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cyber Security Presentation 12 Dec 2022	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Briefing on the Emerging Investment Strategy 08 Feb 2023	✓		✓	✓	✓	✓	✓	✓	✓			✓	✓		✓
CIPFA Audit Training 15 Feb 2023	✓	✓	✓									✓	✓		

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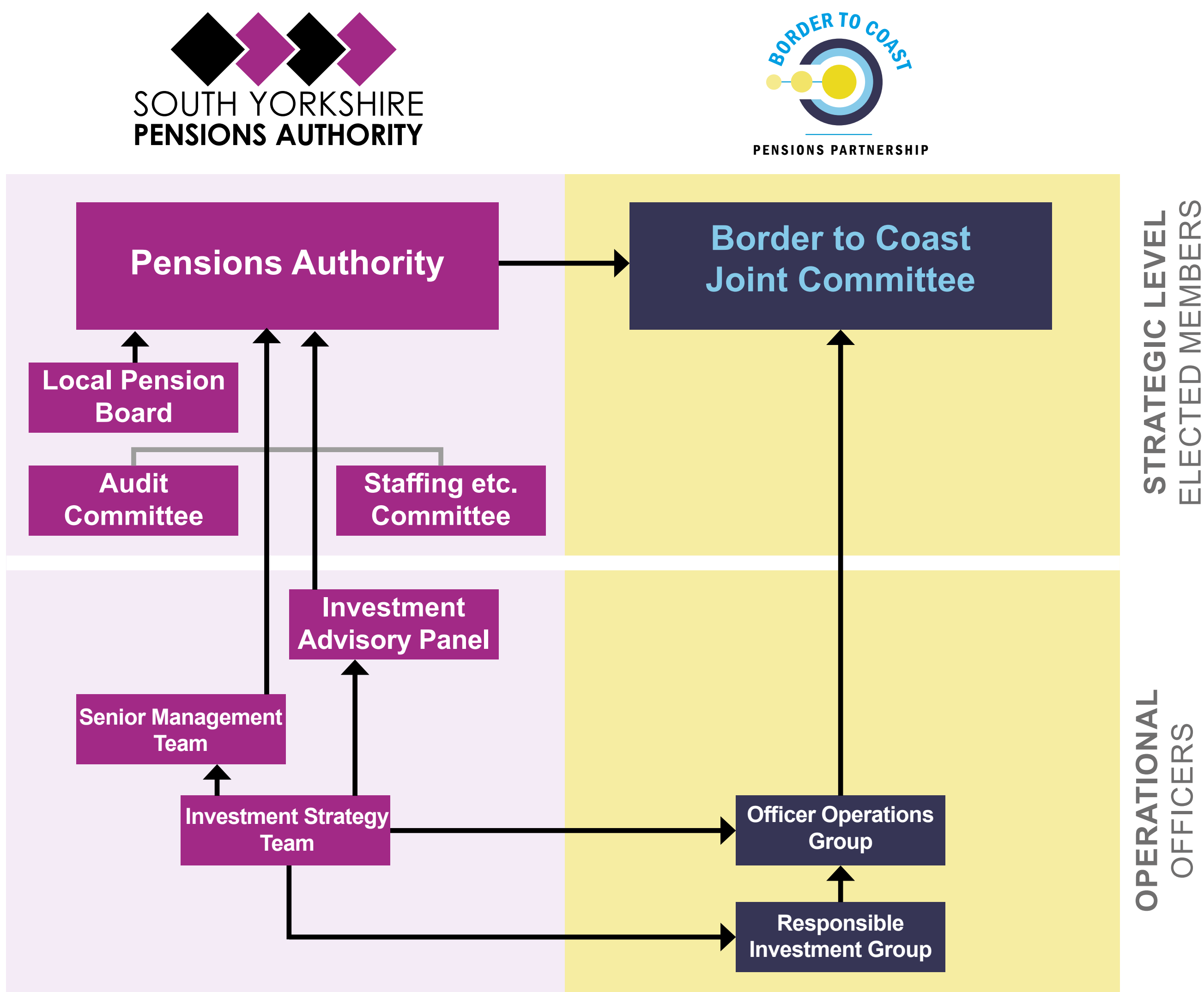
OUR ORGANISATION

Locally the work of the Authority is overseen and scrutinised by the Local Pension Board required by the Public Sector Pensions Act 2013. The Board has continued to develop its approach to gaining assurance and providing challenge to the Authority and has conducted its second annual self-assessment of effectiveness in its role which is reflected in its Annual Report which appears at *page 95* of this Annual Report. The diagram below shows how the different elements of our governance arrangements fit together and how they relate to the various elements of the Border to Coast Pensions Partnership in relation to investment matters.



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OUR ORGANISATION

SYPA as an organisation

LGPS Regulatory Map

The Pensions Authority exists in an increasingly complex environment which is summarised in the diagram below

GOVERNMENT ACTUARY DEPARTMENT (GAD)

DEPARTMENT FOR WORK AND PENSIONS (DWP)

DEPARTMENT FOR LEVELLING UP. HOUSING AND COMMUNITIES (DLUHC)

FINANCIAL CONDUCT AUTHORITY

ASSET POOL
Border to Coast

SCHEME ADVISORY BOARD (SAB)

OTHER STAKEHOLDERS
- Employers / Employers Associations
- Members
- Trade Unions
- Auditors
- ICO

SOUTH YORKSHIRE PENSIONS AUTHORITY

SPECIALIST BODIES
- Chartered Institute of Public Finance and Accountancy
- The Institute of Chartered Accountants in England and Wales (CAEW)
- Institute and Family of Actuaries (IFoA)
- Local Government Association (LGA)
- Pensions and Lifetime Savings Association (PLSA)
- Money and Pensions Service (MaPS)
- The Local Government Ombudsman

LOCAL PENSION BOARD

THE PENSIONS REGULATOR (TPR)

THE PENSIONS OMBUDSMAN (TPO)

Map Legend

- SPECIALIST BODIES
- FUND RELATED ENTITIES
- GOVERNMET ENTITIES
- REGULATORS
- OTHER STAKEHOLDERS

OUR ORGANISATION

SYPA as an organisation

3.5

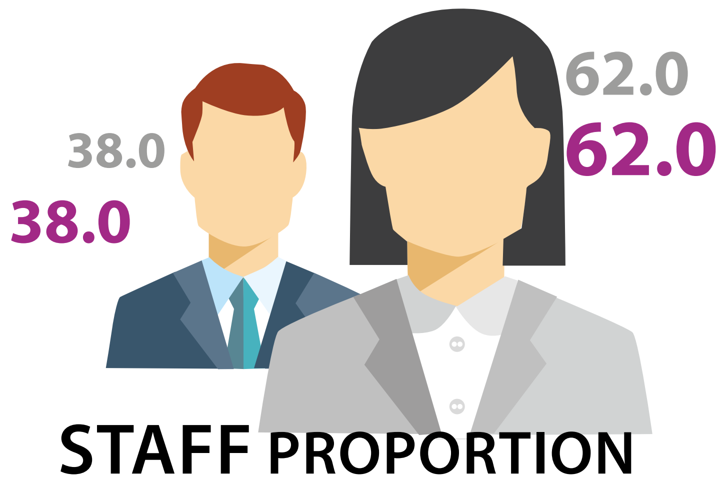
Unlike other administering authorities in the Local Government Pension Scheme, SYPA is a free -standing organisation with the responsibilities that this brings. We have continued to update our policy framework during the year and undertook a comprehensive review of the Constitution, the revised version of which will be presented for approval and implementation in the forthcoming year. All our policy documents are available on the Authority's website.

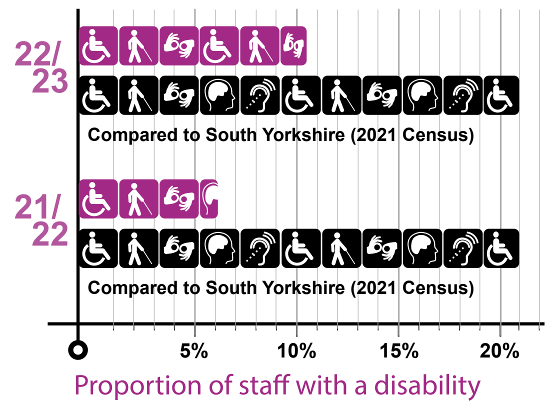
This year saw the establishment of our own in-house Governance team, enabling us to provide a clear focus on enhancing our governance arrangements across areas such as risk management, procurement and contract management, information governance, and democratic services support, as well as a significant enhancement in providing dedicated support for Authority and Local Pension Board member learning and development.

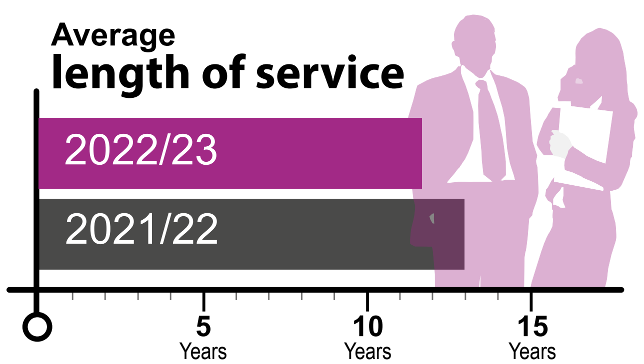
We have also continued to place emphasis on supporting the health and wellbeing of our people and strengthening agile working through use of our high quality working environment and range of advanced technological infrastructure and facilities. The Health, Safety and Wellbeing Committee have co-ordinated a range of webinars and staff events throughout the year covering a wide variety of themes. Highlights in the year included training in person and online for staff about dealing with the menopause and a tailored course in person for all our managers on supporting staff going through menopause, and the introduction of a monthly 'Morning Mix' event covering a different wellbeing theme each month with provision of various resources and a chance for colleagues to join together to discuss, exchange ideas and support each other. We've also continued to hold a number of fundraising initiatives, raising money for Macmillan Cancer Support and Andy's Man Club.

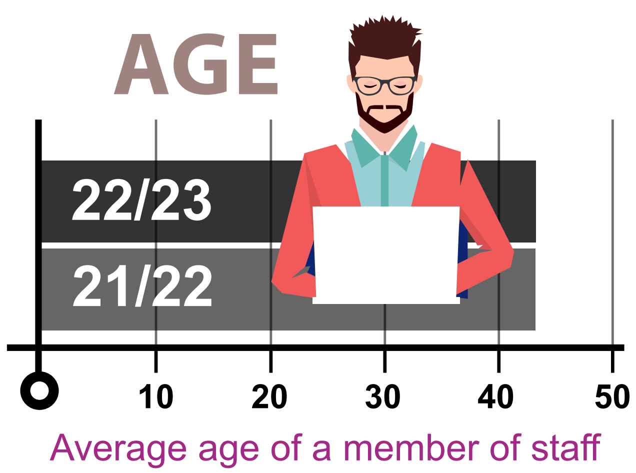
The infographics on the next page present the position for a number of measures of our health as an organisation.

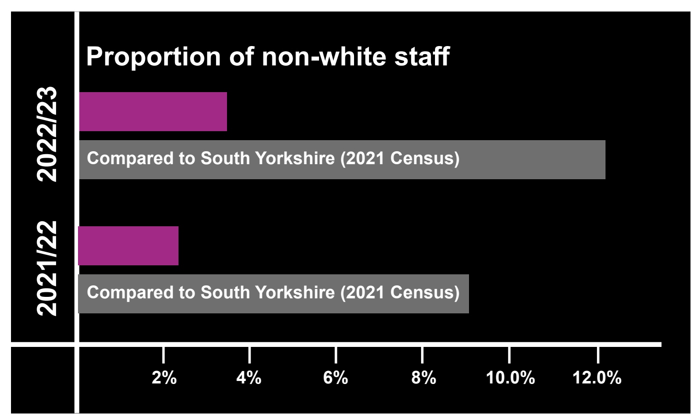
3.5 SYPA AS AN ORGANISATION

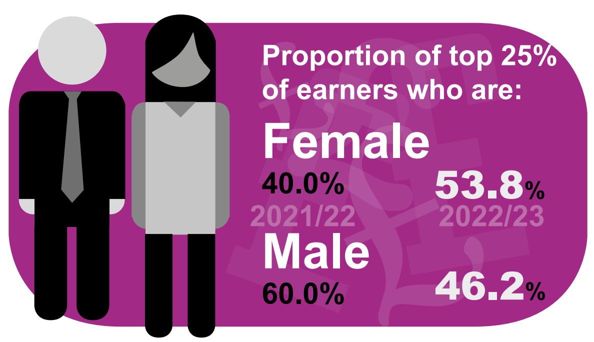


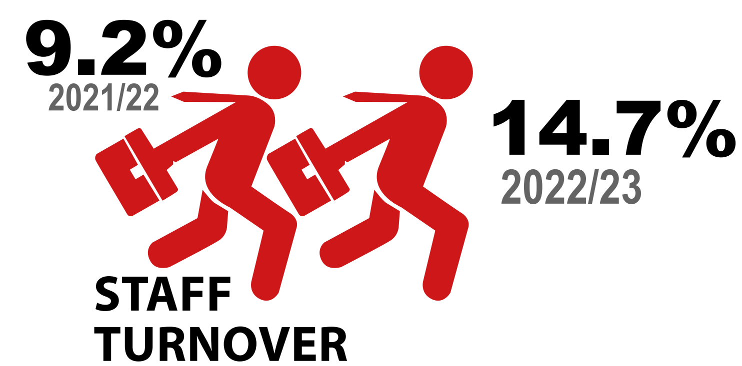












Trade Union Facility Time

21/22	**221.8 Hours**
22/23	**227.2 Hours**

There has been a small increase of ½ day per FTE in the level of staff sickness absence compared to last year. The level of long term sickness absences has remained fairly consistent. The increase is mainly due to a jump in the number of short term absences during the second quarter of the year, partly attributed to a spike in the number of COVID infections in that period.
Staff turnover has increased. Of the 14.9% turnover this year, 4% relates to retirements and fixed term contracts ending. However, the remaining 10.9% of turnover reflects increasing pressures in the wider labour market where we are seeing salary competition affecting our ability to retain staff in some areas. During this year, we have undertaken work to review and benchmark our pay and benefits and will be formulating and implementing an action plan to address the findings and recommendations in the forthcoming year. The level of staff turnover has had some impact on the average length of service with the Authority.
More information providing additional context to the workforce data set out here is available on our website.

Gender Pay Gap

Reporting on the Gender Pay Gap is compulsory for organisations employing more than 250 people. SYPA had 104 employees at 31 March and therefore does not meet this threshold, but it publishes the data as an example to the companies in which it invests.

We have analysed the gender pay gap across the organisation which gives the results shown in the chart below. A positive figure means that men are paid more than women.

SYPA Gender Pay Gap

Our small workforce size makes it difficult to draw conclusions from the movement year on year, as the percentages move quite widely in response to small changes in the actual numbers. Nevertheless, we aim to reduce this pay gap, and there has been a small reduction compared to last year. The proportion of female staff in the top 25% of earners has increased to almost 54% this year which is positive. We invest in learning and development for all our employees and will be continuing to seek different ways to address the gender pay gap going forward.

OUR ORGANISATION

SYPA as an organisation

Organisational Development

The Authority continues to make progress in our organisational development across a number of areas.

The work programme to complete a comprehensive review of our suite of human resources (HR) policies has been successfully concluded in consultation with the recognised trade union. Moving forward, the full range of HR policies will continue to be reviewed and refreshed on a regular basis.

We remain strongly committed to encouraging learning and development for all staff across the organisation. Expenditure on training has increased this year, being used for staff to attend a wide range of short training courses including technical areas on aspects of the LGPS, accountancy updates, procurement rules etc., as well as business skills areas such as report-writing, communication, management skills, and has also been used for professional and accredited training for a number of individuals in different teams, building the professional knowledge and capacity available. The use of our LinkedIn Learning online platform has been further embedded during the year, now updated with internal videos and training materials for our pensions administration staff and also with content around cyber security controls and tools provided by our ICT team.

In July 2022, the Authority held our first staff Away Day. Gathering all our people together at the neighbouring Oakwell Stadium in Barnsley for a highly successful event which achieved the aims of providing an opportunity for everyone to:

- Reflect on, share and celebrate our achievements during and since the pandemic.
- Understand the context, challenges and strategy for the organisation.
- Strengthen engagement in contributing to SYPA's development and direction.
- Forge stronger working relationships across the organisation.
- Explore perspectives on being back in the office and the approach to hybrid working.
- Tackle a series of key challenges currently facing our organisation and identify feasible, practical solutions.

This was followed by the first "SMT Question Time" event held in March 2023 with a mixture of virtual and in-person attendance for all staff, where the members of the Senior Management Team each set out a short presentation on their areas of responsibility, followed by a lively and engaging Q&A session.

Both events were very well received and will be repeated at regular intervals in future.

The SYPA team has been further strengthened during the year with the following new roles being taken up.

A new Communications Officer joined us in August 2022, providing professional expertise and focus for both our external and internal communications, already making a significant impact with improvements to our social media reach, range of engagement opportunities with scheme members, press releases and coverage throughout the year.

OUR ORGANISATION

SYPA as an organisation

A new Programmes and Performance team was established during the year comprising a Service Manager and a Senior Practitioner dedicated to the co-ordination and support for delivery of the range of projects taking place across the organisation as part of our corporate strategy, and to enhancing our performance management framework. The newly established team have developed and implemented a new project management methodology for operational teams and managers to apply, that is appropriately tailored to the size and scale of our organisation.

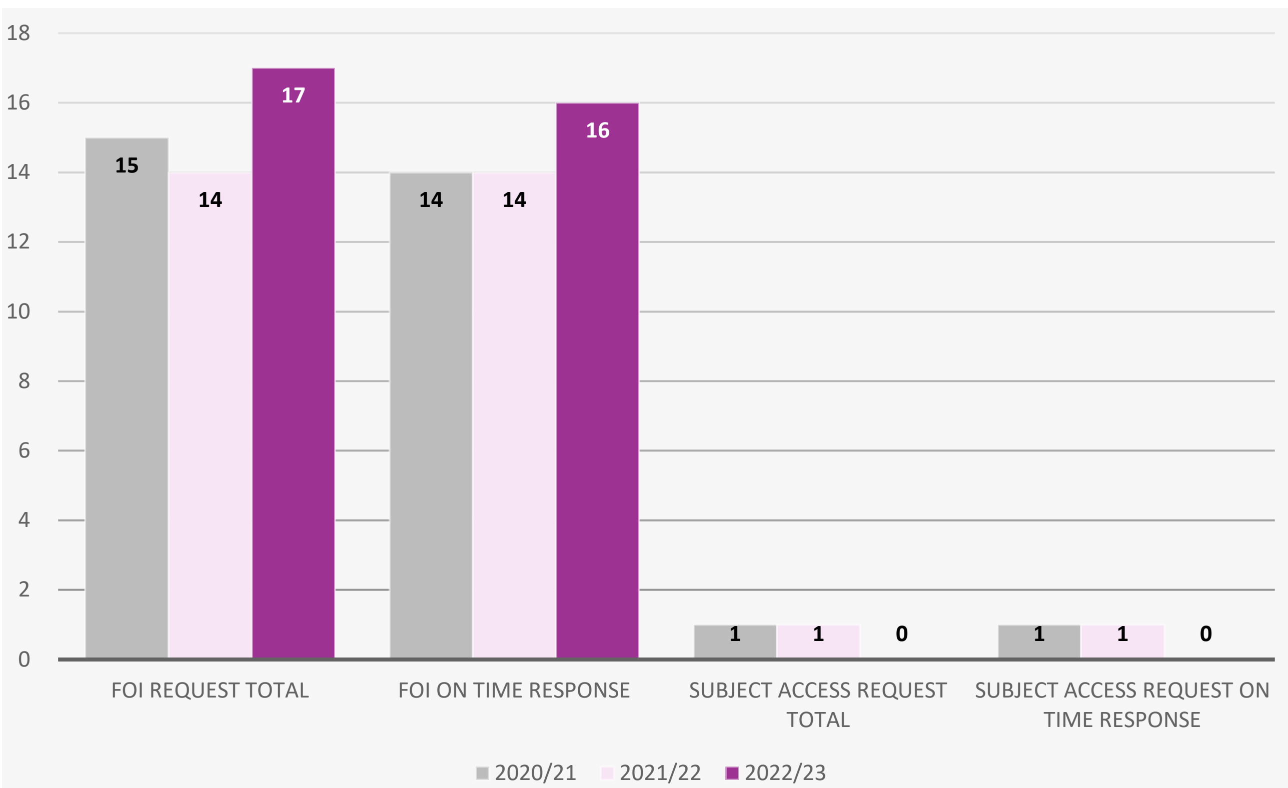
Good progress has also continued this year on achieving increasing levels of collaboration between different teams and departments. The 'Leadership Team' comprising senior and middle managers is well embedded and meets at least every quarter, the middle managers have also created their own group for peer support and for working together on organisational issues and challenges. In addition, there has been an increase in the range of project groups for colleagues in different functions and teams to work together on achieving particular corporate objectives.

In October 2022, the Authority approved a set of proposals for addressing the longer term staffing needs of the organisation, including a number of additions to the establishment to be made over the following 3 years. This followed a comprehensive review undertaken by the Director at the request of the Authority to consider and recommend a medium term approach to building organisational resilience and ensure appropriate succession planning in key areas. Implementation of the proposals began in the second half of the year and will continue over the forthcoming year, ensuring that we progress on our journey toward a greater level of sustainability as an organisation that is well-equipped and resourced to achieve our goals and meet the challenges ahead.

Freedom of Information & GDPR requests

As an organisation we are committed to openness and transparency, and we publish as much information as possible on our website so that it is available to the public. The website design aims to make the information easier to find, including being able to use the structure of our Freedom of Information Publication Scheme as a way of searching. At the same time, we still receive and respond to requests for information under the Freedom of Information Act and to Subject Access Requests (SAR's) made under UK GDPR rules. As the graph below shows, we have largely responded to these requests in line with the timescales set out in the legislation.

FOI & SAR request responsiveness



As a public authority we are required to keep our governance arrangements and our arrangements for managing risk under review. The following pages set out the statements on this that we are required to produce.

Annual Governance Statement

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 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.

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.

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 Determining the interventions necessary to optimise the achievement of the intended outcomes

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.

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.

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.

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Principle E — Determining the interventions necessary to optimise the achievement of the intended outcomes

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.

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.

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."

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

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.**

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**	March 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**	June 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**	March 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.
Project Management Implement arrangements to support individual project managers with scoping, planning, delivering and reporting on corporate strategy projects	**Service Manager – Programmes & Performance**	March 2023	**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. 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.

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Governance Action Plan 2021/22 – Progress Update - **continued**

Action Plan 2021/22	Responsible Officer	Target Date	Progress Update 2022/23
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	**March 2023**	**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.
Internal Governance Update and refresh the arrangements around key processes such as procurement, information governance, decision recording and scheme of delegation	Head of Governance	**March 2023**	**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. 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.
Reinvigorate staff engagement. Implement action plan developed following staff feedback	Senior Management Team	**March 2023**	**Completed** 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. 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.

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
A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law **Dealing with Appeals**	Complete process mapping and implement fully updated procedures for appeals processing with clearly defined roles and responsibilities. Provide guidance, training and support for relevant staff to support the above.	Head of Governance	**July 2023**
E: Developing capacity, including the capability of leadership and individuals **Staff Appraisals and Development**	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. Recruit to new Business Support Officer role in the HR team to support Learning and Development strategy and provision across the organisation.	Assistant Director – Resources and HR Business Partner	**March 2024**
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	**October 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	**October 2023**

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

Principle and area for Improvement	Actions Required	Responsible Officer	Date for Completion
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:

J.P.Dunn

Chair
South Yorkshire Pensions Authority

Signed:

Director
South Yorkshire Pensions Authority

Risk Management

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. As indicated in the Annual Governance Statement, the Audit Committee has overseen the Authority's risk management arrangements over the course of the year. The Risk Register, which forms an integral part of the Corporate Strategy, has been regularly reviewed by the Authority's Senior Management Team and changes have been made in the light of changes in the external environment and the progress made in delivering projects such as investment pooling. The key risks identified in the corporate risk register, as at the end of March 2023 are:

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

IMPACT	Very Low	Low	Medium	High	Very High
Very High	**I4** Imbalance in cashflows resulting in inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments.			**I2** Impact of climate change on investment assets and liabilities	
High			**G4** Weak or ineffective project management arrangements **O2** Impact of poor data quality on operations **O3** Data protection / GDPR risks **O4** Failure to achieve regulatory compliance **I1** Material changes to the value of investment assets / liabilities due to major market movements	O1 Failure to maintain effective cyber defences O5 Impact of change to the CARE revaluation date on ability to deliver Annual Benefit Statements and Pensions Savings Statements in time	
Medium		**G3** Breakdown of control environment **G2** Failure of Local Pension Board members to maintain adequate levels of knowledge & understanding	**I5** Affordability of contributions; negative impact on employer financial viability **I3** Failure to manage key risks in Border to Coast strategic plan **G1** Failure of Authority members to maintain adequate levels of knowledge & understanding	**P1** Ability to recruit and retain a skilled & qualified workforce **P2** Risk of reduced technical knowledge and senior management capacity during period of vacancy in role of AD - Pensions.	
Low					
Very Low					

PROBABILITY

OUR ORGANISATION
Risk Management

Given the scale of the financial assets managed by the Authority 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 which cover the following areas:

- Acting with proper advice - such advice may come from appropriately qualified officers, the Fund's Independent Advisers or specialist consultants retained for specific projects.
- Maintaining a diversified portfolio of assets - The Fund's Strategic Asset Allocation is intended to reduce the overall level of investment risk by investing across a range of asset classes the performance of which is not directly correlated.
- The setting of limits within individual investment management agreements with regard to the types of exposure the investment manager is allowed to achieve relative to a benchmark, the level of concentration of holdings and measures of portfolio risk. These are reported on by managers and significant movements or breaches are followed up as part of ongoing performance review.

Given the volume of sensitive data handled by the Authority cyber security risks are among the most significant and persistent risks we face and there is an ongoing programme of work to maintain and continue to enhance our defences against cyber-attacks. Key mitigations in this area include:

- Annual external reassessment of cyber security controls against the cyber essentials plus standards
- Mandatory induction training for all new staff and mandatory annual refresher training for all staff.
- Regular training for members of the ICT Team.
- Ongoing enhancement of ICT security systems.
- Regular review of incidents and attempts to breach security to identify opportunities to improve cyber defences.

Over the course of the year more attention has been paid to people and operational risks reflecting the challenges posed by current labour market conditions and their impact on the delivery of key services. These areas remain work in progress and more specific mitigations of the identified risks and specific action plans will be implemented in the coming year.

The members of the Authority receive assurance as to the effectiveness of both the system of control and the risk management arrangements from a number of sources. The most significant sources of such assurance are the internal and external auditors. Internal Audit is provided on an outsourced basis by Barnsley MBC in line with the relevant professional standards. The scale of the Internal Audit Plan (which is significantly greater than for most local government pension funds) reflects the unique nature of the Authority as an organisation in its own right. The Head of Internal Audit's overall opinion which is included in the Annual Governance Statement is one of Reasonable (positive) Assurance. The table below indicates the level of assurance received from the various pieces of internal audit work undertaken during the year.

Internal Audit Review Results 2022/23

Review Topic	Assurance Level	Number and priority of findings
Online Retirement Tool c/fwd from 21/22	Substantial	**3** (low impact)
Financial Management System Post Implementation Review c/fwd from 21/22	Reasonable	**1** (medium impact)
UPM - Pensioner Payroll c/fwd from 21/22	Substantial	**1** (medium impact)
Main Accounting	Substantial	**3** (low impact)
Accounts Receivable	Substantial	**2** (low impact)
Transfer Values	Substantial	None
Verification of Assets	Reasonable	**1** (medium impact)
Treasury Management	Reasonable	**1** (low impact) **1** (medium impact)
Budget Management & Monitoring	Reasonable	**1** (medium impact)
Risk Management	Reasonable	**2** (low impact) **1** (medium impact)
Annual Benefits Statements	Reasonable	**1** (low impact) **1** (medium impact)
Pensions Savings Statements	Reasonable	**3** (medium impact)

Internal Audit's different levels of assurance are set out in the table below:

	Current Classification
Positive Opinions	Substantial
	Reasonable
Negative Opinions	Limited
	None

The results show that all of the 12 reviews undertaken in the year resulted in a positive opinion; of which 5 provided substantial assurance and 7 reasonable assurance. A deliberate approach has been adopted of focussing internal audit effort on areas where it is known that some improvements are needed, with the aim of utilising the internal audit review process to support the work required. This is reflected to some extent in the number of findings and implications, and these have value to the Authority in that they provide important information to support the improvement of both the running of the organisation and of the services it provides.

External audit has been provided by Deloitte LLP under procurement arrangements managed by Public Sector Audit Appointments Ltd (PSAA) under the terms of the Local Audit and Accountability Act 2014. Deloitte have raised no specific issues or recommendations in terms of the control framework or the system of governance in their previous reports to those charged with governance and their value for money conclusion. The Authority opted into the PSAA procurement process for the appointment of auditors for the next contract period of five years commencing with the 2023/24 accounts. The result of that procurement is that KPMG will be our external audit provider from 2023/24 and officers will work with both the outgoing and incoming external auditors in order to ensure a smooth transition.

Investments by Asset Class

The Authority relies heavily on external organisations to manage money on its behalf. In addition to the manager of listed assets (Border to Coast Pensions Partnership) we have investments in over 180 individual funds within our Alternatives Portfolios. All of these managers supply us with a copy of their ISAE3402 report (or equivalent) which is reviewed and any issues highlighted pursued with the manager. The table below indicates Managers whose reports indicate a level of assurance less than the required level.

It is always the case that some managers fail to provide this information in time for inclusion in the annual report but at less than 20% of the total this represents a very small proportion of the total and a much smaller proportion of the total value of the portfolio. The Authority does have other processes and checks in place on all managers and these have not indicated any issues in relation to these managers.

Asset Class	Number of Managers	Number of Funds	Number of Managers with satisfactory assurance	Number of Funds with a qualified opinion	Awaiting latest information
Listed Equity	1	4	1		
Investment Grade Credit	1	1	1		
Multi Asset Credit	1	1	1		
Sterling Linked Bond	1	1	1		
Commercial Property	10	10	10		2
Private Debt	41	41	39	2	3
Private Equity	99	99	98	1	8
Infrastructure	36	36	36		3
Total	190	193	187	3	16

Assurance over our operations

I am pleased to present the second annual report of the Authority's Audit Committee covering the Committee's activity during the 2022/23 financial year.

Reporting on the Committee's work in this way contributes to the process of assurance gathering which is used to produce the Authority's Annual Governance Statement and demonstrates the robustness of the overall governance arrangements that are in place.

Councillor Garry Weatherall
Chair of the Audit Committee
2022-23 Municipal Year.

1. Introduction

This report is produced in order to provide stakeholders with information on the work of the Committee over the 2022/23 Municipal Year and to support the process of assurance gathering required in order to produce the Authority's Annual Governance Statement.

It outlines the Committee's:

- Role and responsibilities.
- Membership and attendance; and
- Work programme.

2. Committee Information

Role and Responsibilities

The Committee's terms of reference are set out in the Authority's Constitution and are as follows.

To fulfil the following core Audit Committee functions:

Maintenance of governance, risk, and control arrangements

a) Support and promote a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance and the Authority's Local Code of Corporate Governance.

b) Consider the adequacy, effectiveness and efficiency of the Authority's risk management arrangements. The Committee should understand the risk profile of the organisation and seek assurances that effective arrangements are in place to identify and manage risks to the organisation, both for the Authority and for its collaborative arrangements.

c) Consider the adequacy, effectiveness and efficiency of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics, and obtaining assurance regarding the Authority's exposure to and response to the risks of fraud and corruption.

d) Monitor and oversee the adequacy, effectiveness and efficiency of the information governance framework including compliance with legislative requirements in relation to data breaches, Data Protection Impact Assessments (DPIA) and Data Subject Access requests (DSAR). Receive annual report from the external DPO to provide assurance of data protection compliance, processes, and systems.

e) Financial and governance reporting:

i. Under the Code of Practice on Local Authority Accounting in the UK, be satisfied that the Authority's accountability statements, including the Annual Governance Statement (AGS), properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the Authority's objectives.

ii. The responsible financial officer is required by statutory provision to sign the annual statement of accounts to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. These are the unaudited accounts.

iii. CIPFA recommends that it is good practice for both the accounts and the draft AGS to be reviewed by the audit committee prior to the commencement of the external audit. The draft accounts shall be provided to Committee members prior to the external audit; this may fall outside of the meeting cycle. The draft AGS shall be considered, commented upon and challenged as appropriate by the Committee prior to the external audit.

iv. The Committee is designated as Those Charged with Governance (TCWG) and will formally approve the financial statements after the completion of the external audit, prior to publication.

v. Consider the maintenance of adequate, effective, and efficient arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

f) Establishing appropriate and effective arrangements for audit and assurance.

g) Consider the arrangements in place to secure adequate, effective, and efficient assurance across the body's full range of operations and collaborations with other entities.

h) In relation to the Authority's internal audit functions:

i. Consider and obtain assurance regarding its independence, objectivity, performance, and conformance to Public Sector Internal Audit Standards (PSIAS).

ii. Consider and be satisfied as to the effective use of internal audit within the overall assurance framework. This may include independent, external evaluation periodically.

iv. Monitor performance against Internal Audit's Charter and Annual Plan and receive the Annual Report and periodic reports of the Head of Internal Audit.

v. Monitor progress against management actions agreed in response to the internal audit reports.

i) Safeguard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed, but the Committee's role will be to monitor on an annual basis, or more often when required.

j) The Committee should discuss with the external auditor their assessment of threats to independence and any safeguards. The potential threats are self-interest, selfreview, management, advocacy, familiarity, or intimidation threats.

k) Consider the opinion, reports, and recommendations of external audit and those of any inspection agencies, and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

l) Ensure regular communication between the Chair and internal / external auditors and ensure that both internal and external audit have access to the Chair as required.

m) Consider and monitor the operation of adequate, efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

n) Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review, and accountability.

Other Responsibilities

a) The adoption of the CIPFA Position Statement on Audit Committees and compliance with the practice and principles therein. The statement sets out the purpose, model, core functions and membership of the committee.

b) To determine, implement and evaluate the annual work plan to achieve the responsibilities of the Audit Committee.

c) To conduct an annual review of its performance against these Terms of Reference and the annual work plan.

d) To participate in related training and development activities to fulfil its remit effectively.

Minutes of the Audit Committee meeting (agreed by the Chair) shall be submitted for information at the subsequent Authority meeting.

Membership

The Committee's membership at the end of March 2023 was:

Councillor Garry Weatherall (Chair)

Councillor Roy Bowser

Councillor Simon Clement-Jones

Councillor David Nevett

Councillor Steve Cox

Councillor Marnie Havard

In addition, the three observers nominated to the Authority by the recognised trade unions are entitled to attend and participate in meetings of the Committee. During the year these representatives were:

Nicola Doolan-Hamer (Unison)

Doug Patterson (Unite)

Garry Warwick (GMB)

Committee Meetings and Attendance

The Committee held three meetings during the municipal year (28 July 2022, 20 October 2022 and 02 March 2023). The schedule of Members' and Officers' attendance is included at Appendix A.

Good practice guidance suggests that the Chief Financial Officer should attend regularly, and that the Monitoring Officer and other senior officers should contribute as appropriate. The actual attendance recorded demonstrates that this was achieved.

3. Committee Work Programme and Outcomes

The work programme of the Committee for the year reflected the terms of reference and the pattern of work of the Authority's internal and external auditors. The reports received during 2022/23 are shown in Appendix B; the outcomes of the Committee's work in relation to these are summarised below.

Risk Management and Internal Control	
Core functions per CIPFA Guidance:	**The Committee has:**
• Considering the effectiveness ofthe Authority's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements. • Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors. • Being satisfied that the Authority's assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.	• Completed the Annual Review of the Authority's Risk Management Framework in October 2022. • Received regular progress reports from the Head of Internal Audit on internal control matters. • Received regular reports on progress against audit recommendations. • Considered the results of the review of internal control and internal audit for 2021/22.

Internal and External Audit

Core functions per CIPFA Guidance:

- Approving (but not directing) Internal Audit's strategy and plan, and monitoring performance.
- Reviewing summary Internal Audit reports and the main issues arising and seeking assurance that action has been taken where necessary.
- Receiving the annual report of the head of Internal Audit.
- Considering the reports of external audit and inspection agencies.
- Ensuring that there are effective relationships between Internal Audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.

The Committee has:

Internal Audit

- Agreed the Internal Audit Strategy and Annual Plan for 2023/24.
- Received and considered Head of Internal Audit's Annual Report for 2022/23, including the opinion on the Authority's internal control arrangements.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

External Audit

- Received reports from Deloitte on their Audit Plans for the Authority and their Annual Report which was recommended to the Full Authority for consideration.
- Received regular progress reports from Deloitte
- Approved Deloitte's fee for the audit of the financial year 2022/23.

Financial Accounts

Core functions per CIPFA Guidance:

- Reviewing the financial statements, the external auditor's opinion and reports to members, and monitoring management action in response to the issues raised by external audit.
- Overseeing the production of, and approving, the Authority's Annual Governance Statement.
- Overseeing the production of, and approving, the Authority's Annual Statement of Accounts, focussing on:
- The suitability of, and any changes in, accounting policies;
- Major judgemental issues e.g. provisions.
- Receiving and agreeing the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.

The Committee has:

- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2021/22.
- Overseen the production of and approved the Authority's Annual Statement of Accounts 2021/22.
- Reviewed and approved the accounting policies to be used in the production of the Authority's Annual Statement of Accounts 2022/23.
- Received and approved Deloitte's Annual Audit Report on the audit of the financial statements for year ended 31 March 2022.

Working Arrangements

The Committee undertook a self-assessment of its position and effectiveness against best practice guidance and considered the extent to which its arrangements remained robust.

APPENDIX A

Member/Officer attendance at Audit Committee meetings

Member/Officer	28 July 2022	20 Oct 2022	2 March 2023
Cllr G Weatherall	✓	Note 1	✓
Cllr Roy Bowser	Note 1	✓	Note 1
Cllr Steve Cox	✓	Note 1	✓
Cllr Simon Clement-Jones	✓	✓	✓
Cllr Marnie Havard	✓	✓	✓
Cllr David Nevett	✓	✓Note 2	✓
N Doolan-Hamer	✓	✓	✓
D Patterson	✓	Note 1	✓
G Warwick	✓	Note 1	✓
Director: George Graham	✓	✓	✓
Assistant Director - Resources (Deputy Treasurer) Gillian Taberner	✓	✓	✓
Head of Governance: Jo Stone (Monitoring Officer from Jan 2023)	✓	✓	✓
Monitoring Officer (Apr to Dec 2022)	Note 1	Note 1	[redacted]
Deputy Clerk (from Jan 2023) Sukdave Ghuman: Director of Legal & Governance, Barnsley MBC	[redacted]		✓
External Audit (Deloitte)	✓	✓	✓
Internal Audit (Barnsley MBC)	✓	✓	✓

Notes

1 Apologies

2 Acted as Chair for the meeting

APPENDIX B

Committee Activity

Function/Issue	28 July 2022	20 Oct 2022	2 March 2023
Risk Management			
Annual Review of the Risk Management Framework		Approved	
Governance and Internal Control			
Annual Review of the Governance Compliance Statement		Approved	
Progress on Implementation of Audit Recommendations	Noted	Noted	Noted
Annual Procurement Report			Noted
Accounting Policies			Noted
Internal Audit			
Progress Report	Noted	Noted	Noted
External Quality Assessment		Noted	
Annual Report 2021/22	Noted		
Internal Audit Charter	Approved		
Internal Audit Plan 2022/23			Noted
External Audit			
Auditor Appointment Process		Recommended action to the Authority	
Report on the 2020/21 Audit	Noted		
Annual Audit Report 2020/21		Noted and recommended to the Authority	
External Audit Plan 2022/23			Noted
Statement of Accounts			
Audited Annual Report and Statement of Accounts 2021/22	Approved		
Letter of Representation	Approved		
Accounting Policies 2022-23			Approved
Working Arrangements			
Audit Committee Annual Report 2021/22			Approved
Audit Committee Terms of Reference and Work Cycle			Approved

(The term “Noted” is used to include resolutions to note and to receive reports).

3.11 Managing our money

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. All of these are subject to audit by the external auditors and the full financial statements can be found at *page 184*.

The Operating Budget

Like any public body, we need to be able to show that we have managed our spending on the Operational Budget within the agreed level of resources. The table below illustrates the position for 2022/23.

SYPA Operational Budget	2022/23 Budget £	2022/23 Outturn £	2022/23 Outturn Variance £	%
Pensions Administration	2,717,850	2,870,210	152,360	5.60%
Investment Strategy	537,340	526,760	(10,580)	(2.00%)
Finance & Corporate Services	941,440	942,210	770	0.10%
ICT	738,710	720,340	(18,370)	(2.50%)
Management & Corporate	823,930	693,470	(130,460)	(15.80%)
Democratic Representation	137,090	152,540	15,450	11.30%
Subtotal Net Cost of Services	**5,896,360**	**5,905,530**	**9,170**	**0.20%**
Capital Expenditure Charged to Revenue	0	89,820	89,820	100.00%
Subtotal Before Transfers to Reserves	**5,896,360**	**5,995,350**	**98,990**	**1.70%**
Appropriations to Reserves	(66,360)	(66,360)	0	0.00%
Total	**5,830,000**	**5,928,990**	**98,990**	**1.70%**

- 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 £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.

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 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 (£12k) under-spent 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.

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.

Future Prospects for the Operating Budget

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.

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.

SYPA 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 Pension Fund

The table below sets out the outturn for the Pension Fund relative to the previous year and to the forecast contained in the Medium Term Financial Strategy, together with the forecast for the following three years which has been reviewed in the light of the outturn for 2022/23.

South Yorkshire Pension Fund Financial Forecast	Actual 2021/22 £m	Forecast 2022/23 £m	Actual 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m
Dealings with members, employers and others directly involved in the scheme:						
Contributions receivable & transfers in from other pension funds	(211)	(215)	(236)	(255)	(265)	(277)
Benefits payable and payments to or on account of leavers	338	361	366	358	345	355
Net (additions) withdrawals from dealings with members	**127**	**146**	**130**	**103**	**80**	**78**
Management expenses	106	81	69	87	90	93
Net returns on investments	(1,045)	147	273	(746)	(648)	(671)
Net (increase)/decrease in the Fund during the year	**(812)**	**374**	**472**	**(556)**	**(478)**	**(500)**
Net Assets of the Fund at 1 April	(9,862)	(10,674)	(10,674)	(10,202)	(10,758)	(11,237)
Net Assets of the Fund at 31 March	**(10,674)**	**(10,300)**	**(10,202)**	**(10,758)**	**(11,236)**	**(11,737)**
Management Expenses as Percentage of Average Net Assets	**1.03%**	**0.77%**	**0.66%**	**0.83%**	**0.82%**	**0.81%**

The actuals for 2022/23 are largely consistent with the forecast figures in relation to members and employers in the scheme. There has been a significant decrease from the previous year in relation to management expenses and the net return on investments. The prior year had seen significant increases in performance-related fees; reflecting the increase in both the value held and the strong performance of Pooled Investment Funds in particular. During 2022/23 the market has seen more of a downward trend which has resulted in lower investment management performance related fees, driven by lower net returns on investments, and ultimately lower net assets for the Fund.

OUR PENSION FUND

4

The Mallard, built in Doncaster in 1938

Fund Statistics

ACTIVE MEMBERSHIP - 52,763

GENDER

74%

26%

AGE PROFILE

16 - 29	6,970
30 - 44	16,998
45 - 54	14,326
55 - 64	13,011
65+	1,458

OTHER

Average age **46**

Minimum age **16**

Maximum age **76**

DEFERRED MEMBERSHIP - 62,012

GENDER

74%

26%

AGE PROFILE

16 - 29	3,139
30 - 44	22,124
45 - 54	20,624
55 - 64	15,204
65+	921

OTHER

Average age **47**

Minimum age **18**

Maximum age **78**

PENSIONER MEMBERSHIP - 61,662

GENDER

65%

35%

AGE PROFILE

0 - 44	548
45 - 54	409
55 - 64	14,533
65+	46,172

OTHER

Oldest pensioner	Average pension	Average age at retirement	Average age of pensioner
106	£5,327.87	59	70

Number of Employers at 31 MARCH 2023

548

10.10%

Pensions Increase APRIL 2023

106

Oldest Pensioner

Employer Admissions

Date Admitted	Employer	Employer Type
01/04/2022	Ravenfield Parish Council	Resolution Body
18/07/2022	RCCN Limited (Armthorpe Academy)	Contractor (TAB)
01/09/2022	ABM Catering (Inspire Trust)	Contractor (TAB)
01/09/2022	Discovery Academy	Scheduled Body
01/09/2022	Elements Academy	Scheduled Body
01/09/2022	Foljambe Primary Academy	Scheduled Body
01/09/2022	Mellors (Barnby Dunn Primary)	Contractor (TAB)
01/09/2022	Mellors (Dunsville Primary)	Contractor (TAB)
01/09/2022	Mellors (Hungerhill)	Contractor (TAB)
01/09/2022	Mellors (Kirk Sandall Infant)	Contractor (TAB)
01/09/2022	Mellors (Kirk Sandall Junior)	Contractor (TAB)
01/09/2022	Mellors (West Road Primary)	Contractor (TAB)
01/09/2022	Our Lady of Mount Carmel Catholic Primary	Scheduled Body
01/09/2022	St Albans Catholic Primary	Scheduled Body
01/09/2022	St Peter's Catholic Primary	Scheduled Body
01/09/2022	Stocksbridge Nursery Infant School	Scheduled Body
01/09/2022	Taylor Shaw (Aston Lodge Primary)	Contractor (TAB)
01/09/2022	Taylor Shaw (Brinsworth Whitehall Primary)	Contractor (TAB)
01/09/2022	Taylor Shaw (Foljambe Primary)	Contractor (TAB)
01/09/2022	Taylor Shaw (Monkwood Primary)	Contractor (TAB)
01/09/2022	Taylor Shaw (Rawmarsh Ashwood)	Contractor (TAB)
01/09/2022	Taylor Shaw (Sandhill Primary)	Contractor (TAB)
01/09/2022	Taylor Shaw (Thrybergh Primary)	Contractor (TAB)
31/10/2022	Mellors (Goldthorpe Primary Academy)	Contractor (TAB)
31/10/2022	Mellors (Morley Place)	Contractor (TAB)

Employer Admissions continued

Date Admitted	Employer	Employer Type
17/12/2022	Chartwells (King Ecgbert)	Contractor (TAB)
17/12/2022	Compass Group (Hind House)	Contractor (TAB)
01/01/2023	Highfield Farm Primary	Scheduled Body
01/01/2023	Kenwood Academy	Scheduled Body
01/01/2023	Rotherham Opportunities College (ROC)	Contractor (TAB)
01/01/2023	Thurcroft Parish Council	Resolution Body
01/03/2023	NowThen Cleaners Ltd - (St Thomas More Catholic Prim Acadmey)	Contractor (TAB)

Employer Terminations

Date Terminated	Employer	Employer Type
01/04/2022	Dolce Ltd (Woodsetts)	Contractor (TAB)
17/04/2022	Dolce Ltd (Dodworth St Johns)	Contractor (TAB)
17/04/2022	Dolce Ltd (Elsecar Holy Trinity)	Contractor (TAB)
20/07/2022	RM Education Ltd (Firth Park Academy)	Contractor (TAB)
31/07/2022	Aspens Services Ltd - Netherwood Catering Contract	Contractor (TAB)
31/07/2022	Aspens Services Ltd (Astrea Academy Dearne)	Contractor (TAB)
31/07/2022	Aspens Services Ltd (Astrea Woodfields Academy)	Contractor (TAB)
31/07/2022	Aspens Services Ltd (McAuley Academy)	Contractor (TAB)
31/07/2022	Compass (Hartley Brook Primary)	Contractor (TAB)
31/07/2022	Compass (Hatfield Primary)	Contractor (TAB)
31/08/2022	Dolce Ltd (Sitwell Juniors)	Contractor (TAB)
31/08/2022	Doncaster Childrens Services Trust Ltd	Community Admission Body
31/08/2022	Mellors (Aston Hall Junior & Infants)	Contractor (TAB)
31/08/2022	Mellors (Aston Lodge Primary)	Contractor (TAB)
31/08/2022	Mellors (Brinsworth Whitehill)	Contractor (TAB)
31/08/2022	Mellors (Monkwood Primary)	Contractor (TAB)
31/08/2022	Mellors (Rawmarsh Ashwood Primary)	Contractor (TAB)
31/08/2022	Mellors (Rawmarsh Comprehensive)	Contractor (TAB)
31/08/2022	Mellors (Sandhill Primary)	Contractor (TAB)
31/08/2022	Mellors (Thrybergh Primary)	Contractor (TAB)
31/08/2022	Taylor Shaw (West Road Primary)	Contractor (TAB)
01/09/2022	Sodexo (Springwell Special Academy Wellspring)	Contractor (TAB)
25/11/2022	Affinity Trust - NHS Transfer (SCC)	Contractor (TAB)
30/11/2022	National Childrens Bureau	Community Admission Body
21/12/2022	Mellors (Hinde House/King Ecgbert)	Contractor (TAB)

Employer Terminations continued

Date Terminated	Employer	Employer Type
08/01/2023	Mitie Catering Services Limited	Contractor (TAB)
23/01/2023	ABM Catering (The Hayfield School)	Contractor (TAB)
17/02/2023	Mellors (Pheasant Bank Academy)	Contractor (TAB)
17/02/2023	Priory Campus Ltd	Community Admission Body
17/02/2023	Voluntary Action Barnsley	Community Admission Body
17/03/2023	Aspens Services Ltd (Parkwood Academy)	Contractor (TAB)

OUR PENSION FUND

4.2

Employer admissions & contributions

Employer Contributions

Employers within the Fund paid over the following amounts during the scheme year 2021/22. All figures shown represent contributions received in year, including any deficit/surplus amounts agreed at the last triennial valuation. They do not include any pre-payments made in earlier years in respect of 2021/2022. A nil employees figure indicates that there are no active employees; a nil employers figure indicates that no extra funding is required.

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMINISTERING AUTHORITY			
South Yorkshire Pensions Authority	203,564.42	447,659.82	651,224.24
SCHEDULED AUTHORITIES			
Barnsley MBC	6,869,470.18	16,805,220.95	23,674,691.13
City of Doncaster Council	8,138,097.05	5,164,215.17	13,302,312.22
Rotherham MBC	8,424,072.91	6,548,266.80	14,972,339.71
Sheffield City Council	17,696,577.31	15,309,716.89	33,006,294.20
	41,331,781.87	**44,275,079.63**	**85,606,861.50**

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Goldthorpe Primary Academy	23,601.31	71,462.96	95,064.27
Peak Edge MAT HQ	4,640.13	10,645.09	15,285.22
Thurcroft Infant School	21,892.04	62,227.16	84,119.20
Outwood Primary Academy Woodlands	26,001.55	78,229.80	104,231.35
Brook House Junior School	16,776.70	47,603.45	64,380.15
Anston Hillcrest Primary	22,702.91	63,161.86	85,864.77
Milefield Primary	17,303.37	56,812.26	74,115.63
New Pastures Primary Academy	19,727.27	58,507.45	78,234.72
Woodthorpe Community Primary School	28,111.73	86,230.38	114,342.11
Carcroft Primary	22,936.67	56,430.28	79,366.95
Ferham Primary	17,203.26	49,051.07	66,254.33
Castle Hills Primary	26,927.68	96,714.80	123,642.48

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Malin Bridge School	50,076.34	147,528.23	197,604.57
Meadow View Primary	16,036.50	44,689.49	60,725.99
St Clare CMAT	13,896.60	27,483.94	41,380.54
Ravenfield Parish Council	1,128.89	3,242.99	4,371.88
St Francis CMAT	18,845.36	33,239.41	52,084.77
Elements Academy	29,838.97	113,794.05	143,633.02
St Albans Catholic Primary	11,745.62	41,583.32	53,328.94
Discovery Academy	12,060.73	39,690.73	51,751.46
Stocksbridge Nursery Infant School	13,527.83	45,468.85	58,996.68
St Peter's Catholic Primary	7,825.74	23,520.35	31,346.09
Our Lady of Mount Carmel Catholic Primary	7,099.03	20,942.73	28,041.76
University Technical College (Central Team)	5,843.68	12,647.68	18,491.36
University Technical College (Sheffield Olympic Legacy Park)	2,893.23	7,046.91	9,940.14
Foljambe Primary Academy	3,451.17	9,369.82	12,820.99
Kenwood Academy	9,167.80	22,923.65	32,091.45
Highfield Farm Primary	2,701.15	7,475.60	10,176.75
South Yorkshire Passenger Transport Executive	339,410.29	387,013.52	726,423.81
Danum Drainage Commissioners	11,594.91	33,552.33	45,147.24
Barnsley College	516,186.54	1,412,783.50	1,928,970.04
DN Colleges Group	455,054.38	1,056,373.90	1,511,428.28
The Sheffield College	740,225.06	1,658,602.47	2,398,827.53
SY Magistrates Court Committee	-	-	
Sheffield Hallam University	4,319,065.85	11,934,477.57	16,253,543.42

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
The Hayfield School	55,968.28	139,164.24	195,132.52
R N N Group	549,294.96	1,410,913.99	1,960,208.95
Thomas Rotherham College	89,833.38	241,787.22	331,620.60
Longley Park Sixth Form College	67,452.65	162,245.00	229,697.65
University Technology College (Sheffield)	46,983.33	141,495.96	188,479.29
Brodsworth Parish Council	397.25	1,531.42	1,928.67
Consilium Academies Trust	73,051.87	154,446.80	227,498.67
The Chief Constable	4,661,449.54	11,544,657.89	16,206,107.43
South Yorkshire Fire Authority	537,977.32	141,908.64	679,885.96
The Police and Crime Commissioner	114,647.93	188,850.47	303,498.40
Penistone Town Council	2,160.56	7,475.58	9,636.14
Berneslai Homes	1,079,452.82	1,847,474.40	2,926,927.22
Barnsley Academy	49,488.00	103,179.90	152,667.90
Silkstone Parish Council	939.08	2,644.80	3,583.88
St Marys Academy Trust	41,704.36	135,815.44	177,519.80
Oakhill Primary Academy	20,315.29	47,405.67	67,720.96
The Hill Academy	39,543.82	149,531.68	189,075.50
Highgate Academy	20,802.11	72,046.12	92,848.23
Carrfield Academy	21,967.40	68,357.15	90,324.55
Gooseacre Academy	24,569.49	71,810.06	96,379.55
All Saints Academy (Darfield)	15,631.64	63,470.21	79,101.85
Upperwood Academy	20,404.02	73,438.61	93,842.63
Carlton Primary	28,325.19	101,954.41	130,279.60
Royston Parkside Academy	25,505.29	107,160.02	132,665.31

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Royston Summer Fields Primary	17,186.23	62,984.20	80,170.43
Shafton Primary Academy	13,031.80	62,028.23	75,060.03
St Helens Primary Academy	10,823.54	64,944.59	75,768.13
The Forest Academy	23,750.43	56,405.24	80,155.67
Meadstead Primary Academy	24,611.60	109,452.60	134,064.20
Heather Garth Primary School	21,154.69	103,693.57	124,848.26
Queens Road Academy	15,021.06	68,730.08	83,751.14
Outwood Primary Academy Littleworth	25,898.99	136,749.43	162,648.42
Outwood Primary Academy Darfield	14,097.55	63,606.44	77,703.99
Hoyland Common Primary School	72,325.18	198,515.07	270,840.25
West Meadows Primary School	12,953.17	76,826.53	89,779.70
Dodworth St John the Baptist CE Primary Academy	10,278.30	59,107.42	69,385.72
Darton Primary School	13,828.82	74,134.99	87,963.81
The Mill Academy	21,076.38	91,866.33	112,942.71
Springwell Special Academy	58,134.19	133,956.94	192,091.13
Springwell Alternative Academy	9,549.21	21,782.68	31,331.89
Kirk Balk Community College	55,575.57	139,339.86	194,915.43
Outwood Academy Shafton	56,039.01	339,186.39	395,225.40
Sandhill Primary School	17,758.82	79,603.20	97,362.02
Greenacre Academy	189,009.99	448,885.99	637,895.98
Laithes Primary School	26,591.91	102,007.32	128,599.23
Elsecar Holy Trinity CE Primary Academy	10,228.18	42,620.01	52,848.19
High View Primary Learning Centre	50,654.73	241,763.42	292,418.15
Wombwell Park Street Primary School	31,889.15	114,224.42	146,113.57

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Hoyland Springwood Primary School	32,902.11	149,678.22	182,580.33
Outwood Academy Carlton	82,005.48	352,596.07	434,601.55
Royston St John the Baptist School	14,718.51	87,761.60	102,480.11
Ward Green Academy	32,196.33	143,640.03	175,836.36
Wellgate Primary School	24,851.05	118,479.59	143,330.64
Kexborough Primary School	15,760.25	77,679.20	93,439.45
Oakwell Rise Primary Academy	18,400.77	42,356.89	60,757.66
Netherwood ALC	53,816.76	253,817.95	307,634.71
Worsbrough Bank End	13,210.86	63,533.41	76,744.27
Hunningley Primary School	23,850.47	116,836.64	140,687.11
Askern Town Council	2,923.69	7,037.24	9,960.93
Barnby Dun with Kirk Sandall Parish Council	1,622.29	4,582.92	6,205.21
Edlington Town Council	7,004.79	23,806.67	30,811.46
Hatfield Town Council	6,573.42	19,159.22	25,732.64
Rossington Parish Council	1,428.56	5,689.62	7,118.18
Stainforth Town Council	1,171.08	15,219.09	16,390.17
Thorne Moorends Town Council	10,975.18	30,025.17	41,000.35
Sprotbrough & Cusworth Parish Council	3,816.88	14,476.10	18,292.98
Armthorpe Parish Council	5,648.68	12,663.77	18,312.45
Barnburgh & Harlington Parish Council	-	-	-
Trinity Academy	78,758.10	233,874.13	312,632.23
St Leger Homes of Doncaster	1,538,437.45	2,919,555.78	4,457,993.23
De Warenne Academy	71,226.58	173,033.14	244,259.72
Outwood Academy Adwick	86,368.90	198,415.99	284,784.89

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Rossington All Saints Academy	61,190.44	173,475.87	234,666.31
Ash Hill Academy	53,103.36	150,980.63	204,083.99
Auckley Junior & Infant Academy	20,634.98	84,084.78	104,719.76
Don Valley Academy & Performing Arts College	57,760.25	160,436.10	218,196.35
Grange Lane Infant Academy	23,852.44	70,267.29	94,119.73
Pheasant Bank Academy	23,416.88	71,281.62	94,698.50
Campsmount Academy	91,841.55	324,071.68	415,913.23
Outwood Academy Danum	64,502.43	239,314.32	303,816.75
Rowena Academy	18,193.89	53,478.43	71,672.32
The Academy at Ridgewood Trust	70,870.04	270,575.20	341,445.24
Conisbrough Ivanhoe Primary Academy	24,908.86	90,580.59	115,489.45
Highfields Primary Academy	10,192.38	30,487.44	40,679.82
Hall Cross Academy Trust	89,817.39	432,482.46	522,299.85
Hungerhill Academy Trust	87,720.80	314,037.49	401,758.29
Hatfield Woodhouse Primary	14,359.65	42,326.47	56,686.12
Crookesbroom Primary Academy	15,421.40	45,102.05	60,523.45
Willow Primary	21,111.39	86,506.69	107,618.08
Armthorpe Academy	50,299.05	181,938.68	232,237.73
Barnby Dun Primary Academy	14,283.31	63,323.42	77,606.73
Castle Academy	12,855.38	33,289.55	46,144.93
St Oswalds C of E Academy	13,863.69	41,464.69	55,328.38
Armthorpe Shaw Wood Academy	36,804.91	151,298.83	188,103.74
Kirk Sandall Infant School	16,011.10	74,355.00	90,366.10
Dunsville Primary School	21,952.18	68,596.67	90,548.85

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Dunsville Primary School	42,060.92	178,282.74	220,343.66
Astrea Academy - Woodfields	66,225.53	363,764.83	429,990.36
St Josephs Catholic School (Rossington)	18,115.67	73,322.32	91,437.99
Richmond Hill Primary Academy	36,769.04	154,364.64	191,133.68
McAuley Catholic High School	78,486.16	351,459.70	429,945.86
Montagu Academy	24,216.40	70,152.47	94,368.87
Holy Family Catholic Primary	19,405.74	67,622.25	87,027.99
St Wilfrids Academy	22,266.38	62,848.87	85,115.25
The Laurel Academy	47,637.16	135,933.21	183,570.37
Kirk Sandall Junior School	17,030.15	86,186.05	103,216.20
XP School	74,876.21	157,443.73	232,319.94
Carr Lodge Academy	34,891.24	108,957.42	143,848.66
Waverley Academy	15,459.99	82,111.30	97,571.29
Morley Place Academy	17,087.88	49,343.75	66,431.63
Hillside Academy	-	16,500.00	16,500.00
Edenthorpe Hall Academy	18,997.97	69,316.00	88,313.97
Hexthorpe Primary Academy	28,990.22	132,795.63	161,785.85
Denaby Main Primary Academy	14,108.30	66,800.55	80,908.85
Woodfield Primary School	24,625.32	104,284.35	128,909.67
Mexborough St John The Baptist C of E Primary	24,695.29	100,959.80	125,655.09
Balby Central Primary School	27,559.14	130,885.57	158,444.71
Kingfisher Primary School	25,812.76	132,377.20	158,189.96
Edlington Victoria Academy	23,346.41	97,224.10	120,570.51
Anston Parish Council	7,319.00	18,274.45	25,593.45

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Thrybergh Parish Council	2,573.25	12,033.59	14,606.84
Aston-cum-Aughton Parish Council	8,206.48	32,110.00	40,316.48
Wickersley Parish Council	5,448.59	18,112.12	23,560.71
Maltby Academy	58,790.68	62,555.55	121,346.23
Brinsworth Academy	121,085.67	290,164.36	411,250.03
Wales High School (Academy Trust)	131,518.96	370,565.32	502,084.28
Aston Academy	120,798.32	491,111.25	611,909.57
Thurcroft Junior Academy	20,019.30	67,968.33	87,987.63
St Bernards Catholic High School	54,052.57	192,839.18	246,891.75
Thrybergh Academy & Sports College	33,213.72	243,200.07	276,413.79
East Dene Primary	23,814.25	62,939.98	86,754.23
Coleridge Primary School	22,270.30	61,072.65	83,342.95
St Bedes Catholic Primary School	27,972.86	116,266.79	144,239.65
St Gerards Catholic Primary - Thrybergh	12,146.80	57,321.96	69,468.76
St Marys Catholic Primary School (Herringthorpe)	16,006.68	68,826.23	84,832.91
Wingfield Academy	60,673.15	243,858.36	304,531.51
St Marys Catholic Primary (Maltby)	15,382.93	58,385.56	73,768.49
Canklow Woods Primary Academy	27,520.32	121,193.61	148,713.93
Whiston Junior & Infant School	14,366.72	67,330.80	81,697.52
Whiston Worrygoose Junior & Infant School	37,084.72	149,874.52	186,959.24
Oakwood High School	73,035.60	184,159.46	257,195.06
Sandhill Primary Academy	17,880.20	66,617.49	84,497.69
Brookfield Primary Academy	18,147.99	82,917.66	101,065.65
St Josephs Catholic Primary (Dinnington)	11,437.01	65,297.04	76,734.05

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
St Josephs Catholic Primary (Dinnington)	14,993.68	54,795.84	69,789.52
Wickersley School and Sports College	112,540.27	507,020.44	619,560.71
Rawmarsh Ashwood Primary School	13,279.78	48,848.02	62,127.80
Sitwell Junior School	20,302.62	56,335.09	76,637.71
Thrybergh Primary School	10,867.19	58,136.72	69,003.91
Rawmarsh Community School	68,776.06	296,042.34	364,818.40
Wickersley St Albans C of E Primary School	14,760.91	68,640.00	83,400.91
Bramley Grange Primary	8,699.17	51,061.32	59,760.49
Monkwood Primary Academy	25,128.28	108,500.55	133,628.83
Anston Greenlands Primary School	15,043.89	59,646.15	74,690.04
Aston All Saints C of E School	10,298.83	50,025.66	60,324.49
Dinnington High School	67,535.72	318,066.23	385,601.95
Trinity Croft C of E Primary Academy	18,333.10	61,185.55	79,518.65
Listerdale Primary School	17,236.11	81,573.06	98,809.17
Wickersley Northfield Primary	27,713.73	140,666.77	168,380.50
Thrybergh Fullerton Primary	16,435.35	63,771.17	80,206.52
Flanderwell Primary School	24,516.69	108,430.21	132,946.90
Maltby Manor Academy	25,198.88	110,330.40	135,529.28
Maltby Lilly Hall Academy	25,160.56	119,207.88	144,368.44
Ravenfield Primary Academy	11,321.95	58,355.33	69,677.28
Winterhill School	62,219.22	298,112.57	360,331.79
Herringthorpe Junior Academy	31,523.93	117,983.46	149,507.39
Herringthorpe Junior Academy	18,253.06	78,396.49	96,649.55
Greasbrough Academy	18,462.49	75,305.60	93,768.09

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Greasbrough Academy	16,252.99	42,895.24	59,148.23
Dinnington Community Primary School	20,573.09	99,648.96	120,222.05
Abbey School	65,373.08	212,368.72	277,741.80
Maltby Hilltop School	97,575.24	388,251.68	485,826.92
High Greave Infant School	6,942.89	31,910.74	38,853.63
High Greave Junior School	13,989.25	69,347.00	83,336.25
Kelford School	77,202.28	311,220.42	388,422.70
Brinsworth Whitehill Academy	19,367.19	62,717.46	82,084.65
Aston Hall Junior & Infant School	14,536.01	58,911.37	73,447.38
Swinton Queen Primary School	25,298.66	106,979.76	132,278.42
Aston Lodge Primary School	10,933.56	50,860.35	61,793.91
Swinton Community School	67,598.77	282,108.86	349,707.63
Notre Dame High School	88,285.98	279,773.21	368,059.19
St John Fisher Primary - A Catholic Voluntary Academy	17,497.95	61,694.28	79,192.23
All Saints Catholic High School	66,081.58	190,460.11	256,541.69
St Anns RC Primary School	7,502.75	19,756.39	27,259.14
St Josephs Primary School	15,247.39	45,835.43	61,082.82
Clifford All Saints C of E School	13,700.70	50,789.33	64,490.03
St Theresas RC School	21,515.17	56,392.84	77,908.01
St Patricks Catholic Academy Trust	29,402.54	94,050.51	123,453.05
Totley All Saints C of E School	11,112.82	27,532.69	38,645.51
Broomhill Infant School	11,294.10	36,600.20	47,894.30
Parkwood Academy	73,839.56	132,173.00	206,012.56
Tapton School	111,213.35	263,305.90	374,519.25

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Tapton School	45,241.50	236,631.45	281,872.95
Hartley Brook Academy	59,095.43	224,457.46	283,552.89
Hatfield Academy	29,418.33	105,794.17	135,212.50
Meadowhead School Academy Trust	107,129.69	279,955.03	387,084.72
Chaucer School	75,812.43	217,615.67	293,428.10
St Thomas of Canterbury Trust	21,566.97	89,558.08	111,125.05
King Ecgbert School	81,738.36	287,404.54	369,142.90
St Maries School Catholic Voluntary Academy	17,498.87	84,610.74	102,109.61
Bradfield Parish Council	6,647.82	3,621.56	10,269.38
Ecclesfield Parish Council	4,708.71	10,528.17	15,236.88
Stocksbridge Town Council	1,833.60	6,465.49	8,299.09
Sheffield Springs Academy	58,308.49	151,304.31	209,612.80
Sheffield Park Academy	69,953.96	177,208.05	247,162.01
St Wilfrids Catholic Primary School	20,447.58	92,433.95	112,881.53
Fir Vale School Academy Trust	59,891.41	183,928.97	243,820.38
Bradfield School	62,507.65	162,274.06	224,781.71
Southey Green Primary School & Nurseries	86,418.72	203,489.66	289,908.38
Silverdale School	63,182.72	173,125.18	236,307.90
Greengate Lane Academy	13,989.20	49,604.22	63,593.42
Meynell Primary School	44,101.44	112,425.64	156,527.08
Mansel Primary School	40,224.24	149,253.54	189,477.78
Monteney Primary School	71,521.15	258,424.18	329,945.33
Fox Hill Primary School	37,600.21	153,437.29	191,037.50
Hinde House 3-16 School	127,397.52	482,293.51	609,691.03

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Lound Infant School	9,899.78	60,611.61	70,511.39
Lound Infant School	12,151.63	82,623.46	94,775.09
Firth Park Academy	68,357.77	361,134.15	429,491.92
Porter Croft C of E Primary Academy	19,226.12	88,573.22	107,799.34
E-ACT Pathways Academy	32,023.58	131,881.29	163,904.87
Hillsborough Primary School	27,490.88	75,348.57	102,839.45
St Marys Primary School (High Green)	13,342.80	67,678.76	81,021.56
Sacred Heart School A Voluntary Academy	15,350.91	82,528.07	97,878.98
Outwood Academy City	69,211.98	302,721.21	371,933.19
Totley Primary School	26,995.76	104,019.16	131,014.92
St Catherines Catholic Primary School	45,918.84	197,313.39	243,232.23
Concord Junior School	8,405.90	52,951.18	61,357.08
Ecclesfield School	78,456.97	356,500.90	434,957.87
Wincobank Nursery & Infant School	16,061.48	80,753.59	96,815.07
Newfield Secondary School	65,679.31	279,736.21	345,415.52
Emmaus Catholic & C of E Voluntary Academy	22,482.58	95,946.06	118,428.64
Forge Valley School	101,175.68	264,799.70	365,975.38
St Marys C of E Academy (Walkley)	14,597.58	72,754.35	87,351.93
Lowedges Junior Academy	28,302.52	113,638.63	141,941.15
Oasis Academy (Firvale)	29,866.59	72,959.88	102,826.47
Oasis Academy (Watermead)	30,964.90	72,839.84	103,804.74
Chapeltown Academy	9,019.78	26,873.97	35,893.75
Handsworth Grange Community Sports College	65,363.05	299,588.20	364,951.25

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Emmanuel Junior School	13,150.66	70,512.55	83,663.21
Emmanuel Junior School	27,432.68	112,438.20	139,870.88
Valley Park Community Primary	41,817.45	189,121.96	230,939.41
High Hazels Nursery Infants Academy	21,700.05	105,145.11	126,845.16
Nether Edge Primary Academy	30,659.15	126,447.76	157,106.91
Wisewood Community Primary	16,743.89	56,814.40	73,558.29
Hallam Primary Academy	40,395.29	111,864.45	152,259.74
Oasis Academy (Don Valley)	51,662.80	117,422.73	169,085.53
Beck Primary School	67,220.44	262,238.39	329,458.83
St Thomas More Catholic Primary Academy	14,782.92	62,434.30	77,217.22
Hucklow Primary School	38,387.90	200,017.60	238,405.50
Tinsley Meadows Primary School	61,651.84	235,682.84	297,334.68
Lower Meadow Primary Academy	24,764.94	91,873.21	116,638.15
Astrea Academy Trust	231,744.35	465,583.79	697,328.14
Byron Wood Academy	36,489.48	193,536.41	230,025.89
Abbeyfield Primary Academy	35,645.33	160,676.02	196,321.35
Manor Lodge Primary School	28,511.47	127,175.25	155,686.72
Acres Hill Community Primary Academy	22,679.68	110,454.74	133,134.42
Phillimore Community Academy	33,374.52	165,674.97	199,049.49
Wybourn Community Primary Academy	48,095.62	244,775.93	292,871.55
Birley Academy	78,820.91	401,968.80	480,789.71
Birley Primary Academy	35,476.11	182,818.20	218,294.31
Rainbow Forge Primary School	26,833.38	106,680.26	133,513.64
Charnock Hall Primary Academy	19,185.93	100,263.66	119,449.59

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Charnock Hall Primary Academy	26,652.04	164,630.98	191,283.02
Catcliffe Primary School	22,727.44	82,159.25	104,886.69
Aughton Junior Academy	10,577.71	44,932.63	55,510.34
Swinton Fitzwilliam Primary Academy	20,000.32	92,651.86	112,652.18
Wath C of E Primary School	34,947.63	120,656.40	155,604.03
Hilltop Academy	47,511.19	177,876.95	225,388.14
Wath Central Primary School	28,948.94	124,484.21	153,433.15
Southfield Primary School	27,201.33	115,302.46	142,503.79
Bentley High Street Primary School	34,542.38	183,139.26	217,681.64
Scawsby Rosedale Primary School	14,955.69	70,491.91	85,447.60
Brampton Ellis C of E Primary	39,414.79	165,167.17	204,581.96
Armthorpe Tranmoor Primary School	29,564.90	143,990.68	173,555.58
Pennine View School	39,828.57	177,777.03	217,605.60
Our Lady of Sorrows Catholic Academy	13,171.64	64,004.25	77,175.89
Bessacarr Primary School	27,104.23	120,944.32	148,048.55
Highwoods Academy	18,122.77	78,763.89	96,886.66
Rossington St Michaels C of E Primary School	21,051.19	97,440.58	118,491.77
Wath Victoria Primary School	32,257.01	139,592.30	171,849.31
Brampton Cortonwood Infant School	16,813.65	66,811.77	83,625.42
Anston Brook Primary School	9,576.95	44,039.42	53,616.37
Woodsetts Primary School	12,860.55	63,345.29	76,205.84
Green Top Academy	17,720.34	126,709.34	144,429.68
Hatchell Wood Primary Academy	22,627.05	110,072.04	132,699.09
Treeton C of E Primary Academy	15,204.93	73,150.78	88,355.71

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Treeton C of E Primary Academy	17,627.85	80,040.88	97,668.73
Atlas Academy	27,273.31	93,110.95	120,384.26
Roughwood Primary School	26,091.98	99,522.79	125,614.77
Kilnhurst St Thomas C of E Primary Academy	20,957.03	77,863.61	98,820.64
Stocksbridge High School	41,739.80	207,043.31	248,783.11
Clifton Community School	51,958.79	222,333.39	274,292.18
Diocese of Sheffield Academies Trust	24,723.32	53,192.44	77,915.76
Windmill Hill School Academy	22,606.03	110,526.90	133,132.93
Anston Park Infants School	10,538.57	56,200.92	66,739.49
Norfolk Community Primary School	41,958.89	198,723.18	240,682.07
Milton School Swinton	44,749.49	170,259.73	215,009.22
Greenhill Primary School	36,329.15	178,587.24	214,916.39
High Storrs School	70,804.84	304,550.78	375,355.62
Hooton Pagnell All Saints School	5,815.99	24,257.59	30,073.58
Holy Trinity Academy	78,950.51	386,372.69	465,323.20
Brinsworth Manor Juniors	14,476.25	58,747.56	73,223.81
Kilnhurst Primary School	13,958.39	67,220.89	81,179.28
Rockingham Junior & Infant School	25,088.90	101,078.21	126,167.11
Canon Popham C of E Primary & Nursery School	11,615.24	74,140.80	85,756.04
James Montgomery Trust	32,433.48	71,766.62	104,200.10
Wentworth CoE Junior & Infant School	7,704.76	22,865.50	30,570.26
Darton Academy	58,577.09	165,508.88	224,085.97
Laughton J & I School	17,795.62	66,732.24	84,527.86
Kiveton Park Infant School	14,470.75	58,173.19	72,643.94

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Kiveton Park Infant School	64,422.38	172,564.43	236,986.81
Sandringham Primary School	28,423.05	128,532.34	156,955.39
Owston Park Primary School	33,777.54	154,370.74	188,148.28
Wickersley Partnership Trust	132,053.35	334,255.57	466,308.92
Askern Moss Road Infant Academy	6,656.38	34,120.08	40,776.46
Astrea Academy Dearne	79,295.74	320,029.42	399,325.16
Mercia School	26,880.81	69,240.87	96,121.68
Astrea Academy-Sheffield	80,050.35	202,347.52	282,397.87
Askern Littlemoor Infant Academy	15,682.54	79,333.04	95,015.58
Maltby Learning Trust MAT HQ	35,429.73	98,621.75	134,051.48
Wath Comprehensive School	94,778.25	257,859.44	352,637.69
Sheffield City Region - Combined Authority	324,018.21	622,990.87	947,009.08
Marshland Primary	9,028.53	30,617.59	39,646.12
Thorne Brooke Primary	19,394.74	63,444.61	82,839.35
Oughtibridge Primary School	27,814.96	81,788.19	109,603.15
Chorus Education Trust - MAT HQ	32,979.72	70,456.12	103,435.84
Bradfield Dungworth Primary	9,137.69	30,882.04	40,019.73
Nook Lane Junior School	17,894.68	63,011.25	80,905.93
Loxley Primary School	11,840.29	44,292.86	56,133.15
Stannington Infant School	12,176.24	37,408.15	49,584.39
Wharncliffe Side Primary	23,148.52	78,299.15	101,447.67
Dalton Parish Council	13,822.75	8,598.75	22,421.50
Askern Spa Primary	22,169.47	80,875.53	103,045.00
Minerva Learning Trust - MAT HQ	54,652.49	123,250.63	177,903.12

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Mercia Learning Trust MAT HQ	41,700.44	82,443.95	124,144.39
Horizon Community College	118,924.62	365,006.22	483,930.84
Pye Bank C of E School	47,084.57	133,572.55	180,657.12
Optime Support Limited	-	-	-
Lakeside Primary Academy	26,839.02	78,764.40	105,603.42
Laughton All Saints C of E Primary	9,632.09	28,962.97	38,595.06
West Road Primary Academy	28,971.52	86,891.52	115,863.04
Woodseats Primary Academy	32,257.95	109,286.76	141,544.71
Heatherwood Community Special School	40,671.27	132,648.83	173,320.10
Norton Junior School	10,949.30	26,810.42	37,759.72
Norton Infant School	10,369.92	26,523.04	36,892.96
Crags Community School	34,049.65	90,997.35	125,047.00
Brinsworth Howarth Primary	13,980.50	41,011.36	54,991.86
Churchfield Primary School	33,213.83	99,742.50	132,956.33
Coppice Community Special School	61,059.16	192,836.20	253,895.36
Kiveton Park Meadows Junior School	13,444.20	38,713.81	52,158.01
Worsbrough Common Primary	41,041.04	117,187.29	158,228.33
Mapplewell Primary	15,001.85	53,940.10	68,941.95
Sheep Dip Lane Primary School	17,817.99	48,863.67	66,681.66
Owler Brook Primary	48,680.65	127,475.95	176,156.60
Whiteways Primary School	42,863.22	120,024.28	162,887.50
North Ridge Community School	54,324.86	180,056.14	234,381.00
Hawthorn Primary School	21,077.81	64,698.66	85,776.47
Becton School	64,249.04	173,641.43	237,890.47

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
OTHER SCHEDULED BODIES			
Harthill Primary School	10,803.39	30,852.83	41,656.22
Wellspring Trust MAT HQ	180,306.84	329,474.80	509,781.64
Plover Primary School	24,311.36	58,020.36	82,331.72
Athersley South Primary	23,389.00	77,654.53	101,043.53
Woodhouse West Primary	27,595.52	81,568.14	109,163.66
Waverley Junior Academy	43,539.86	133,024.14	176,564.00
Thorpe Hesley Primary School	47,386.03	136,153.15	183,539.18
Redscope Primary School	40,795.37	122,173.67	162,969.04
Bader Free School	36,584.36	97,559.82	134,144.18
University Technical College (Doncaster)	36,291.25	93,836.80	130,128.05
Sheffield South East Trust (MAT HQ)	12,130.11	27,612.11	39,742.22
St Anns Primary School	36,701.49	103,709.89	140,411.38
Nexus Multi Academy Trust	85,929.75	142,802.92	228,732.67
Waverley Community Council	1,063.24	3,191.01	4,254.25
	28,481,108.43	**81,896,045.12**	**110,377,153.55**

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Medequip	-	-	-
CH & CO Group (RCAT Catering)	2,546.54	10,313.64	12,860.18
Happy Kids Childcare (RMBC Thrybergh)	504.00	6,637.70	7,141.70
Sheffield Museums Trust	23,718.72	19,213.03	42,931.75
Taylor Shaw (West Road Primary)	621.46	2,395.29	3,016.75
Mellors (Montagu Academy)	3,242.55	11,437.13	14,679.68
Coobs Catering Ltd (Bramley Grange)	-	-	-
Hutchison Catering Ltd (AET MAT)	9,855.58	35,459.98	45,315.56
Aspens Services Ltd (Brinsworth)	3,734.09	14,272.11	18,006.20
Enviroserve (Blackburn Primary)	286.98	1,319.99	1,606.97
NowThen (Prince Edward School Cleaning)	999.52	4,368.69	5,368.21
Mellors (Hall Cross Academy)	4,192.25	17,526.83	21,719.08
Taylor Shaw (Hoylandswaine Primary)	-	-	-
ABM Catering (The Hayfield School)	310.14	1,240.56	1,550.70
Independent Cleaning Services Ltd (Montagu Academy)	2,103.27	10,499.22	12,602.49
RCCN (Hall Cross Academy)	11,636.19	38,503.33	50,139.52
ABM Catering (Maltby Learning Trust)	19,844.19	76,629.32	96,473.51
Churchill Contract Services (St Helens)	423.40	1,724.44	2,147.84
Churchill Contract Services (Brigantia Learning Trust)	4,694.53	21,677.91	26,372.44
Relish School Foods (Nexus)	5,839.60	23,346.27	29,185.87
Mellors (Highfields Primary)	579.25	2,569.51	3,148.76
RCCN Limited (Armthorpe Academy)	270.94	2,522.43	2,793.37
Mellors (West Road Primary)	587.54	3,471.89	4,059.43

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Mellors (Barnby Dunn Primary)	1,499.05	8,323.75	9,822.80
Mellors (Dunsville Primary)	1,131.54	5,583.64	6,715.18
Mellors (Hungerhill)	3,168.89	18,840.64	22,009.53
Mellors (Kirk Sandall Infant)	874.27	4,260.01	5,134.28
Mellors (Kirk Sandall Junior)	707.52	3,653.41	4,360.93
Mellors (Goldthorpe Primary Academy)	1,174.83	6,149.59	7,324.42
Mellors (Morley Place)	206.16	929.58	1,135.74
National Childrens Bureau	49,747.24	114,665.70	164,412.94
Action Housing & Support Ltd	26,687.03	176,419.72	203,106.75
National Horseracing College	8,719.02	53,378.93	62,097.95
Leonard Cheshire Disability	-	75,000.00	75,000.00
South Yorkshire Housing Association	11,184.17	45,140.82	56,324.99
Northern College	81,054.79	303,450.14	384,504.93
Barnsley Premier Leisure	121,534.93	426,316.79	547,851.72
Doncaster Community Transport	5,842.41	-	5,842.41
Roth Don and South Humber Mental Health NHS Foundation Trust	10,153.87	347.99	10,501.86
Sheffield Community Transport	5,506.98	-	5,506.98
Sheffield Students Union	6,870.49	13,004.40	19,874.89
Sheffield Health & Social Care NHS Foundation Trust	67,877.10	85,849.29	153,726.39
Great Places Housing Association	5,271.07	14,008.88	19,279.95
Sheffield City Trust	144,145.02	359,725.21	503,870.23
Midshire Catering Ltd	820.22	3,697.44	4,517.66
Compass (RCAT)	-	-	-

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Amey Community Ltd (Barnsley BSF Design & Building Schools)	5,342.37	22,669.47	28,011.84
Amey Community Ltd SPV1 (Barnsley BSF/PFI)	4,981.93	21,018.54	26,000.47
Amey Community Ltd SPV2 (Barnsley BSF/PFI)	1,240.96	5,858.58	7,099.54
Amey Community Ltd SPV3 (Barnsley BSF/PFI)	8,521.60	39,534.76	48,056.36
Voluntary Action Barnsley	4,412.15	18,957.66	23,369.81
Barnsley BIC Ltd	5,722.44	10,862.73	16,585.17
Independent Training Services Ltd	5,552.67	21,013.56	26,566.23
Priory Campus Ltd	1,593.72	12,430.96	14,024.68
Forge Community Partnership	-	7,000.00	7,000.00
Kier (Barnsley Housing Stock Maintenance)	-	-	-
NPS Barnsley Ltd	-	-	-
Barnsley Norse Ltd	43,829.69	11,832.43	55,662.12
Trustclean Ltd (Athersley North)	851.18	3,698.68	4,549.86
Caterlink (Barnsley Academy)	3,391.14	11,153.12	14,544.26
Dimensions (UK) Ltd	22,366.08	91,483.19	113,849.27
Turning Point	26,768.92	99,507.90	126,276.82
Compass (Kirk Balk Academy)	-	-	-
ISS Mediclean Ltd	4,927.41	22,022.27	26,949.68
Engie Services Ltd (Barnsley Schools)	1,940.33	9,927.42	11,867.75
Caterlink (Hunningley Primary)	491.85	2,180.49	2,672.34
Sodexo (Oakhill Academy Wellspring)	1,984.50	8,468.28	10,452.78
Sodexo (Greenacre Academy Wellspring)	4,423.20	21,343.18	25,766.38

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Sodexo (Greenacre Academy Wellspring)	4,423.20	21,343.18	25,766.38
Sodexo (Springwell Special Academy Wellspring)	376.51	2,393.11	2,769.62
Doncaster Deaf Trust	88,898.38	426,282.59	515,180.97
Shaw Trust	2,117.76	-	2,117.76
Crispin & Borst	3,964.69	-	3,964.69
Doncaster Culture & Leisure Trust	12,635.46	173,539.48	186,174.94
Doncaster Childrens Services Trust Ltd	625,285.16	1,398,999.53	2,024,284.69
Independent Cleaning Services Ltd (Danum Academy)	930.79	3,943.10	4,873.89
Carroll Cleaning Company (De Warenne Academy)	2,741.51	11,516.24	14,257.75
Aspens Services Ltd (McAuley Academy)	4,134.26	16,591.37	20,725.63
Compass (Don Valley Academy)	-	-	-
Compass (Rossington All Saints Academy)	-	-	-
Compass (The Hayfield School)	-	-	-
Voluntary Action Rotherham	-	-	-
Engie Services Ltd (Rotherham Schools)	5,590.00	8,584.68	14,174.68
Go Plant Fleet Services Ltd	-	-	-
Sheffield Mind Ltd	-	24,431.88	24,431.88
Community Action Halfway Home	-	-	-
Sheffield Industrial Museums Trust Ltd	-	-	-
Sheffield Galleries & Museums	-	-	-
Morrison Facilities Service Ltd	151,987.34	363,564.12	515,551.46
Mellors (Rawmarsh Comprehensive)	193.05	-	193.05
Trustclean (Wath CE School)	273.39	1,356.73	1,630.12

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Places for People (RMBC)	36,120.60	55,776.32	91,896.92
Trustclean (Wath Victoria Primary)	-	-	-
Mellors (Brinsworth)	-	-	-
Sheffcare Ltd	14,422.55	89,784.74	104,207.29
Capita (Outstanding Sheffield Programme)	7,169.46	-	7,169.46
Taylor Shaw (Sheffield Catering)	-	-	-
Taylor Shaw (Sheff School Meals Central Contract)	26,266.80	105,499.55	131,766.35
Mellors (Sheffield Schools)	509.06	-	509.06
Amey LG Limited (Sheffield Highways)	506,287.22	-5,456.49	500,830.73
Sheffield Unison	5,444.62	24,573.69	30,018.31
Sheffield Futures	18,002.63	47,986.55	65,989.18
Mitie FM Limited	1,203.78	-	1,203.78
Veolia Environmental Services PLC	78,703.96	-	78,703.96
Mitie Ltd	1,129.96	2,820.86	3,950.82
Kier Managed Services	1,767.57	-	1,767.57
Taylor Woodrow Construction (Sheffield Schools)	1,691.14	-	1,691.14
Vinci Construction UK Ltd (Bradfield FM)	1,054.83	2,546.39	3,601.22
Taylor Shaw (Bradfield School)	-	-	-
Mellors (Hinde House/King Ecgbert)	1,319.75	5,539.52	6,859.27
Caterlink (Sheffield Park Academy)	-	-	-
Places for People (SCC)	9,957.68	10,456.54	20,414.22
British Red Cross	-	-	-
Taylor Shaw (St John Fisher Academy)	664.02	2,680.21	3,344.23

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Places for People (Wisewood Sports Centre)	2,141.51	3,660.15	5,801.66
Cordant Cleaning Ltd	-	-	-
Aspens Services Ltd (Parkwood Academy)	758.24	4,094.26	4,852.50
Aspens Services Ltd (E-ACT Pathways Academy)	651.44	3,174.00	3,825.44
Argent Catering Solutions Ltd	-	-	-
Learn Sheffield	22,567.66	56,071.29	78,638.95
Edwards Commercial Cleaning (NORTH) Ltd	-	-	-
Wates Living Space Maintenance Ltd	9,345.72	32,933.25	42,278.97
Dolce Ltd (Sitwell Juniors)	1,242.91	3,936.34	5,179.25
Dolce Ltd (Kilnhurst Junior & Infants)	-	-	-
Dolce Ltd (Swinton Fitzwilliam)	1,299.65	5,694.01	6,993.66
Dolce Ltd (Whiston Junior & Infants)	477.08	1,691.48	2,168.56
Dolce Ltd (Whiston Worrygoose)	433.34	1,638.84	2,072.18
Dolce Ltd (Wickersley Northfield)	710.19	2,621.26	3,331.45
Dolce Ltd (Woodsetts)	12.30	45.20	57.50
National College of Advanced Transport & Infrastructure (834)	24,019.27	37,979.26	61,998.53
Mellors (Aston Hall Junior & Infants)	-	683.34	683.34
Mellors (Aston Lodge Primary)	618.71	2,347.31	2,966.02
Mellors (Brinsworth Whitehill)	605.10	4,392.30	4,997.40
Mellors (Monkwood Primary)	617.36	3,343.91	3,961.27
Mellors (Rawmarsh Ashwood Primary)	295.58	2,033.90	2,329.48
Mellors (Sandhill Primary)	222.09	1,807.56	2,029.65
Mellors (Thrybergh Primary)	209.39	3,733.24	3,942.63

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Dolce Ltd (Blackburn Primary)	-	-	-
Dolce Ltd (Kiveton Park)	909.52	2,629.39	3,538.91
Dolce Ltd (Harthill Primary)	604.12	2,339.63	2,943.75
Dolce Ltd (Dodworth St Johns)	62.46	289.58	352.04
Dolce Ltd (Elsecar Holy Trinity)	65.37	227.01	292.38
Dolce Ltd (Swinton Queen Primary)	1,419.72	4,594.80	6,014.52
Dolce Ltd (St Marys Maltby)	-	-	-
Premiserv (Blackburn Primary)	-	-	-
Sodexo (Oakwell Rise Academy Wellspring)	1,277.51	9,488.38	10,765.89
Sodexo (Forest Primary Academy Wellspring)	1,313.01	8,003.35	9,316.36
TnS (DeWarenne Academy)	-	-	-
Affinity Trust - NHS Transfer (SCC)	2,482.29	8,552.41	11,034.70
Border to Coast Pensions Partnership Ltd	104,892.90	168,030.52	272,923.42
Compass (St Pius X Catholic High School)	852.83	3,833.99	4,686.82
Mitie Catering Services Limited	2,820.00	11,536.16	14,356.16
Aspens Services Ltd - Netherwood Catering Contract	517.76	1,940.75	2,458.51
Churchill Contract Services - Dinnington High School	4,845.04	19,115.64	23,960.68
Churchills Contract Services - Brinsworth Academy (01/09/18)	-	-	-
Dolce - Conisbrough Ivanhoe Primary Academy	-	-	-
MAM (Doncaster) Ltd - Doncaster Markets	5,880.04	18,450.57	24,330.61
Compass (Hatfield Primary)	1,321.59	4,657.26	5,978.85
Compass (Atlas Academy)	1,085.71	4,378.03	5,463.74

OUR PENSION FUND

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Compass (Hexthorpe Primary)	3,201.81	10,898.03	14,099.84
Compass (Highgate Primary)	1,741.72	7,569.31	9,311.03
Compass (Hillside Academy)	-	-	-
Compass (Intake Primary)	1,008.72	4,007.02	5,015.74
Compass (Kingfisher Academy)	1,899.66	7,574.04	9,473.70
Compass (The Hill Primary)	2,812.84	10,022.87	12,835.71
Compass (Waverley Academy)	463.41	1,820.15	2,283.56
Compass (Carrfield Primary)	509.73	2,002.03	2,511.76
Compass (Castle Academy)	-	-	-
Compass (Denaby Main Academy)	1,250.00	7,090.08	8,340.08
Compass (Edenthorpe Hall Academy)	967.93	3,421.33	4,389.26
Compass (Gooseacre Primary)	367.02	1,428.32	1,795.34
Compass (Hartley Brook Primary)	1,362.38	4,693.65	6,056.03
CaterLeisure (Riverside House)	-	-	-
Mellors (Grange Lane Infants)	-	-	-
Aspens Services Ltd (Astrea Academy Dearne)	2,007.24	7,999.52	10,006.76
Mellors (Hatfield Crookesbroom Primary)	722.58	2,877.30	3,599.88
Mellors (Hatfield Woodhouse Primary)	524.15	2,163.22	2,687.37
Mellors (Pheasant Bank Academy)	820.82	4,432.42	5,253.24
Mellors (Rowena Academy)	507.17	2,185.38	2,692.55
RM Education Ltd (Firth Park Academy)	362.31	1,368.04	1,730.35
Happy Kids Childcare (Rotherham)	195.51	730.35	925.86
Taylor Shaw (Aston All Saints C of E Primary)	889.06	3,175.79	4,064.85
Taylor Shaw (Flanderwell Primary school)	1,369.13	5,634.59	7,003.72

Employer admissions & contributions

EMPLOYER	Employees Total (£)	Employers Total (£)	Contributions Total (£)
ADMITTED BODIES			
Taylor Shaw (Laughton All Saints Primary)	1,052.51	3,961.29	5,013.80
Taylor Shaw (Rossington St Michaels C of E Primary)	472.55	1,864.32	2,336.87
Taylor Shaw (St Oswalds Finningley Academy)	1,164.10	4,910.24	6,074.34
Taylor Shaw (Treeton C of E Primary School)	-	-	-
Taylor Shaw (Trinity Croft C of E Primary Academy)	-	-	-
Taylor Shaw (Wickersley St Albans C of E Primary)	329.62	1,701.89	2,031.51
Mellors (Bramley Grange)	-	-	-
Aspens Services Ltd (Astrea Woodfields Academy)	1,142.42	4,486.52	5,628.94
Engie Services Ltd (Rotherham Council)	113,101.74	336,028.07	449,129.81
Churchill Contract Services (Outwood Academy City)	5,097.61	21,249.78	26,347.39
Wates Ltd (Barnsley Housing Maintenance)	50,441.59	163,319.37	213,760.96
Mellors (Catcliffe Primary and High Greave Junior)	3,009.67	10,780.19	13,789.86
	2,804,725.82	**6,317,592.61**	**9,122,318.43**
	72,617,616.12	**132,488,717.36**	**205,106,333.48**

Local Pension Board Annual Report 22/23

Foreword

Welcome to the annual report of the South Yorkshire Local Pension Board ('the Board').

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. It comprises equal numbers of representatives of scheme members and employers.

On behalf of the Board, I would like to thank the staff at the Authority for continuing to deliver a high-quality pensions service and for the support provided to the Board. The establishment of a new governance team for the Authority has been welcomed by the Board.

Thank you to members of the Board for your continued diligence, support and commitment.

Garry Warwick, Chair of the Local Pension Board 2022-23 Municipal Year.

Role of the Local Pension Board

The role of the Local Pension Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to:

- Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund.
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest.
- Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code.

The Terms of Reference are documented in the Board's Constitution which is available of the Authority's website.

Membership during the year

The Board's membership over the year was as follows:

Name	Date of joining	Nominated by/ Representing:	Term of Office (to)
Employee Representatives			
Nicola Doolan-Hamer	July 2015	Unison	June 2024 (3rd term end)
Garry Warwick (Chair)	July 2015	GMB	June 2024 (3rd term end)
Daniel Gawthorpe	June 2020	Unite	May 2023 (1st term end)
Andrew Gregory	July 2019	Selected from active, deferred and pensioner members	June 2025 (2nd term end)
David Webster	October 2019	Selected from active, deferred and pensioner members	September 2025 (2nd term end)
Employer Representatives			
Councillor Mike Chaplin	July 2019 [1]	Local Authority	2 yr District Council appt (term extended to 2023)
Councillor Ken Richardson	May 2022	Local Authority	May 2024
Councillor Minesh Parekh	Nov 2022	Local Authority	April 2023
Nicola Gregory	Jan 2018	Other Employer	December 2023 (2nd term end)
Riaz Nurennabi	Nov 2022	Other Employer	November 2025
Rob Fennessy (Vice Chair)	April 2019	Other Employer	March 2025 (2nd term end)
Independent Advisor			
Clare Scott	October 2019	n/a	October 2025 (2nd term end)

Meeting attendance

Member and employer representatives give their time freely. Attendance at the Board's meetings through the year was as follows:

	4 Aug 2022	3 Nov 2022	2 Feb 2023	23 Mar 2023 (Informal)	27 Apr 2023	% Att (Formal meetings)
Employee Representatives						
Nicola Doolan-Hamer	✓	✓	✓	✓	✓	100
Garry Warwick	✓	x	✓	✓	✓	75
Daniel Gawthorpe	✓	✓	✓	✓	x	100
Andrew Gregory	✓	✓	✓	✓	✓	100
David Webster	✓	✓	✓	✓	✓	100
Employer Representatives						
Mike Chaplin	✓	✓	n/a	n/a	n/a	100
Ken Richardson	x	✓	x	x	✓	50
Minesh Parekh	n/a	n/a	✓	x	✓	100
Nicola Gregory	x	✓	✓	✓	✓	75
Riaz Nurennabi	n/a	✓	✓	✓	✓	100
Rob Fennessy	✓	✓	✓	✓	✓	100
Total Attendance	**77%**	**90%**	**90%**	**80%**	**100%**	**87%**

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Work of the Board 2022/23

The Board held four formal meetings during the year. A Work Programme provides the basis for the agendas for meetings and includes a range of issues covering both pensions administration and governance:

Pensions Administration:

- **Pensions Administration Performance** - The Board received quarterly administration performance reports.
- **Breaches Complaints and Appeals** - The Board received quarterly reports on breaches, complaints and appeals.
- **Data Quality Improvement** - The Board monitored progress on the Data Quality Improvement Plan.
- **Communications** - The Board periodically reviews and comments on draft communications for members and employers.

Governance:

- **Decisions of the Authority** - Members of the Board receive all agenda papers issued to Members of the Pensions Authority and Board members are able to observe meetings of the Authority.
- **Information Governance** - The Board received updates from the new Governance manager and welcomed the additional focus this brings.
- **Actuarial Valuation** - The Board were updated on progress through the year, including the development of and consultation on the Funding Strategy Statement.
- **The Pensions Regulator** - The Board was updated on current levels of compliance with TPR Code of Practice 14 and discussed the regulator's consultation on a single combined code.
- **Risk Management** - Considered the Risk Register and the wider risk management framework. The Board requested that where papers refer to risks, reference to the impact on risk are made clearer.
- **Governance Compliance Statement** - The Authority's Governance Compliance Statement was reviewed.
- **Investment Pool Governance** - The Board considered a review of the Border to Coast Pensions Partnership.
- **Regulatory Changes** - The Board has been kept informed of the potential impact of regulatory changes.

Learning and Development

- Following the extension of the Authority's Learning and Development Strategy to Board members in 2021/22, all Board members completed a knowledge assessment and the Board welcomed access to on-line learning and the Authority's commitment to progress knowledge and training needs assessments for individual members.
- During the year, all members of the Board completed all modules of the on-line learning and completed a knowledge assessment at the end of the year.
- Results of Knowledge assessment.

Event	Date	N Doolan-Hamer	R Fennessy	D Gawthorpe	A Gregory	N Gregory	R Nurennabi	M Parekh	K Richardson	G Warwick	D Webster
LGPS Module 1 An Introduction to the LGPS	10/01/23	x	x	x	x	x	x	x	x	x	x
LGPS Module 2 Governance and Oversight Bodies	10/11/22	x	x	x	x	x	x	x	x	x	x
LGPS Module 3 Administration and Fund Management	01/09/22	x	x	x	x	x	x	x	x	x	x
LGPS Module 4 Funding and Actuarial Matters	30/06/22	x	x	x	x	x	x	x	x	x	x
LGPS Module 5 Investments	20/09/22	x	x	x	x	x	x	x	x	x	x
LGPS Module 6 Current Issues	10/01/23	x	x	x	x	x	x	x	x	x	x
Induction Training	09/06/22	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
Actuarial Valuations	15/09/22	x	✓	✓	x	x	✓	x	✓	✓	✓
Climate Change Introduction	10/11/22	x	✓	✓	✓	x	✓	x	✓	x	✓
Cyber Security Presentation	12/12/22	x	x	x	x	x	x	x	x	x	x
Briefing on the Emerging Investment Strategy	08/02/23	x	✓	✓	✓	✓	✓	✓	✓	x	✓
CIPFA Audit Training	15/02/23	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
2022 LGPS National Knowledge Assessment	24/02/23	x	x	x	x	x	x	x	x	x	x
Effectiveness Review - Briefing on Emerging Investment Strategy revisited	23/03/23	x	x	x	x	x	x	✓	✓	x	x

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Review of Effectiveness

During March 2023, members of the Board completed a survey and held a workshop to agree potential changes in the way the Board works to improve its effectiveness. This was the third time the Board had undertaken such a review. The survey included questions on the way meetings are conducted and knowledge, skills and capacity.

The results of the survey were positive in several areas. All (or a significant majority of) members of the Board agreed that:

- Board papers are timely, relevant and focused on priorities.
- Discussions are facilitated to allow all Board members to contribute in order to seek opinion and develop ideas.
- Board members are not afraid to ask obvious or simple questions to ensure collective understanding.
- Meeting minutes are accurate and record decisions made and actions agreed.
- The Board works in an open and transparent manner.
- All Board members act with integrity, declaring and managing any personal conflicts of interest.
- The Board's independent adviser helps to Board to fulfil its responsibilities.

The Board agreed that the ongoing improvements from the Board's previous reviews continue to be relevant including improving communication between with the Authority and ensuring any actions agreed informally during meetings are recorded and progress reported. Further improvements were agreed this year including:

- Reducing the time spent in meetings on pensions administration and increase the focus on wider Authority matters, for example the corporate strategy.
- Support the Authority in amending the Board's constitution to require rotation of the Chair and Vice-Chair roles.
- Further development of the approach to the attainment of knowledge, learning from the efforts over the past year.
- Ensuring diversity characteristics of Board members are recorded and monitored.

The Board will work with the Authority to put these improvements in place.

Future Plans

Over the coming year, the Board will continue to consider issues covering pensions administration and governance included in its Work Programme and specifically will work with the Authority to:

- Assess compliance with, and the potential requirements of the Pensions Regulator's consolidation of its Codes of Practice;
- Oversee the Authority's review of its Constitution.
- Oversee the Authority's plans to address pressures in the pensions administration service and to implement scheme changes in relation to the McCloud judgement.

Local Pension Board spending for 2022/23

Expenditure	2022/23 Budget £	2022/23 Outturn £	2022/23 Outturn Variance £	2022/23 Outturn Variance %
Independent advisor	7,100	8,160	1,060	14.9%
Member Learning & Development	6,000	9,100	3,100	51.7%
Member travel expenses	300	90	(210)	-70.0%
Various - Catering Printing etc.	250	250	0	0.0%
Totals	**13,650**	**17,600**	**3,950**	**28.9%**

The outturn against the Board's budget for 2022/23 is £17,600 which represents an over-spend of £3,950.

The expenditure in relation to the Independent Adviser is over the budgeted amount mainly because of the impact of having the new Governance team in-house with increased activity requiring additional liaison and input from the Independent Adviser. This increase has been taken into account in setting the budget for the Adviser's fees in 2023/24.

The expenditure on Member Learning and Development is over budget for the year by £3,100. This budget has historically been underspent. The over-spend of £3,000 is due to the cost of participation in the National Knowledge Assessment in February 2023 and the extra analysis, results and consultancy advice provided around this in order to inform the 2023/24 Member Learning & Development Strategy. The remaining budget for Learning & Development was already used during the year reflecting a positive effect of the increased activity and focus on this area. The recurring expenditure includes the Board's share of costs relating to the LGPS Online Academy, in addition to costs of Board members' attendance at the CIPFA LPB Seminar during the year. The budget will be kept under review in the coming year as the new Learning & Development Strategy is implemented and, if necessary, it may be increased.

4.4 Actuarial Statement for 2022/23

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the South Yorkshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 23	31 March 22
Active members (£m)	3,365	6,360
Deferred members (£m)	1,808	2,849
Pensioners (£m)	4,107	4,060
Total (£m)	9,280	13,269

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

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. I estimate that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £5,106m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £291m.

Financial assumptions

Year ended	31 March 23 % pa	31 March 22 % pa
Pension Increase Rate (CPI)	2.95%	3.20%
Salary Increase Rate	3.55%	4.20%
Discount Rate	4.75%	2.70%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.5 years	23.7 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	21.5 years	25.2 years

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	169
1 year increase in member life expectancy	4%	371
0.1% p.a. increase in the Salary Increase Rate	0%	19
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	152

Professional notes

This paper accompanies the 'Accounting Covering Report - 31 March 2023' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Steven Scott FFA

25 April 2023

For and on behalf of Hymans Robertson LLP

HYMANS ROBERTSON

ADMINISTERING THE PENSION FUND

5

Sheffield Steelworkers circa 1920

ADMINISTERING THE PENSION FUND

Summary

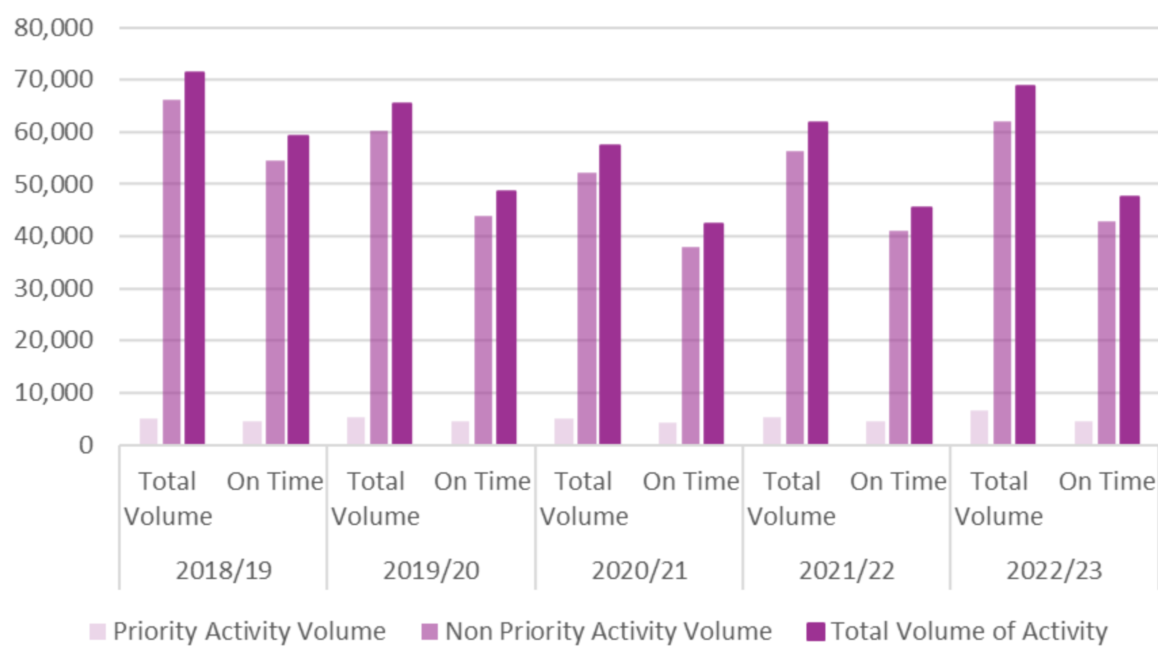
Administering our Pension Fund

The Pensions Service which undertakes the Fund's administration functions has faced another challenging year, with further increases in the volume of incoming work and delays in the issuing of key regulations by the Government delaying progress on some major pieces of work such as the McCloud remedy. 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 on-line 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.

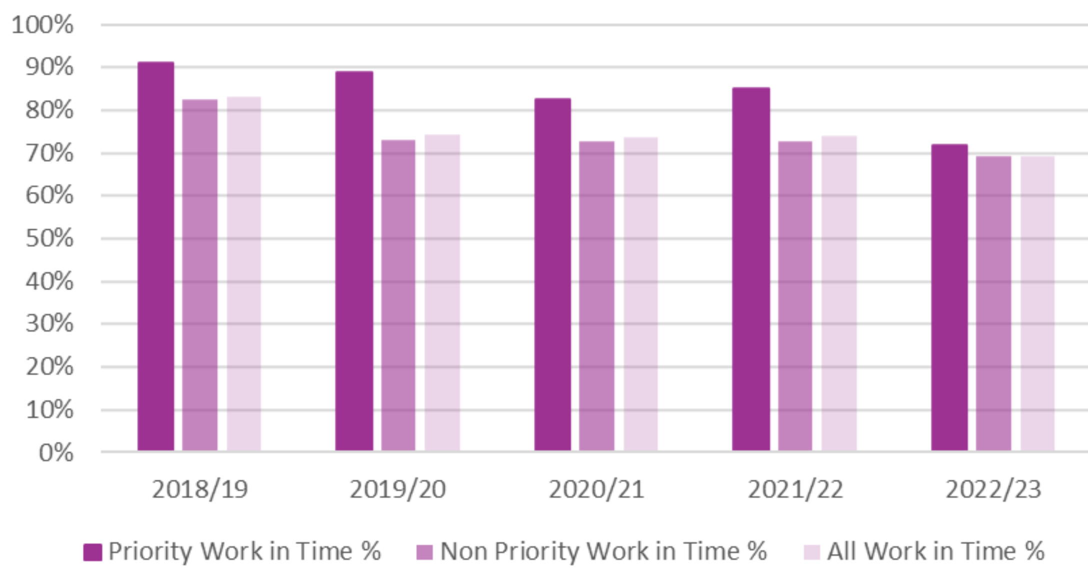
Casework Processing

The graphs below show the total volume of work we have dealt with over the last five years and our performance in processing priority and non-priority tasks within the targets which we set for ourselves, which are more stringent than those which generally apply across the industry.

Volume of work processed on time



Proportion of work processed on time



What this shows is that over the last five years we have seen a small reduction in the overall volume of incoming work while we have been processing less of this work on time, although our target timescales are often half of those commonly used across the industry. Given that this has not resulted in a significant increase in the volume of complaints it is reasonable to assume that most scheme members feel that we are dealing with their issue in a reasonable timescale. While this might well be the case, 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.

Looking at the individual categories of work the table below shows performance in terms of on time processing for 2022/23 and the previous year.

Key Service Standards	Target Days	Number Processed 2022 - 2023	Number Processed 2021 - 2022	▲▼	Performance 2022 - 2023 %	Performance 2021 - 2022 %	▲▼	Statutory Target Performance 2022/23
Retirement Benefits	5	3,220	3,182	▲	63.60	73.95	▼	100%
Death Benefits - Initial	5	1,549	1,098	▲	83.15	94.54	▼	100%
Death Benefits - Payment	5	1,912	1,512	▲	80.49	98.57	▼	100%
Retirement Estimates	5	2,933	3,667	▼	71.22	76.96	▼	100%
Pension Rights on Divorce	10	383	400	▼	87.73	75.25	▲	100%
Preserved Benefits	20	4,258	3,885	▲	60.47	69.91	▼	97%
Transfer Out	7	658	639	▲	75.99	71.52	▲	100%
Refund of Contributions	9	687	593	▲	92.29	89.21	▲	Not applicable
Transfers In	7	875	929	▼	61.49	56.94	▲	99%
Additional Benefits	8	197	272	▼	76.65	80.51	▼	Not applicable
General Enquiries	5	4,863	3,930	▲	50.03	90.08	▼	Not applicable
Setting up a Record	10	11,613	10,080	▲	89.99	93.24	▼	Not applicable

What this shows is that broadly our performance against our own standards for processing work has declined although there has been some improvement in lower volume areas, while some areas like general enquiries have seen a decline in performance because of priority being given to other work such as death and retirement cases. At the same time there has been no change in the position against the statutory requirements where they apply. While this is reassuring it is not something that we can, or should, take comfort from and as stated above we are reviewing both our own performance standards and the level of resources available for casework processing to bring performance in this area closer to the levels that we should be achieving. Beyond addressing performance on these key indicators there remain significant volumes of casework related to unprocessed leavers and aggregations which we must get on top of in order to stabilise the overall performance of the service and we will be seeking to make significant inroads in these areas in the coming year.

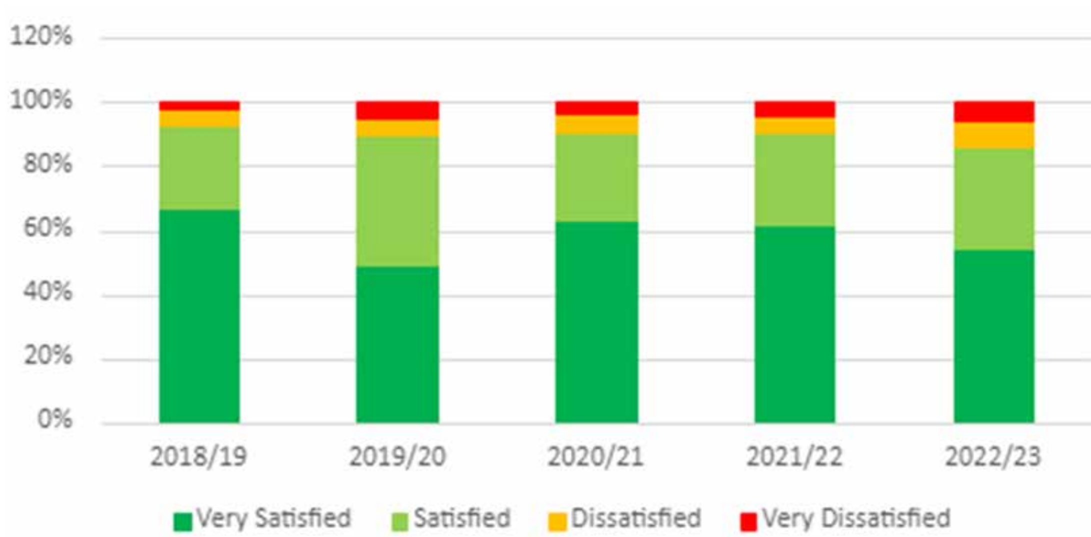
Employer Services

Working effectively with employers is crucial to us being able to properly administer the pension scheme. Employers have a range of statutory responsibilities, the most important of which are the requirement to pay over contributions intact and on time and to supply the Fund with the information required to make accurate calculations of the benefits due to scheme members. Details of employer performance in terms of paying over contributions is set out elsewhere in this report.

Customer Satisfaction

We regularly monitor scheme member satisfaction through surveys focused on members who have experienced both the retirement process and the process of joining the Fund as well as members who have contacted us through different routes such as email and telephone. Over 2022/23 we distributed over 41,000 surveys and received a response rate of 6% giving a reasonably reliable view of how scheme members view the service they receive. The results of these surveys over the last 5 years are summarised in the graph below:

Trend in Customer Satisfaction



This shows a gradual decline in the level of satisfaction which broadly mirrors the decline in casework processing performance. The comments received as part of these surveys highlight in particular:

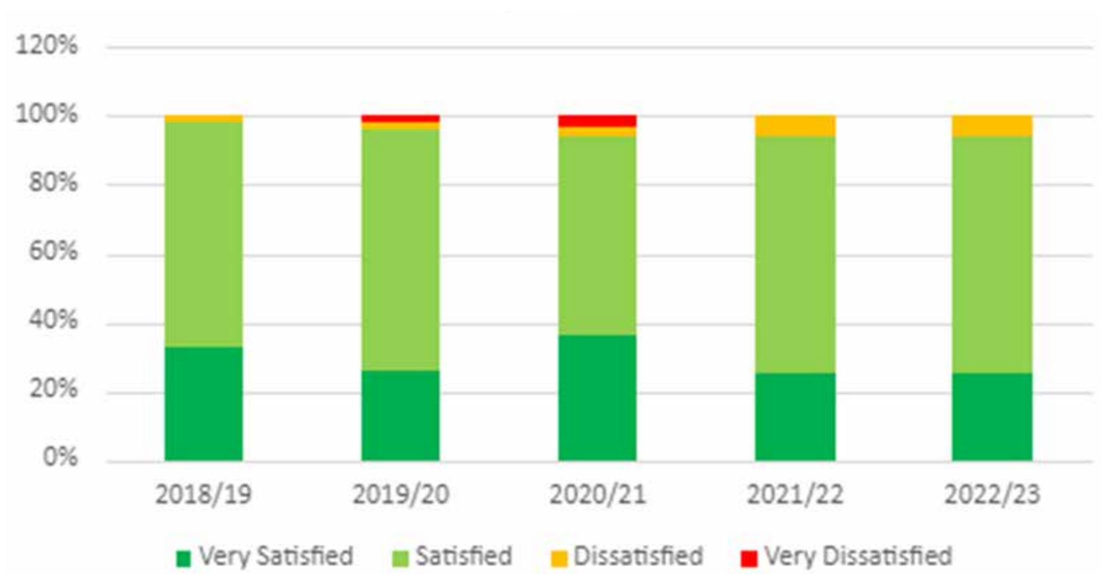
- A lack of information about progress with the scheme member's case. Often work on a case can be delayed waiting for information from employers or other organisations such as AVC providers. We have developed some new letters to help inform scheme members of progress, but this is likely to remain an issue until it is possible for members to track casework in real time which is some years off.
- Timeliness of processing, particularly for joiners. Delays in processing joiners were related to the way in which monthly data from employers was being processed. This has been partly addressed and joiners are now being processed earlier in the data collection process but there is still more work to do to achieve the level of performance that we would like to see in this area.

- Difficulties in accessing our online services. We have made some changes to make it easier to access these services, but we are limited by the underlying software. We have also begun to run “get online” sessions for scheme members which have been well received.

The central response to the decline in scheme member satisfaction needs to be the work underway to improve casework processing performance as this will address the root causes of dissatisfaction rather than the symptoms.

We also monitor employer satisfaction on a regular basis and there is a similar, although less pronounced, trend of increasing dissatisfaction from employers over the last five years as shown below:

Trend in Employer Satisfaction



The response rate for employer surveys is much lower but is sufficient for us to draw conclusions. The largest area for comment amongst employers is the Monthly Data Collection (MDC) process. This is not unexpected and is something we are working to improve within the limitations of the underlying software.

The Cost of Administering the Fund

Traditionally a number of LGPS funds have participated in a benchmarking exercise run by CIPFA, and SYPA had been a contributor to this benchmarking "club" for many years. Unfortunately, in recent years the numbers of LGPS funds participating in the CIPFA exercise have dwindled in numbers (to well under a third of all LGPS funds) and the value of comparisons under the CIPFA club has therefore diminished significantly. Therefore since 2020 SYPA has chosen not to participate in this specific exercise. We are aware that the production of benchmarking comparisons in the administration area is something that the Scheme Advisory Board are keen to follow up as one of the outcomes of the Good Governance project and we welcome any developments that will facilitate meaningful comparisons to be produced.

In 2019 SYPA, along with several of the larger LGPS funds, signed up to a benchmarking project run by CEM (an independent benchmarking organisation operating in the pensions environment). CEM benchmark the overall cost effectiveness of pension schemes in both the private and public sector by looking at several measures designed to assess customer service as well as administration costs. Although the initial results (as reported in 2019/20) were helpful, the value of this exercise relative to the cost did not justify an annual commitment. SYPA will be participating in both these exercises again in 2023.

As a more widely available, but perhaps broader brush, alternative to the above benchmarking exercises, the Government publishes a set of cost data which it obtains annually through an exercise (known as SF3) in which it collects data based on the audited accounts from all LGPS funds. Each fund is required to provide details of their total administration costs as well as their membership numbers. The table below shows the total administration costs per member for the last five years when compared with other groups of funds across the UK. Although these costs are generalised and should always be treated with caution (e.g. they are not adjusted for capital investment for example) they do provide a degree of assurance that the costs incurred by SYPA compare positively with other funds.

	2017/18 Admin Cost £/Member	2018/19 Admin Cost £/Member	2019/20 Admin Cost £/Member	2020/21 Admin Cost £/Member	2021/22 Admin Cost £/Member
South Yorkshire	**£19.73**	**£21.02**	**£18.73**	**£17.75**	**£19.77**
Shire Funds	£19.15	£20.58	£21.37	£21.25	£25.11
London incl LPFA	£34.22	£38.33	£40.22	£45.14	£47.66
Met & Transport Funds	£16.03	£16.82	£17.39	£17.95	£17.80
England and Wales	£21.03	£22.57	£23.53	£24.13	£26.69
Scotland	£23.01	£25.78	£25.52	£27.84	£26.99
Northern Ireland	£38.13	£42.67	£35.97	£32.75	£31.55
UK	£21.53	£23.45	£23.96	£24.64	£26.82

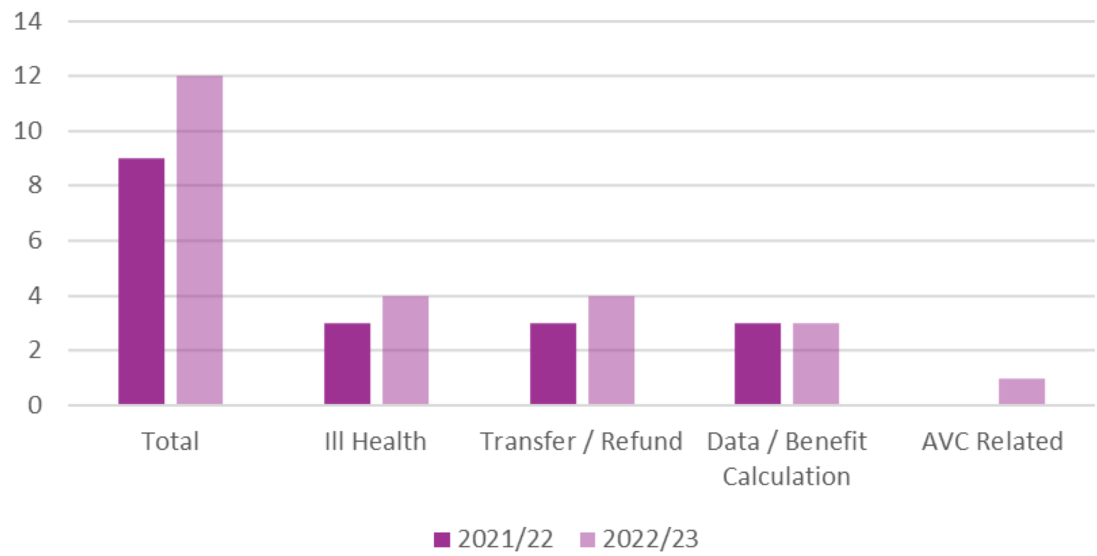
While we must not be complacent about our costs what is more important is the level of service that we deliver with the money we spend, and whether that meets the needs of our scheme members and employers. While as indicated there is a trend of reduced customer satisfaction the overall picture remains one of moderate costs generating high levels of satisfaction.

Appeals and Complaints

Another key indicator of customer satisfaction is the volume and causes of appeals and complaints. We analyse these and report on them each quarter to the Local Pension Board.

The chart below sets out the underlying cause of appeals over the last two years.

Appeals by Cause 2021/22 and 2022/23



This shows as would be expected that the largest proportion of appeals are concerned with ill health retirement where scheme members often feel that the decision about the level of ill health pension, they have been awarded does not reflect the degree of ill health they suffer and issues around refunds and transfers where the scheme rules and legal requirements related to scam prevention are very clear although not always very well understood. The complexity of the scheme does sometimes mean that the final pension payable to a scheme member can differ from an earlier quotation and this can result in appeal cases.

In terms of complaints the chart below shows the causes over the last two years. The issues around timeliness clearly relate to the overall performance on casework processing highlighted earlier in this report. The issues around AVC's are particularly concerned with one AVC provider whose performance in terms of providing information back to scheme members has declined significantly over the last two years.

This is a national problem which has been taken up by the LGPS Scheme Advisory Board for England and Wales. The issues around information quality cover a range of things but all point to the need to improve the clarity of the information we provide to scheme members at various stages of their membership of the scheme.

Complaints by Cause 2021/22 and 2022/23

Employer Performance

A key factor influencing the level of service we are able to provide to scheme members is the timeliness and accuracy of data submitted by employers to enable us to complete our statutory duties.

Since 2018 we have been receiving monthly data from employers and in 2020 we introduced the collection of contributions by direct debit derived directly from the data files submitted by employers and their data providers.

For 2022/23 employers have continued to co-operate well with this process and the levels of completion of monthly returns in line with the required timescales as reported to the Local Pension Board remain around high, although refinements in the reporting system mean that these data are not comparable with previous years. This is illustrated in the graph below:

Timeliness of Employer Submissions

We continue to monitor the responsiveness of employers to the queries which inevitably arise about both monthly data submissions and on other occasions such as scheme members retiring and data on the most significant numbers of outstanding queries are provided to the Local Pension Board each quarter. Over the course of the year significant progress has been made by the larger employers (in particular Rotherham MBC who provide services for Doncaster and a large number of other employers). Over the course of the year we have developed a more structured and intensive process of engagement with employers who have had difficulties in either responding to queries or in submitting accurate monthly data with a view to resolving issues at source. The evidence in the latter part of the year is that this is beginning to pay dividends but further work will be required in the coming year.

The table below summarises the performance of the “top 10” employers in terms of resolving queries over the course of the year:

Employer	Q1 2022/23			Q2 2022/23			Q3 2022/23			Q4 2022/23		
	Raised in Quarter	Completed in Quarter	Outstanding Quarter End	Raised in Quarter	Completed in Quarter	Outstanding Quarter End	Raised in Quarter	Completed in Quarter	Outstanding Quarter End	Raised in Quarter	Completed in Quarter	Outstanding Quarter End
Rotherham MBC	211	343	684	187	292	579	263	609	233	235	429	39
Doncaster CC	219	329	285	187	189	283	169	283	169	279	379	69
Capita	57	58	352	55	39	368	26	119	275	20	29	266
Sheffield CC	147	196	92	221	253	60	259	178	141	235	202	174
EPM	17	16	241	22	23	240	14	26	228	10	13	225
Doncaster Children’s Services	26	39	88	27	95	20	0	18	2	0	0	2
Barnsley MBC	102	126	56	109	122	43	81	93	31	100	90	41
Greenacre Academy	9	10	72	3	3	72	6	7	71	14	32	53
The Sheffield College	24	8	75	25	21	79	13	30	62	24	58	28
The Chief Constable	34	53	35	35	39	31	39	29	41	24	43	22

MANAGING THE PENSION FUND'S INVESTMENTS

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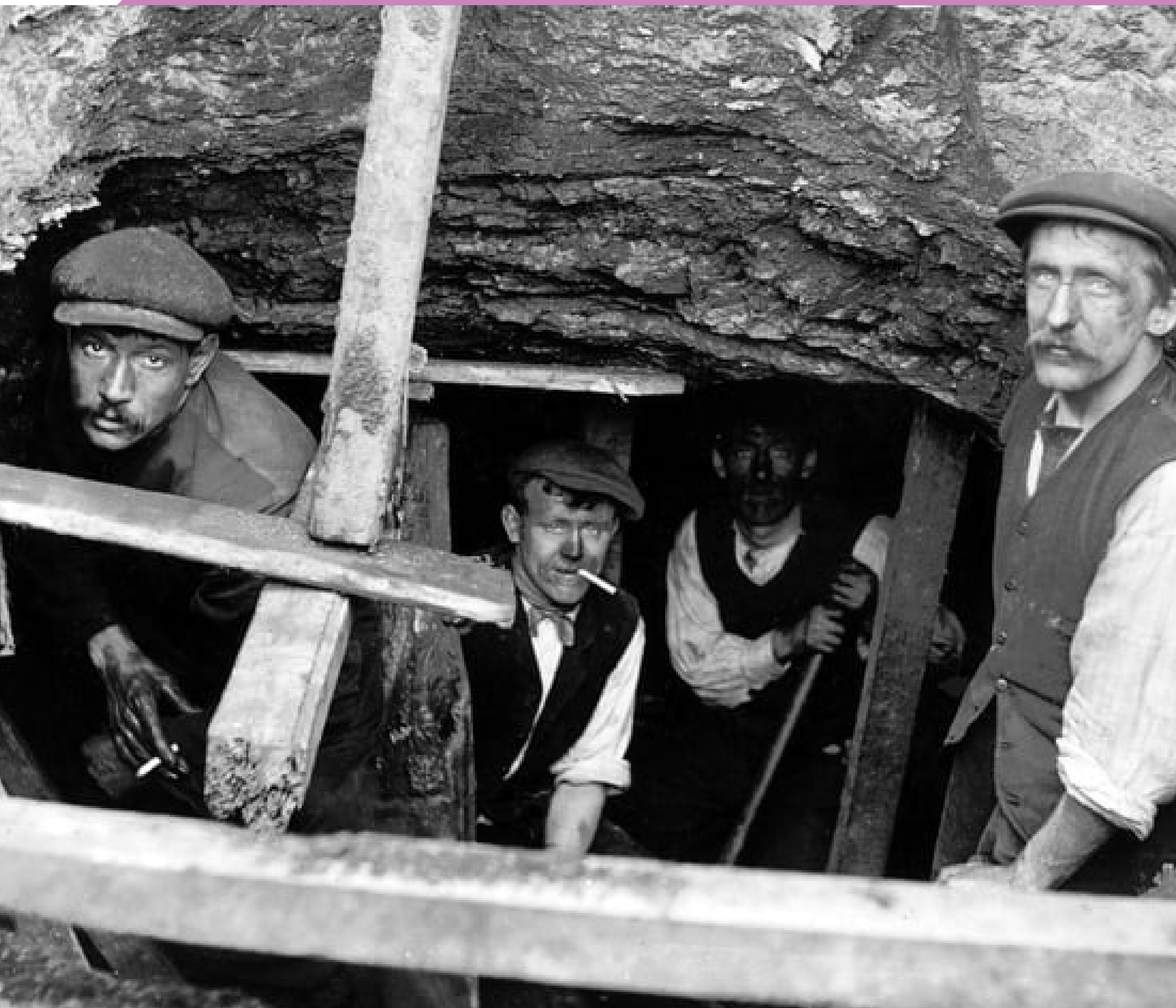


Manvers Main Colliery, Wath, Rotherham circa 1920

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Review

The latest year has been challenging for financial markets, dominated by significant geo-political uncertainty with the war in Ukraine continuing, increased market volatility, and high inflation. Inflation rose to a forty year high and global central banks became increasingly hawkish leading to aggressive rises in interest rates. This ended the period of ultra-low interest rates and easy money that had boosted markets since the Great Financial Crisis.

Tight global labour markets, resulting in strong wage growth and the accumulation of consumer savings during the pandemic, along with disruption in global supply chains all played a role in high inflation levels. The war in Ukraine also led to sharp rises in energy and food prices which exacerbated inflationary pressures, most notably in Europe and the UK.

Central banks couldn't address the causes of the supply shocks but had to deal with rising inflation. At the beginning of the period under review the expectation was that inflationary pressures would be transitory and that central banks would only raise rate moderately, but as the year progressed it became clear that this was not the case. These rate increases led to higher government bond yields, with investor losses in government bonds being the steepest in decades.

Huge rises in the cost of European energy led to governments subsidising both consumers and businesses to mitigate some of the impact. In response to the cost-of-living crisis in the UK, the short-lived Truss government in September announced unprecedented government borrowing to finance the largest unfunded programme of tax cuts in decades. As a result, expectations for UK interest rate increases increased rapidly. Amidst the market turmoil afflicting UK assets, sterling fell to all-time intra-day lows against the US Dollar as domestic financial stability and ability to service government debt were called into question. UK government bonds fell sharply, with 10-year yields peaking at 4.5% shortly after the 'Mini-Budget' – culminating in intervention by the Bank of England. Fortunately, this crisis in the UK was over relatively quickly, shares and bonds recovered in October with Rishi Sunak taking over as Prime Minister and with the new Chancellor Jeremy Hunt reversing most of the unfunded tax-cutting proposals helping to improve credibility.

During the final quarter of 2022 tentative signs of moderating inflationary pressures in the US bolstered expectations of a slowdown in the US Federal Reserve's monetary policy tightening cycle which also soothed investors' concerns, as did an easing of the stringent COVID-19 control policy in China, which boosted hopes of a recovery in demand. Economic data at the start of 2023 provided some support for the argument that the rate tightening cycle might be coming to an end, with a significant decline in commodity prices supporting a more optimistic outlook. Oil had declined from over $120 a barrel in June 2022 to around $80. Also, the price of natural gas, which had been a key concern following the Ukraine invasion, fell as EU countries coped far better than anticipated due to the mild winter period.

2023 started on a positive note, building on the markets' resilient performance in late 2022. However, having started 2023 thinking that the end of interest rate rises was in sight, market participants became increasingly concerned that rates may have further to climb and big swings around Fed policy then dominated equity and bond market performance over the final quarter of the year.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Review

Central banks continued to hike interest rates, albeit with less aggression than in 2022 but still reminding markets of their commitment to tackle persistent inflation. Economic activity in developed markets has held up better than originally feared due to the resilience of services sectors.

Despite expectations of a recession, the jobs market remains resilient, consumer spending has been robust, and the overall confidence of businesses has been positive. The US is better insulated from high energy prices, and household savings are still offsetting the rise in prices which is supporting spending. In the UK and Europe, the unwinding of high energy prices has allowed economies to deliver positive surprises against negative expectations. Data in the US indicated that inflation is cooling, and the Federal Reserve reacted to this. They announced two rate hikes of 25bps each in February and March, which was down from the previous 50bps moves in 2022. At the same time the Federal Reserve signalled that it was close to the end of the rate-raising cycle.

In the UK the latest data from the ONS showed that the economy had not contracted in Q4 2022 and thus the economy avoided a technical recession, which is two consecutive quarters of contraction. However, the Bank of England is still predicting that we will fall into a recession later in 2023 but it will be shallower than it was predicting previously. Inflation although falling did prove to be stronger than expected. The Bank of England raised rates twice, by 50bps and then 25bps in March in response to this. The BoE's final hike of the year came a day after figures showed that annual inflation rose to 10.4% in February, up from 10.1% in January. The increase was higher than the BoE and economists had expected – monthly inflation was up 1.1%, which was nearly twice the 0.6% forecast by analysts. However, the BoE accompanied its hike by stating that the UK should avoid a technical recession this year

Eurozone inflation declined to a one-year low in March of 6.9% down from 8.5% in February but core inflation rose to 5.7% from 5.6%. The ECB remained the most hawkish, raising rates twice by 50bps. The ECB had been signalling its hawkish plans for weeks. ECB president Christine Lagarde warned that the cycle of hikes was only just starting to take effect and signs that inflation was persisting at high levels meant that rates would have to be raised sufficiently to dampen demand. She added that uncertainty about the future path of inflation had increased

The Bank of Japan made no further adjustments to its yield curve control policy despite core inflation rising. Because of these rate moves and expectations the US dollar weakened against most major currencies towards the end of the year.

In March a series of bank failures took place, starting in the US and then spreading to Europe. California based Silicon Valley bank experienced an escalating bank run from its tech and life science focused depositor base. The bank had invested its rapidly growing deposits into low-yielding US treasuries and mortgage-backed securities. As interest rates moved higher, the value of the bond portfolio declined. At the same time, many of the bank's customers, faced with deteriorating tech-sector fundamentals, had started withdrawing deposits to fund their day-to-day operations. To meet this outflow, the bank was forced to sell a portion of its bonds at a loss, thereby undermining its capital position and ultimately it failed. It was put into receivership by the Federal Deposit Insurance Corporation. US regulators announced that SVB depositors would be repaid for the full amount of their deposits and at the same time the Fed, US Treasury and FDIC announced further measures to shore up the stability of the banking system.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Review

Regulators also acted in relation to Signature Bank of New York another US bank with a customer base concentrated in the tech and cryptocurrency industries, closing the bank, and putting it under FDIC control. Customer deposits were again guaranteed. The following week In Europe, Credit Suisse appeared to be on the brink of failure but after a weekend of frantic negotiations, it was announced that UBS would acquire Credit Suisse in an all-share deal. Controversially Credit Suisse's Additional Tier 1 bonds were wiped out as part of the deal. The wider banking sector sold off on the back of these announcements but at least the robust responses from governments, Regulators and central banks contained these movements.

With the failure of these banks market attention shifted from inflation and interest rates toward the health of the underlying economy and the financial system. The banks all failed for somewhat different reasons, and each was arguably the author of its own demise but the scale and pace of interest rate increases across developed markets have certainly been a major contributing factor, as negative impacts of rate hikes start to be felt more widely.

Against this backdrop, equity markets struggled to maintain their early momentum, losing much of their gains from the start of the quarter. However, global equities and bonds managed to maintain a positive performance over the quarter, which also marked the end of a second quarter of recovery in global markets. The volatility subsided as the markets appeared to move past the possibility of a systemic crisis, although there was a significant switch of assets held with banks into money market funds.

Inflation is slowing but it is still too high and remains a problem for central banks as they try to bring prices down with higher interest rates and manage the stresses in the financial system caused by higher rates. It is not expected that there will be major impacts from the banking sector, although there might be stricter lending standards, and this could impact more leveraged sectors such as commercial property, which is more sensitive to interest rate movements. Growth is expected to reduce over the coming year. Interest rates are expected to continue to rise but at a slower pace than in the last year and are expected to peak before the end of 2023. Markets will be looking for an increase in leading economic indicators before there is any substantial rally. The path forward for asset classes remains uncertain.

Investment Strategy and Performance

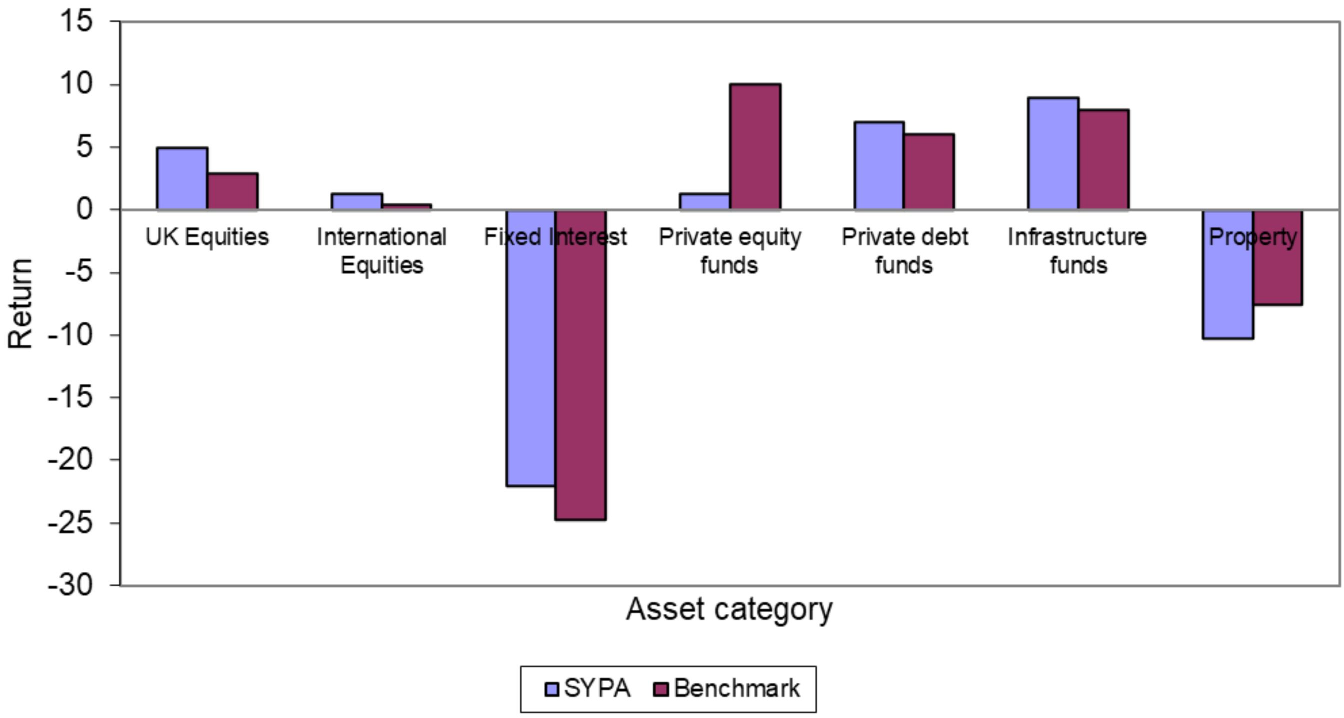
Performance

The investment strategy of the Fund is carried out in accordance with the Investment Strategy Statement with a core objective being to achieve the best financial return, commensurate with the appropriate levels of risk, to ensure the Fund can meet both its immediate and long-term liabilities. This is done within the context of a responsible and sustainable investment strategy which gives due regard to Environmental, Social and Governance issues.

The Fund delivered a return of -3.2% over the year to 31 March 2023, outperforming SYPA's strategic benchmark return of -4.1% by 0.9%. At the end of March 2023, the Fund's net assets were valued at £10,201m, this represents a decrease of £472m since 31st March 2022.

The graph below compares the return achieved by the Fund in each of the main investment categories during the year.

SYPA Investment Returns (%) Year ended 31 March 2023



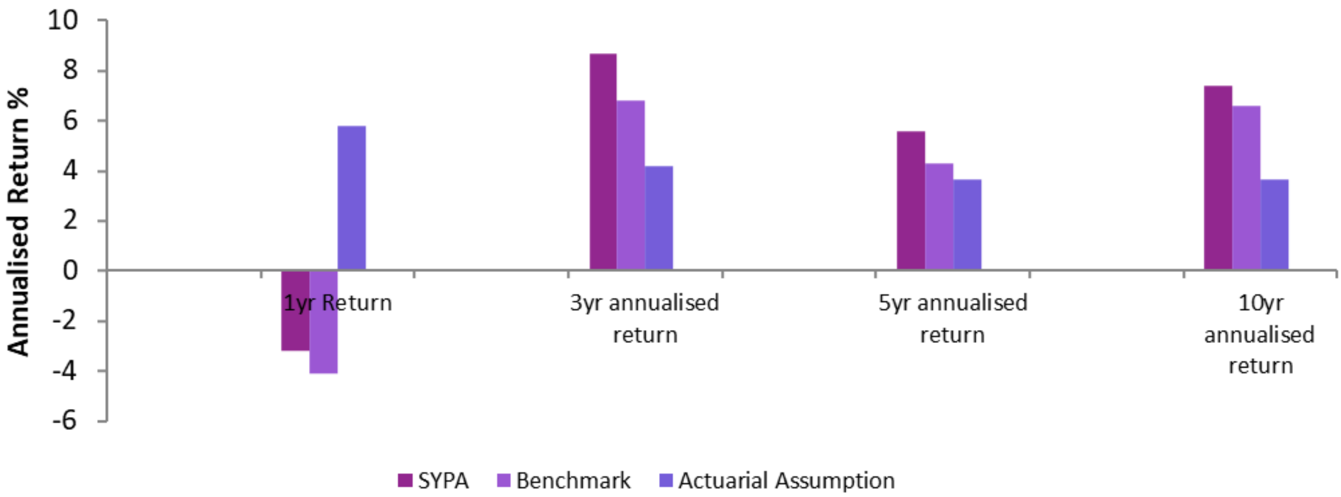
This year the equity portfolios showed positive absolute returns and outperformed their respective benchmarks. The bond portfolios gave negative absolute returns, but they outperformed the overall bond benchmark. The private debt and infrastructure funds both outperformed their target returns but the private equity portfolio and property were the areas of underperformance.

The Fund always invests with the longer-term aim of having sufficient assets to meet its liabilities and the graph below shows how the fund has performed against its benchmark over longer time periods. Although in the last year the strategic allocation return did not meet the actuarial assumption return, the Fund has comfortably outperformed its benchmark and the actuarial assumptions over-all longer-term periods.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Strategy and Performance

Fund Performance to 31 March 2023



The funding level at the last actuarial valuation as of March 2022 was 119% and at 31st March 2023 is estimated to be 143%.

The Fund has continued to reduce its exposure to listed equities to reduce its equity risk and has been increasing allocations to the alternative asset classes and property which also increases the Fund's allocation to income generating assets. This is in line with its stated strategy of improving diversification and the risk-adjusted return.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Strategy and Performance

STRATEGIC ASSET ALLOCATION

The following table shows a summary of the asset distribution for the year ended 31 March 2023 compared with the previous year and with the strategic target agreed by the Authority in operation during the financial year 2022-23.

Asset Allocation at 31 March 2023

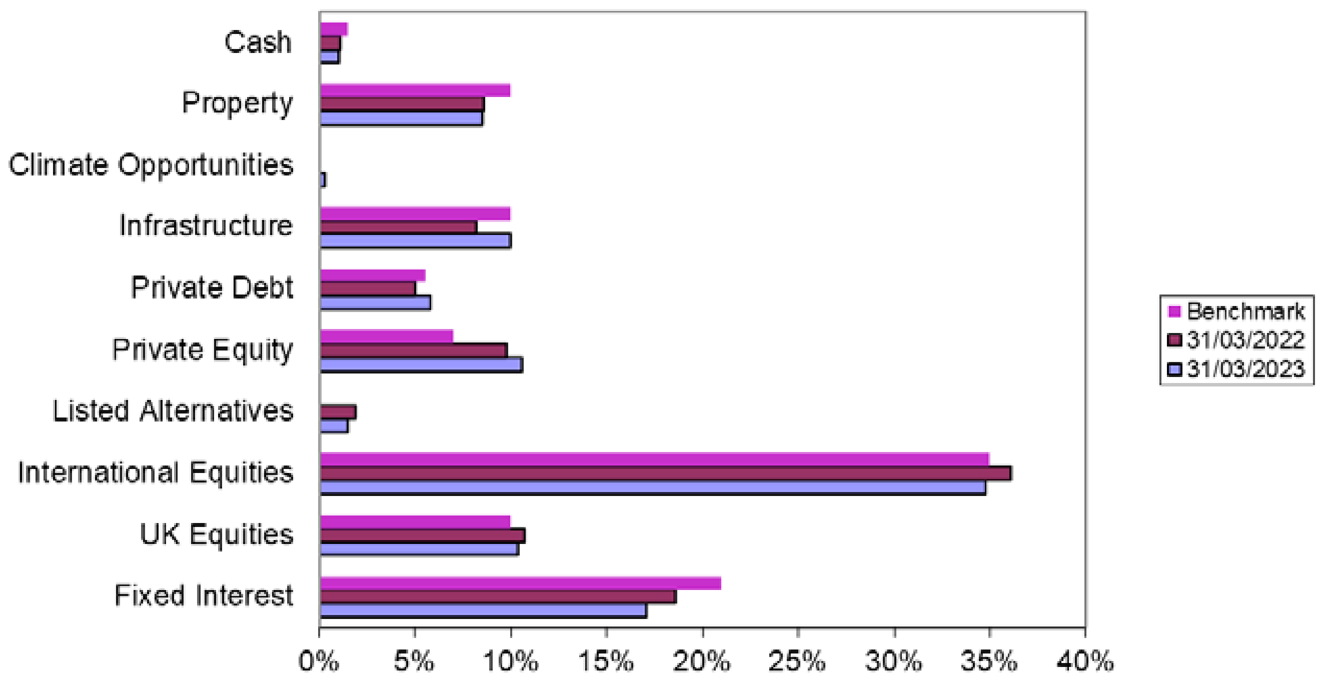
Asset Class	March 2023 Allocation		March 2022 Allocation		SAA Target	Range
	£m	%	£m	%		
Index-Linked Gilts	740.8	7.3	934.2	8.8	10.0	7.0 - 13.0
Sterling Inv Grade Credit	435.8	4.3	457.7	4.3	5.0	4.0 - 6.0
Multi-Asset Credit	562.7	5.5	587.3	5.5	6.0	4.0 - 8.0
UK Equities	1057.7	10.4	1149.8	10.7	10.0	5.0 - 15.0
Overseas Equities	3542.5	34.8	3846.4	36.1	35.0	30.0 - 40.0
Listed Alternatives	156.0	1.5	198.6	1.9	0.0	0 - 2.0
Climate Opportunities	30.9	0.3			0.0	0 - 2.0
Private Equity	1081.8	10.6	1043.8	9.8	7.0	5.0 - 9.0
Private Debt	593.0	5.8	532.5	5.0	5.5	4.5 - 6.5
Infrastructure	1021.6	10.0	879.7	8.3	10.0	8.0 - 12.0
Property	862.1	8.5	911.8	8.6	10.0	8.0 - 12.0
Cash	97.0	1.0	118.7	1.1	1.5	0 - 5.0
Total	10181.9	100.0	10648.5	100.0	100.0	

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Strategy and Performance

The following table shows how the asset allocation has changed over the year versus the benchmark.

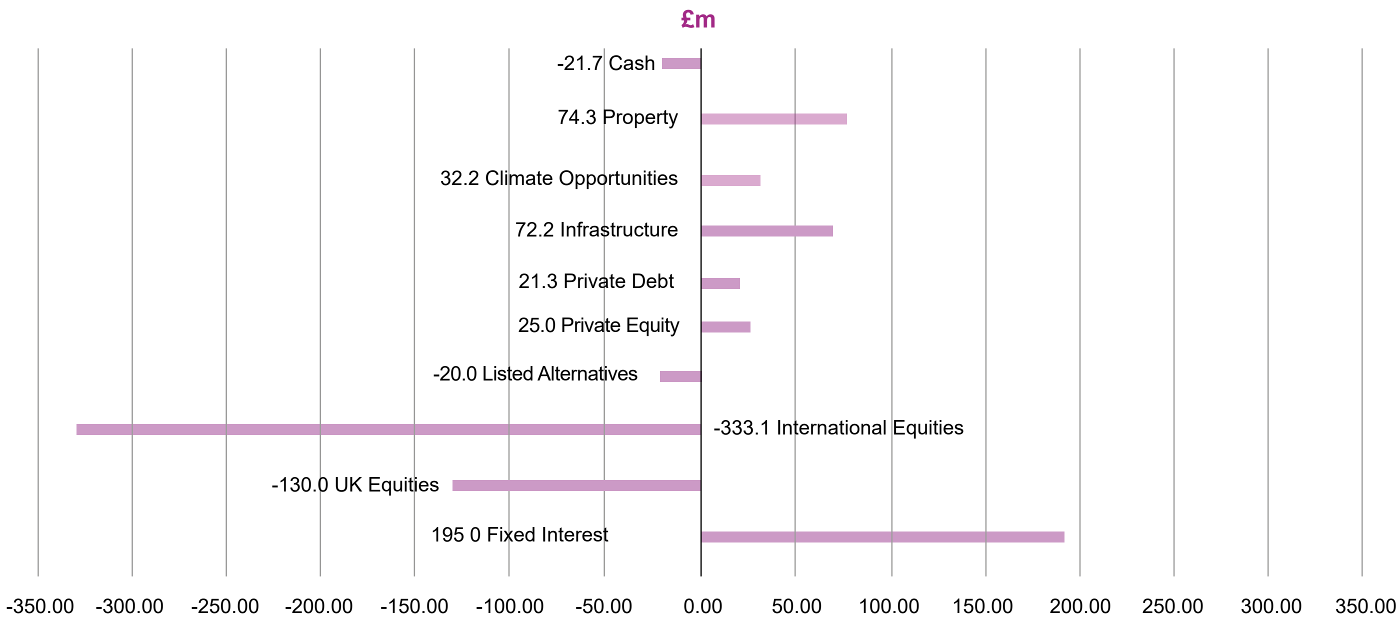
Asset Category



The change in distribution is a result of investment transactions and the performance achieved within each investment category.

The changes in the Fund's asset allocation compared to the previous year can be seen below. It includes a reduction in the overall equity exposure to fund an increase to index-linked bonds and property and to increase exposure to the alternative asset classes. This has brought these allocations closer to their strategic targets.

Net Investment over the year to 31 March 2023



The investment strategy for the Fund is derived from Asset Liability Modelling that uses data from the triennial Valuations. It examines the Fund's financial position, the profile of its membership, the nature of the liabilities and analyses the projected returns from differing investment strategies. The current investment strategy is based on ALM work undertaken in 2019-20, using the liability data from the 2019 Valuation.

After a competitive tender at the beginning of the financial year, Hymans Robertson was selected to undertake a review of the Investment Strategy based on the liability data as of 31 March 2022. They were asked to consider the Authority's Net Zero target as part of the exercise. At the Pensions Authority meeting in March 2023 the following long-term strategy for the Fund was agreed.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Strategy and Performance

Asset Allocation	Current Strategic Asset Allocation	New Strategy
UK Equities	10.0	7.5
Global equities	35.0	30.5
Private Equity	7.0	7.0
Total Growth	52.0	45.0
Multi Asset Credit	6.0	2.5
Private Debt	5.5	7.5
Infrastructure	10.0	9.0
Property	9.0	9.0
Natural Capital	1.0	3.5
Climate Opportunities	0	5.0
Renewable Energy	0	5.0
Total Income	31.5	41.5
UK Index-linked Gilts	10.0	7.0
Corporate Bonds	5.0	5.0
Cash	1.5	1.5
Total Protection	16.5	13.5
TOTAL	**100.0**	**100.0**

This provides for increases to private debt, and new allocations to Climate Opportunities, Renewable Energy and Natural Capital. These will be funded in coming years by a reduction in the Fund’s allocation to quoted equities, index-linked bonds, and multi-asset credit. The new asset classes are illiquid in nature and therefore it will take time to achieve the target weightings. It was also approved that in the context of the alternative and property allocations SYPA would make an allocation of up to 5% of the Fund into impact investments with the twin aims of generating a commercial return but also delivering positive economic impact. Some of this investment will be directly in the South Yorkshire region but will also include investments in nationally focused pooled funds with a focus on impact investing. On 31 March 2023 impact investments within these portfolios would amount to £241m which represents 2.4% of Fund investments.

MANAGING THE PENSION FUND'S INVESTMENTS

Investment Pooling

SYPA is one of eleven partner funds within the Border to Coast Pensions Partnership which is an FCA regulated investment company. Over time Border to Coast will manage the majority of the Fund's assets on a day-to-day basis. SYPA will retain responsibility for setting the investment strategy and asset allocation and will monitor the performance of Border to Coast.

As of 31 March 2023, SYPA has investments in seven Border to Coast funds.

Holding	£m
Border To Coast - **Overseas Developed Markets Equity**	2845.928
Border To Coast - **UK Listed Equity**	1057.699
Border To Coast - **Sterling Index-Linked Bonds**	702.953
Border To Coast - **Emerging Markets Equity**	695.779
Border to Coast - **Multi Asset Credit**	562.712
Border to Coast - **Sterling Investment Grade Credit**	435.757
Border to Coast - **Listed Alternatives**	155.794

The Fund's existing investments in closed ended funds for private assets sit outside the Pool but most new investments in this area during the year were made by Border to Coast.

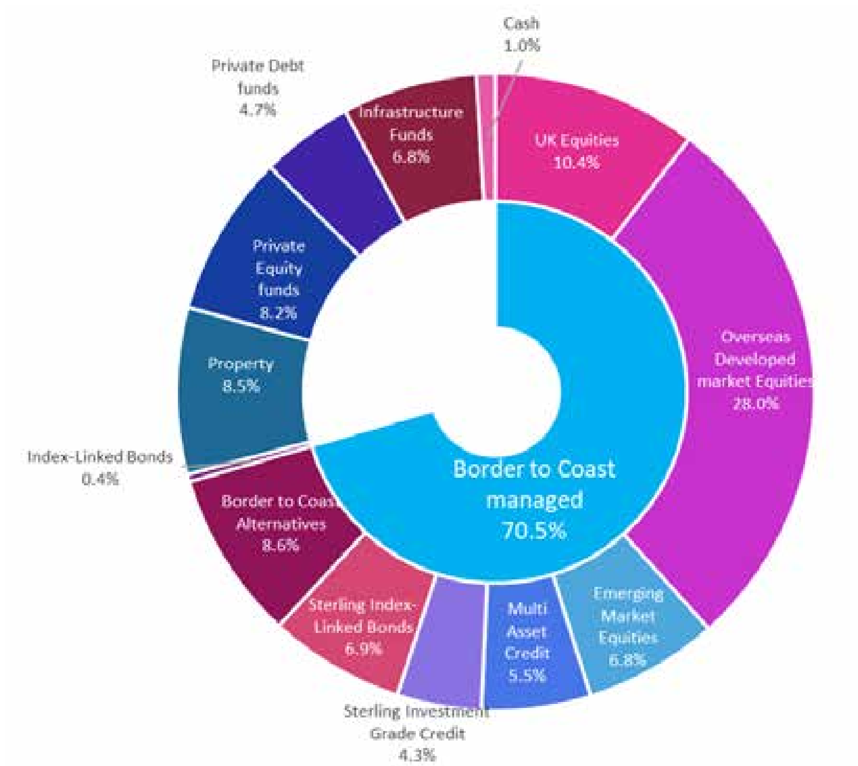
Commitments during the year were made to the following alternative asset classes by Border to Coast on behalf of SYPA.

Alternatives Asset Class	SYPA Commitment (£m)
Private Equity	£100m
Private Debt	£140m
Infrastructure	£185m
Climate Opportunities	£80m (3 year commitment of £245m)
Total	**£505m**

These investments started to draw down during the year.

MANAGING THE PENSION FUND'S INVESTMENTS

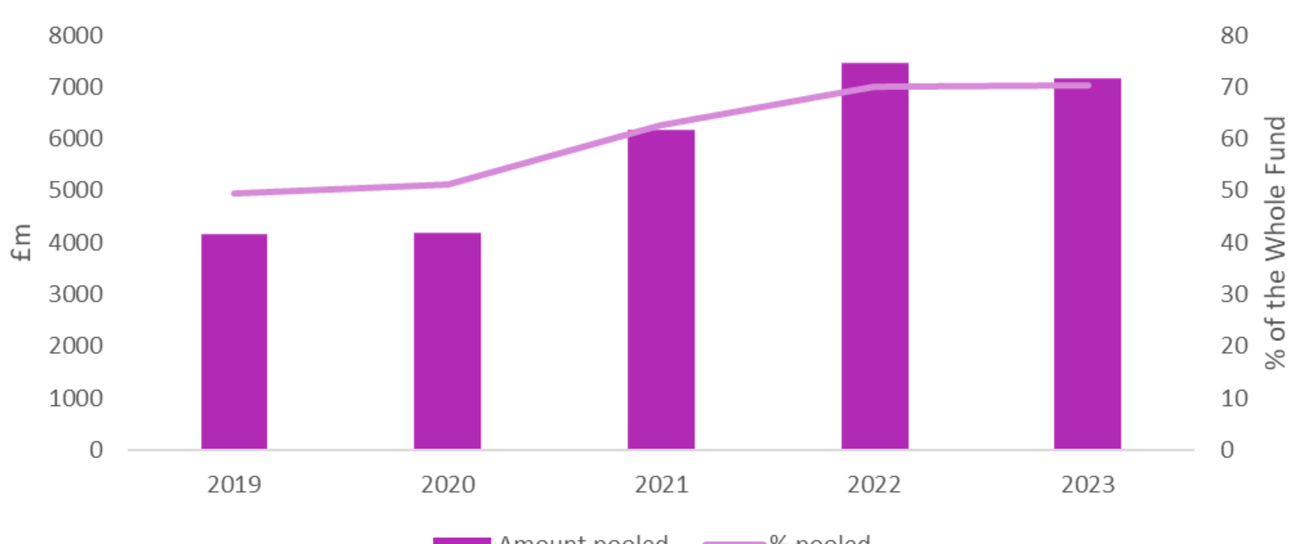
Assets Under Management



At 31 March 2023 Border to Coast managed 70.5% of the Fund's assets.

The progression in the transfer of assets to Border to Coast Pensions Partnership can be illustrated in the chart below.

Progression of Pooling



MANAGING THE PENSION FUND'S INVESTMENTS

LGPS Pooling Savings

The following chart shows the costs of Pooling for SYPA from inception and the savings incurred by the Fund during the year. It should also be borne in mind that because of its previous approach to managing its investments internally SYPA has historically had a relatively low-cost base providing significantly less scope for savings than in funds wholly reliant on external managers.

COSTS OF POOLING	CUMULATIVE TO 2020/21 £M	2022/23 £M
Pooling set up costs/ governance	4.0	0.7
Border to Coast additional costs- Public Markets	8.3	5.2
Border to Coast - Private Market Savings	(3.2)	(6.2)
Transition costs	2.8	0.0
Other savings	(5.2)	(0.7)
Net costs / (Savings)	6.7	(1.0)
Cumulative costs	**6.7**	**5.7**

Note - This is the first year that the Fund has shown savings due to pooling.

Fixed Income

Fixed income assets are those which pay out a set level of cash flows to investors, typically in the form of fixed interest. Governments and corporate bonds are the most common type of fixed income products. We have investments in three different portfolios all managed by Border to Coast, an Index-Linked portfolio, a Sterling Investment Grade Credit portfolio, and a Multi-Asset Credit portfolio. All three portfolios gave negative absolute returns over the period driven by the interest rate exposure. As long-term interest rates rise, the value of fixed income assets typically fall, and interest rates globally rose significantly over the year. Over the year to March 31 2023 rates increased significantly and bonds has the steepest falls seen in decades.

Index-Linked Gilts

The Fund has a significant exposure to index-linked gilts which although not managed passively is very much a buy and hold for the long-term strategy. Most of the index-linked holdings are under Border to Coast management. Within this portfolio they also hold some corporate index-linked bonds as a means of adding value. These assets play a valuable role in relation to providing inflation linked income. The portfolio performed in line with its benchmark returning -39.1% over the year.

MANAGING THE PENSION FUND'S INVESTMENTS

Corporate Bonds

The sterling investment grade credit (SIGC) portfolio and the multi-asset credit (MAC) portfolio are held for the stable cash flows and the credit spread above gilts. Both portfolios are under Border to Coast management. The SIGC portfolio is managed equally by three external bond managers, Royal London, M&G and Insight. The Border to Coast Multi Asset Credit (MAC) fund is invested in a mix of higher risk bonds such as emerging market bonds, high yield bonds, securitised debt and is managed by five external managers and one internal manager. Although both portfolios outperformed government bonds, they gave negative absolute returns with the SIGC portfolio returning -9.7% and the MAC fund returning -3.3%.

Quoted Equities

Quoted equities are held as the highest returning liquid asset class over the long term and are the largest asset class exposure for the Fund. The Fund's investments are through the Border to Coast UK equity fund, the Border to Coast Global Developed Overseas fund and the Border to Coast Emerging Market fund. The portfolios maintain an overall bias to high quality companies with more stable earnings and strong balance sheets.

UK Equities

The Border to Coast UK Listed Equity fund is an internally managed UK portfolio which has a moderate target to provide a total return which outperforms the total return of the FTSE All Share Index by at least 1% per annum over rolling 3-year periods. The portfolio achieved a 4.9% return during 2022/23 which was a 2% outperformance of its target and so now since inception the portfolio has achieved an outperformance of the benchmark by 0.9% per annum. The benchmark index returns of 2.9% for the year was behind the return of Europe-ex-UK Equities but was ahead of other global regions.

Global Equities

The Border to Coast Developed Markets Equity Fund is an internally managed portfolio and the Border to Coast Emerging Markets Equity Fund is a hybrid fund with two external Chinese managers and an internally managed portfolio for Emerging markets ex-China. The performance of global equities overall was positive at 1.3% with developed markets outperforming emerging markets. The performance of the developed market portfolio returned 2.5% and outperformed the benchmark index by 0.9% over 2022/23 whilst the emerging market portfolio returned -3.5% and outperformed its target benchmark by 0.6%. The emerging market portfolio has shown improved relative performance since it changed to a hybrid of internal and external managers in 2021/22 but is still showing disappointing performance since inception.

Ten largest publicly quoted equity holdings by market value held via Border to Coast Equity ACS at 31 March 2023.

1.	Apple Inc	£86.5m
2.	Microsoft	£85.3m
3.	Vanguard Mid-Cap ETF	£81.4m
4.	AstraZeneca	£79.8m
5.	Shell	£77.8m
6.	Samsung Electronics	£58.2m
7.	Taiwan Semiconductor	£54.5m
8.	Unilever	£51.8m
9.	Alphabet Inc	£48.8m
10.	HSBC	£47.6m

MANAGING THE PENSION FUND'S INVESTMENTS

Alternative Portfolios

We hold units in the Border to Coast Listed Alternatives fund which has given us the ability to increase our alternatives exposure before the drawdown into our committed Limited Partnerships. During the year this was reduced by £20m as our weighting increased. At the year end this holding was valued at £155.8m.

The Fund has three alternative portfolios which are intended to access different parts of companies' capital structure. The following sections details these areas.

Private Debt

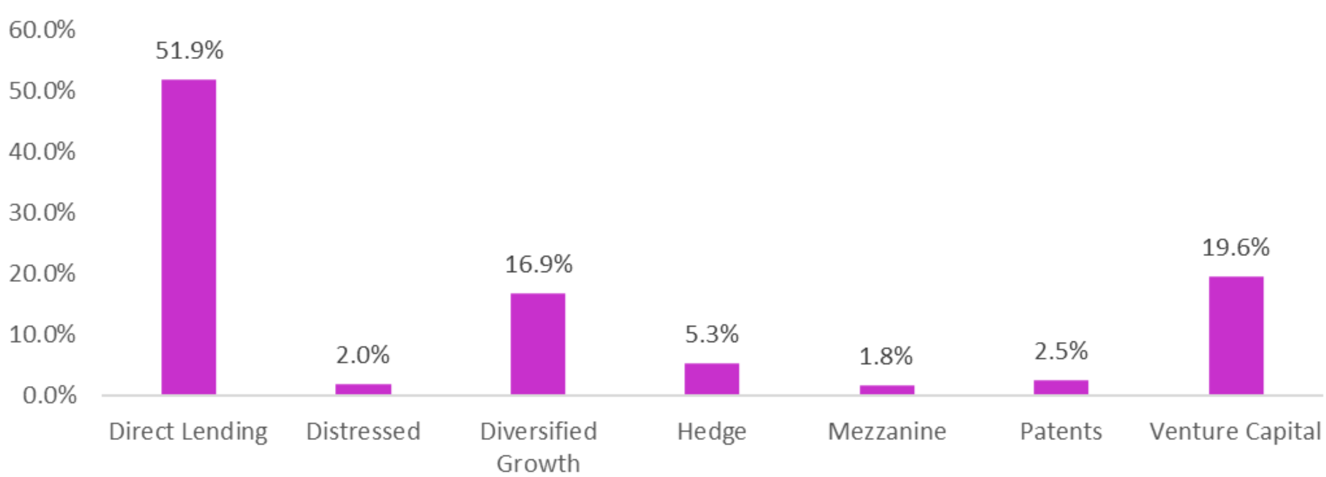
Private debt is a sub-set of the broader leveraged credit markets, characterised by mostly private equity-generated activity in companies that are typically too small or with financing needs too specialised to be financed by the larger public markets.

Private debt encompasses a broad range of strategies which provide financing across all elements of the capital structure including direct lending, mezzanine, unitranche, distressed debt and special situations. The income generated from these funds is a useful source of cash to meet liability payments. The legacy portfolio of 50 funds is diversified by strategy and geographic location and the current value of assets in this category is £592.9m. The breakdown of the portfolio is shown in the graphs below.

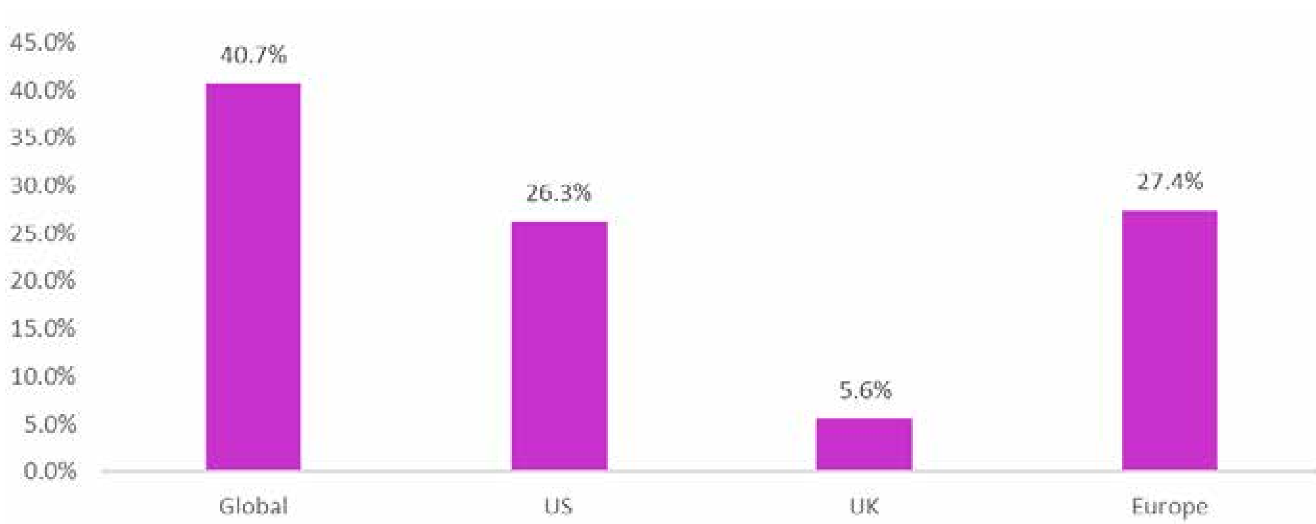
£140m was committed by Border to Coast on our behalf over the year to March 2023. We are at the current target allocation of the Fund, but this will be increasing over the coming year and we will make annual commitments to this sector at an appropriate rate.

The overall portfolio returned 7% over the year to 31 March 2023 compared to the benchmark return of 6%

Private Debt - NAV breakdown by Strategy



Private Debt - NAV breakdown by Geography

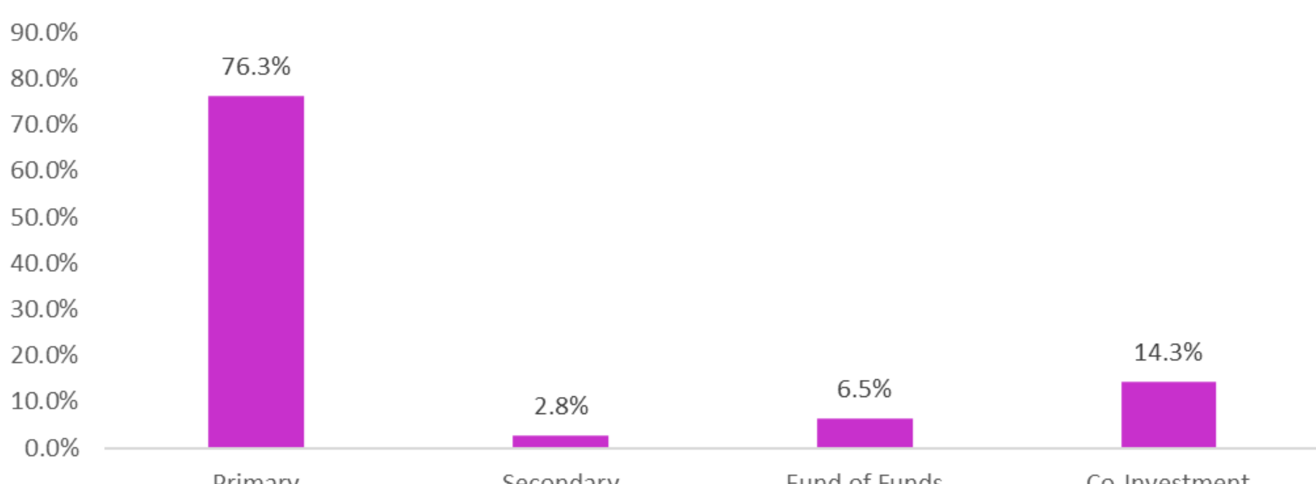


Private Equity

Private equity is the ownership of companies that are not listed on a public stock exchange. SYPA's investment in private companies is through a variety of closed-ended limited partnerships managed by specialist management teams. Private equity investments provide returns linked to quoted equities but with the expectation of better long-term returns because of the higher risk profile and illiquid nature of the investments. A typical life of a fund is between seven and ten years with the drawdown of commitments being typically up to five years.

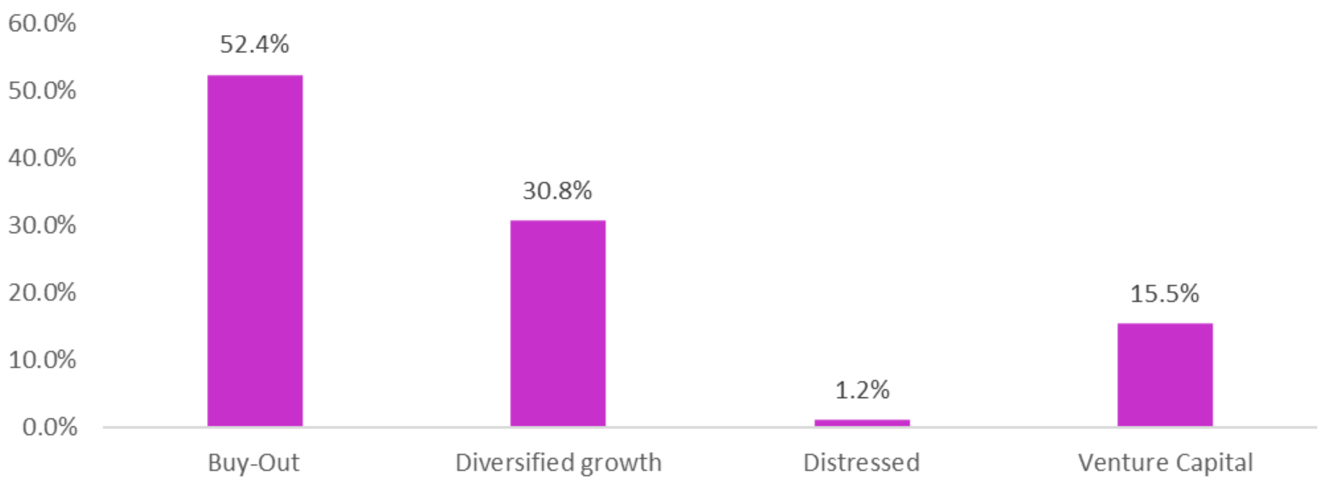
The portfolio of 100 funds is diversified by investment type, strategy and geographic location and the breakdown can be seen in the graphs below. The value of assets currently invested in private equity is £1080.6m

Private Equity - NAV breakdown by Investment Type

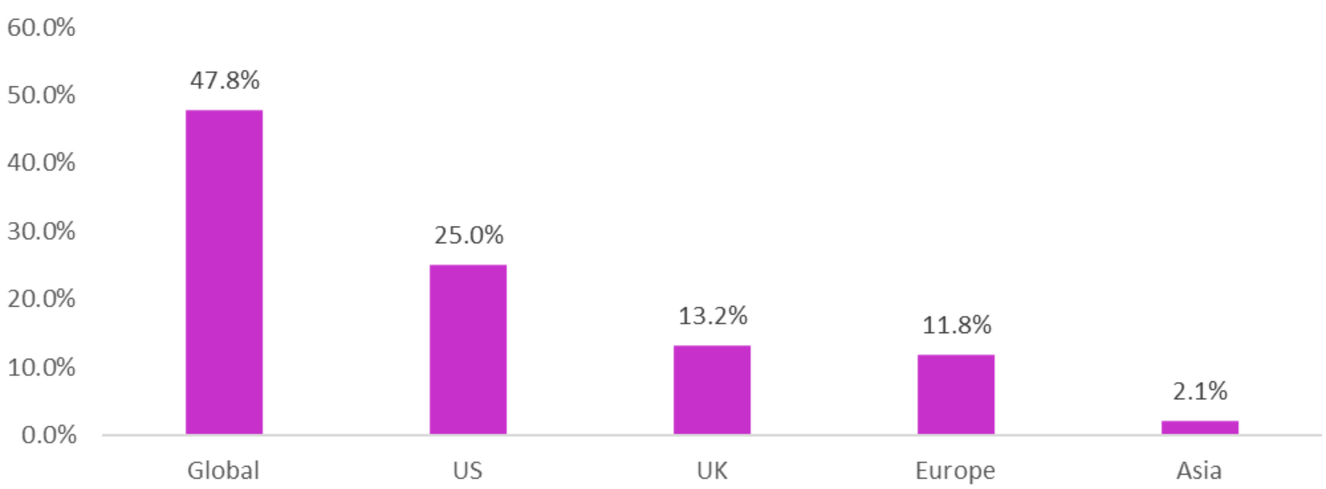


MANAGING THE PENSION FUND'S INVESTMENTS

Private Equity - NAV breakdown by Strategy



Private Equity - NAV breakdown by Geography



After five consecutive years as the highest returning asset class, private equity came in with low single digit returns. The one-year performance of the portfolio showed a gain of 1.3% which is behind the absolute return of 10% which is the benchmark for this asset class. Due to the nature of private equity investments, the process of valuing them takes longer than for a public equity and therefore some of this was a delayed impact seen from listed equity markets last year.

MANAGING THE PENSION FUND'S INVESTMENTS

New investment into this area is now via a Border to Coast limited partnership. A commitment of £100m was made by SYPA during 2022/23. This rate of commitment is lower than over the last few years but is in accordance with the Fund's strategic asset allocation. We are now over the optimum weighting against our strategy and want to reduce the exposure. Investment is being made in such a way to ensure that we still have vintage and strategy diversification.

The aim is to create a diversified portfolio investing in global and regional investments to produce strong financial returns without taking undue levels of risk and which incorporate environmental, social and governance (ESG) issues as part of their process.

Our investments are made by limited partnerships managed by various managers. An example of one of our managers is Bridges.

As investors, Bridges believe that building a better future for people and the planet is a unique opportunity to create lasting economic value. Bridges focus on four key themes that they believe are central to a transition to a more inclusive and sustainable economy.

Sustainable Planet – Investing in the transition to a lower carbon economy.

Healthier Lives – Investing in solutions that improve physical and mental health & wellbeing.

Stronger communities – Investing in solutions that increase access to opportunities and services

Future skills – Investing in skills to boost employability and productivity.

An example of one of their investments is Storetec.

Bridges Fund Management invested in Storetec, a digitisation and data storage business, vis its Sustainable Growth Funds in October 2022

- Based in Hull, East Yorkshire, Storetec provides outsourced document scanning, archive storage and cloud-based document management solutions to businesses in both the public and private sectors, including NHS Trusts, councils, FTSE 100 companies, professional services firms and SMEs. This enables organisations to protect their most sensitive data and build more sustainable digital workflows.
- With so much of our daily lives now powered by technology – a trend accelerated by the rise of remote and digital working post-Covid – data security has become a significant ESG issue. Data breaches and data insecurity due to mismanagement represent a growing and persistent threat that can damage people's lives.
- According to the World Economic Forum, cybersecurity is now one of the five key risks facing businesses globally: more than 80% of UK companies have experienced a successful cyber-attack in the last year. This trend, and increasing regulatory pressure, is creating strong demand for services that can help companies digitise and secure their critical data: the electronic data storage market is forecast to grow at about 15% in the coming years.
- Working with over 400 organisations each year, Storetec has digitised over 333m paper records over the last decade. With multiple gold standard accreditations, Storetec's services enable improved data protection, regulatory compliance and archives access, and – by supporting their digitisation journey – lower carbon emissions via reduced paper consumption.

Bridges secured the investment in a competitive process due to values alignment with management team, including the shared ambition to accelerate the growth of the business and embed best-in-class impact management practices to build an impact-led exemplar in the ESG services sector, with data security at its core.

MANAGING THE PENSION FUND'S INVESTMENTS

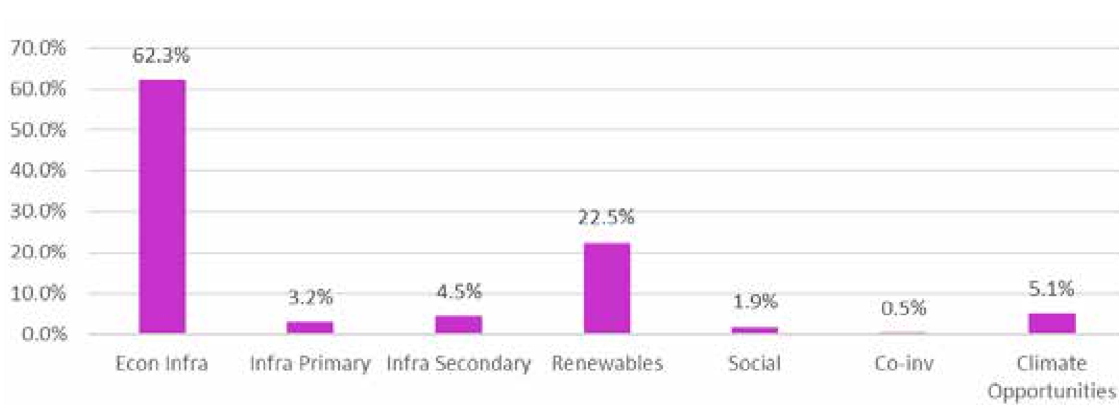
Infrastructure

Infrastructure investments include assets in energy generation (gas, electricity and renewable), transport, communication, and healthcare/hospitals. They typically offer long-term returns which have a close match to the objectives of the Fund, preservation of value over the long term, inflation linkage and they have a cash flow focus as well as providing a good means of diversification for the Fund. They are illiquid and do mean that capital is locked up for a period, but this is generally compensated for by expected higher returns.

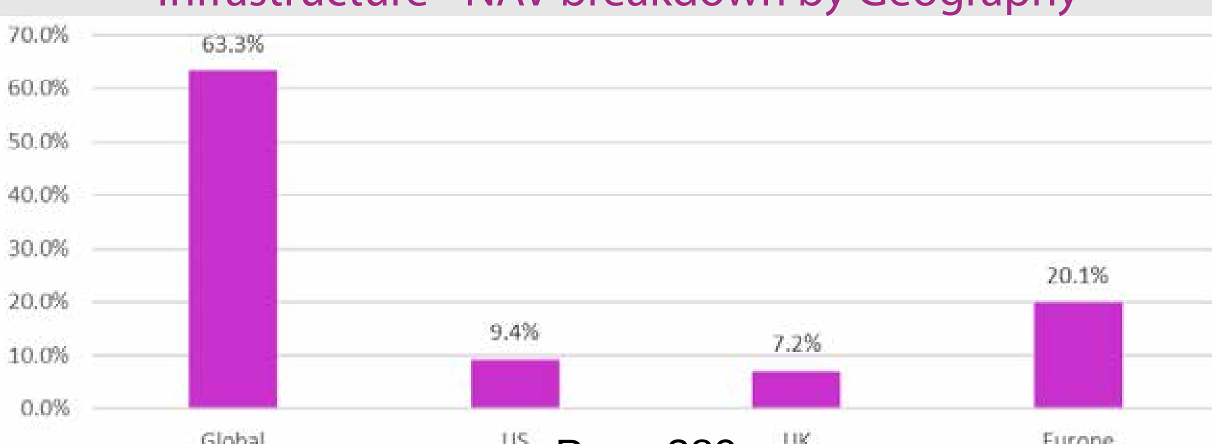
The allocation to infrastructure has been made via global and regional investment funds. The portfolio is in line with the target allocation of 10% of Fund assets. The focus is on assets with inflation-linked long duration income streams that are less sensitive to the economic cycle. This will be maintained by making appropriate annual commitments through our Border to Coast limited partnership.

The portfolio has 36 legacy investment funds, and this year we made a £185m commitment to the Border to Coast limited partnership. The current value of these investments is £1021m. The exposure is well diversified and is shown below. The Fund’s infrastructure portfolio is benchmarked against an absolute return of 8% p.a. Over the twelve months to 31 March 2023, the portfolio returned 8.9%, outperforming the benchmark by 0.9%.

Infrastructure - NAV breakdown by Strategy



Infrastructure - NAV breakdown by Geography



MANAGING THE PENSION FUND'S INVESTMENTS

An example of a manager that we have investments with is Quinbrook which is a specialist manager focused on renewables, storage and grid infrastructure. We have investments in four of their funds. The latest investment was into their Renewables Impact Fund. Each investment in the fund seeks to support the UK's 'Net Zero' energy transition and provides solutions for ensuring reliable, secure, accessible and carbon-free power supply for the UK grid.

Quinbrook considers that the underway 'Net Zero' transformation offers unprecedented investment opportunities in the UK energy sector. In October 2021, to help boost the country's efforts to achieve its Net Zero ambitions, the Government made the landmark announcement that the UK power system would be fully decarbonised by 2035. This ambition has been accelerated to 95% low carbon power by 2030. Achieving 'Net Zero' is expected to require substantial investment (GBP 2.7 trillion of investment to 2035, GBP 375 billion to decarbonise power and grid alone) in the planning, development, construction and commissioning of new infrastructure solutions which in turn have the potential to create and support fair and sustainable jobs, directly benefit local communities, in particular regional communities, drive business stimulus and rapidly decarbonise the UK economy and society.

The Quinbrook Renewables Impact Fund ("QRIF") strategy was designed to directly tackle this unprecedented new asset and business creation opportunity and to fundamentally support robust UK climate risk resilience, widespread decarbonisation, improved energy affordability and security of supply. Quinbrook considers that whilst the overall opportunity will be enduring, the next 3-5 years will be a critical phase and should reward investors who address the UK's urgent supply need for low cost and carbon free renewable power. Moreover, Job creation and preservation, local economic benefits for UK communities and broader biodiversity and environmental and social impacts are all key targets of this 'Green Industrial Revolution'.

MANAGING THE PENSION FUND'S INVESTMENTS

Property

SYPA has a current 10% allocation to property as an asset class and it is an important source of income for the Fund. SYPA has three elements to its property exposure. On 31 March 2023 it comprised 28 directly held commercial properties valued at £478m, an agricultural portfolio valued at £224m and 19 indirectly held specialist holdings valued at £160m.

At the sector level within the commercial property portfolio, we have been favouring sectors with more defensive characteristics, preferring to invest in areas where the structural drivers of demand are positive. During the year we completed the asset sale programme of the undersized or capex-intensive office and retail assets that had been identified.

Top 5 Commercial Property Holdings

1. **Stockbridge Road, Chichester**
   Student accommodation **£32.33m**
2. **Oxgate Centre**
   Industrial estate **£31.60m**
3. **Langley Park, Slough**
   Industrial estate **£30.75m**
4. **Hartwell House, Bristol**
   Offices **£29.725m**
5. **Sainsbury's Butterley Park, Ripley**
   Retail Supermarket **£26.65m**

Commercial Property - NAV breakdown by Sector

Annual performance of the direct commercial portfolio was -16.4% compared to the benchmark return of -14% and means that the portfolio has now also underperformed over the three-year period and has performed in line with its benchmark over a five-year period. The principal reason for this underperformance was because we were overweight industrials which were on very low yields and were repriced as rates increased with the margin between prime yields and the risk-free rate narrowing.

MANAGING THE PENSION FUND'S INVESTMENTS

This leaves the Fund underweight its strategic allocation, but several opportunities are currently under offer. The Fund’s investment manager Aberdeen Standard has identified the opportunity for some diversification of the holdings to add value in the coming year.

After a couple of years where the pandemic had a detrimental impact on the farming operations, performance was more positive for our agricultural portfolio. We purchased a £27m estate during the year at Holbeach which created synergies with our existing holdings.

Within the specialist holdings we have set up a portfolio of regional development debt which has CBRE as an advisor to invest in local (Sheffield City Region/South Yorkshire) development projects. The portfolio has the aim of generating a commercial return whilst delivering a positive local impact.

Seven loans are in place and there are further loans in various stages of the due diligence process. The loans which finalised during this financial year were for Gateway 36, Barnsley and Shepcote Lane, Sheffield.

The Gateway 36 loan was to fund the construction costs and expenses for phase 2A of an industrial development which is just off junction 36 of the M1. It is for 110,000 sq. ft. of newly developed industrial and logistics space across 3 units as part of the redevelopment of the former Rockingham Colliery site as part of a wider regeneration masterplan. It is expected to provide 271 new jobs in the region.

A letting on Unit 3 was signed in January 2023 and terms are being negotiated on the other two units.

Shepcote Lane is a Senior Loan to support the development of a 367,000 sq. ft. single industrial unit located just north of Sheffield city centre. Completion is expected later this year. The loan portfolio has generated an IRR of over 8% this year.

Also, within these specialist holdings we added an allocation to UK residential property in 2020 through funds managed by Hearthstone and by St Bride’s. During 2022/23 a decision was made to make commitments to two further funds, the National Homeless Property 2 Trust and the Henley Secure Income fund which specialises in supported living. These commitments should be fully drawn down in 2023/24.

Over the last twelve months the overall property portfolio generated a return of -10.3%, and this underperformed the weighted index benchmark of -7.6%.

Cash

Cash is only held pending investment and during the year money has been invested into alternative market funds and property. On 31 March 2023 the sterling cash figure was at £78m down from the previous year's level of £103m. £32m of this was held within a sterling liquidity fund, £36m held with four F1 rated banks and £10m held as short-term deposits with two local authorities.

MANAGING THE PENSION FUND'S INVESTMENTS

6.3

Responsible Investment

The Authority is fully committed both to investing responsibly and to the good stewardship of its investments across all asset classes. It seeks to act at all times in the best long-term interests of all its members and protect and enhance the value of the companies in which it invests on their behalf. We have defined what we believe responsible investment to mean in the following terms.

South Yorkshire Pensions Authority believes that investing in well governed and sustainable assets is key to delivering the long-term investment returns required by the Pension Fund. The Authority's goal is for carbon emissions from the totality of its investment portfolio to be zero by 2030 (the "Net Zero Goal") and has developed a net zero action plan to chart its route to this goal. This action plan includes the incorporation of this Net Zero Goal in the Authority's investment beliefs and investment strategy and contemplates frequent review of the performance of its investments within the context of this goal, as well as monitoring of the delivery of the commitment and the transition towards it.

We believe that well governed assets will present the following characteristics:

- A recognition of the key risks to the long-term sustainability of the business, in particular climate change, and will have created action plans to address these risks over reasonable but not unduly prolonged timescales.
- Transparency in their governance, balancing the interests of shareholders, executives and other stakeholders including the workforce.
- Respect for the human rights of the communities with which they interact and their various stakeholders.
- Acknowledges the environmental impacts of their activities and takes steps to minimise and/or mitigate them.

The Authority expects those managing money on its behalf to reflect these factors in their investment process and where specific risks or concerns are identified to engage with assets in order to ensure that these characteristics are met. Engagement activity will:

- Have clear and specific objectives.
- Be time limited.
- Where unsuccessful link to clear consequences reflecting the degree to which the investment thesis for the asset has been undermined by non-compliance.

The Authority will report each year on the impact of its investment portfolio on society using the framework of the UN Sustainable Development Goals and will where possible, given the constraints of pooling, seek to prioritise investments which address the opportunities presented in relation to:

- SDG 13 – Climate Action
- SDG 6 - Clean Water and Sanitation
- SDG 7 – Affordable and Clean Energy

The Authority's fundamental belief is that this approach is entirely consistent with securing the long term returns the Pension Fund is required to deliver, and that it is therefore in the best interests of both scheme members and employers.

We work within the Border to Coast Pensions Partnership to achieve our objectives and the policy framework within which we do this is illustrated in the diagram below (the purple boxes are owned by SYPA and the grey ones by the Partnership).

SYPA Responsible Investment Policy

- Border to Coast Responsible Investment Policy
- Border to Coast Corporate Governance and Voting Guidelines
- Border to Coast Climate Change Policy
- SYPA Climate Change Policy
- SYPA Net Zero Action Plan
- SYPA Policy on Responsible Investmnet for Commercial Property

The Authority's policies are reviewed each year in March with the intention of influencing the development of the Partnership policies which are reviewed annually over the summer with approval in the autumn leading up to peak voting season.

The process of review considers wider policy developments across the industry as well as what has been achieved in relation to positions which have been set out in previous versions of the policy.

Over the last year because of this process of policy review the Authority has influenced the development evolution of the Border to Coast Partnership's voting guidelines and in particular the strengthening of the position in relation to holding companies to account for their actions to address climate risk.

The Authority has also exerted its influence to encourage the development of investment products supportive of specific impacts with the proposals to develop a UK Opportunities Fund aimed at addressing potential requirements in relation to investment to support "levelling up", in addition to the Authority's own place based impact allocation.

Along with integrating ESG factors into investment decision making, the Authority also looks to its investment managers to engage with companies and works with others to do so in relation to specific issues, while also exercising its voting rights in order to use its influence as an investor to promote and support good ESG practices.

The Authority believes in being transparent about its stewardship and ESG activities. It produces quarterly reports on the activities undertaken on its behalf by Border to Coast and their engagement partner Robeco and on collaborative activity undertaken by the Local Authority Pension Fund Forum which are available through our website. These reports also include, where available, details of the ESG ratings and characteristics of specific portfolios.

MANAGING THE PENSION FUND'S INVESTMENTS

Resources

The Authority's work in this area is led by the Director supported by input to specific pieces of work by other individuals. It is recognised that this level of resource is stretched and overly reliant on key individuals who have much wider responsibilities. Approval was given in October 2022 to appoint an additional member to the Investment Team with a view to them taking a lead on these issues and on a number of specific portfolios. The new team member will take up their role early in 2023/24.

In addition, the Authority makes use of consultants to provide specialist advice and input to specific projects, such as the impact work reported elsewhere in this annual report.

Given this level of resources the Authority is highly reliant, in order to achieve its objectives, on working collaboratively with others, in particular Border to Coast and its engagement partner Robeco, but also the Local Authority Pension Fund Forum (LAPFF) and other collaborations which are highlighted later in this report.

Voting

Active ownership involves using shareholder rights to improve the long-term value of a company and includes both voting and engagement strategies. The Authority regards voting rights as an asset and looks to those managing money on its behalf to use them carefully.

Because we now own shares through pooled funds operated by the Border to Coast Pensions Partnership, we no longer exercise our voting rights directly. However, Border to Coast exercises voting rights and engages with investee companies in line with a Responsible Investment Policy and Voting Guidelines jointly agreed by all the partner funds.

Voting in the Border to Coast pooled vehicles in which the Authority is invested is undertaken in all markets through Robeco as Border to Coast's proxy voting adviser.

The full guidelines can be found on the Border to Coast website but in summary the position on key issues is set out below:

Voting Guidelines Summary

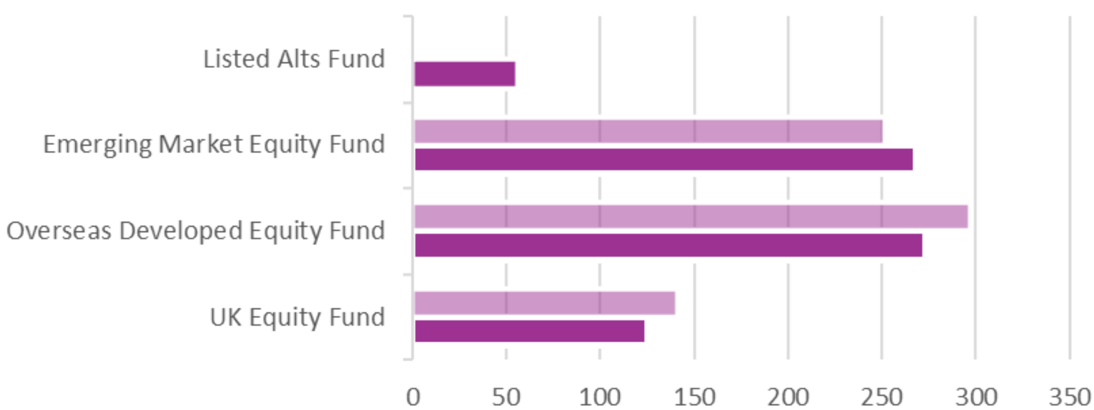
- Company boards, composition, and independence: The composition and effectiveness of the board are crucial to determining corporate performance as company behaviour has implications for shareholders and other stakeholders.
- Leadership: The role of the chair is distinct from that of other board members and should generally be seen as such but should not be responsible for the day-to-day management of the business.
- Non-executive directors: The role of non-executive directors is to challenge and scrutinise the performance of management in relation to company strategy and performance. To do this effectively they need to be independent.
- Succession planning: We expect the board to disclose its policy on succession planning, the factors considered and where decision-making responsibilities lie.
- Board evaluation: A requisite of good governance is that boards have effective processes in place to evaluate their performance and appraise directors at least once a year.
- Stakeholder engagement: Companies should take into account the interests of and feedback from stakeholders, which include the workforce.
- Directors' remuneration, annual bonus, and long-term incentives: Remuneration has serious implications for corporate performance. Bonuses should reflect individual and corporate performance targets which are sufficiently challenging, ambitious, and linked to delivering the strategy of the business and performance over the longer term.
- Audit: The audit process must be objective, rigorous, and independent if it is to provide assurance to users of accounts and maintain the confidence of the capital markets.

MANAGING THE PENSION FUND'S INVESTMENTS

- Political donations and lobbying: Companies should disclose all political donations and demonstrate where they intend to spend the money and that it is the interest of the company and shareholders.
- Dividends: Shareholders should have the chance to approve a company's dividend policy, and this is considered best practice. The resolution should be separate from the resolution to receive the report and accounts.
- Shareholder proposals: Shareholder proposals are assessed on a case-by-case basis. Consideration will be given as to whether the proposal reflects Border to Coast's Responsible Investment Policy and supports the long-term economic interests of shareholders

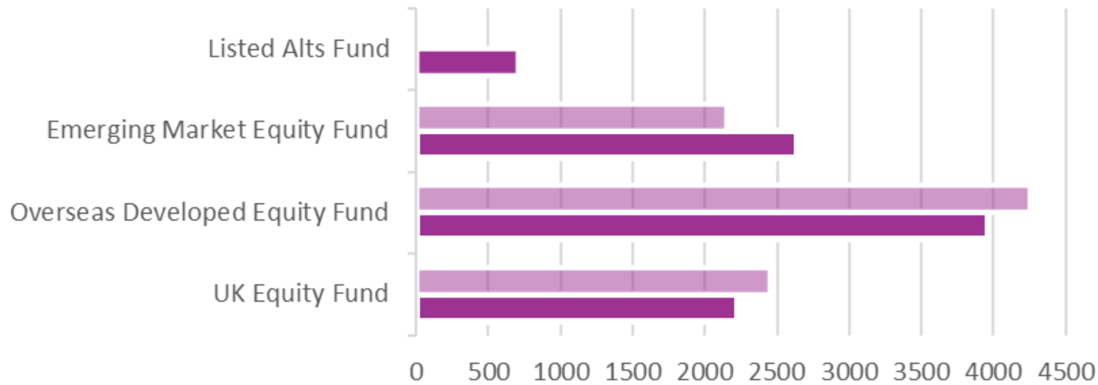
The graphs below show the number of meetings where votes have been cast on behalf of the Authority and the number of votes cast over the last year, compared to the previous year. The significant increases in relation to the Listed Alternatives Fund are a result of the fact that it was only launched in February 2022.

Number of Meetings Voted 2022 -23



	UK Equity Fund	Overseas Developed Equity Fund	Emerging Market Equity Fund	Listed Alts Fund
2021-22	141	297	252	1
2022-23	125	273	268	56

Votes Cast 2022 -23

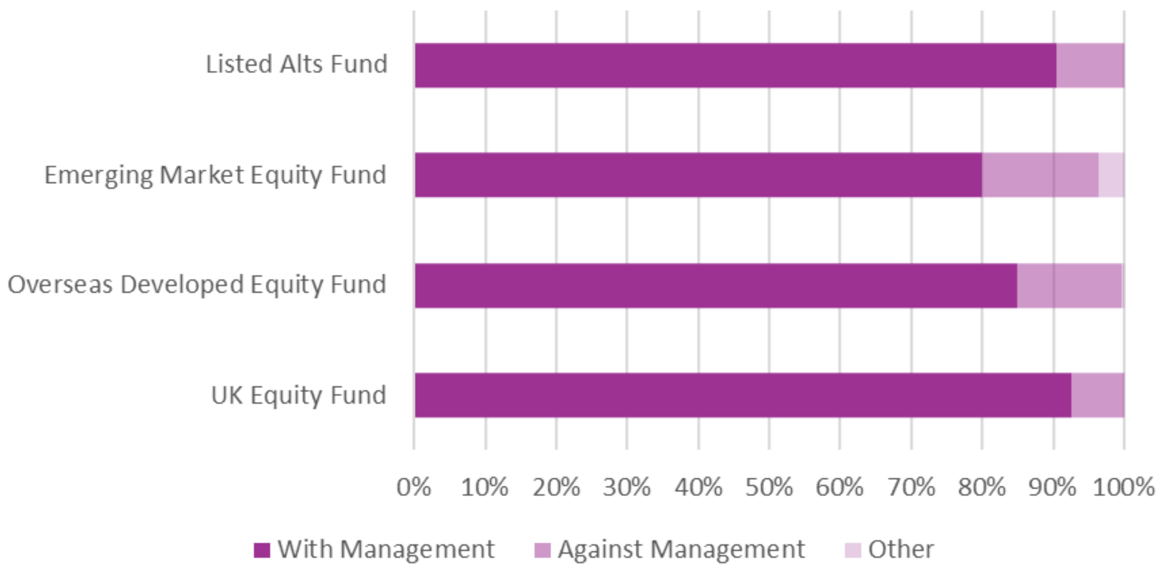


	UK Equity Fund	Overseas Developed Equity Fund	Emerging Market Equity Fund	Listed Alts Fund
2021-22	2450	4253	2155	1
2022-23	2224	3962	2639	705

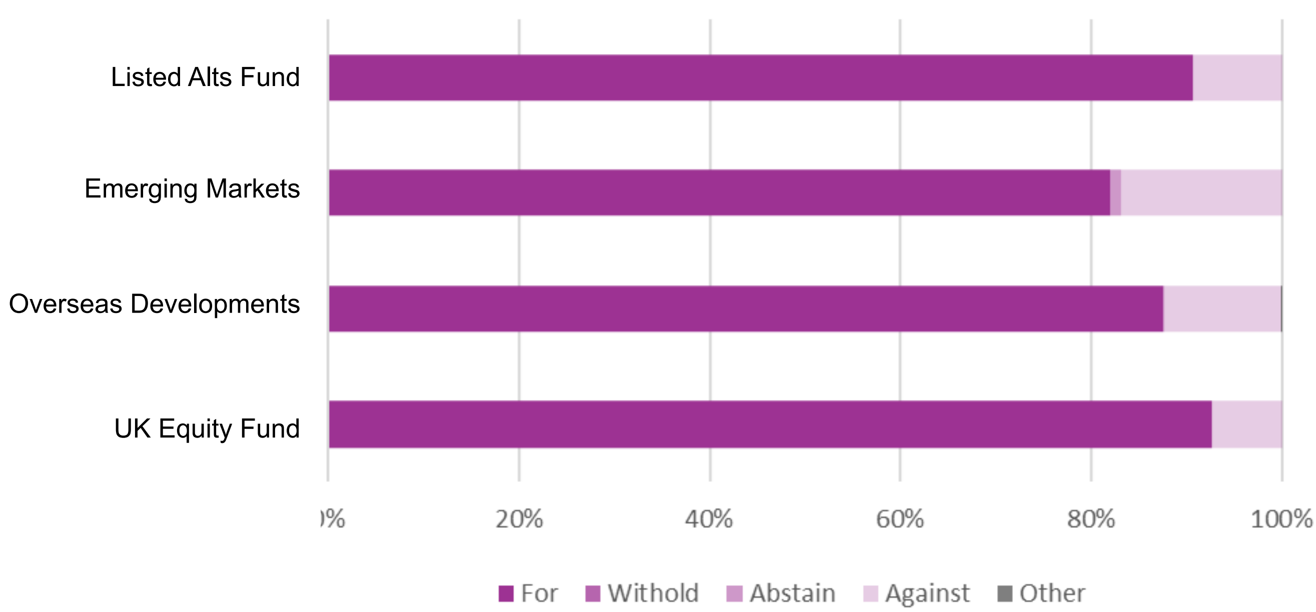
Overall there has been a small increase in the numbers of meetings voted and votes cast. In terms of the number of meetings the increase through the full year impact of the listed alternatives fund has been partly offset by the reduction in the number of holdings in the other funds. Adjusting for the full year impact of the Listed Alternatives Fund the number of votes cast is at a similar level to the previous year.

In general, we look to support management of companies where they are taking actions which will secure both the sustainability of the business and long-term value for shareholders. However, we do not always agree with the views that management take and where that is the case we vote against management and in line with the policy we have agreed with our Border to Coast partners. The two graphs below show the proportion of votes where we have voted against management and the proportion of cases where we have supported or opposed the proposals being voted on.

Votes For and Against Management by Fund 2022 -23



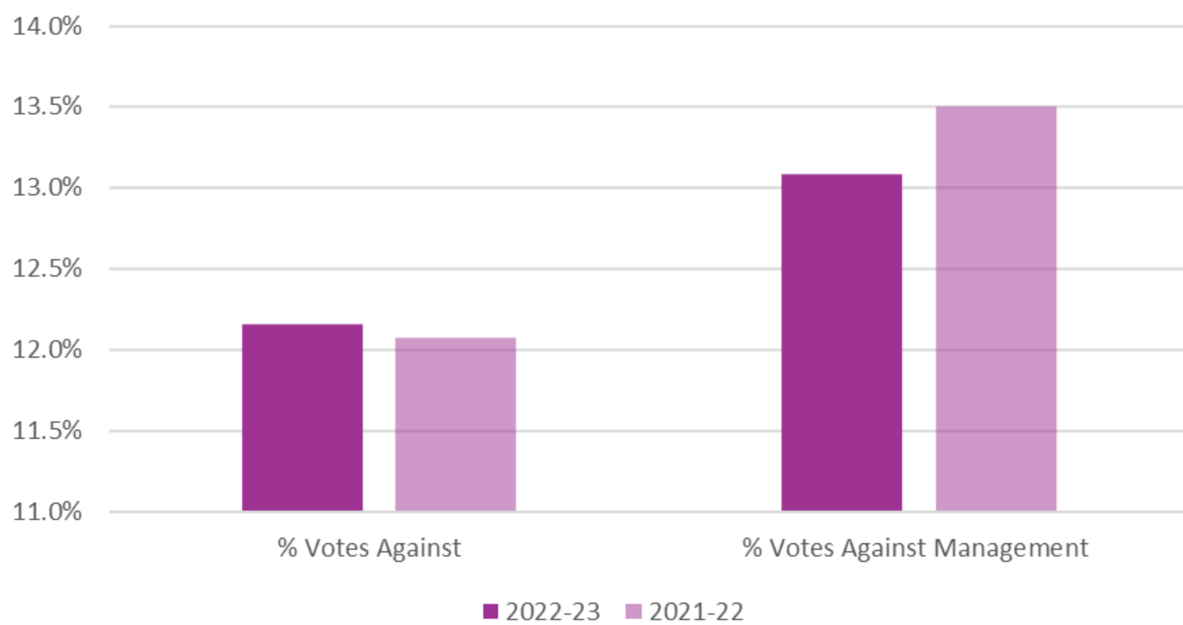
Support and Oppose Votes by Fund 2022 -23



MANAGING THE PENSION FUND'S INVESTMENTS

The proportion of cases where we have opposed resolutions has increased compared to the previous year as shown below, although the proportion of votes against management has reduced since last year as shown below.

Votes For and Against Management by Fund 2022 -23



This reflects the tightening of the voting guidelines, particularly in relation to voting against the Chairs of companies and remuneration committees where the company has failed to achieve sufficient board diversity or to adequately address climate risk. Significant votes against management have also been cast in support of shareholder resolutions aimed at ensuring companies have robust plans for the transition away from carbon supported by science-based targets. While the proportion of votes against has marginally increased there has been a reduction in the proportion of votes against management. In particular this reflects positive initial movement by some companies in relation to climate issues.

While the Authority's equity investments are made through pooled products provided by Border to Coast we retain the right to vote our proportion of shares differently to the other participants in the pool if we believe that Border to Coast's proposed vote is not in line with our views on the specific issue. During this year we did not need to exercise this right.

The major issues on which we voted against company proposals include:

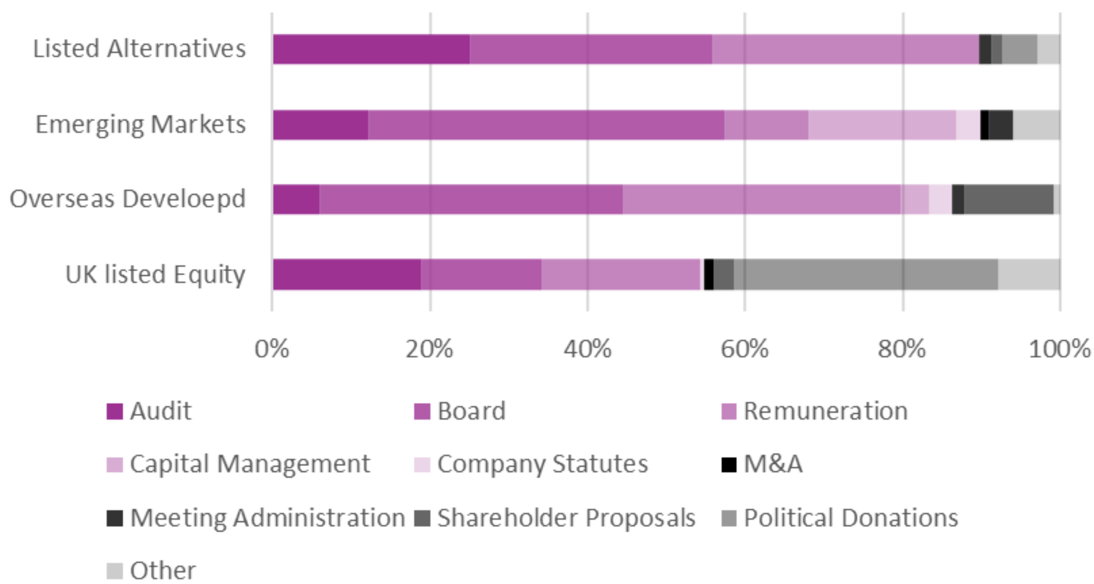
- Encouraging companies to ensure the independence of their auditors by limiting the length of audit appointments.
- Voting to encourage companies to ensure genuine diversity and independence in the membership of their boards.
- Voting against excessive remuneration packages for executives and performance incentive packages which focus on short term incentives, and which have opaque targets which are too easily achieved.

MANAGING THE PENSION FUND'S INVESTMENTS

These topics reflect the fact that these types of issue are dealt with at every company's annual meeting. Other topics such as climate and workforce issues are driven by shareholder resolutions which in some countries are difficult or impossible to put forward.

The graph below shows the topics on which we voted against management in each of the equity portfolios.

Subject of Oppose Votes 2022 -23



In addition, we have also supported resolutions put forward by shareholders which encourage companies to actively decarbonise their business and to adopt science-based targets for doing so.

The first quarter of each financial year are known as "peak voting season", or "proxy season". Robeco who undertake voting activity on behalf of Border to Coast in line with the Partnership's voting policy provided the following overview of activity during the 2022 Voting Season.

The 2022 proxy season saw shareholders continue pushing to expand their rights and enact change at companies deemed to lag their expectations. Meeting agendas were packed with proposals seeking amendments to provisions governing proxy access, special meetings, and action by written consent, as well as resolutions calling for companies to adopt the "one share, one vote" principle. Particularly noteworthy were the many "fix -it" shareholder proposals seeking amendments to existing proxy access bylaws. These called for changes to aggregation limits or holding period requirements, indicating that shareholders have a thorough understanding of the technicalities surrounding their participation tools, and clear expectations regarding what rights they should hold. In all instances, we judged the merits of these shareholder proposals on a case -by -case basis. We supported proposals deemed to protect minority shareholder rights and strengthen director accountability while safeguarding long -term shareholder interests.

In some cases, shareholder initiatives to enact change translated into large -scale proxy contests. A notable development in this sense was the proxy fight launched by Carl Icahn at McDonald's over animal welfare. Although the campaign failed, many viewed this attempt as a signal that ESG -driven proxy contests may become commonplace. This speculation is spurred by recent proxy rules amendments passed in the US by the Securities and Exchange Commission, which will mandate the use of universal proxy cards in election contests as of August 2022. These require that all proxy cards distributed in contested elections include all nominees up for election, enabling shareholders voting by proxy to mix and match nominees from distinct slates. In the case of proxy contests, we base our voting decisions on several factors, including, among other things, the validity of the dissident's case for change at the company and whether the proposed plan is in line with the shareholders' long -term interests.

The 2022 proxy season, as it was expected, was an active one. It is challenging to decide where the focus was this season. There was certainly a lot of interest in numerous post -pandemic Say -On -Pay proposals and some corporate governance agenda items covering board elections. Additionally, there was also a lot of enthusiasm for some notorious Say -On -Climate resolutions. There is no doubt that this season was busier due to the high volume of ESG shareholder resolutions making it to proxy ballots.

The increase in shareholder proposal filings was prompted by the priorities shift at the US Securities and Exchange Commission (SEC) over the last year. In November 2021, the SEC issued new guidance on how they would interpret the rules used by companies to exclude ESG shareholder proposals, making it more difficult for companies to remove environmental and social proposals from their proxies. This guidance gave investors significant power to raise their concerns by submitting resolutions on essential matters and voting on them.

Investors' attention in this proxy season was on environmental matters. The most prominent shareholder resolutions requested companies for greater disclosure of their impact on climate and the risks this entails, the adoption of concrete emissions reduction targets in all scopes, and reporting on board oversight on the company's climate initiatives. We also saw investors asking companies to disclose their lobbying activities on climate issues, as well as to report on how they would shift their business to using recycled plastic, and to communicate their efforts to decrease deforestation.

Say -On -Climate has been a dominant issue since the 2021 proxy season, and the debate also continued this year. We also noticed a strong increase in shareholder proposals asking for the adoption of Say -On -Climate proposals in future AGMs. Investors' views in this respect though have been diverse. Some have been more decisive in supporting the facilitation of these proposals, while others have been more skeptical. One thing is sure - many investors are adopting a more detailed and case -by -case approach when assessing their votes on Say -On -Climate proposals, pushing companies to provide clear and comprehensive climate -related information.

Social shareholder resolutions focusing on diversity, equity, and inclusion were also high on the agenda for investors. There has been increasing support for resolutions focusing on disclosing data on gender and racial pay gaps. High support was also received by resolutions asking companies to conduct racial equity audits to detect how their business activities might have 'adverse impacts on non -white stakeholders and communities of color.' This year we also saw shareholders asking companies to explain the use of concealment clauses in employment contracts, which limit the ability of an employee to discuss grievances or concerns about employment practices. Lastly, abortion rights have moved up on responsible investors' agenda, pushing companies to support employees' rights in those US states where lawmakers have passed or proposed legislation that would severely restrict women's ability to access legal terminations of pregnancies.

This proxy season, we also saw an increase in anti -ESG shareholder resolutions. A prominent example was the 'civil rights and non -discrimination' proposal, which asked the companies to conduct audits of their impact on civil rights. The resolution initially seemed supportable. Nevertheless, after carefully reviewing the proponent's supporting statement, it showed that the proposals also argued that "anti -racist" programs are discriminatory "against employees deemed non - diverse". This argument revealed filler's intentions to frustrate companies' efforts to promote civil rights and social justice.

Last but not least, on Governance, the shareholder proposals that attract investors' interest remain those focusing on supermajority vote requirements, the ability to call special shareholder meetings, and action by written consent. A high support rate was seen in the case of shareholder proposals asking the company to separate the roles of CEO and Chair of the Board. This development is welcomed by most investors since an independent chair can better oversee a company's executives and set a pro -shareholder agenda.

Robeco Voting Report

MANAGING THE PENSION FUND'S INVESTMENTS

Details of the votes cast on our behalf are published quarterly and are made available through our website. Below are the details of some of the more notable or significant votes cast during the year. These are examples chosen to cover the breadth of the type of votes cast and the geographical and industry spread of the companies to which we are exposed within the equity portfolios.

Activision - This a global developer and publisher of interactive entertainment content and services. There were a number of resolutions at a special meeting to consider a takeover by Microsoft. 63% of shareholders while endorsing the takeover voted in favour of a resolution asking for reports about efforts to combat "abuse, harassment and discrimination" following allegations of a "fratboy" culture.

Alibaba Group - is held in the Emerging Market Fund and is viewed as the "Chinese Amazon". The focus at the AGM was on the election of directors where the Founders of the Company are able to nominate a majority of the Board, which is not in line with the governance principles in our voting guidelines. We voted against both the Chair and Chair of the Nomination Committee on the grounds of lack of Board diversity and independence. This was intended to spur the Company to further improvement as it looks to move its primary listing to Hong Kong.

Nike - is held in the Overseas Developed Fund and is a global manufacturer of sportswear. The 2022 AGM saw two particularly significant resolutions. The first was "Say on Pay" which once again drew significant opposition (up to 35% from 28% last year) based on the magnitude and structure of executive pay and incentive schemes. The second resolution sought to pause the sourcing of raw materials from China in light of current US Government advice. We abstained on this resolution as while we consider that the risks relating to China should be addressed a pause this nature is not the only route to achieve this.

Oracle Corp - is a multinational software company. The AGM saw continued scrutiny of the company's pay practices. We once again voted against the "say on Pay" proposal for three main reasons - modification of the 2018 stock option performance criteria, pay and performance misalignment and lack of meaningful response to shareholder dissent. We also voted against the reappointment of all Remuneration Committee members. There was around a 33% vote against "Say on Pay" and between 27% and 30% against tine individual re-election proposals.

National Australia Bank - NAB's AGM saw two noteworthy shareholder proposals as part of a broader campaign to hold large Australian banks to account for their climate commitments. The first was a constitutional change to make shareholder resolutions easier to submit which we supported because we believe this is an enhancement of shareholder rights. The second resolution which we also supported asked the Company to report annually on how it's financing will be used for new or expanded fossil fuel projects. This is in line with our general approach of supporting disclosure and transparency in these areas.

VISA - is a worldwide payments technology firm and is held in the Overseas Developed Fund. As in previous years we were unable to support the proposal on remuneration where we felt the total package for the CEO was excessive and the incentive package was unduly short term. Unusually, we opposed a vote to separate the roles of CEO and Chair on the grounds that this was specifically intended to diminish the CEO's decision making power because of their advocacy on a range of ESG initiatives by the Company.

MANAGING THE PENSION FUND'S INVESTMENTS

Engagement

Engagement is the process by which investors use their influence to encourage companies to improve their behaviour and management of ESG issues which may improve the company's long term financial performance. Following the pooling of our assets the Authority now engages with companies in relation to these issues in four ways:

- Direct engagement with companies by Fund Managers at Border to Coast Pensions Partnership
- Direct engagement with companies by external managers who are responsible for mandates within the Border to Coast funds
- Engagement with companies by Robeco, Border to Coast’s voting and engagement partner
- Engagement through the work of the Local Authority Pension Fund Forum (LAPFF) which is a collaborative group of UK local authority pension funds which seeks to use the collective scale of shareholdings in companies to influence behaviour.

We also seek to engage with others managing money on our behalf, for example in private equity and infrastructure funds to encourage them to ensure that the underlying investments in these funds comply with good practice in relation to environmental social and governance issues. Border to Coast have continued to work with Allbourne on wider industry initiatives to strengthen the assessment of ESG practice within the managers of funds within the various alternatives portfolios which they are building out for partner funds.

Engagement Priorities

Working with other funds within Border to Coast we identify engagement themes which represent financially significant issues which could have a material impact on shareholder value. For the period up to the end of 2021:

- Transparency and disclosure
- Governance
- Diversity; and
- Climate Change

The engagement programme of LAPFF is determined jointly by the membership. As a result of the larger number of stakeholders involved the focus is somewhat broader than the activity undertaken through Border to Coast, however, there is a significant commonality in the areas of:

- Transparency and disclosure (in particular issues around lobbying).
- Diversity (in particular in the composition of Boards).
- Climate Change (in particular around issues around company’s plans to deliver zero emissions).

In addition to this LAPFF has focussed in two further areas which the Authority has particularly supported:

- Human Rights and Social issues, particularly, in terms of companies’ relationships with indigenous communities. This is a particular issue in the mining industry associated with issues such as tailings dams but is also evidenced by the destruction of the Juukaan Gorge an aboriginal heritage site in Australia.
- Reliable accounts where LAPFF has been instrumental in a long-standing campaign to address the regulatory failures which have contributed to a number of major corporate failures such as Carillion. This is gradually bearing fruit in the UK with the proposed replacement of the Financial Reporting Council with a new more independent body.

MANAGING THE PENSION FUND'S INVESTMENTS

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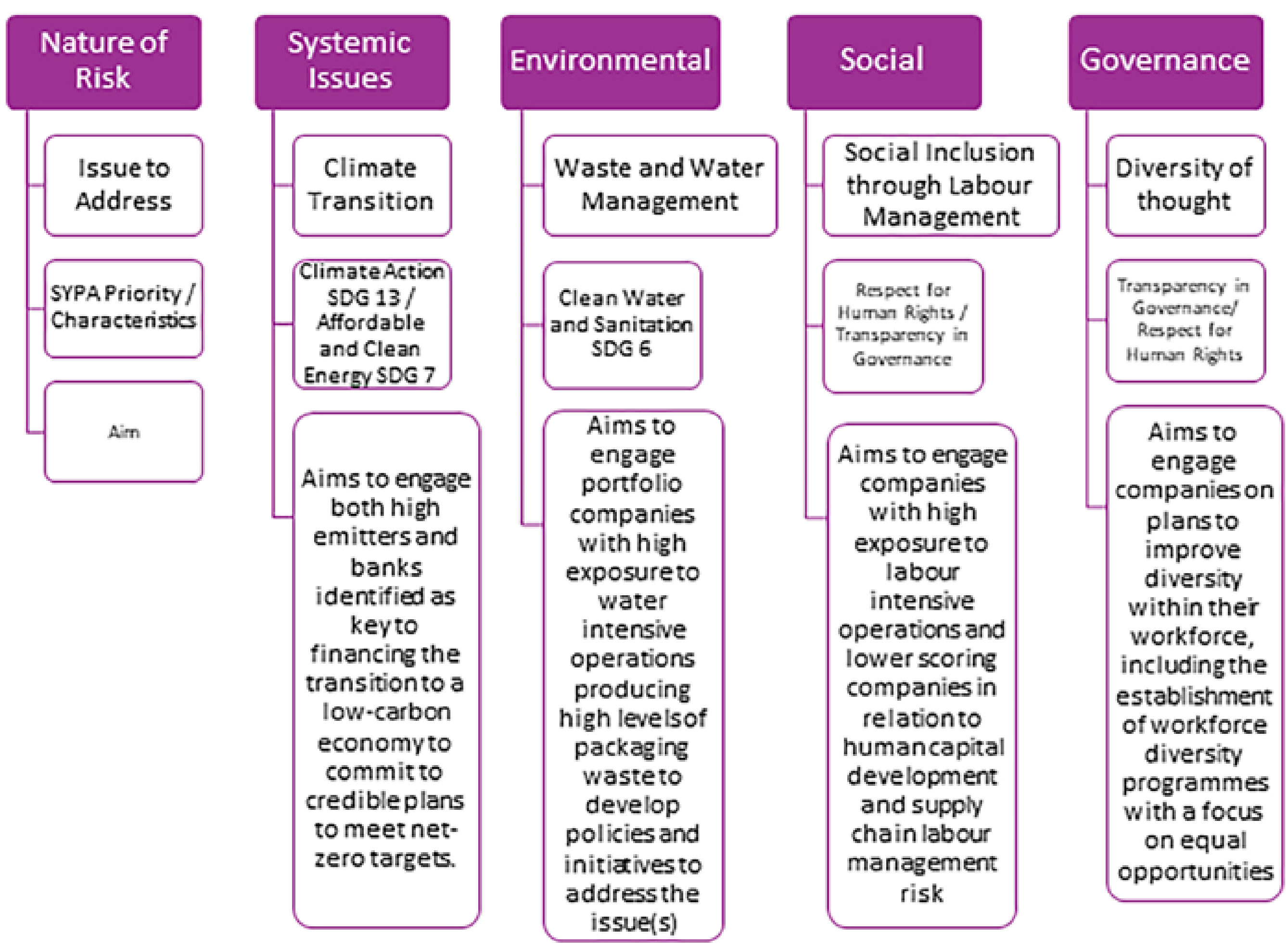
There is significant read across from these areas of focus in LAPFF's work programme to both the SDG priorities and the characteristics of good assets identified in the Authority's beliefs statement.

The Border to Coast Partnership in reviewing its Responsible Investment policy during the year agreed to adopt four new engagement themes for the coming three years (from January 2022).

The diagram below sets these out together with the aims of the engagements and also indicates how these themes link to the SDG priorities and characteristics of good assets set out in the Authority's beliefs statement. As can be seen the work done by the Authority to input into the Partnership's policy review has resulted in a significant overlap with between our priorities and these engagement themes.



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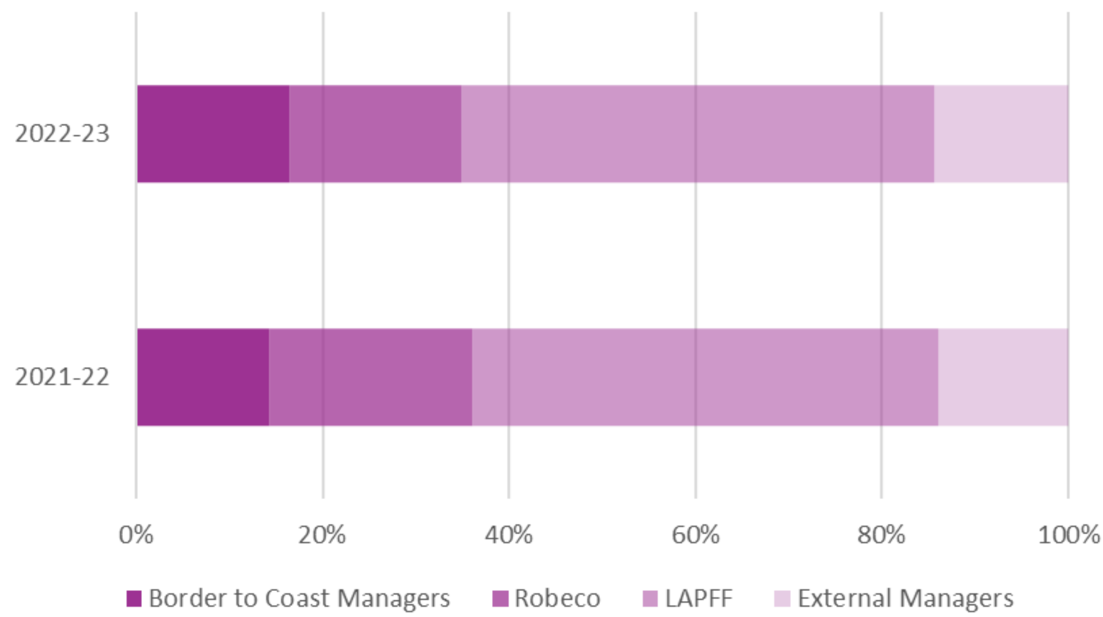
Activity During the Year

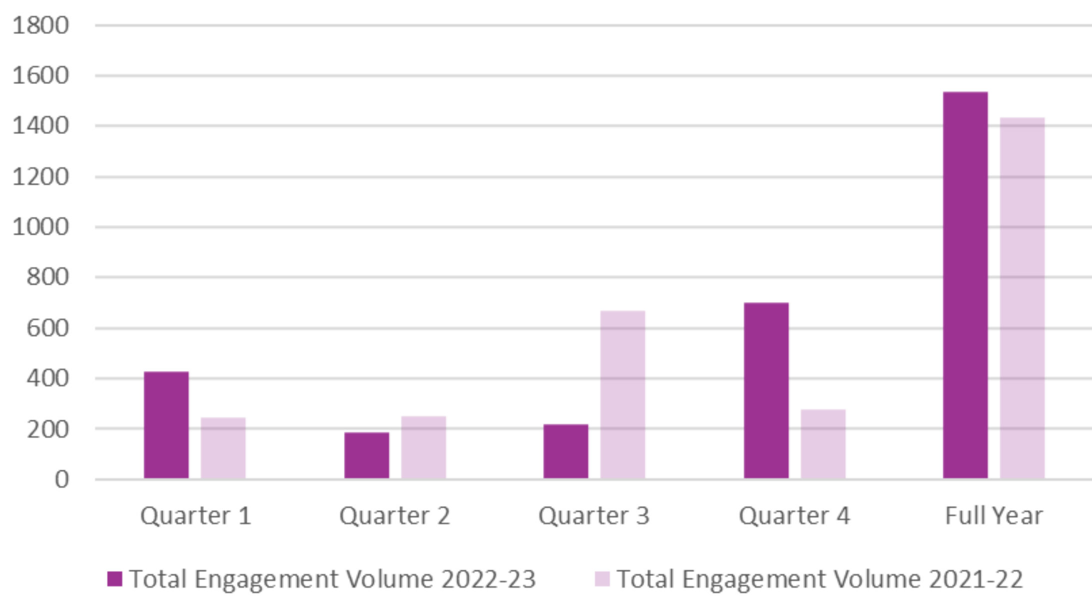
Over the last year there has been an increase in the level of engagement by the external managers within the Investment Grade Credit fund which continues to reflect the extension of this approach across all asset classes, rather than restricting engagement to equity holdings, as well as a further increase in activity by the Border to Coast in house team. Activity by LAPFF has remained at the higher level delivered last year.

Engagement Routes



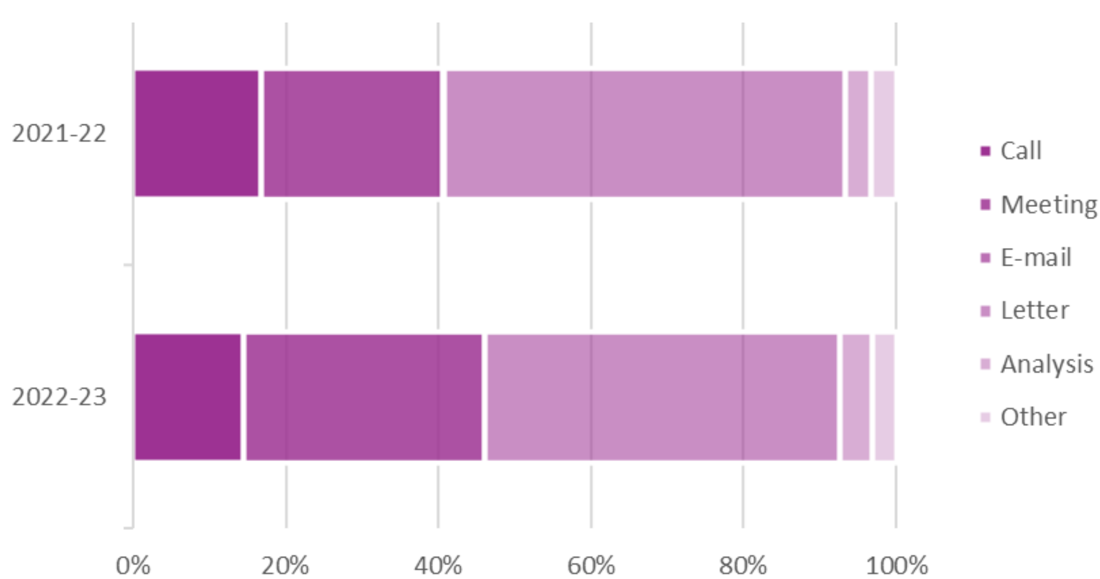
The overall level of engagement activity increased from 1,435 specific engagements to 1,537 in 2022/23 maintinaing the significantly increased volume of activity seen last year. This reflected a desire to maintain the momentum driven by CoP 26. The graph below shows a different pattern of activity compared to last year with a peak in the final quarter in the run up to the so called "peak voting" season.

Total Engagement Activity Volumes



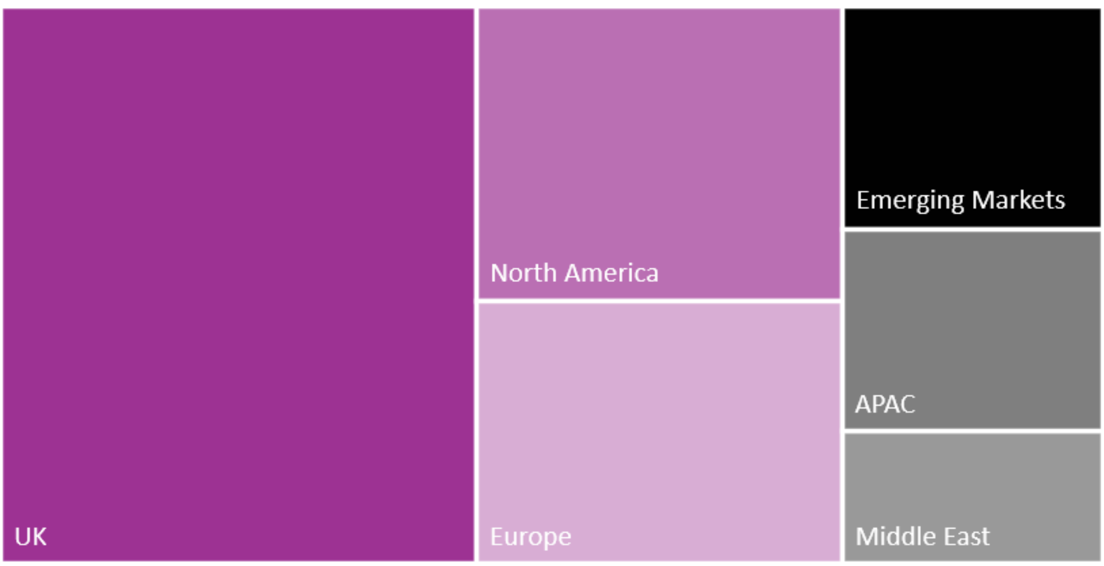
Engagement can take many forms ranging from writing to a company, to formal meetings with the Company including with Board Members. Ideally we would like to see those engaging on our behalf doing so through means that encourage actual dialogue rather than what amounts to a written exchange of established positions. While calls and meetings have seen increased use as means of engagement this year letter writing predominantly by LAPFF in the run up to the AGM season remains a significant and important part of the overall mix.

Total Engagement Activity Volumes



The market focus of engagement which is shown in the graph below has continued to be very much in the developed markets. While there remains a “home market” bias to this work reflected in the predominance of the UK there has been an increased focus on both North America and Europe. Greater attention is being paid to emerging markets and the Asia Pacific although it is more difficult to directly engage with companies in these markets.

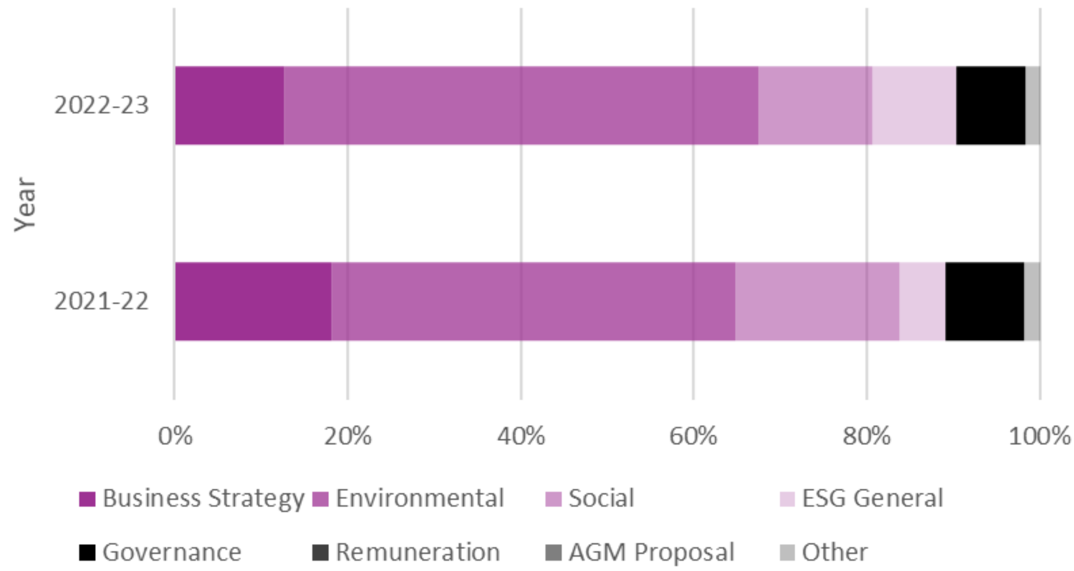
Market Focus of Emgagement 2022 - 23



Through all these different forms of engagement we talked to companies about a very wide range of issues, as shown in the graph below, fuller details are available in the various quarterly reports produced by Border to Coast, Robeco and LAPFF which are available at:

Border to Coast / Robeco *here*. LAPFF *here*.

Engagement Topics



Over half of the engagements undertaken in 2022/23 related to environmental issues an increase on the already high level of the previous year reflecting the need to maintain momentum following CoP26. While the proportion of engagements on social issues did reduce because of this the absolute number remained higher than prior to the pandemic reflecting the increased focus on these issues by investors. Within the broader governance area there was a continued focus on board diversity and independence as well as issues such a executive remuneration.

Net Zero Carbon Emissions

Robeco launched this updated engagement theme during the year aiming to work with companies towards Net Zero by 2050.

- The focus is on companies deemed to have a material impact on the climate and in particular those with the greatest carbon footprint and which will therefore have the greatest challenges in achieving Net Zero.
- The aim is to ensure that transiton plans achieve reductions in real world emissions over the next decade.
- Objectives for individual companies are based on, but not limited to, the Climate Action 100+ Net Zero Benchmark including target setting and credible.

Plastic Use

- Robeco closed an engagement around plastic use.
- Most companies engaged has shown good progress in plastic recycling and industry collaboration.
- Less progress had been made in the areas of lobbying and plastic harmonization.
- Only a few of the companies engaged had demonstrated concrete efforts to adopt a circular model.

Natural Resources and Water Use

- Robeco began an engagment particularly focused on the negative impacts of intensive water use and waste generation, reflecting one of SYPA's priorities.
- The focus is initially on six companies with high water consumption operating in areas of high water stress aiming to enhance disclosure from companies so that the scale of risk around the issue is clear to investors.
- Robeco have developed a framework to assess how well companies have incorporated the management of water risks into their practices. This allows the progress of companies towards the engagement objectives to be monitored.

Financing the Climate Transitions

- Ongoing engagement with financial institutions where initial assessment has indicated that alignment of plans with credible Net Zero trajectories is low.
- This is important because the route to Net Zero can be accelerated by shifting financing away from carbon emitting technologies to low carbon technologies.
- Key issues identified include lack of disclosure of emissions data through out loan books and insufficient target setting.

The Social Impact of AI

- Robeco closed an engagement concerned with the Social Impact of AI in which 40% of the companies engaged with were regarded as having been successfully engaged with.
- Companies are gradually aligning their practices to principles for the responsible use of AI, and doing so in a way that can play a decisive role in guaranteeing trustworthy AI.
- However, there remains a need to support this with strong governance and transparency.

Lifecycle Management in Mining

- Robeco closed this engagement under which 10 companies were engaged of which 9 engagements were regarded as successful.
- The engagement focused on water, tailings and the closure of mines.
- 90% of companies have adequate water management policies and 80% are disclosing performance on water related metrics. 60% of companies have set targets for improving water use efficiency with two others planning to do so.
- 8 companies have discosed all their tailings facilities in the global database and 9 have committed to implementing the Global Industry Standard on Tailings.
- The mining industry is crucial to the low carbon transition and we expect to see greater progress on these areas and this work will be continued through a Robeco initiative called Mining 2023.

MANAGING THE PENSION FUND'S INVESTMENTS

Collaborations

Engagement activity is more likely to be successful if it is supported by the collective weight of a larger number of investors and the Authority and Border to Coast, therefore support a number of specific investor groups aiming to deliver change in company practices in specific areas. These groups focus on areas we regard as important to our work in relation to ESG and by bringing larger coalitions of investors together are better able to influence the behaviour of companies. Details of the significant activity by some of the collaborations with which the Authority and Border to Coast are engaged during the last year are given below.

The Transition Pathway Initiative working with the Institutional Investors Group on Climate Change has published a framework to assess banks in terms of the transition to Net Zero. This has been used to assess 27 banks across several dimensions with the results showing that although there has been progress there is still significant work required to align with a 1.5oC pathway.

Border to Coast is a founding member of the Emerging Market Just Transition Investor Initiative which has published draft guidance to support investment decision making and future allocations to emerging markets. The initiative is supported by 12 large UK investors including a number of local government pools with £400bn of assets under management. Collectively the Group is exploring how it can have a greater impact and help drive real world change by understanding the opportunities and mechanisms available to direct investments that support the low carbon transition whilst supporting economic growth in developing regions.

In March 2023, the Workforce Disclosure Initiative (WDI) published its findings report based on the 2022 survey results. 167 companies responded, slightly down from the previous year. However, 24 countries were represented and companies from all 11 Global Industry Classification Standard (GICS) sectors reported. Six thematic findings were identified covering job quality, human rights, emerging markets, marginalised workers, the cost -of -living crisis, and supply chain data. High level findings showed that responding companies are leading the way on supply chain data; disclosure varies significantly across sectors; companies are making more data public then ever; many industries are failing to collect enough data on human rights; and emerging market companies are leading the way in some crucial areas of disclosure, despite being perceived as riskier.

The Institutional Investors Group on CLimate Change has published a Net Zero Investment Framework for the infrastructure asset classs. Given the importance of investment in this asset class to transition ambitions thsi is an important development which will support the Authority's objectives.

IIGCC announced that the number of asset managers signing up to the Net Zero Asset Manager Initiative had reached 273 managing $61.3tn o assets. This is a significant strp in terms of achieving a critical mass of assets targetting Net Zero.

The Taskforce on Nature Related FInancial Disclosure is a global initiative aiming to develop a risk management and disclosure framework for nature related risks and opportunities. The second beta version of its framework was released building on the first iteration issued last year and featuring additiona guidance for pilot testing. Ongoin gmarket feedback will further support the design and development of TNFD with recommendations due in September 2023. Border to Coast supported this initiative and will continue to monitor progress throughout the testing period.

Much of LAPFF's work is reported on elsewhere but the Authority has continued to particiapte in the Forum's business meetings whcih help shape its work programme and the way in whcih it undertakes its activities. The Forum has contինied to emphasise work on human rights and the impact of the mining industry on indigenous communities.

MANAGING THE PENSION FUND'S INVESTMENTS

In addition to these collaborations which are focussed on specific individual investment outcomes the Authority supports a number of other organisations who's aims in promoting the good management of pension funds align with its values and objectives. These collaborations are more focussed within the pensions industry and aim to share good practice in various ways.

The Global Impact Investing Network (the GIIN) is a global champion of impact investing. SYPA has continued to participate with a group of around 15 other investors from Europe and North America in a project to develop practical case studies which will assist other investors in developing their impact approaches.

The Authority has continued to contribute to the work of Pensions for Purpose, including assisting with content aimed at encouraging the adoption of the Impact Investing Principles for Pensions and the use of Place Based investing strategies.

In addition to these the Authority's Director is a member of the LGPS Scheme Advisory Board's Responsible Investment Advisory Group.

Impact

We take the impact of our investments on both people and planet very seriously and as we reported last year on a "whole portfolio" assessment undertaken by Minerva. Details of this are available here. Over this year we have concentrated on gaining a greater understanding of the impact of those investments we make with the intention of achieving an impact over and above meeting our return targets and in particular where those impacts are felt. This work supports our development of a place based impact approach as part of the review of our investment strategy undertaken during the year.

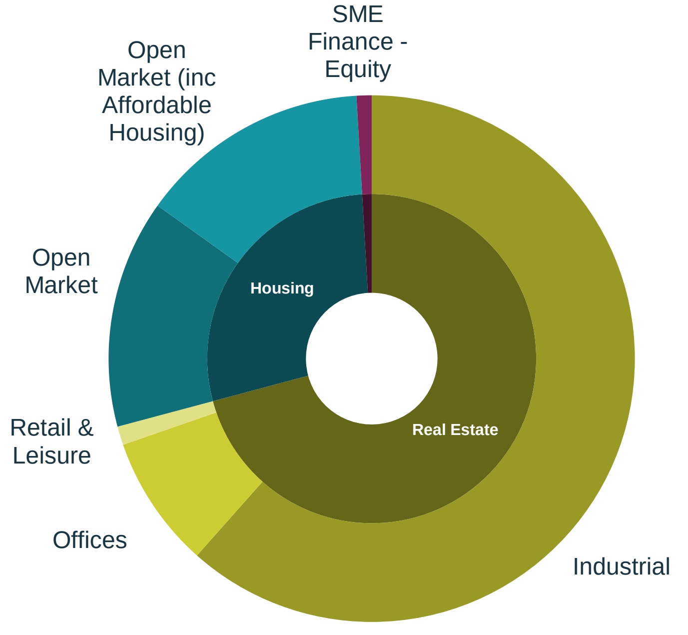
We have worked with the Good Economy and various fund managers to understand the impact of a range of investments and where these are felt. This is summarised in the following pages.

As of 31st March 2023: South Yorkshire

South Yorkshire Pensions Authority (SYPA) is committed to investments that contribute to inclusive and sustainable development in the UK, with a focus on South Yorkshire and the region.

- £294.5 million committed to local investments (2.9% of SYPA value)
- £270.5 million invested in over 220 businesses and housing and real estate developments across the country
- £140.4 million is invested in South Yorkshire.

How we invest (% of value invested)

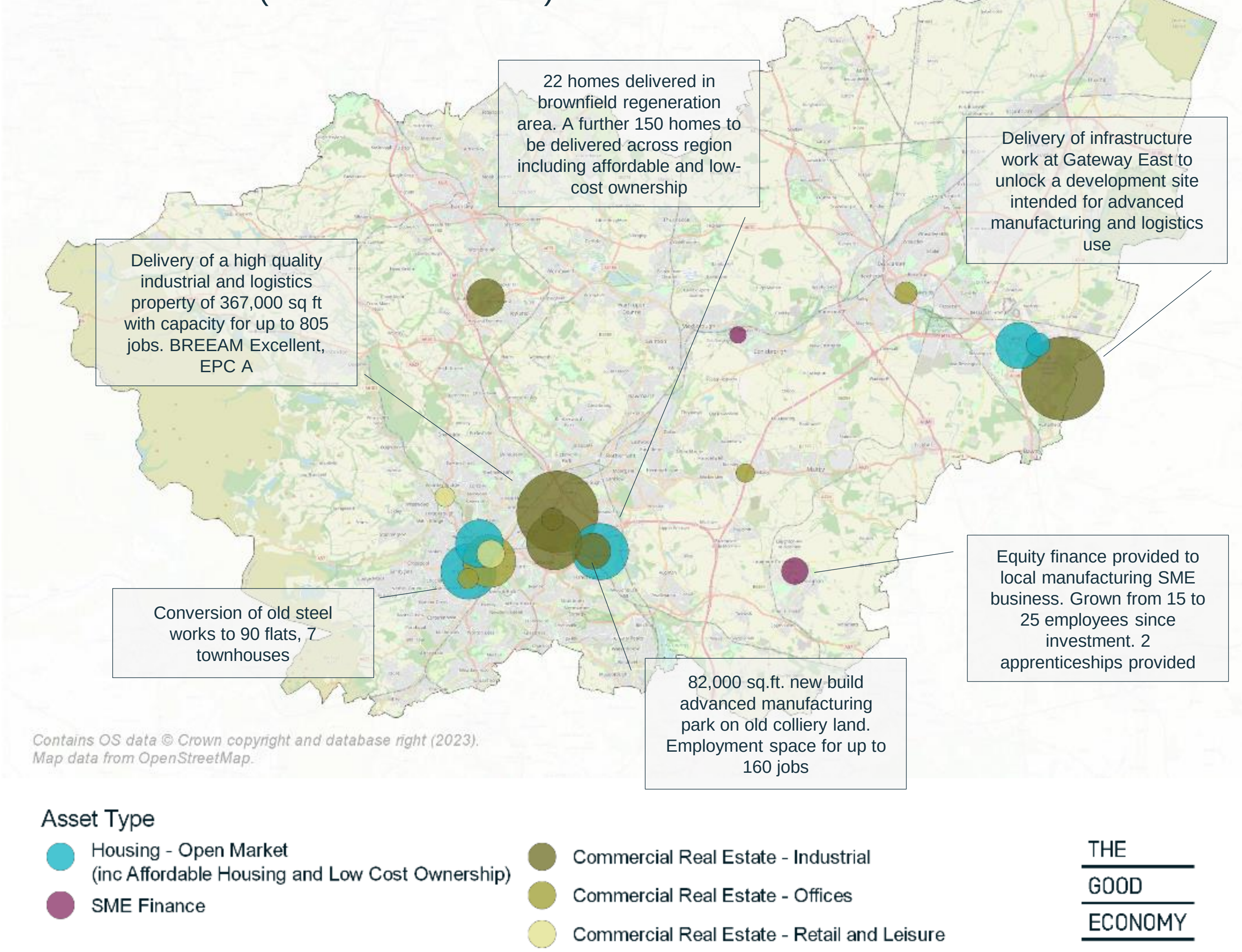


Supporting South Yorkshire through Real Estate

- **12** real estate investments
  - **6** directly funded new-build / redevelopment strategic sites intended to regenerate brownfield and old colliery land, support local advanced manufacturing businesses or unlock sites to encourage further inward investment.
  - **749,000** sq. ft. high quality employment space created and a further 191,150 sq. ft. employment space redeveloped.
  - Creating employment space for **1,400** jobs.
  - **£61.9 million** additional private sector investment into South Yorkshire.
  - **6** real estate assets acquired between 2013 and 2015 via two investment funds which generate a return through rent.
  - Of which, **50%** of the 42 tenants are Yorkshire-based businesses.

As of 31st March 2023: South Yorkshire

Where we invest (% of value invested)



THE GOOD ECONOMY

Supporting South Yorkshire’s housing needs

- **6** housing developments
  - **2** direct developments
  - **149** homes for up to **290** people
  - **£7.4 million** additional private sector investment into South Yorkshire.

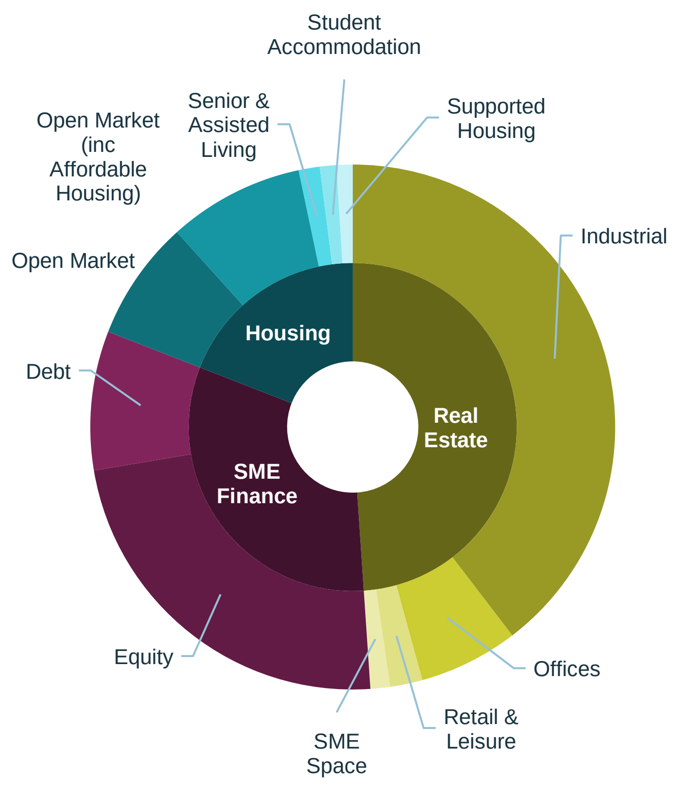
  - **4** housing developments financed through a partnership between SYPA and an investment manager
  - **237** homes to be delivered with the capacity to accommodate approximately **700** people
  - All developments will provide low-cost ownership opportunities for first- and second-time buyers, two schemes will provide affordable housing.

As of 31st March 2023: The National Picture

Since 2010, SYPA has been making investments that not only generate a financial return but also have positive benefits for inclusive and sustainable development in the UK.

- 19 funds, 9 fund managers
- 1 direct real estate and housing investment fund
- 1 housing partnership and 1 real estate fund with local focus
- 3 national real estate funds
- 12 SME Finance funds, one of which has regional focus
- 1 fund specialising in tackling homelessness

How we invest (% of value invested)



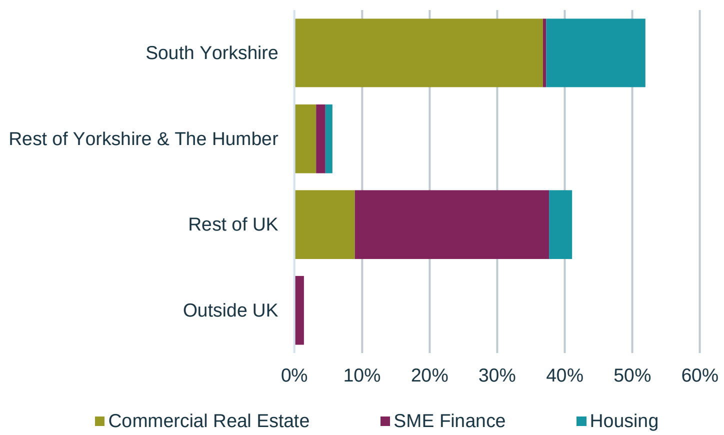
Supporting businesses and jobs across the country

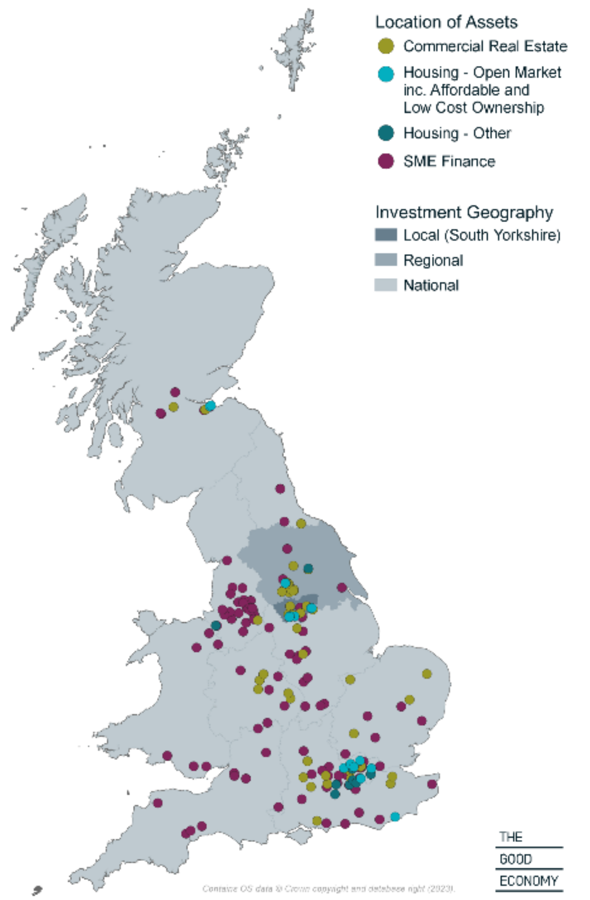
- **123** SME businesses supported through equity or debt finance since 2010. 66 businesses are currently invested in, while 57 are past investments.
    - Over **15,800** employed in these businesses, over 10,800 people employed in businesses currently invested in.
    - Over **6,300** jobs created by the businesses during the period of SYPA's investment.
    - **80%** of the 56 businesses with data experienced job growth.
    - **14** businesses are Living Wage Foundation businesses or pay all employees the Real Living Wage.
    - **39** apprenticeships across 8 businesses.
    - **28%** of businesses and **30%** of jobs supported by portfolio businesses in the 20% most Employment Deprived local areas.
    - Investments have been made through 12 SME Finance funds, SYPA's share ranges from 4.6% - 31%.

As of 31st March 2023: The National Picture

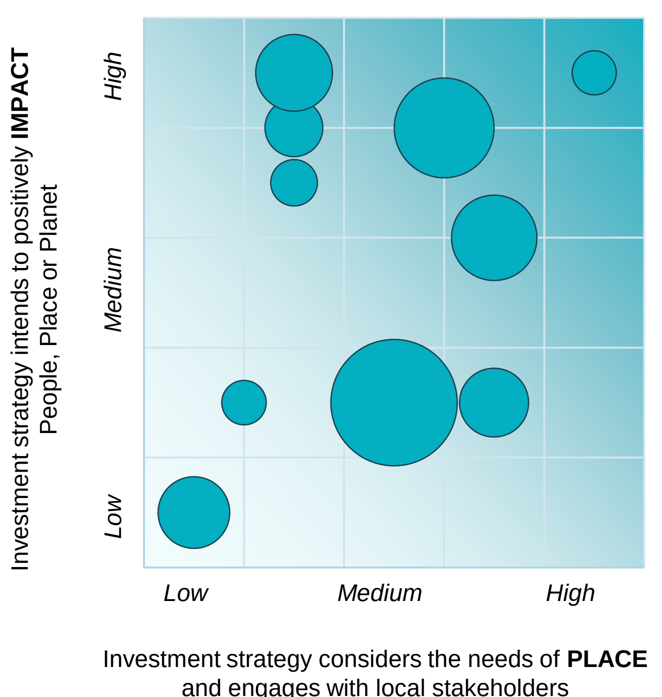
Where we invest (% of value invested)

58% of SYPA's local impact portfolio is invested in the region

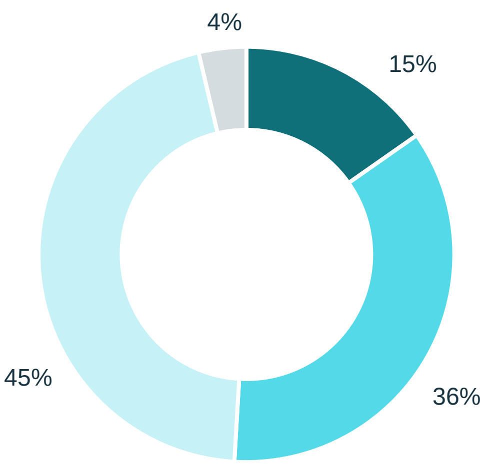




How our investments align with the Traits of Place Based Impact Investing



Our Level of Impact (% of assets)



IMPACT MANAGEMENT PROJECT

Impact Classes

- Contribute to Solutions
- Benefit Stakeholders
- Avoid Harm
- No Data (May Cause Harm)

Case Studies: Investment in South Yorkshire

Housing: St Bride's White Rose Residential Partnership

Assets Under Management (AUM)	**£25.3 million**
SYPA contribution	£25 million
Fund structure	English Limited Partnership
Target financial return	Net total return of 6% per annum over the life of the Partnership

Key results as of 31 March 2023:

- Over **230** new homes funded across four investments
- Provision of homes for approximately **700** people
- All investments focused on low-cost ownership for first- and second-time buyers

St Bride's White Rose Residential Partnership, of which SYPA is the key partner, target residential and socially orientated assets primarily in South Yorkshire. Investments focus on first and second-time private family homes including, rental and shared ownership; conversion of commercial space to residential; social, affordable and key worker housing; elderly accommodation including retirement, assisted living and care/nursing homes; student and graduate accommodation; medical surgeries, nurseries and childcare facilities.

The portfolio currently has four assets which include loan facilities to two developers (including Fenwood Estates, see Spotlight) and the forward funding of two housing developments in Rotherham and Doncaster.

St Bride's Managers is an independent, regulated UK real estate investment manager with a principal focus on London, UK's Key Cities and regional impact investment.

Spotlight on Fenwood Estates

Fenwood Estates is a land and property development company based in Doncaster. St Bride's White Rose Residential has invested **£7 million** in the company to recycle into new land opportunities in the South Yorkshire and North Nottinghamshire regions over the next five years. SYPA has contributed almost **100% (£6.93m)** of this investment. The funding is aimed to support both the growth of the company and investment in residential schemes with a social and economic impact.

Fenwood aim to use this loan facility to invest in 1-to-5-acre sites across Sheffield, Doncaster, Rotherham and Barnsley. The investment has contributed towards the funding of **60 new homes** thus far, including housing for first and second-time buyers, with the capacity to accommodate approximately **200 people.**

Private Equity: Financing South Yorkshire's Manufacturing SME Businesses

Foresight investee: MRMK

M.R. Machine Knives (MRMK) is a leading manufacturer of industrial machine blades located in Dinnington, Sheffield. Their mission is to provide high-quality blades without unnecessary price hikes, making them a preferred choice for leading brands in the food packaging and processing industries. MRMK exports its products globally, with a customer base of over 500 clients.

SYPA's investment accounts for a quarter of FRIF's total £4 million investment in MRMK, providing equity release and growth capital. This has contributed to MRMK doubling its workforce since investment in 2020. MRMK currently employees 30 people with the majority of roles providing skilled opportunities in the region. MRMK also has two apprenticeships helping to develop future skills in the sector.

Foresight Group is a specialist investment manager that makes investments in SME Finance, Clean Energy and Infrastructure. The Foresight Regional Investment Fund (FRIF) has been investing in growth companies across North West England, South Yorkshire, West Yorkshire and North Wales since 2016. In 202 FRIF invested £4 million into MRMK, with SYPA contributing £1.03 million.

Panoramic investee: Paleus

Doncaster-based Paleus is a speciality chemicals manufacturing and R&D company developing products for use in a wide range of sectors. Its strength lies in its ability to develop unique chemicals which perform specific functions in challenging environmental conditions. The company manufactures and supplies specialist chemicals and adhesives for a range of sectors including label stock, tapes, graphic films and flooring, and have a number of international blue-chip customers.

Paleus has received £2.53 million in investment from PGF2, with SYPA contributing just over 10% of this. The investment has supported the company's plans for organic growth by enabling it to increase capacity and take advantage of domestic and international growth opportunities. Investment has also allowed Paleus to increase the number of jobs by a third. They are now employing around 20 people.

Panoramic Growth Equity is an equity and debt investor providing finance to UK based small and medium sized businesses that have growth potential and display good employment and environmental practices.

MANAGING THE PENSION FUND'S INVESTMENTS

Governance

In accordance with LGPS Regulations administering authorities are required to state compliance with the Myners' Principles on a 'comply or explain' basis, within their Investment Strategy Statement. The six principles provide a basis for monitoring good investment governance. The Authority believes it is fully compliant and has continually reviewed both its Investment Strategy Statement and its compliance with the principles during the year.

Stewardship

The integration of ESG risks and a robust approach to stewardship is strongly supported in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which govern how the Authority should manage its investments. Guidance made under the regulations states that funds should become signatories to the UK Stewardship Code. The Authority was recognised as a Tier 1 signatory of the previous version of the Stewardship Code.

A new version of the Stewardship Code which, for asset owners like SYPA, is based on 12 principles has now been introduced. This Code requires us to report on how we have addressed each of the principles in the way in which we have run the Pension Fund. We will be producing a separate report demonstrating how we have addressed these principles.

Climate Change

The Authority recognises that Climate Change poses possibly the greatest risk external to the Authority to the value of its investment portfolios. The risks and opportunities associated with climate change may have a material impact across all asset classes. The inter-connected nature of climate change has the potential to reduce returns across all asset classes and will have a macro-economic impact that could affect the entire Fund, including factors such as the life expectancy of scheme members rather than just the value of investment assets. All of this creates a range of risks and opportunities that can be characterised in various ways.

Physical Impacts - For example increases in the number of extreme weather events.

Technological Changes - For example the development of new battery storage technologies and hydrogen powered vehicles

Regulatory and Policy Impacts - For example the introduction of a law to prevent the sale of petrol/diesel powered vehicles

Transition Risk - For example the risk to a business that its plan for the transition away from carbon is not aligned with the timescale of changes in regulation

Litigation Risk - For example the risk to a company of losing a legal action in relation to its action or inaction in relation to carbon emissions

In December 2015 the G20 finance ministers and Central Bank governors asked the Financial Stability Board (FSB) to review how the financial sector can take account of climate related issues.

Such information is needed by investors, lenders, and insurance underwriters in order to be able to assess climate related risks and opportunities. This led to the Task Force on Climate-related Financial Disclosures (TCFD) being established. Its remit was to develop a set of voluntary climate-related disclosures, which would assist in understanding the associated material risks of climate change. The final report with recommendation was published in June 2017; it considers that asset managers and asset owners, including public and private-sector pension funds, should implement the recommendations. The reporting framework recommended by the Task Force is structured around four themes: Governance, Strategy, Risk Management and Metrics and was updated in late 2021.

The recommendations of the TCFD have been widely adopted across the investment industry and by companies and the UK Government has made reporting in line with TCFD compulsory for larger private sector pension schemes and intends to extend this to all and pension schemes, including the Local Government Pension Scheme.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Source – TCFD Final Report June 2017

Governance
The organisation's governance around climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management
The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The Authority is supportive of the TCFD recommendations, regardless of any forthcoming requirement to do so, and this section of the Annual Report aims to fulfil its commitments to reporting on progress in line with the recommendations using the four pillars. This report specifically looks at the Authority from the point of view of its activities as a financial institution.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Governance

The Authority as a whole determines the attitude to and appetite for all risks and sets the policy framework within which management are required to address risks and opportunities. The policy framework includes the Authority's own Responsible Investment Policy which sits above the policy agreed with the other Border to Coast Partner Funds and its own Climate Change Policy and Policy on Responsible Investment in Commercial Property. The Climate Change Policy was originally approved in 2016 and revised in 2018 to reflect the TCFD recommendations. The policy has subsequently been reviewed annually to include more specific goals and to reflect wider industry developments. The policy on Responsible Investment in Commercial Property which addresses climate risk was comprehensively reviewed during the 2020 financial year. During 2020/21 the Authority approved a belief statement in relation to Responsible Investment which provides a framework within which the Responsible Investment and Climate Change policies sit.

The Authority receives a quarterly update on Responsible Investment activities which includes activities related to climate change carried out directly and through collaborative arrangements such as Border to Coast and the Local Authority Pension Fund Forum. The Authority usually meets formally 5 times per year with several informal seminars and training sessions which may cover climate risk issues.

This report forms part of the Authority's Annual Report and Accounts which is approved by the Audit Committee on behalf of the Authority as a whole.

The Director and the Assistant Director - Investment Strategy are responsible for the implementation of the Investment Strategy and the Responsible Investment and Climate Change Policies with oversight provided by the Authority. They are also responsible for the contribution made by the Authority to collaborative and partnership activity in this area, including seeking to influence the behaviour of partners within the Border to Coast Pensions Partnership.

As the Authority no longer directly manages assets through its own team the Policy Framework sets out clear expectations of those that manage money on our behalf in a wide range of areas including the way in which they look to address climate risk. We expect those managing our money to actively consider and give considerable weight to climate risk in making individual investment decisions. This includes making use of emissions data and other metrics (where available) within their decision-making processes. We also expect those managing our money to actively engage with investee companies to ensure that they address specific risks and issues and as indicated in the previous section addressing climate risk and associated issues forms a very significant proportion of this activity.

The Authority's management maintains an ongoing dialogue with those managing money on the Authority's behalf (and in the case of Border to Coast with the other partners in the enterprise) to monitor whether our expectations are being met. Where this is not the case a process of escalation will be undertaken which could once all other options are exhausted, result in the moving of assets to another product and/or not making further investments with the specific fund manager if their approach to responsible investment in the round does not meet the Authority's requirements. It would be unlikely that a decision of this sort would be solely made on climate related grounds.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Strategy

The Authority's Climate Change Policy recognises the following specific risks arising from Climate Change.

- Physical impacts – damage to land, infrastructure, and property due to extreme weather events, rising sea levels and flooding.
- Technological changes - innovations such as battery storage, energy efficiency, and carbon capture and storage will displace old technologies with winners and losers emerging.
- Regulatory and policy impact - financial impairment due to policy and regulation changes such as carbon pricing or levies, capping emissions, or withdrawal of subsidies.
- Transitional risk - financial risk associated with the transition to a low-carbon economy. This may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change, creating investment opportunities as well as risks.
- Litigation risk - litigation is primarily aimed at companies failing to mitigate, adapt or disclose.

The strategies used to address these risks necessarily vary:

- Between asset classes where for example different levels of information are available about these different risks within listed equity investments as opposed to fixed income and as between public and private markets.
- Between markets where for example different levels of information and preparedness of investee companies to engage on these issues can exist between say the UK and emerging and frontier markets.

We expect those managing money on our behalf to start from our perspective as a long-term investor who wants to support companies that are sustainable in the long term. This is a view that applies across asset classes and means that managers should give weight in their stock selection to companies which are:

- Positively contributing to the transition to a lower carbon economy.
- Or have recognised the risks to their business model from the transition and put plans in place to manage the process thereby sustaining the business through the transition.

This mean that we want those managing our money to be conscious of the risks that climate change and the transition to a low carbon economy pose to businesses and use data within their stock selection processes to fully understand how businesses are addressing these risks.

The way in which society as a whole (including the Authority) addresses climate change will impact on the path of future economic growth and the level of potential investment returns. Therefore, the degree to which the climate changes has the potential to fundamentally alter the Authority's strategy and therefore the call that it has to make on employers for contributions to the Pension Fund. Given the need to achieve consistent and affordable contribution rates we need to understand how our strategy will behave in the event of differing climate outcomes to be able to adjust it in the light of events.

Scenario analysis is still very much a developing field, and there are limitations to its usefulness created both by data and the ability to forecast the impact of potential actions. The Authority looks to consider climate change and how this will impact future asset allocation decisions when reviewing investment strategy and also considers climate risk as part of the triennial valuation of the Fund.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

These analyses considered both the potential impact on portfolio emissions and Paris alignment of different strategy options and the likely impact on the value of the Fund's portfolio and liabilities in the context of differing scenarios in terms of society's changes in behaviour in response to climate change. While such analyses can only give an indication of what might happen if a large number of assumptions are borne out it does give an indication of how robust the strategy is against particular types of shock. It must be borne in mind that none of these scenarios is prediction of what will happen they are simply constructs of a mathematical modelling process designed to examine the inter-relationship of a wide range of factors such as economic growth and longevity, and consequently contain a large number of subjective views.

The Actuarial Valuation examined the base position of the valuation against three scenarios, which can be described both qualitatively and quantitatively as follows:

"Paris aligned" scenarios which expect the 2oC target to be met		
Green Revolution	**Delayed Transition**	**Head in the Sand**
Concerted policy action starting now, e.g. carbon pricing, green subsidies Public and private spending on "green solutions" Improved disclosures encourage market prices to shift quickly Transition risks in the short term, but less physical risk in the long term High expectation of achieving 2oC warming	No significant action in the short term, meaning the response must be stronger when it does happen Shorter and sharper period of transition Greater (but delayed) transition risks but similar physical risks in the long term High expectation of achieving 2oC warming	No or little policy action for many years Growing fears over ultimate consequences leads to market uncertainty and price adjustments Ineffective and piecemeal action increases uncertainty Transition risks exceeded by physical risks Low / no expectation of achieving 2oC warming

These scenarios extend for 20 years which is the typical funding time horizon for an LGPS fund. The impact of climate change will be felt for a long time beyond this, but it is assumed that financial markets will respond within 20 years in all scenarios. The scenarios are further defined in terms of the additional level of volatility associated with each scenario placing a higher weight on higher volatility outcomes. This "tilts" the whole set of results towards the conditions which are more likely in each climate scenario. The scale of this "tilt" is illustrated in the table on the next page.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Scenario	Volatility weighting criteria (percentile of core model volatility that the scenario average volatility is increased to)			
	Years 1-5	Years 6-10	Years 11-15	Years 16-20
Green Revolution	Very high (85%ile)	Moderate (60%ile)	Moderate (60%ile)	Very High (85%ile)
Delayed Transition		Very High (85%ile)	High (70% ile)	
Head in the Sand			High (70% ile)	

Under any of these scenarios the chances of a significant annual fall in equity yields and a significant fall in real yields is greater than in the base case. These scenarions are applied to the results of the actuarial valuation to derive two metrics:

- The likelihood of success – i.e. the probability that full funding will be maintained over a given time period (20 years). For this metric a result of less than 70% is not acceptable.
- The downside risk – i.e. the average funding level achieved in the worst 5% of outcomes. While this is an extreme scenario it sets some bounds within which planning can be undertaken.

Using the three scenarios outlined when looked at against the base case reflected in the actuarial valuation results givers the following results for these two metrics.

Scenario	Likelihood of Success	Downside Risk (Potential Funding Level)
Base Case	72%	43%
Green Revolution	71%	38%
Delayed Transition	71%	45%
Head in the Sand	71%	42%

While the probability of success in each of the climate scenarios is less than in the base case it is still at an acceptable level. Similarly with the exception of the Green Revolution scenario the funding level in the worst 5% of outcomes in similar. The potential funding level in the worst 5% of outcomes in the Green Revolution scenario is significantly worse than in the other cases.

The review of the Investment Strategy started with an analysis of the degree of alignment of the current portfolio with a 1.5oC pathway and the Authority's own goal of achieving net zero by 2030. This approach uses the concept of a “fair share” carbon budget to understand whether portfolios are aligned with the pathway. Given limitations on data availability this analysis has concentrated on the listed portfolios. This produced the following analysis on the degree of portfolio alignment with a 1.5oC pathway.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

	UK Equity	Overseas Development Equity	Emerging Market Equity	Multi-Asset Credit* (MAC)	Investment Grade Credit	Listed Alternatives
1.5oC Alignment						

*Low data coverage

This analysis led to a series of recommendations to change the strategic asset allocation to tilt towards more climate positive investments some of which will ultimately negate residual emissions in the core portfolios. This is then analysed using a similar process to that illustrated above for the actuarial valuation, but also using a more stringent success measure of maintaining 115% funding over 20 years as well as 100% funding. This is shown in the table below:

	CURRENT STRATEGY		NEW STRATEGY	
	Targetting Full Funding Over 20 Years	Targetting 115% Funding Over 20 Years	Targetting Full Funding Over 20 Years	Targetting 115% Funding Over 20 Years
Probability of Success	87.4%	82.8%	87.6%	83.5%
Downside Risk	76.2%	11.3%	75.0%	11.1%

What this shows is that a more climate positive asset allocation has a marginally greater probability of success in both scenarios although both strategies have a probability of success significantly greater than the 70% target. While the new strategy performs worse than the current strategy in the downside scenarios the difference is not material.

Crucially the Authority is undertaking the key strategic exercises which form part of its regular business cycle (the valuation and the strategy review) in a way that recognises the climate impact of its decisions and then formulating its approach recognising the findings from this work.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Risk Management

The Authority has a clearly defined Risk Management Framework which allocates key responsibilities to individuals and teams within the organisation. The responsibility for the ongoing process or monitoring and assessment of risk (including climate risk) at corporate level lies with the Senior Management Team. Risk can be identified via several drivers including, process, strategy, horizon scanning, and scenario analysis. Identified risks are included in the Corporate Risk Register. These risks are reviewed by the Senior Management Team monthly and reported to the Authority on a quarterly basis. The Audit Committee and Local Pension Board have a shared responsibility for oversight of the effectiveness this process.

We expect those managing money on our behalf to recognise and address climate risk in their investment process and we review these arrangements through our oversight processes.

Describe the organisation's processes for managing climate-related risks.

We seek to manage climate-related risks in several different ways:

- We work with those managing money on our behalf to ensure that they have firstly understood the scale of the risk and are committed to addressing it.
- We seek to ensure that Border to Coast acting on our behalf gives weight to arrangements for the management of climate related risk in appointing external fund managers and in the ongoing monitoring of their performance, and that climate risk is covered during the due diligence process on private market investments.
- We require those managing money on our behalf to engage with portfolio companies in relation to:
  - business sustainability,
  - disclosure of climate risk in line with the TCFD recommendations and
  - adaptation of their business strategy in alignment with a low carbon economy.
- We expect companies to publish targets and report on steps taken to reduce greenhouse gas emissions. Engagement is conducted by Border to Coast, their engagement partner Robeco and external managers appointed to their fixed income funds; and through our support of collaborations such as the Climate Action 100+ and the Local Authority Pension Fund Forum (LAPFF). Engagement is supported by a voting policy which supports moves by companies to improve disclosure and take positive action in relation to climate issues and which targets votes against Chairs and other senior non-executives where insufficient progress is being made on these issues .

Climate risk is, as described above, managed in the same way as other risks through a standardised corporate process which is led by the Authority's Senior Management Team.

The Risk Management Framework, which is subject to approval and review by the Audit Committee, allows us to identify, assess and manage risks. The effectiveness of the process is overseen by the Audit Committee and the Local Pension Board.

Climate risk is specifically included within the Corporate Risk Register.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Metrics and Targets

The Authority has previously conducted two audits (in 2015 and 2017) of the carbon intensity of its equity portfolios presenting results in terms of tonnes of CO2e/$m Revenue.

With the transition of these portfolios to Border to Cost pooled products it is not possible to compare these previous results with results for the new products.

Reporting covers the listed equity funds and Sterling Investment Grade Credit Fund. Financed emissions (carbon emissions), carbon intensity and weighted average carbon intensity data is considered in assessing risks when conducting carbon footprints and reporting of data is shown on a three-year rolling basis. The charts give the carbon data for all three metrics in absolute terms and relative to the benchmarks for the last three reporting periods (31st March 2021 to and including 31st March 2023), or since inception for Funds launched post 2021.

Carbon footprinting of the Index-Linked Bonds, Multi-Asset Credit and Private Markets portfolios has not been conducted due to the absence of sufficiently robust methodologies and issues with data quality and availability. Carbon footprinting of unlisted investments is challenging due to the lack of reporting and disclosure of carbon emissions data by private companies and private equity fund managers. As a result, carbon reporting for private market assets is not included at the current time. It should also be noted that carbon data coverage for fixed income markets is less mature and a systemic issue which the market is yet to address.

Carbon metrics, whilst useful, also have limitations and are backward looking, with data sometimes being up to two years out of date; results need to be considered alongside other forward-looking climate-related tools to have a more holistic understanding of the underlying contribution and exposure to risk for an investor's portfolio.

Several tools are used both to inform decision making and to monitor risk within portfolios. This includes using Climate Action 100+ Net Zero Benchmark indicators, Transition Pathway Initiative (TPI) analysis and whether a company has a target approved by the Science Based Targets Initiative (SBTi). In addition, data availability is also tracked and whether it is reported or estimated; MSCI data is also used to track exposure to fossil fuel reserves and clean technology solutions.

Although data is improving as companies provide better climate-related financial disclosures, the quality of corporate reporting remains inconsistent. Some estimations must be made for companies that do not disclose data. As a carbon footprint captures a snapshot in time, we need to identify trends developing as the data we have increases. It should therefore be used in conjunction with other metrics whilst remaining aware of its limitations.

Data availability is more challenging in fixed income markets; however, this has materially increased over the year. After a period of monitoring both data sets and engaging with fixed income managers, we have switched to a methodology that maps more issuers to a parent subsidiary, having gained comfort that the quality of the data is sufficiently high and understandable.

Border to Coast's current funds are actively managed, therefore carbon footprints may vary due to investment decisions made. Carbon footprints can increase at the same time as the carbon intensity decreases in a portfolio, and vice versa, and without the full picture it is impossible to understand the reasons behind this. Furthermore, some companies with a high carbon footprint may be important actors in the move to renewable energy and the transition to a low carbon economy. Portfolio managers are required to document the investment rationale for the inclusion in the portfolio of companies with high carbon footprints. This enables managers to be challenged and facilitates ongoing monitoring and review.

The Authority currently invests in a wide range of listed and private market assets. Data in relation to emissions for private market assets is at best sketchy and difficult to gather therefore we concentrate on areas where there is a wide range of data available. This does not mean that we ignore private market assets which represent a significant part of our portfolio and we are supporting Border to Coast in their efforts to support the development of industry standards in this area.

Listed Assets

Data Quality

Although data is improving as companies provide better climate-related financial disclosures, the quality of corporate reporting remains inconsistent. For all Funds this year, we have also included carbon data availability metrics set out in the graph below. These metrics indicate the degree to which carbon data is available for the Fund, as well as the proportion of the data that is reported by the company or estimated by the data provider.

Data Availability

Source: MSCI ESG Research LLC, 31/03/2023

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Emissions Measurement

In this reporting period, in absolute terms carbon metrics for all Funds have either remained relatively stable or reduced in all the Funds measured that the Authority are invested in. Relative to benchmark all Funds are either in-line or significantly below their benchmark for financed emissions. The biggest movement has been seen in the Emerging Markets Fund following the reduction in exposure to several high emitting companies.

The WACI of most of the Funds relative to the benchmark has either further decreased or maintained an underweight position over the period. The one exception being Listed Alternatives which is above benchmark. Due to the way in which the WACI allocates carbon intensity, it can be highly sensitive to relatively minor changes in concentrated portfolios. Listed Alternatives is a highly concentrated portfolio where, for example, one company contributes approximately 20% of the overall WACI metric. In addition, the portfolio constituents have higher profit margins and lower revenues which results in lower financed emissions but higher WACI relative to the benchmark.

The carbon intensity of all Funds is below the respective benchmark with some Funds showing material reductions over the period or remaining stable.

Portfolio	Financial Emissions (tCO2e/ $m invested)		Weighted Average Carbon Intensity (tCO2e/ $m Sales)		Carbon Intensity (tCO2e / $m Sales)	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Equity						
Overseas Developed	97	112	135	135	167	181
Emerging Markets	75	300	158	378	160	428
UK Listed	117	122	124	120	141	141
Listed Alternatives	42	92	190	147	49	56
Fixed Income						
Investment Grade Credit	**65**	**86**	**72**	**81**	**44**	**180**

Source MSCI ESG Research LLC 31/03/2023

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Carbon emissions, carbon intensity and weighted average carbon intensity data is considered in assessing risks when conducting carbon footprints. Reporting of data is best shown on a three-year rolling basis so that trends can be established rather than focussing on the distorted picture that may be given by a point in time metric and the following charts give the carbon data for all three metrics in absolute terms and relative to the benchmarks for the last three reporting periods (31 March 2021 to and including 31 March 2023), or since inception for Funds launched post 2021. Reporting covers the listed equity funds and Sterling Investment Grade Credit Fund.

Financed Emissions

Source: MSCI ESG Research LLC, 31/03/2023

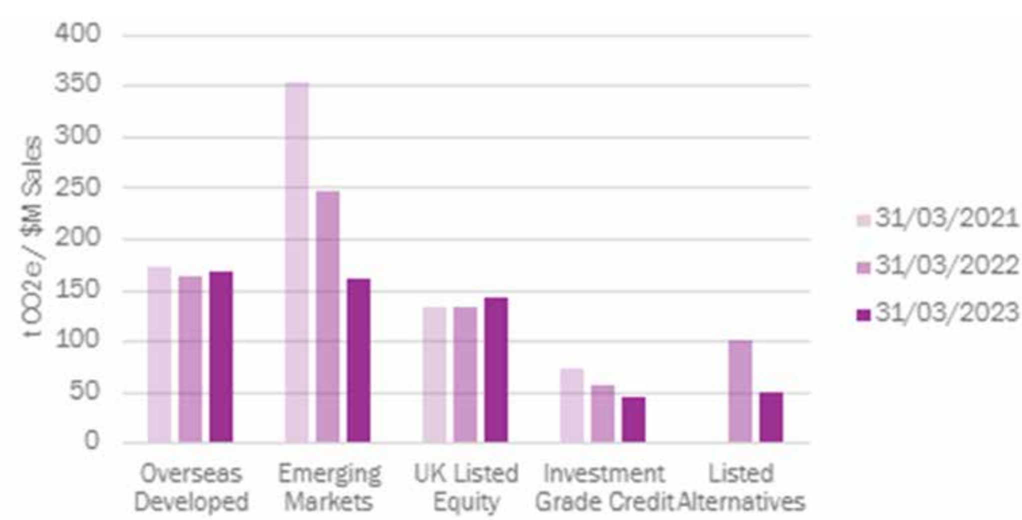
For some of the Funds the financed emissions metric is affected by fluctuations in market value which have fallen thus increasing the amount of emissions per $ invested.

Weighted Average Carbon Intensity (WACI)

Source: MSCI ESG Research LLC, 31/03/2023

Again the WACI metric can be affected by movements in the $ sales value used in the equation as well as by movements in the absolute level of emissions, while the improvements in data coverage can also have an impact

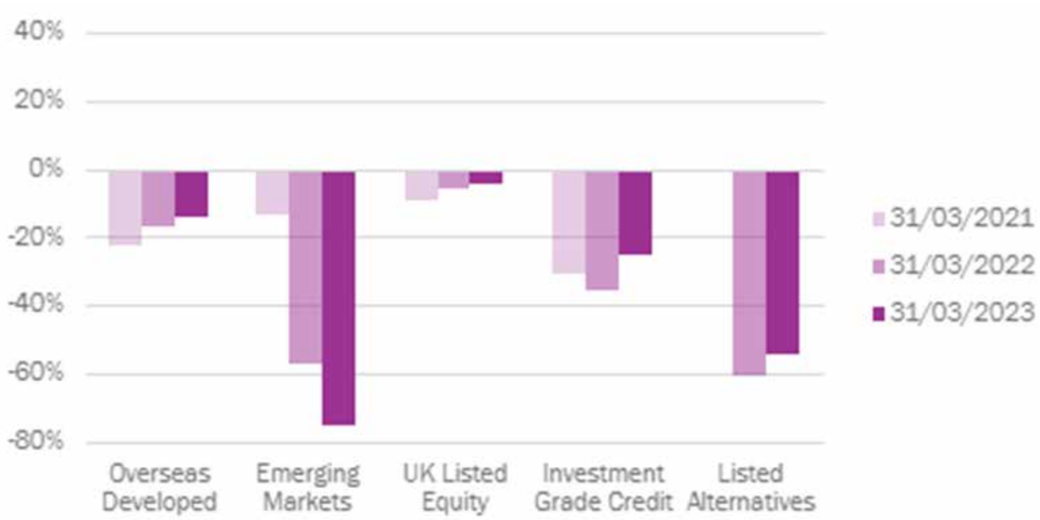
Carbon Intensity



Source: MSCI ESG Research LLC, 31/03/2023

When looked at in relation to the emissions within the relevant benchmark index the picture is as set out in the following charts.

Financed Emissions relative to benchmark



Source: MSCI ESG Research LLC, 31/03/2023

Weighted Average Carbon Intensity (WACI) relative to benchmark

Source: MSCI ESG Research LLC, 31/03/2023

Carbon Intensity relative to benchmark

Source: MSCI ESG Research LLC, 31/03/2023

The below or in line with benchmark position has been maintained for all funds with the exception of the WACI measure for the Listed Alternatives Fund and over the reporting period there have continued to be material improvements in some measures particularly in the Emerging Markets and Listed Alternatives funds.

Commercial Property

The other major area where it is possible to assess the environmental performance of the portfolio on a consistent basis is the commercial property portfolio, managed by abrdn.

Progress has been made in a number of areas shown in the table below which analysed progress against the three pillars of abrdn's ESG approach with the third pillar of "Investment Process and asset management" capturing the sustainability indicators most material for the fund to consider at asset level:

Pillar	ESG Topic	ESG Ambition	Performance to date
Transparency, Integrity and Reporting	ESG Client Reporting	Annual ESG Reporting aligned with INREV best practice sustainability guidelines	Aligned
	GRESB	Increase score year on year	2022: 74 (3 Stars) 2021: 66 (2 Stars)
	TCFD	Report in line with transition and physical risks	Included below
	Green Building Certification	Target an increase in % of portfolio ERV covered by a certification	2022: 37% 2021: 10%
	Fund Team Training	Fund team to attend 4 ESG training sessions annually	100% completion rate
Capability and Collaboration	Property Manager	Fund team to communicate ESG strategy and include ESG as an agenda point in quarterly calls	Ongoing
		Target net-sero cartbon by 2050*	Detail included below
Investment Process and Asset Management	Carbon and Energy	Target an increase in assets with energy performance certificated A-C	2022: 78% 2021: 70%

*Note this is the Manager's house target which will need to be managed within the authorities overall goal of Net Zero by 2030.

The Global Real Estate Sustainability Benchmark (GRESB) is an independent organisation providing validated ESG performance data and peer benchmarks for investors and managers. SYPA's portfolio is evaluated against this standard every year and the table below summarises the scores over the last two years.

GRESB Component	2021	2022
Total score (out of 100)	66	74
Management score (out of 30)	30	30
Performance score (out of 70)	36	44
No of stars	2	3
Peer group ranking	54th of 79	22nd of 80

GRESB Data as at 31/03/2023

This shows a significant improvement in the performance of the portfolio against the GRESB criteria and in particular the achievement of the targeted 3 star rating which was accompanied by a marked improvement in the peer group ranking.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

The following metrics are aligned with the TCFD framework

Carbon metric	Metric units	Performance
Total carbon emissions	kgCO2e	552,332
Data coverage of Scope 1 and 2 emissions (relative to the rest of the fund)	% based on floor area	28%
Data coverage of Scope 1 and 2 (only where scope 1 and 2 emmissions are applicable)	% based on floor area	100%
Scope 1 emissions	kgCO2e	231,921
Scope 2 emissions	kgCO2e	320,412
Scope 3 emissions	kgCO2e	-
Year on year change	% based on like for like	3%
Portfolio Carbon intensity based on scope 1 and 2 emissions	kgCO2e/m2	45.6
Weighted Average Carbon Intensity (WACI) based on scope 1 and 2 emissions.	kgCO2e/m2 weighted by value (£)	119.8
Economic Emissions based on scope 1 and 2 emmissions (kgCO2e/value)	kgCO2e/ (£ millions)	2,414
Financed Emissions based on scope 1 and 2 emissions	kgCO2e* attribution factor	552,332

Source: abrdn data at 31/12/2022

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

While on a like for like basis there has been a 3% increase in financed emissions it is worth also reflecting that that for the whole portfolio (as opposed to for those assets present in both 2021 and 2022) there has been a 14% reduction in emissions which reflects a 9% reduction in absolute energy consumption. From this it can broadly be concluded that the portfolio overall is becoming more energy efficient.

The metrics shown below show the progress of the portfolio in terms of net-zero action year on year.

Net-zero action	Baseline year	Performance to date
Net Zero Pathway Undertake annual net-zero pathway analysis to understand year on year intensity change. Carbon intensity (kgCO2e/m2) baseline versus current year (%change)	141 kgCO2e/m2 (2021) Source: Verco	Baseline analysis completed in 2022 using data from 2021 calendar year. Future updates on the portfolio position on the net-zero pathway will be reported annually.
Data Collection Target year on year increase in tenant energy data collection	60% (2021) Source: GRESB	Baseline analysis completed in 2022 using data from 2021 calendar year. Future updates on the portfolio position on the net-zero pathway will be reported annually.
Off-site renewables Target 100% of landlord supplies to be procured from certified renewable sources	Already implemented	100% of landlord electricity is from renewable sources.

Source: abrdn data at 31/12/2022

Given movement from a standing start s this reflects a significant degree of progress in a relatively short timescale given the nature of the asset class.

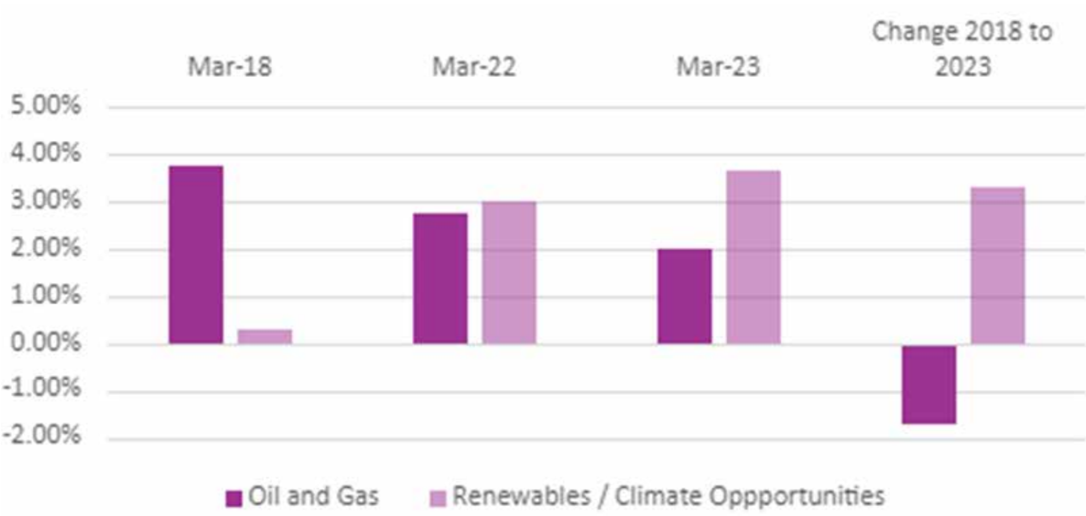
MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

Holdings Analysis

An alternative way of looking at the impact of the Authority's investments on climate change is by looking at the nature of the things in which we are invested. The data below compares the position at the March 2018 baseline compared to 2022 and 2023.

Change in Oil and Gas Exposure as a % of the Pension Fund



Source; SYPA Holdings Analysis and Border to Coast Source Data

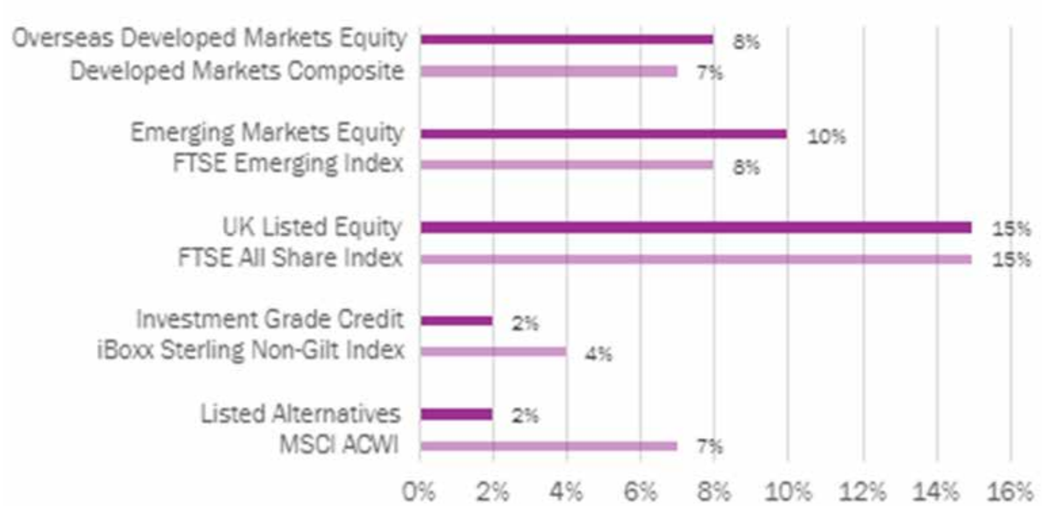
What this shows is that the policy of tilting the overall portfolio away from oil and gas stocks as representative of the "old economy" and towards renewables and other climate opportunities is significantly increasing in pace as the additional investment in infrastructure funds (which have a heavy focus on renewables) and in Climate Opportunities is drawn down. The latest review of the investment strategy significantly increases exposure to both these areas which should mean that this trend continues to accelerate.

MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

We can also look at the weight of companies in the various portfolios owning fossil fuel reserves and owning clean technology solutions as compared to the same metrics within the relevant benchmark index and this is shown in the charts below.

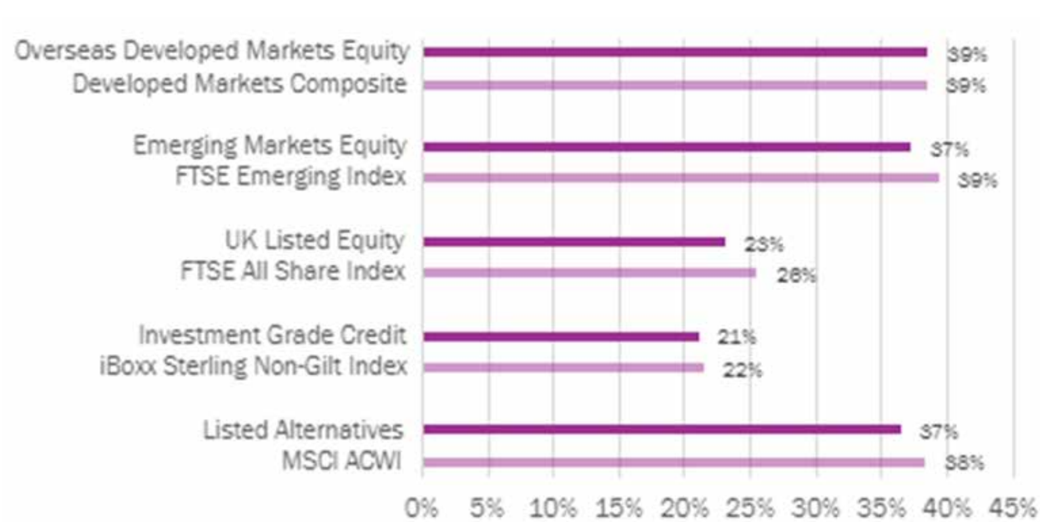
Weight of Holdings Owning Fossil Fuel Reserves



Source MSCI ESG Research LLC 31/03/2023

The position in terms of fossil fuel reserves is materially below benchmark for the Investment Grade Credit and Listed Alternatives Funds and broadly in line for the other funds, which would be expected given the relatively low active share in these mandates.

Weight of Holdings Owning Clean Technology Solutions



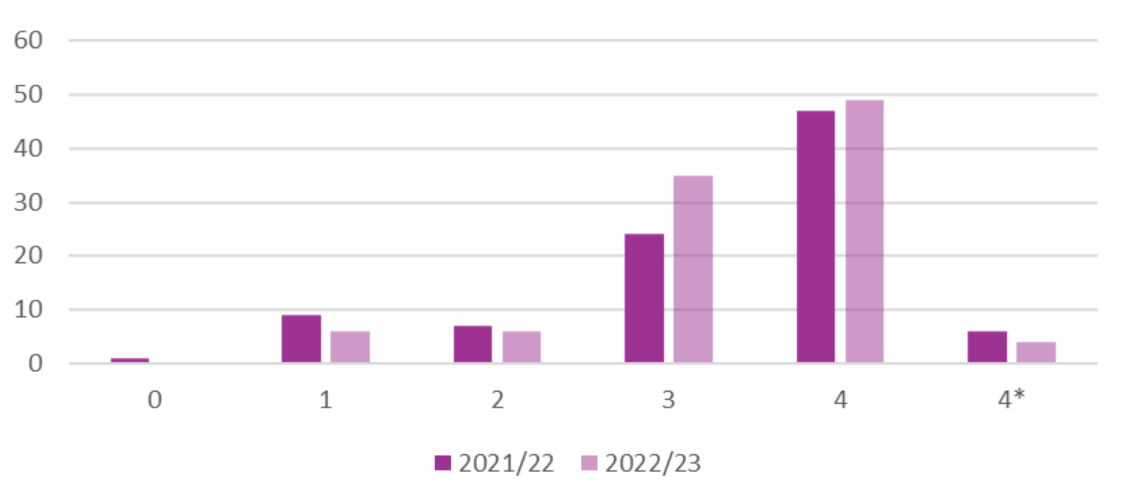
MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

As well as monitoring the exposure to fossil fuels the proportion of companies contributing to a low-carbon transition is also assessed. There is currently no industry standard definition for clean technology solutions; this data uses MSCI's methodology, which may differ from that of other data providers. The Overseas Developed Markets, Emerging Markets and Listed Alternatives Funds have the highest allocation to companies providing clean technology solutions.

It is also possible to consider the degree of commitment by companies in which we are invested to adapting themselves to the transition to a low/no carbon economy. We can do this through external assessment of companies position on the transition pathway. This technique only applies to listed companies held within the portfolios managed by Border to Coast. This year a total of 100 (94 in 2022) portfolio companies have been rated by the Transition Pathway Initiative (TPI). Of these, 88 (77 in 2022) were ranked Level 3/4/4* for the quality of their arrangements for managing carbon. TPI determines that these companies are "integrating climate change into operational decision making" and/or making a "strategic assessment" of climate. The distribution of companies across the various TPI categories is shown below. This shows both a significant increase in coverage but also an overall improvement in the ratings achieved by companies as the need for businesses to plan their transition to a low/no carbon world increases.

Transition Pathway Levels - Companies held in Border to Coast Funds



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MANAGING THE PENSION FUND'S INVESTMENTS

Climate Change

The Authority has set out its goal of making its investment portfolios net zero in terms of carbon emissions by 2030. This is an extremely ambitious goal and reflects:

- The assessment of the seriousness of the risk that climate change poses to the value of the Fund's investments if action is not taken.
- An ambition to exploit the opportunities that the transition to a low carbon economy can provide; and
- A desire to provide leadership and clear direction within the Border to Coast partnership.

We have now defined provisional targets for carbon emissions (also known as financed emissions) towards achievement of this goal with the addition of information on the portfolio's degree of alignment with the targets set out in the Paris agreement gathered through the Strategy Review. Given our dependence on Border to Coast for the provision of investment products and the fact that the broader partnership goal is set as 2050 SYPA will need to develop aspects of its investment strategy, particularly in private markets to include "carbon negative" investments and other offsets, with the agricultural property portfolio providing particular opportunities in this regard which will be investigated in the coming year.

The interim targets set are for the equity portfolios in aggregate and the Investment Grade Credit portfolio to deliver a reduction in financed emissions of 52% on 2019 levels by 2025. This is significantly greater than implied in the International Energy Agency's Net Zero Emissions 2050 pathway. Given the reductions achieved to date this will require around a 2% p.a. year on year reduction for the remainder of the period to 2025. As at 2022 a reduction of 50% have been achieved. Thus, given previous performance there is a strong possibility of overachieving this goal.

While the Authority would wish to see these portfolios achieve Net Zero by 2030 this is not something that is entirely within our gift. Therefore based on current information available these portfolios could achieve a 65% reduction in emissions by 2030 compared to 2019 compared to the 41% reduction implied in the pathway to 2050. This would require reductions of approximately 6% p.a., which is close to the reduction required by Paris aligned equity benchmarks.

For Real Estate the setting of targets is complicated by the likely transition of assets into a Border to Coast product during 2024. At this point SYPA's assets will become part of a much larger pool of assets, most of which we have no knowledge of, making the setting of targets difficult. It would therefore not be sensible to set a formal target for this portfolio at this stage. However, it is acknowledged that emissions will need to be reduced by at least 50% on 2020 levels by 2025 to be aligned with the Authority's Net Zero goal. This implies ongoing reductions in emissions of at least 10% p.a.

The Paris Aligned Asset Owners Framework to which the Authority subscribes also requires the Authority to set targets for the proportion of emissions by:

- Companies which are achieving Net Zero
- Companies which are already aligned to Net Zero
- Companies which are in the process of aligning to Net Zero, and
- Companies which are being engaged with to encourage them to align to Net Zero.

Based on progress to date with the public market portfolios (both equity and fixed income) we would expect:

55% of financed emissions to be aligned to Net Zero by 2025, and 70% by 2030, with 44% aligned at 2022 and a further 41% committed to aligning and 80% of financed emissions to be subject to engagement by 2025 and 90% by 2030 with 73% covered at 2022 .

Climate Change

All of these targets will be refined as part of the review of the Investment Strategy which will include an examination of the balance between the different types of investment held by the Fund, which can also have an impact on overall emissions.

The following applies to information within this section of the Annual Report provided by Border to Coast using data generated by MSCI who are their data provider.

This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although Border to Coast Pensions Partnership Limited's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form* and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.*

**In accordance with the Licence Agreement between Border to Coast Pensions Partnership Limited and MSCI ESG Research (UK) Limited*

FINANCIAL STATEMENTS

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Fund Account

2021/22 £'000		2022/23 £'000	Note
	Dealings with Members, Employers and Others Directly Involved in the Fund		
(192,000)	Contributions	(210,836)	[7]
(18,584)	Transfers In from other pension funds	(25,107)	[8]
(210,584)		**(235,943)**	
320,872	Benefits	346,267	[9]
17,136	Payments to and on account of leavers	20,125	[10]
338,008		366,392	
127,424	**Net withdrawals from dealings with members**	**130,449**	
105,678	Management Expenses	68,428	[11]
233,102	**Net withdrawals including fund management expenses**	**198,877**	
	Returns On Investments		
(66,794)	Investment income	(57,455)	[12]
(977,797)	Profit and losses on disposal of investments and changes in the value of investments	330,160	[14b]
(1,044,591)	**Net return on investments**	**272,705**	
(811,489)	**Net Decrease/ (Increase) 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)**	

Net Assets Statement

31/03/2022 £'000		31/03/2023 £'000	Note
	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	702,029	[14a]
118,756	Cash	97,025	
2,468	Other Investment Assets	2,250	
10,656,404	**Total Net investments**	**10,184,163**	**[14a]**
33,828	Current Assets	33,482	[20]
10,690,232		**10,217,645**	
(16,670)	Current Liabilities	(15,665)	[21]
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

1. Description of the Fund

The South Yorkshire Pension Fund ('the Fund') is part of the 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

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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).

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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.

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 and 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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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 straightline 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:

Administration 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

nvestment 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.

f) Management expenses 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.

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.

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.	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: • 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 market investments (Note 15)	Private market 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 market 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 market 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.	
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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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.

7. Contributions Receivable

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

*** Employer Contributions: Prepayments**

By employer type	2021/22	2022/23
	£'000	£'000
Administering Authority	556	651
Scheduled Bodies		
Barnsley MBC	23,002	24,675
City of Doncaster Council	10,427	13,986
Rotherham MBC	12,276	14,976
Sheffield CC	31,104	36,619
Other Scheduled Bodies	101,164	110,495
Admitted Bodies	13,471	9,434
Totals	**192,000**	**210,836**

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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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 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.

8. Transfers In From Other Pension Funds

	2021/22 *£'000*	2022/23 *£'000*
Individual transfers	18,584	25,107
Totals	**18,584**	**25,107**

9. Benefits Payable

By category	2021/22 *£'000*	2022/23 *£'000*
Pensions	257,953	272,528
Commutation and lump sum retirement benefits	57,102	64,045
Lump sum death benefits	5,817	9,694
Totals	**320,872**	**346,267**

By employer type	2021/22 *£'000*	2022/23 *£'000*
Administering Authority	771	798
Scheduled Bodies		
Barnsley MBC	42,772	44,441
Doncaster MBC	45,239	48,035
Rotherham MBC	46,540	48,205
Sheffield CC	95,093	107,919
Other Scheduled Bodies	61,938	67,626
Admitted Bodies	28,519	29,243
Totals	**320,872**	**346,267**

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

10. Payments To and On Account of Leavers

	2021/22 £'000	2022/23 £'000
Refunds to members leaving service	535	584
Individual transfers	16,605	19,543
Payments for members joining state scheme	(4)	(2)
Totals	**17,136**	**20,125**

11. Management Expenses

	2021/22 £'000	2022/23 £'000
Administrative costs	3,382	4,170
Investment management expenses (Note 11a)	100,279	62,732
Oversight and governance costs	2,017	1,526
Totals	**105,678**	**68,428**

11a. Investment management expenses

2021/22					2022/23			
Management Fees	Perfornace Related Fees	Transition Costs	Total		Total	Management Fees	Perfornace Related Fees	Transition Costs
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
22,867	52,874	135	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**			

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. The presentation of this note has been amended to comply with CIPFA guidance and present an analysis of investment management expenses by investment manager as a more meaningful categorisation to show the nature of the costs incurred and how these arise for each different investment manager type.

The overall increase in expenses for 2021/22 from the previous year has largely been driven by the increase in performance-related fees; reflecting the increase in value held and the strong performance of Pooled Investment Funds in particular.

12. Investment Income

	2021/22 £'000	2022/23 £'000
Income from equities	572	243
Bonds	10,394	14,201
Income from pooled investment vehicles	28,267	15,406
Net property income (Note 12a)	27,278	25,852
Interest on cash deposits	168	1,868
Stock lending	80	0
Other	35	(115)
Total Before Taxes	**66,794**	**57,455**
Irrecoverable withholding tax on equities	0	0
Net Investment income	**66,794**	**57,455**

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

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

12a. Property Income

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

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

13a. Other fund account disclosures - External audit costs

	2021/22 £'000	2022/23 £'000
Fees payable in respect of external audit	46	39
	46	**39**

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.

13b. Other fund account disclosures - Irrecoverable VAT

	2020/21 £'000	2021/22 £'000
Irrecoverable VAT included in administration cost	298	199
Irrecoverable VAT included in investment management expense	144	362
Irrecoverable VAT included in Oversight & Governance cost	95	65
	537	**626**

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.

14a. Investments

31 March 2022 £'000		31 March 2023 £'000	31 March 2023 £'000
	Long Term Investments		
1,182	Equities	1,182	
1,182			*1,182*
	Investment Assets		
25,621	Equities	786	
64,692	Bonds	38,082	
90,313			**38,868**
	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	
116,259	Indirect Property	160,118	
14	Hedge Fund of Funds	0	
243,973	Other Managed Funds	208,555	
9,648,130			**9,342,809**
	Other Investments		
779,745	Direct Property	660,719	
15,810	Property Other	41,310	
795,555			**702,029**
118,756	Cash Deposits	97,025	
2,468	Investment Income Due	2,250	
121,224			**99,275**
10,656,404	**Total Investment Assets**		**10,184,163**
10,656,404	**Net Investment Assets**		**10,184,163**

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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	(23,535)	(1,300)	1,968
Bonds	64,692	30,000	(47)	(56,563)	38,082
Pooled Investments	9,648,130	730,438	(877,371)	(158,388)	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**
Other Investment Balances:					
Cash Deposits	118,756			2,414	97,025
Other Investment Assets	2,468				2,250
NET INVESTMENT ASSETS	**10,656,404**			**(330,160)**	**10,184,163**

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14b. Reconciliation of movements in investments and derivatives continued

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
	9,718,764	**1,505,916**	**(1,655,603)**	**966,103**	**10,535,180**
Derivative Contracts:					
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**
Other Investment Balances:					
Cash Deposits	170,769			5,497	118,756
Other Investment Assets	8,950				2,468
NET INVESTMENT ASSETS	**9,895,308**			**977,797**	**10,656,404**

14c. Investments analysed by Fund Manager

Market value 31 March 2022 | **Market value 31 March 2023**

Investments managed by Border to Coast Pensions Partnership:

%	£'000		£'000	%
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			Market Value 31 March 2023	
%	£000	**Security**	£000	%
8.2%	870,683	Border to Coast Sterling	702,953	6.9%
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 Fund	562,712	5.5%
	6,419,647		**5,865,071**	

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*
Opening balance	**748,214**	**779,745**
Additions:		
Purchases	23,707	467
New Construction	718	167
Subsequent Expenditure	3,510	1,036
Disposals	(83,893)	(8,773)
Net Increase / (Decrease) in Market Value	87,489	(111,923)
Closing balance	**779,745**	**660,719**

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.

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
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, 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 RICS Valuation – Professional Standards January 2014	• 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.

Asset type	Assessed valuation range (+/-)	Value as at 31 March 2023	Value on increase	Value on decrease
2023		£'000	£'000	£'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**

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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

2023	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 31 March 2023	**Level 1** *£'000*	**Level 2** *£'000*	**Level 3** *£'000*	**Total** *£'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)	0	0	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 at 31 March 2023**	
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**

2022	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 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 14e)	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 at 31 March 2022**	
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**

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

16b. Net Gains and Losses on Financial Instruments

	2021/22 £'000	2022/23 £'000
Financial assets		
(Loss) / Gain on assets at fair value through profit and loss	878,624	(216,251)
Gain / (Loss) on assets at amortised cost	5,497	2,414
Financial liabilities		
Gain on Liabilities at Fair value through profit and loss	6,197	0
Net (Loss) / Gain on financial instruments	**890,318**	**(213,837)**

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

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:

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

Asset type 2023	Value as at 31 March 2023 £'000	Potential market movements (+/-)	Potential value on increase £'000	Potential value on decrease £'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**		**10,465,687**	**8,299,987**

Asset type 2022	Assessed valuation range (+/-)	Value as at 31 March 2022 £'000	Value on increase £'000	Value on decrease £'000
Equities (Long Term)	0%	1,182	1,182	1,182
Equities	15%	52	60	44
Pooled Investment Vehicles	12%	2,227,306	2,494,583	1,960,029
Pooled Property Funds	5%	81,120	85,176	77,064
Property	4%	779,745	810,935	748,555
Property Other	4%	15,810	16,442	15,178
		3,105,215	3,408,378	2,802,052

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 one 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 2023	Value as at 31 March 2023 £'000	Potential interest rate movement (+/-)	Potential value on increase £'000	Potential value on decrease £'000
Cash - Sterling	77,751	0.89%	78,443	77,059

Exposure to interest rate risk 2022	Value as at 31 March 2021 £'000	Potential interest rate movement (+/-)	Potential value on increase £'000	Potential value on decrease £'000
Cash - Sterling	103,978	0.64%	104,643	103,313

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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 as at 31 March 2023	Potential market movement	Value on increase	Value on decrease
2023	*£'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	Asset value as at 31 March 2022	Potential market movement	Value on increase	Value on decrease
2022	*£'000*	*£'000*	*£'000*	*£'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 counterparts, 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		Balances at 31/03/22	Balances at 31/03/23
Counterparty type	**Rating**	***£'000***	***£'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 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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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:

The key elements of the funding policy are:

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

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 Secondary rate covers the costs associated with sufficiently funding benefits accrued up to the valuation date.

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	
	6.1% of pay		20.3% of pay	
Primary Rate	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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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	31 March 2022	31 March 2023
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 aged **65**	21.0
Life expectancy for future pensioners - men aged **45**	22.0
Life expectancy for current pensioners - women aged **65**	24.0
Life expectancy for future pensioners - women aged **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.

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 aged **65**	20.5
Life expectancy for future pensioners - men aged **45**	21.5
Life expectancy for current pensioners - women aged **65**	23.7
Life expectancy for future pensioners - women aged **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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

20. Current Assets

Short Term Debtors:	31/3/22 £'000	31/3/23 £'000
Contributions due - employees	6,108	6,123
Contributions due - employers	14,844	18,602
	20,952	**24,725**
Early retirement strain contributions receivable	2,379	1,265
Sundry debtors	10,497	7,492
Total	**33,828**	**33,482**

21. Current Liabilities

	31/3/22 £'000	31/3/23 £'000
Sundry creditors	(5,939)	(7,578)
Payroll expenses payable	(2,390)	(2,725)
Advance property rents	(5,433)	(5,362)
Property rental deposits	(2,677)	0
Other balances	(231)	0
Total	**(16,670)**	**(15,665)**

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.

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 at	31/3/22 £'000	31/3/23 £'000
Prudential[1]	10,869	10,075
Scottish Widows	4,186	N/A
Utmost Life & Pensions	1,861	1,544
Total	**16,916**	**11,619**

AVCs Paid to Providers	2021/22 Restated £'000	2022/23 £'000
Prudential[1]	1,966	N/A
Scottish Widows[2]	366	N/A
Utmost Life & Pensions	6	6
Total	**2,338**	**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.

[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.

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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.

Payments on behalf of:	2021/22	2022/23
	£'000	£'000
South Yorkshire Pensions Authority	14	15
Barnsley MBC	2,435	2,393
Doncaster MBC	1,796	1,788
Rotherham MBC	1,266	1,252
Sheffield CC	5,670	5,529
Other Scheduled Bodies	1,477	1,463
Admitted Bodies	60	48
Total	**12,718**	**12,488**

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 eimbursed by the Fund for these expenses. All transactions are shown either in the Authority's statements or in the Fund accounts. All ontributing 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).

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2023

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.

	31/3/22 £'000	31/3/23 £'000
Pension fund investment at book cost	1,365,012	1,365,012
Debenture loan	8,000,100	10,200,100
Total investment at book cost	9,365,112	11,565,112
Pension fund investment market value (included in the net assets statement)	9,365,100	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:

	31/12/20 Restated £'000	31/12/21 £'000
Profit/(loss) on ordinary activites before taxation	707,557	1,598,443
Profit/(loss) after taxation	223,954	1,940,730
Retained profit/(loss)	5,042,835	6,983,565
Net assets	6,907,835	8,848,565
Rent paid to South Yorkshire Pensions Authority	2,242,549	2,152,097
Dividends paid to South Yorkshire Pensions Authority	0	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.

	31/3/22 £'000	31/3/23 £'000
Pension fund investment at book cost	10,497,338	10,991,142
Debenture Loan	0	27,700,000
Total Investment at Book Cost	10,497,338	38,691,142
Pension fund investment market value (included in the net assets statement)	6,455,001	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:

	31/12/21 £'000	31/12/22 £'000
Fixed Assets	7,000,600	22,878,589
Current Assets	515,834	12,320,125
Current Liabilities	(178,615)	(105,502)
Net Assets	7,337,819	35,093,212
Profit/(loss) on ordinary activities	212,554	(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.

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.

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.

31/3/22		**31/3/23**	
Currency *'000*	£ equivalent *£'000*	Currency *'000*	£ equivalent *£'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

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Young road sweeper circa 1950

Glossary of terms

Accruals (Accrual Accounting)
The fundamental accounting principle that income and expenditure are recognised as they are earned or incurred, not as money is received or paid. When income is due to the Authority but has not been received an accrual is made for the debtor. When the Authority owes money but the payment has not been made an accrual is made for the creditor.

Active member
An employee who is currently paying pension contributions.

Actuarial/Actuary
The science and profession of using mathematical techniques to model and quantify the financial effects of uncertain future events. For the Authority this is relevant in the context of accounting for the Pension Fund, where future transactions of the Fund will occur so far into the future that they cannot yet be known with certainty.

Actuarial valuation
SYPA's actuary carries out an actuarial valuation every three years and recommends the level of contributions for each of the Fund's participating employers for the following three years. The valuation will measure the size of the Fund against its future liabilities and set contribution rates according to the Fund's deficit or surplus.

Additional voluntary contributions (AVCs)
These are extra payments to increase future benefits. Members can also pay AVCs to provide additional life cover.

All local government pension funds have an in-house AVC scheme that members can invest money in through an AVC provider, often an insurance company or building society.

Administering authority
The LGPS is run by administering authorities, for example county councils, in accordance with regulations approved by parliament. Each administers their own Fund, into which all contributions are paid. Every three years, independent actuaries carry out a valuation of each fund and set the rate at which the participating employers must contribute to fully fund the payment of scheme benefits for that fund's membership.

Admitted Body
Admitted bodies are 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.

Amortisation
The way in which an asset or liability is accounted for over more than one period (other than property, plant and equipment, for which depreciation applies).

Asset allocation
This is putting an investment strategy in place that tries to balance risk against reward by adjusting the percentage of each asset in an investment portfolio according to an investor's risk tolerance, goals and investment time frame.

GLOSSARY

Glossary of terms

Best Value
Best Value was introduced in England and Wales by the Local Government Act 1999. Its provisions came into force in April 2000. The aim was to improve local services in terms of both cost and quality. A Best Value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, taking into account a combination of economy, efficiency and effectiveness.

BREEAM
BREEAM is the world's leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. It is used to measure the sustainability of properties owned by the Authority.

Brent oil price
Brent Crude is a major trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide. It is quoted in US$ in price per barrel.

Career average revalued earnings (CARE) pension scheme
From 1 April 2014, for every year they pay into the LGPS, scheme members get a pension of 1/49th of their pay, which is added to their pension account and revalued every year in line with a government treasury order currently linked to the Consumer Prices Index.

Cash equivalent value (CEV)
This is the cash value of a member's pension rights for the purposes of divorce or dissolution of a civil partnership.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is a UK accountancy body, specialising in the finances of the public sector. CIPFA is responsible for determining the accounting rules and procedures that apply to local authorities and other public bodies.

Climate Change
A change in global or regional climate patterns, in particular, a change apparent from the mid to late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
This document is produced by CIPFA. It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Consumer Price Index (CPI)
This is a method of measuring the changes in the cost of living, similar to the Retail Price Index. From April 2011 the amount pensions are increased annually is based on movement in the Consumer Price Index during the 12 months to the previous September.

Contingent Assets
These are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Authority.

Glossary of terms

Contingent Liabilities
These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the Balance Sheet.

Commutation
This is giving up part or all of the pension payable from retirement in exchange for an immediate lump sum.

Convertible shares
These are shares that include an option for holders to convert into a predetermined number of ordinary shares, usually after a set date.

Creditors
Amounts owed by the Authority for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Custodian
This is a financial institution that holds customers' securities for safekeeping to minimise the risk of theft or loss. Most custodians also offer account administration, transaction settlements, collection of dividends and interest payments, tax support and foreign exchange.

Data governance
This refers to the overall management of the availability, usability, integrity, and security of data used in an enterprise. A sound data governance programme includes a governing body, a defined set of procedures, and a plan to execute those procedures.

Death grant
This is a lump sum paid by the pension fund to the dependants or nominated representatives of a member who dies.

Debtors
Sums of money owed to the Authority but not received at the end of the year.

Deferred pensioner
A former member of the LGPS who has left the scheme, but still has benefits in the scheme and will collect a pension from the LGPS on retirement.

Deficit payments
Pension schemes have a legal requirement to reduce any deficit - the difference between a scheme's assets and its liabilities - over time, by making additional payments

Denomination
This is the face value of a banknote, coin, or postage stamp, as well as bonds and other fixed-income investments. Denomination can also be the base currency in a transaction, or the currency a financial asset is quoted in.

Discretion
This is the power given by the LGPS to enable a council or administering authority to choose how they will apply the scheme in respect of certain of its provisions. Under the LGPS they are obliged to consider certain of these discretionary provisions and to pass resolutions to form a policy of how they will apply the provision. For the remaining discretionary provisions, they are advised to do so. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review.

Direct property
Direct investment in property is buying all or part of a physical property. Property owners can receive rent directly from tenants and realise gains or losses from the sale of the property.

Earmarked Reserve
A sum set aside for a specific purpose.

Eligible councillor
This is a councillor or an elected mayor (other than the Mayor of London) who is eligible for membership of the LGPS in accordance with the scheme of allowances published by an English county council, district council or London borough council or by a Welsh county council or county borough council.

Emoluments
Payments received in cash and benefits for employment.

Employer covenant
This is an employer's legal obligation and financial ability to support their defined benefit pension scheme now and in the future. Assessing the strength of the covenant helps decide the appropriate level of risk when setting investment strategy.

Equity Risk Premium
Also referred to as simply equity premium, this is the excess return that investing in the stock market provides over a risk-free rate, such as the return from government treasury bonds. This excess return compensates investors for taking on the relatively higher risk of equity investing.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of property, plant and equipment to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

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, lending, soft loans, financial guarantees and bank deposits of the Authority.

Fixed income securities
A fixed-income security is an investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity. Unlike a variable-income security, where payments change based on some underlying measure such as short-term interest rates, the payments of a fixed-income security are known in advance.

Fund of funds (FoF)
This is a fund that holds a portfolio of other investment funds.

GLOSSARY

Glossary of terms

General partners
These are owners of a partnership with unlimited liability. General partners are often managing partners who are active in the daily operations of a business.

GRESB
The Global Real Estate Sustainability Benchmark is a source of reliable and comparable data on the ESG performance of real estate investments.

Guaranteed minimum pension (GMP)
The LGPS guarantees to pay a pension that is at least as high as a member would have earned had they not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the guaranteed minimum pension (GMP).

Impact Investing
Investments made into companies, organisations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. Impact investments provide capital to address social and/or environmental issues.

Index-linked bonds
These are bonds in which payment of income on the principal is related to a specific price index - often the Consumer Price Index. This feature provides protection to investors by shielding them from changes in the underlying index. The bond's cash flows are adjusted to ensure that the holder of the bond receives a known real rate of return.

Internal rates of return (IRR)
This is the discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero.

International Accounting Standards (IAS)
These standards were issued by the International Accounting Standards Committee (IASC). These standards have now largely been replaced by International Financial Reporting Standards.

International Financial Reporting Standards (IFRS)
These are accounting standards issued by the International Accounting Standards Board.

Investment Properties
Land and buildings that are held for capital gain and rental income and not for the provision of services.

Liabilities
Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Local government
As well as the staff of local councils this term covers police and fire civilian staff, a registration officer, a coroner, employees of a valuation tribunal, employees of a passenger transport authority, employees of the Environment Agency, non-teaching employees of an academy, or a Further or Higher Education Corporation.

Glossary of terms

Materiality
An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Myners' principles
This is a set of principles based on Paul Myners' 2001 report, Institutional Investment in the United Kingdom.

The Myners' principles for defined benefit schemes cover:

- effective decision-making
- clear objectives
- risk and liabilities
- performance assessment
- responsible ownership
- transparency and reporting

Operating Leases
Leases other than a finance lease. Under operating leases the risks and rewards of ownership remain substantially with the lessor.

Ordinary shares
An ordinary share represents equity ownership in a company and entitles the owner to vote at general meetings of that company and receive dividends on those shares if dividend is payable.

Pension board
Pension boards make sure each scheme complies with governance and administration requirements. Boards may have additional duties, if scheme or other regulations specify them. They must have an equal number of employer representatives and member representatives, plus other types of members, like independent experts. All pension board members have a duty to act in line with scheme regulations and other governing documents.

Pension liberation fraud
Members with deferred benefits may be approached by companies offering to release funds early from these benefits.

The Pensions Regulator has advised pension funds to make members aware of the potential warning signs of pension liberation fraud.

Personal pension
A personal pension plan is usually purchased from a financial services company, such as an insurance company, bank, investment company or building society. Members usually pay into the plan every month and employers can also contribute to the plan.

Policy statement
This is a statement that councils and administering authorities must produce, setting out the policies they have resolved to follow in exercising certain discretions under the LGPS.

Pooled funds
These are aggregated funds from multiple individual investors. Investors in pooled fund investments benefit from economies of scale for lower trading costs, diversification and professional money management.

Glossary of terms

Principles for Responsible Investment (PRI or UNPRI)
The six Principles for Responsible Investment originally developed by the UN are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

Prior Year Adjustments
Material adjustments applicable to prior years, arising from changes in accounting policies or from other corrections.

Private Equity
Private equity is equity capital that is not quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.

Provisions
Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Quality management
This makes sure that an organisation, product or service is consistent. It has four main components: quality planning, quality control, quality assurance and quality improvement.

Quantitative easing
Quantitative easing (QE) is when a central bank creates new money electronically to buy financial assets like government bonds with the aim of directly increasing private sector spending in the economy and returning inflation to target.

Related Parties
Individuals or bodies who have the potential to influence or control the Authority or to be influenced or controlled by the Authority.

Related party transactions
This is an arrangement between two parties joined by a special relationship before a deal, like a business transaction between a major shareholder and a corporation.

Responsible Investment
A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.

Retail Prices Index
This is another method of measuring the changes in the cost of living. It reflects the movement of prices covering goods and services over time. Until April 2011, the amount by which pensions were increased annually was based on movement in the Retail Price Index during the 12 months to the previous September. From April 2011 the government changed the amount by which pensions increase from Retail Price Index to Consumer Price Index.

Rule of 85
Under previous regulations, when a member elected to retire before age 65, the Rule of 85 test was used to find out whether the member retired on full or reduced pension benefits. The agreement of the employer was required for employees who wished to retire before the age of 60. If the sum of the member’s age and the number of whole years of their Scheme membership was 85 or more, benefits were paid in full; if the total was less than 85, the benefits were reduced. The employer had the power to waive the reduction on compassionate grounds and to pay the benefits in full. The Rule of 85 was not relevant where a member was made redundant, or was retired on grounds of efficiency or ill health.

The Rule of 85 was abolished on 1st October 2006. However, members contributing to the LGPS prior to this date will have some or all of their pension benefits protected under this rule.

Glossary of terms

Scheduled body
Scheduled bodies are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

Spot rate
This is the price quoted for immediate settlement on a commodity, a security or a currency. It's based on the value of an asset at the moment of the quote, and this in turn is based on how much buyers are willing to pay and how much sellers are willing to accept, which depends on factors such as current market value and expected future market value.

Stakeholder pension
This is a low-cost private pension; they became available from 6 April 2001. They are meant for people who currently do not have a good range of pension options available to save for their retirement. Contributors use their own money to build up a pension fund.

State pension age
This is the earliest age people can receive the state basic pension.

State Second Pension (S2P)
The State Second Pension (formerly SERPS) is the additional state pension, payable from State pension age by the Department for Work and Pensions. LGPS members are contracted out of S2P and most pay lower national insurance contributions as a result.

Statutory compliance
This means following the laws on a given issue.

Stock lending
This is loaning a stock, derivative, or other security to an investor or firm. It requires the borrower to put up collateral (cash, security or a letter of credit). When stock is loaned, the title and the ownership is transferred to the borrower, and title is returned at the end of the loan period.

Subsumption
This is when a new company takes over an old company so that the old company becomes one with the new.

TCFD
Task Force on Climate-related Financial Disclosures (TCFD) was set up in 2015 by the Financial Stability Board (FSB) to develop voluntary, consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

Transfer value
A transfer value is a cash sum representing the value of a member's pension rights.

Transferred service
Any pension members have transferred into the LGPS from a previous pension arrangement that now counts towards their LGPS membership.

Treasury management
This is the administration of an organisation's cash flow as well as the creation and governance of policies and procedures that ensure the company manages risk successfully.

Unitised funds
A unitised fund is a fund structure that allows investors to pool assets while retaining individual net asset values for each participant and keeping track of historical fund records. Each investor in the fund is accounted for separately and has their own unit – their own class of shares of the portfolio's total assets.

Usable Reserves
Reserves that can be applied to fund expenditure, all other reserves retained on the balance sheet cannot.

GLOSSARY

Glossary of terms

Voting policy

This is how South Yorkshire Pensions Authority through Border to Coast applies its shareholder voting rights. We will vote as follows.

For - when the proposal meets best practice guidelines and is in shareholders' long-term interests.

Abstain – when the proposal raises issues which do not meet best practice guidelines but either the concern is not regarded as sufficiently material to warrant opposition or an oppose vote could have a detrimental impact on corporate structures or the issue is being raised formally with the company for the first time.

Oppose - when the proposal does not meet best practice guidelines and is not in shareholders' interests over the long term.

The voting policy will be applied to all reportable companies held by the Fund.

In supporting any resolution of any type, we will only vote on a resolution if:

• the resolution deals with one substantive issue and is not bundled with other items

• the resolution is fully explained and justified by the proposers, and

• there is full disclosure of information relevant to the consideration of a resolution and such information is presented in a fair and balanced way.

APPENDICIES

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January 2023

Consultation, Communications and Engagement Strategy

Contents

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

As an organisation, South Yorkshire Pensions 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.***"

Our role is to run the local government pension scheme for our members, putting them at the heart of everything we do, ensuring we provide them with the best level of customer service in the most cost-effective way.

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

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

LISTENING TO OUR STAKEHOLDERS to ensure that stakeholders' views are heard within our decision making processes.

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

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

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

EFFECTIVE AND TRANSPARENT GOVERNANCE to uphold effective governance showing prudence and propriety at all times.

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

The achievement of our mission and objectives will require the fulfilment of the respective responsibilities of the elected Members of the Pensions Authority and its officers.

In relation to consultation and communication, we both have responsibilities which contribute to the delivery of an improved service in this area. We intend to consult and communicate with all our stakeholders as set out in the document and use those results to review our service delivery on a regular basis.

The aim of this document is to explain our Consultation, Communications and Engagement Strategy, the various ways in which we consult and communicate, why we do this and what happens with the results.

George Graham
Fund Director South Yorkshire Pensions Authority

Cllr J Dunn
Chair South Yorkshire Pensions Authority

Consultation Strategy

South Yorkshire Pensions Authority (SYPA) is committed to managing our resources wisely whilst at the same time delivering a high quality service to our stakeholders.

To ensure that our priorities reflect members opinions and that they are being achieved, it is important that we continue to consult and engage with our stakeholders to obtain their views on these.

Engagement as a clear, simple and transparent activity

Pension issues can be technical, legalistic, and complex, and can work in a way that is very different from some other organisations and cultures.

This means that consultation exercises must be well planned and carefully delivered, allowing those outside the Authority to understand that there is an opportunity to participate in our work planning and add to any discussions, but that they need to understand the limitations of what can be done with their input.

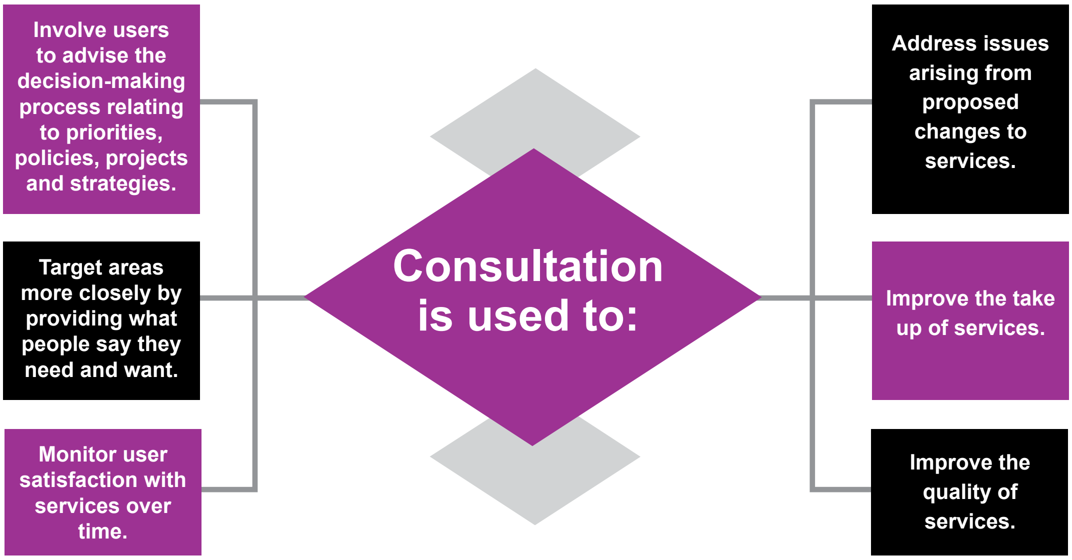
The design of SYPA's consultation exercises should therefore feature the following elements:

The following elements will assist in our strategy:

- **Clarity**
  We will consider and state what the consultation exercise is about, what we hope to achieve through the consultation, who the consultees are, and what impact the results of the consultation might have.
- **Simplicity**
  Issues and terminology must be explained in a simple and concise manner, making participation accessible and attractive for all.
- **Transparency**
  In line with our Freedom of Information responsibilities and other existing commitments, those wishing to participate or examine our consultation processes should have access to relevant supporting materials.
  These would include specific consultation documents, reports and papers, and records of subsequent decisions and actions.
- **Information**
  To enable those participating to make an informed contribution.
- **Inform**
  Providing stakeholders with balanced and objective information to assist them in understanding issues, alternatives, opportunities and/or solutions.
- **Research**
  Seeking information and involving stakeholders in the decision-making process.
- **Consult**
  Obtaining stakeholder feedback on analysis, alternatives and/or decisions.
- **Involve**
  To work directly with the stakeholders throughout the process to ensure that concerns and objectives are consistently understood and considered.
- **Collaborate**
  To work together with our stakeholders on each aspect of any decision including the development of alternatives and the identification of the preferred solution.

Why Consult?

To ensure that the Authority provides the services that people want in the way they want them.



Who does SYPA consult with?

We have an established range of mechanisms to support consultation activities.

The people that we are committed to consult with fall into a number of 'stakeholder' categories:

Scheme Member Consultation Groups

These groups are made up of volunteers from each of our main membership categories. Representing current, deferred and pensioner members each group is consulted on a range of issues as the need arises and provide written feedback on those issues. There is a limit of 200 members on each group. The role of these groups is to provide information to:

- Inform the decision-making process surrounding service delivery;
- Improve local systems and processes;
- Improve customer satisfaction.

The results of each group are analysed and reported to officers. Any immediate actions resulting from this process are fed back for implementation. All other information is used to shape the future service delivery and forms part of the Authority's corporate planning and prioritisation process.

The results of consultation and what will happen will be reported in member newsletters. Changes that have been implemented as a result of consultation will have the effect monitored and will be consulted upon in the future to ensure continued satisfaction. The results of this will also be reported to elected Members.

Local Pension Board

The Local Pension Board became a Statutory requirement from April 2015 and is made up of equal numbers of employer and scheme member representatives. The Board's responsibility is to ensure that the Fund is managed and administered effectively and efficiently and complies with the code of practice on governance and administration. The Board meets at least quarterly, has its own terms of reference and, in addition to reviewing all authority business, is able to commission reports and request updates as and when necessary.

Types of Consultation

1. Regular Consultation

Employee Satisfaction

This is issued to all South Yorkshire Pensions Authority employees every two years. Its purpose is to monitor staff morale and provide information to managers and supervisors to maintain high levels of customer service.

Scheme Member Satisfaction

Focused surveys are carried out annually with a sample of members taken from the range of stakeholder groups. The minimum number of surveys carried out during a twelve month period will be two.

The results will be used to:

- Inform the decision-making process surrounding service delivery;
- Improve local systems and processes;
- Improve customer satisfaction;
- Involve our customers in the provision of the services they receive;
- Ensure that our service has our members' approval.

Scheme Employer Satisfaction

Focused surveys are carried out every two years with all our employers.

The results will be used to:

- Inform the decision-making process surrounding service delivery;
- Improve local systems and processes;
- Improve employer satisfaction.

2. Ad-Hoc Consultation

In addition to the timetabled surveys there will be occasions when it will be appropriate to consult our stakeholders on an ad-hoc basis. SYPA will take every opportunity to seek the opinions of its stakeholders to continually assess and improve the service provided.

Communications Strategy

SYPA recognises that in fulfilling its objectives, and in order to be fully effective, it has a duty to communicate with all its stakeholders about its actions, views, policies, and service standards.

Our Communications Strategy sets out how we intend to do this.

Aims

The aims of this communication element of SYPA's Consultation, Communications and Engagement Strategy are to ensure that SYPA's role, achievements and effectiveness are widely understood, and that we maintain a positive image with our stakeholders. This complements the consultation element of the overall strategy, so that there is an effective two-way dialogue in place.

Communication Principles

Stakeholders first
Putting stakeholders at the heart of everything we do.

Open and honest
Giving honest, open and evidence-based messages and be open to debate and questions.

Timely and relevant
Communicating proactively with our stakeholders with relevant targeted messages - the right message to the right people at the right time.

Accessible for all
Offering an appropriate choice of communications methods to help ensure that no one in our scheme is disadvantaged, for example by offering large print, audio and braille formats for communications.

Feedback
Facilitating two-way communications and encouraging participation and feedback.

Listening
Proactively seeking opinions, acknowledging them and responding quickly, helpfully, honestly and consistently.

Value for money
Making the best possible use of resources and budgets by working with colleagues and employers to share best practice.

Overriding Principles

The main aim of this Consultation, Communications and Engagement Strategy is to review and develop current methods of communications, introduce new methods appropriately and continually measure impact.

This will mean that:

- All members, employers and organisations involved with SYPA in the delivery of our services will have a clear, consistent and positive perception of SYPA's values, services and achievements.
- Communication messages will be devised, tailored and targeted at specific audience sectors. It's important to know your audience - one size doesn't fit all. We will target the content and channels of delivery to our audience to ensure that we engage our members, and they relate to what we are saying.
- Communications will support consultation and, in turn, be informed by the views expressed through consultation.
- Measurement and evaluation will be an integral part of all communication activity.

Good communications will:

- Be clear about the key messages we are communicating;
- Help us to deliver our member and corporate priorities;
- Be of a high standard and effective;
- Help us to develop a clear brand across the organisation, including publications, presentation slides, email formats, letters and other forms of communication, under our SYPA style guidelines that are easily recognisable for our audience;
- Set out the principles that underpin all of our communications including press, web, email, letter, presentation template, consultation exercises;
- Identify the most effective methods of communicating with members, employers and stakeholders;
- Co-ordinate communications activity across the Authority with accepted strategic communications objectives;
- Identify an action plan and methods of monitoring performance/effectiveness.

Targeted Audiences and Methods of Communication

The key audiences we aim to communicate with are set out below. The types of messages that we communicate will vary, ensuring all communications are appropriate and will meet the needs of that particular audience.

Contributing Members (Section 1)

Contributing Members are members who are actively contributing to the Fund and not yet claiming benefits.

All other interested parties

This is anyone such as other LGPS authorities, Border to Coast, pensions industry contacts, the general public, and others who may see the communications we distribute.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Our Target Audiences

Deferred Beneficiary Members (Section 2)

Deferred Beneficiary Members are members who have formerly paid into the Fund and have moved to another job with a different pension scheme but have chosen to leave their previous benefits with us until they are able to claim them from 55 onwards.

Employers (Section 4)

These are employers such as local councils and schools whose employees are members of the scheme.

Pensioner Members (Section 3)

Former members who are now Pensioners and are in receipt of their benefits.

Within these audiences we also have to think about the different ways we target different groups within them as not all communications will suit all members. Please see the table below which gives some examples of how we will differentiate our communications approach and key messages for different audience groups.

Audience Group	Key Messages
Contributing Members	• No investment risk - you get a guaranteed package of benefits which are backed by law. • Understanding how the LGPS works. • Are you saving enough for retirement? • Understanding the impact of any changes in legislation. • Your employer shares the cost of providing benefits. • Other benefits of the scheme • Keeping details up to date • Your options for Retirement • Understanding benefits for your partner if you pre-decease them.
Deferred Beneficiary Members	• No investment risk - you get a guaranteed package of benefits which are backed by law. • Are you saving enough for retirement? • Keeping details up to date. • Understanding your pension. • Understanding the impact of any changes in legislation. • Understand the implications of transferring out of the Scheme. • Communicating changes. • Benefits of retiring online.
Pensioner Members	• Keep your details up to date. • We are here to help with any questions you might have. • A guaranteed pension payable for life which is backed by law. • Benefits payable on death. • Understand the impact of any changes in legislation
Employers	• You have a responsibility to provide employees with information about the LGPS. • You need to understand how the Scheme works and the effect of any changes that happen. • The LGPS is a valuable benefit for members and you need to help educate them to understand the changes and the impact. • You have a responsibility to inform the Fund of any changes to scheme members circumstances. • You have a responsibility to provide the Fund with data in respect of your employees and to comply with your LGPS employer responsibilities as outlined in the Fund's Administration Strategy.
Potential Members including those who have opted out	• Your employer shares the cost - In fact, employers pay much more than scheme members. • Life cover of three years pay - from the second you join. Unlike other forms of life insurance, there's no medical - it's open to all. • If you are a taxpayer, you get tax relief on all your contributions - even on extra payments you make to top up your pension. • At retirement, you will receive a pension for life with an option to convert some of it to a tax-free lump sum. • There are no hidden fees or charges - you simply pay a percentage of your pay. • Two years of membership is you need to build up a pension. If you leave before retirement, you will still receive a pension when you do retire. • No investment risk - you get a guaranteed package of benefits which are backed by law. • Protection for you in case you have to draw your benefits early because of permanent ill health. There is also protection for your loved ones, in the form of dependant pensions if you die. • If you are struggling financially, you can pay lower contributions to still build up benefits. • After you retire, your pension will go up with inflation, protecting you from rising prices.
Dependent Members	• Keep your details up to date. • We are here to help with any questions you might have. • A guaranteed pension payable for life which is backed by law.

Section 1: Communicating with **Contributing Members**

Pension Forecasts

Annual pension forecasts are made available on our secure online portal 'mypension'. Notifications to inform members their forecasts are available to view are issued by email and text. If we don't hold either of these details then the notification will be made by post.

Pension Planning Newsletter

At least once a year we will publish a newsletter for members to keep them informed about changes in the pension scheme that may affect them. The newsletter is not produced at fixed times and is driven by the timeliness of the content. Newsletters will be digital by default.

We live in a digital age, and while paper versions will be made available on request, our digital by default position recognises that the vast majority of our members now have access to the internet. We will also produce online only newsletters aimed at different age groups. Young people who may have recently joined the scheme and older members planning for retirement are interested in different aspects of the scheme and may warm to a different style of delivery. The type of publication being issued will determine the intended audience; however we will be looking to target younger members, mid-life and pre-retirement.

In addition to pension scheme content we aim to include lifestyle articles and ensure the newsletter is interesting to read and visually stimulating.

Presentations

We deliver group information sessions in members' places of work. These are provided on demand in conjunction with employers. We deliver more specialist sessions for members affected by issues such as a public services transferring to a private organisation. We also participate in induction, mid-life and pre-retirement courses, which are organised by a number of our employers and providing there is sufficient interest. In 2022 we began to offer these sessions to our members from our Oakwell House location with the option to attend in person or join the live stream and watch online. Afterwards recordings of the sessions were added to our website as a point of reference for any members who couldn't make the sessions but would find the information useful.

Section 2: Communicating with **Deferred Benefit Members**

Deferred Benefit Statements

Annual deferred benefit statements are made available on our secure online portal 'mypension'. Notifications to inform members their statements are available to view are issued by email and text. If we don't hold either of these details notification will be made by post.

Your Past is Your Future Newsletter

Annually we produce a newsletter. The main purpose is to keep in contact with our deferred benefit members. A deferred beneficiary is usually no longer in employment within the pension fund and as they are not in receipt of their pension and without regular contact it is easy to lose touch. The content of the newsletter will inform members of changes to the pension scheme and include lifestyle articles of interest. There is no fixed time for issue but it is usually linked with the annual report summary and deferred benefit statements.

Newsletters will be digital by default. We live in a digital age, and while paper versions will be made available on request, our digital by default position recognises that the vast majority of our members now have access to the internet.

Section 3: Communicating with **Pensioner Members**

Retirement Insight

Bi-annually we produce a newsletter, the main purpose is to inform retired members about issues that affect them such as annual cost of living increases. This newsletter is generally produced at fixed times in the spring and autumn to coincide with pensions increase and annual report content. Newsletters are digital by default. Paper versions are issued on request. All new pensioners will be digital by default, with the exception of members who aren't online, and request a hard copy.

The spring issue of the newsletter will be issued with the members' April pay advice and P60.

Payslips

Payslips are available on our secure online portal 'mypension'. Members who retired before July 2019 will receive a payslip if their net pay varies by more than £5.

Section 4: Communicating with **Employers**

Support and Engagement

SYPA has dedicated staff to assist employers with all aspects of their pension duties. Our engagement officers will be employers' first port of call for any staff training and presentation requests for both Payroll and HR issues to help them administer the scheme effectively. They will also offer a range of presentations to scheme members to help them understand their pension benefits. Handover meetings will be provided from the point employers are admitted to the scheme, where our team will explain the services we provide and cover the responsibilities of the employer. We offer seminars aimed primarily at topical and administrative issues as well as one to one meetings to help with any issues that may arise.

Employers Pensions Information Centre (EPIC)

The authority provides a central information centre where registered employers are able to access a whole range of information online including news and links to important documents. EPIC also provides statistical information to assist employers in understanding their scheme responsibilities.

Employer Web

The authority also provides secure access to relevant scheme member information and allows employers to upload monthly data submissions and produce retirement quotes. Employer web is also used as a platform to contact and query member data securely.

Employer Newsletter

These are created quarterly by our Support and Engagement team for our employers and create a range of useful links and information for them and their employees. These are also used to promote any upcoming sessions, forums, focus groups or online training.

Employer Focus Group

Twice a year we hold Focus Groups with Employers who have volunteered to take part. During the session our Support and Engagement team discuss up and coming issues that the Employers need to be aware of and discuss the best approach and communications methods for these. The Focus Groups also allow Employers the opportunity to request the creation of resources that will go on to our website or that can be passed on to their employees to limit queries on common issues. The sessions are collaborative and allow a mix of different size Employers to come together and help each other solve problems and give suggestions. The outcomes of the discussions are then posted in the Employer Newsletter so that Employers who don't attend get the information as well.

Section 5: Communicating with **all audiences**

Our Website (sypensions.org.uk)

This is the scheme members' website which is an information source on all aspects of the scheme. Simply set out with quick links and a comprehensive A-Z, the website also contains booklets and publications together with the link to our secure online portal (mypension).

Business of the Elected members is available on our website under the 'About Us' section. Here you will find the calendar of Authority meetings along with agenda, minutes and reports. This area of the website also provides access to the live links that will allow you to watch Authority meetings as they happen or to catch up with the recording later.

Secure Online Portal - 'mypension'

Members can register to gain access to their secure online account. Once registered for mypension it's a great way for members to keep track of their pension account, view and amend personal details, make and update death grant nomination details as well as active and deferred members having the facility to produce retirement quotes. Annual benefit statements will be available for both active and deferred members. For retired members monthly payslips and P60s are available to view.

Special Requests

We offer an appropriate choice of communication methods to help ensure that no one in our scheme is disadvantaged. To assist members with special needs when communicating we can make arrangements to have a signer or interpreter present should a member wish to attend an information appointment. We can also provide communication material in large print, audio CD and braille.

Literature

The main point of reference for members to find out about the key aspects of the LGPS is our Employee Guide. This is supported by a range of literature, on the various aspects of the Scheme.

Annual Fund Meeting

This event is usually held in October or November. The AFM is an opportunity to meet the Chair/Vice Chair of the authority and senior management face to face. Presentations usually focus on fund performance and topical events followed by questions from attendees. To allow members who aren't able to attend the AFM we will record the meeting and upload the event to our YouTube or Vimeo account.

By Telephone - Customer Centre

The Customer Centre is the main communications channel between members/employers within the Authority. The Customer Centre will play an important role in delivering a reliable customer experience on a daily basis. Members and employers can contact us by telephone which is prominently advertised on all our literature.

Email

Members can contact us by email which is prominently advertised on all our literature. A secure e-mail service is in operation to allow personal information to be included in e-mail responses. We also do targeted promotional mailings to our members to promote any in person or virtual pension information sessions that our Support and Engagement or Customer Services teams may be running.

Pensions Information Service

A comprehensive pensions information service on pension matters is provided by the Authority both in person and by video call. Appointments are made online at https://www.sypensions.org.uk/Contact/Appointments

Text Messaging

Our preferred method of communication is email however in the absence of an email address, where appropriate we will use text messaging. SMS messages are ideal for reminders and simple instructions and announcements.

YouTube and Vimeo

Video recording opens the door to new opportunities to interact with members. Recording of events such as the AFM or member information sessions will be uploaded to YouTube and Vimeo to give members who couldn't attend on the day a chance to view the meeting.

Social Media

In 2022 the UK had over 57.8 million people using social media. Our aim is to connect with as many of our members as possible, strengthening relationships and engagement. We currently have a Facebook page and members or partner organisations can follow us on Twitter and LinkedIn. Our audience on our platforms continue to grow and our platforms are seeing more engagement with our campaigns and posts.

Annual Report

Provides a comprehensive report on the authority's activities throughout the preceding year.

Meetings/Presentations

Our people are available to attend meetings and deliver presentations on a range of topics upon request. We are currently running a full diary of events in person and online from our Oakwell House office.

External Press Releases

Throughout the year we will issue press releases about our investment activity, any recruitment of new advisers and any other items of interest to the general public or to other organisations we work with. These will be sent out to a number of news agencies online and to the local press.

Customer Centre

Getting customer service right in an organisation, and continually improving it, is a long term commitment. Our customer centre will be the first point of contact for all scheme members and employers whether it's by telephone, email, letter or live chat. The main aim is to provide excellent customer service whilst promoting our online services.

The Customer Centre will welcome feedback. We will resolve any problems to the best of our ability, we will stop them being repeated and learn lessons. We will measure our performance making sure we measure the right things, making sure it's relevant and taking any necessary action. Benchmarking will be a key part of our measurement programme.

Live Chat

Our members can speak to our Customer Services team online using our Live Chat function getting help with a range of pension queries as for some this is more convenient than contacting us by telephone. It is also more accessible for those with hearing difficulties.

Customer Centre Contact Details

Telephone: 0300 303 6160

Email: customerservices@sypa.org.uk

Internal Communications with Employees

Internal Communications with Employees We are currently working on plans to improve our internal communications at South Yorkshire Pensions Authority. We have a range of digital tools at our disposal and are looking at how we can use these effectively to communicate with all departments across the organisation now that we have moved to a hybrid working style, with employees spending part of the week working at home and the rest in the office.

The table below sets out the methods we use to communicate with our different audiences, the frequency of these and whether they are digital or not.

Communication Type	Digital	Non-Digital	Website	Frequency	Intended Audience
Annual Pension Forecasts	✓	✓ (Notification by post if no email or mobile number held)	✓	Annually	Active
Member Newsletters	✓	✓ (Only for pensioners who requested a paper copy)	✓	Biannually for Pensioners *(Spring / Autumn)* Annually for Active and Deferred members	All Members (one newsletter for each group)
Employer Newsletter	✓	x	✓	Quarterly	Employers
Pension Presentations	✓	✓	✓		All Members
Deferred Benefit Statements	✓	✓ (Notification by post if no email or mobile number held)	✓	Annually	Deferred
Payslips	✓	✓ (Only for pensioners who retired with a different print rule in place)	✓	Monthly	Pensioners
Ad hoc Newsletters	✓	✓	✓	As required	All
P60s	✓	✓ (If members request a paper copy)	✓	Annual	Pensioners

Key Risks

We are currently working on plans to improve our internal communications at South Yorkshire Pensions Authority. We have a range of digital tools at our disposal and are looking at how we can use these effectively to communicate with all departments across the organisation now that we have moved to a hybrid working style.

The key (potential) risks to the delivery of this Strategy are outlined below. The Head of Pensions along with other officers will work with the Pension Committee and Pension Board in monitoring these and other key risks and considering how to respond to them.

Staffing

- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff.
- Staff absence due to sickness.
- Failure to communicate with staff members in relation to scheme changes.
- Lack of decision making due to loss of Pension Committee/Pension Board member.

IT and Infrastructure

- Lack of adequate software or IT solutions - particularly in the digital communications area.
- Unable to deliver an efficient service to pension members due to system unavailability or failure.

Legislation and change in external markets/environment/employer

- Significant external factors, such as national change, impacting on workload.
- A major change to the LGPS legislative environment.
- Significant increase in the number of employing bodies causing strain on day-to-day delivery.

Communication errors

- Issuing incorrect or inaccurate communications.
- Failure to maintain scheme employer database leading to information not being sent to the correct person.
- Lack of clear communication to scheme employers, scheme members and pensioners.

Costs

All costs relating to this Strategy are met directly by the Fund (unless indicated).

Approval, Review and Consultation

This Consultation, Communications and Engagement Strategy was approved on June 2023 by the South Yorkshire Pensions Authority members. It will be formally reviewed every two years and updated by the Committee sooner if the communications arrangements or other matters included within it merit reconsideration (including if there are any changes to the LGPS or other relevant Regulations or Guidance that need to be considered).

Next full review January 2025

Further Information

If you require further information about this Consultation, Communications and Engagement Strategy, please contact:

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South Yorkshire Pension Fund Funding Strategy Statement

SOUTH YORKSHIRE PENSIONS AUTHORITY

Effective date	17th March 2023
Date approved	16th March 2023
Next review	March 2026

Contents

1 Introduction

This document sets out the funding strategy statement (FSS) for South Yorkshire Pension Fund.

The South Yorkshire Pension Fund is administered by the South Yorkshire Pensions Authority (the Authority), known as the administering authority. The Authority worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 17th March 2023.

There's a regulatory requirement for the Authority to prepare an FSS. You can find out more about the regulatory framework in Appendix A. If you have any queries about the FSS, contact support@sypa.org.uk

1.1 What is the South Yorkshire Pension Fund?

The South Yorkshire Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in Appendix B.

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- 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
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies
Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers
Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies
Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy here.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due - those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see Appendix A)

1.6 How is the funding strategy specific to the South Yorkshire Pension Fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contributions are made up of three elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution
- The primary rate also includes an allowance for the **fund's expenses.**

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in Appendix D.

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The fund permits the prepayment of employer contributions in specific circumstances. The fund's policy on prepayments is detailed in Appendix K.

2.2 The contribution rate calculation

Table 2: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	**Local authorities, police, fire**	**Colleges & universities**	**Academies**	**Open to new entrants**	**Closed to new entrants**	**(all)**
Funding target*	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Contractor exit basis, assuming fixed-term contract in the fund
Minimum likelihood of success	70%	70%	70%	70%	70%	70%
Maximum time horizon	16 years	16 years	16 years	16 years (guarantee) 11 years (no guarantee)	As per for open employers (or average future working lifetime, if less)	16 years (limited to remaining lifetime of the contract)
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
Secondary rate	% of pay or monetary amount. Negative secondary adjustments are expressed as a % of pay.					

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	Local authorities, police, fire	Colleges & universities	Academies	Open to new entrants	Closed to new entrants	(all)
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Reduce contributions where appropriate, but total contributions will generally not be reduced relative to the current total rate in payment.	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority		
Phasing of contribution changes	Covered by stabilisation arrangement	Covered by stabilisation arrangement	Phasing of increases to secondary contribution rates may be permitted.	Phasing of increases to secondary contribution rates may be permitted.		None

** Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority*
*** See Appendix D for further information on funding targets.*

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy.

Table 1: current stabilisation approach

Type of employer	Councils	Mayoral Combined Authority	Police and Fire	HE / FE institutions
Maximum contribution increase per year	+0.5% of pay	+1.0% of pay	+1.5% of pay	+2.0% of pay
Maximum contribution decrease per year	-0.5% of pay	-1.0% of pay	-1.5% of pay	-2.0% of pay

The criteria outlined in the table above are expected to apply until at least 31 March 2026, at which point a long-term stabilisation mechanism of ±0.5% per annum is expected to apply.

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

2.4 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The fund's policy is available in Appendix H. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.5 What is pooling?

The administering authority operates funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In this type of pooling arrangement, employers do not target full funding at exit. While the fund receives the contributions required, the risk that employers will be entitled to a surplus payment on exit increases.

Employers in a pool maintain their individual funding positions, tracked by the fund actuary. That means some employers may be better funded or more poorly funded than the pool average. If pooled employers used stand-alone funding rather than pooling, their contribution rates could be higher or lower than the pool rate.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified. Individual contribution rates aren't disclosed to pooled employers, unless agreed by the administering authority.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

2.6 What are the current contribution pools?

The following pooling arrangements exist in the Fund:

- **Academies** – Multi Academy Trusts (MATs) are groups of Academies managed and operated by one proprietor. The Fund's default position is that the combined funding position and average contribution requirements will apply (unless the MAT requests separate contribution rates). Notwithstanding this, the Fund will continue to track the constituent academies separately on an approximate basis.
- **Schools** – generally pool with their funding council, although there may be exceptions for specialist or independent schools.
- **Smaller TABs** – may be pooled with the letting employer (for example as part of a pass-through arrangement).

2.7 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. Further details are set out in the fund's prepayment policy detailed in Appendix K.

2.8 Insurance of certain benefits

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs (aside from ill-health retirement costs which are already insured for eligible employers) being insured with a third party or internally within the Fund. More detail on how the Fund currently insures ill health costs for eligible employers is set out in Appendix L.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers are required to pay additional contributions called strain payments.

Employers are required to make strain payments as an immediate single lump sum.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The size of any funding strain will depend on how the cost of that ill health retirement compares with the expected cost built in the actuarial assumptions for that employer. The actual cost will also depend on the level of any benefit enhancements awarded (which depend on the circumstances of the ill health retirement) and also how early the benefits are brought into payment.

The treatment of any ill-health retirement strain cost emerging will vary depending on the type of employer:

- For those employers who participate in the ill-health insurance captive, any ill-health retirement strain cost emerging will be met by a contribution from the captive fund as part of the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer although an adjustment to the "premium" payable may emerge following the subsequent actuarial valuation, depending on the overall experience of the captive fund.
- For those employers who don't participate in the ill-health captive, the primary rate payable includes an allowance for ill-health retirement costs. Any ill-health retirement strain costs emerging will form part of the contribution rate assessment for the employer at the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer

The administering authority's approach to help manage ill-health early retirement costs was put in place on 1 October 2014 and this is reviewed at each formal valuation.

The Fund's policy of managing ill health retirement risk is detailed in Appendix L.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Appendix D, the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued in line with the expected regulations, reflecting an underpin as directed by DLUHC.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates. Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are included in the fund's admissions policy in Appendix E.

5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the school's share of the historic local authority deficit prior to its conversion. This deficit is calculated as the capitalised secondary contributions (over the time horizon) the school would have made to the Fund had it not converted to academy status, subject to a minimum asset share of nil and a maximum asset share equal to the value of the transferring liabilities.

The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. They won't be pooled with other employers unless the academy is part of a MAT, in which case the new academy will pay the MAT contribution rate.

The new academies' contribution rate is based on the current funding strategy (set out in section 2) and the transferring membership.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The Fund's full policy on academy participation is detailed in Appendix I.

5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

The Fund's default position is to require all new admission bodies to be set up with a pass-through arrangement, unless alternative arrangements for mitigating the risk to the Fund of a contractor's participation are put in place by the letting employer. The assessment of the adequacy of the alternative arrangements will be carried out by the Administering Authority in conjunction with the Fund Actuary.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, e.g., set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designated employers in the fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

The Fund's admissions policy is detailed in Appendix E.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

The Fund's bulk transfer policy is available in Appendix G.

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA)

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in Appendix D.

(a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in Appendix D.

(b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort, this will have no effect on the cessation valuation. If this isn't the case, cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.

(c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The cessation policy is available in Appendix F.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The Fund's policy on exit credit policy is included in the cessation policy in Appendix F.

7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement
- if an exiting employer enters into a deferred debt agreement, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

- The Fund's policy on employer flexibilities is included in the cessation policy in Appendix F..

1. If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme. the implied deficit recovery period
2. the investment return required to achieve full funding after 20 years.

7.5 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis at the formal valuation.

b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

(a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

(b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

4. comparing funds with an objective benchmark
5. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
6. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
7. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
8. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Appendices

Appendix A - The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a* ***clear and transparent fund-specific strategy*** *identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain* ***as nearly constant employer contribution rates as possible***
- *ensure the fund meets its* ***solvency and long-term cost efficiency*** *objectives*
- *take a* ***prudent longer-term view*** *of funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*'.

The consultation process included involved an informal stage focussing on key changes such as the introduction of "pass through" arrangements where a range of engagement including face to face and online meetings with employers took place followed by a formal stage which involved issuing a draft version of the full FSS to participating employers and publishing the draft documents on the Authority's website.

A3 How is the FSS published?

The FSS is emailed to participating employers and employee and pensioner representatives. Summaries are issued to members and a full copy is included in the fund's annual report and accounts and the Fund's website. Copies are freely available on request and sent to investment managers and independent advisers.

The FSS is published here.

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pensions Authority and included in the relevant meeting minutes.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation on the Fund's website www.sypensions.org.uk

Appendix B - Roles and responsibilities

B1 The administering authority:

1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations
2 manages any conflicts of interest from its dual role as administering authority and a fund employer
3 collects employer and employee contributions, investment income and other amounts due
4 ensures cash is available to meet benefit payments when due
5 pays all benefits and entitlements
6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy
7 communicates with employers so they understand their obligations
8 safeguards the fund against employer default
9 works with the fund actuary to manage the valuation process
10 provides information to the Government Actuary's Department so they can carry out their statutory obligations
11 consults on, prepares and maintains the funding and investment strategy statements
12 tells the actuary about changes which could affect funding
13 monitors the fund's performance and funding, amending the strategy statements as necessary
14 enables the local pension board to review the valuation process.

B2 Individual employers:

1 deduct the correct contributions from employees' pay
2 pay all contributions by the due date
3 have appropriate policies in place to work within the regulatory framework
4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain
5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.
6 make any required exit payments when leaving the fund.

B3 The fund actuary:

1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency
2 provides information to the Government Actuary Department so they can carry out their statutory obligations
3 advises on fund employers, including giving advice about and monitoring bonds or other security
4 prepares advice and calculations around bulk transfers and individual benefits
5 assists the administering authority to consider changes to employer contributions between formal valuations
6 advises on terminating employers' participation in the fund
7 fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

1 Internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
2 Investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS
3 Auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
4 Governance advisers may be asked to advise the administering authority on processes and working methods

5 Internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures

6 The Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C - Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

Details of the key fund-specific risks and controls are below.

C2 Financial risks

The financial risks are as follows;

- Investment markets fail to perform in line with expectations
- Protection and risk management policies fail to perform in line with expectations
- Market outlook moves at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Future underperformance arising as a result of participating in the larger asset pooling vehicle
- An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements

Any increase in employer contribution rates (as a result of these risks), may in turn impact on the service delivery of that employer and their financial position.

In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored. In addition, the implementation of a risk management framework to manage the key financial risks will help reduce risk over time.

C3 Demographic risks

The demographic risks are as follows;

- Future changes in life expectancy (longevity) cannot be predicted with any certainty
- Potential strains from ill health retirements, over and above what is allowed for in the valuation assumptions
- Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations

Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, result in a greater liability for pension funds. Ill health retirements can be costly for employers, particularly small employers where one or two costly ill health retirements can take them well above the "average" implied by the valuation assumptions. Increasingly we are seeing employers mitigate the number of ill health retirements by employing HR / occupational health preventative measures. These in conjunction with ensuring the regulatory procedures in place to ensure that ill-health retirements are properly controlled, can help control exposure to this demographic risk.

The Fund's ill health captive arrangement will also help to ensure that the eligible employers are not exposed to large deficits due to the ill health retirement of one or more of their members (see further information in Appendix L).

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, employing bodies should be doing everything in their power to minimise the number of ill-health retirements.

Early retirements for reasons of redundancy and efficiency do not immediately affect the solvency of the Fund because they are the subject of a direct charge. With regards to increasing maturity (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund), the Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy.

C4 Regulatory risks

The key regulatory risks are as follows;

- Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to scheme. Typically these would be via the Cost Management Process although in light of the McCloud discrimination case there can be exceptional circumstances which give rise to unexpected changes in Regulations

- Changes to national pension requirements and/or HMRC Rules
- Political risk that the guarantee from the Department for Education for academies is removed or modified along with the operational risks as a consequence of the potential for a large increase in the number of academies in the Fund due to Government policy.

Membership of the Local Government Pension Scheme is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.

C5 Governance risks

Governance risks are as follows;

- The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated
- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level
- Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates
- An employer ceasing to exist with insufficient funding or adequacy of a bond
- Political risk that the academies guarantee from the Department for Education is removed, especially given the large increase in the number of academies in the Fund.

For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored (e.g. with regular data reconciliations with employers), but in most cases the employer, rather than the Fund as a whole, bears the risk

C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities, Police, Fire	Tax-raising or government-backed, no individual assessment required	N/a
Colleges & Universities	Review of accounts and engagement with DfE if required	Regular scheduled review
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (including TABs & CABs)	Guarantor and/or indemnity or bond required to support new admission agreements	Indemnity or bond subject to regular review
Designating employers	Generally backed by tax raising powers	N/a

C7 Climate risk and TCFD reporting

The fund included climate scenario stress testing in the contribution modelling exercise for the stabilised employers at the 2022 valuation. The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied.

The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks. The results of these stress tests may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

The same stress tests were not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the fund's assets and liabilities, applying the stress tests to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund has a Responsible Investment Policy Framework and a separate Climate Change Policy, both of which were last agreed by Pensions Authority in March 2023.

C8 Local Pension Board

The Pension Board was established in April 2015 in accordance with the Public Service Pensions Act 2013, the national statutory governance framework delivered through the LGPS Regulations and guidance as issued by the Scheme Advisory Board.

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. The LPB comprises both Scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local Councils.

It meets quarterly and all Board Members have undertaken training and have established a work programme that will enable them to meet their obligations to ensure that the Fund complies with the relevant codes of practice and current legislation.

The Board is now supported by an Independent Adviser in order to ensure that it can provide effective challenge to the Authority and its officers

Appendix D - Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

		Annualised total returns											
		Cash	Index Linked Gilts (medium)	UK Equity	Overseas Equity	Private Equity	Property	Infrastructure Equity	Multi Asset Credit (sub inv grade)	Global High Yield Debt	Inflation (CPI)	17 year real yield (CPI)	17 year yield
10 years	16th %'ile	0.8%	-1.9%	-0.4%	-0.7%	-1.2%	-0.6%	-1.1%	1.7%	0.6%	1.6%	-1.7%	1.1%
	50th %'ile	1.8%	0.2%	5.7%	5.6%	9.4%	4.4%	4.9%	3.5%	3.4%	3.3%	-0.5%	2.5%
	84th %'ile	2.9%	2.4%	11.6%	11.7%	20.1%	9.5%	10.9%	5.2%	5.8%	4.9%	0.7%	4.3%
20 years	16th %'ile	1.0%	-1.5%	1.7%	1.5%	2.4%	1.4%	1.2%	2.8%	2.1%	1.2%	-0.7%	1.3%
	50th %'ile	2.4%	0.1%	6.2%	6.1%	10.0%	5.0%	5.6%	4.4%	4.2%	2.7%	1.1%	3.2%
	84th %'ile	4.0%	1.9%	10.6%	10.8%	17.6%	8.9%	10.1%	6.0%	6.4%	4.3%	2.7%	5.7%
40 years	16th %'ile	1.2%	-0.3%	3.2%	3.1%	4.7%	2.6%	2.6%	3.6%	3.1%	0.9%	-0.6%	1.1%
	50th %'ile	2.9%	1.2%	6.7%	6.5%	10.3%	5.5%	6.1%	5.3%	5.1%	2.2%	1.3%	3.3%
	84th %'ile	4.9%	3.1%	10.2%	10.2%	16.1%	8.8%	9.8%	7.1%	7.2%	3.7%	3.2%	6.1%
	Volatility (Disp) (1 yr)	2%	7%	18%	19%	30%	15%	18%	6%	8%	3%		

D3 What financial assumptions were used?

Future investment returns and discount rate

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate.

Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate
Ongoing basis	All employers except transferee admission bodies and closed community admission bodies	2.3%
Low-risk exit basis	Community admission bodies closed to new entrants	0%
Contractor exit basis	Transferee admission bodies	Ongoing basis

Discount rate (for funding level calculation as at 31 March 2022 only)

For the purpose of calculating a funding level at the 2022 valuation, a discount rate of 4.45% applies. This is based on a prudent estimate of investment returns, specifically, that there is a 70% likelihood that the fund's assets will future investment returns of 4.45% over the 20 years following the 2022 valuation date.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of average CPI inflation over the next 20 years from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to 0.6% above CPI pa plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

Other demographic assumptions	
Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	0% of members will choose the 50:50 option.

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	242.58	487.81	0	0	0	0
25	117	0.17	160.24	322.22	0	0	0	0
30	131	0.2	113.69	228.58	0	0	0	0
35	144	0.24	88.83	178.58	0.1	0.07	0.02	0.01
40	150	0.41	71.52	143.73	0.16	0.12	0.03	0.02
45	157	0.68	67.18	134.98	0.35	0.27	0.07	0.05
50	162	1.09	55.38	111.14	0.9	0.68	0.23	0.17
55	162	1.7	43.61	87.56	3.54	2.65	0.51	0.38
60	162	3.06	38.87	78.01	6.23	4.67	0.44	0.33
65	162	5.1	0	0	11.83	8.87	0	0

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.1	211.45	280.42	0	0	0	0
25	117	0.1	142.28	188.66	0.1	0.07	0.02	0.01
30	131	0.14	119.27	158.13	0.13	0.1	0.03	0.02
35	144	0.24	102.94	136.43	0.26	0.19	0.05	0.04
40	150	0.38	85.67	113.51	0.39	0.29	0.08	0.06
45	157	0.62	79.95	105.91	0.52	0.39	0.1	0.08
50	162	0.9	67.41	89.19	0.97	0.73	0.24	0.18
55	162	1.19	50.3	66.62	3.59	2.69	0.52	0.39
60	162	1.52	40.53	53.62	5.71	4.28	0.54	0.4
65	162	1.95	0	0	10.26	7.69	0	0

D5 What assumptions apply in a cessation valuation following an employer's exit from the fund?

Low-risk exit basis

Where there is no guarantor, the low-risk exit basis will apply.

The financial and demographic assumptions underlying the low-risk exit basis are explained below:

The discount rate will be set in a risk-based way allowing for a higher likelihood that the Fund's assets will achieve the required investment return over the next 20 years.

The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

Life expectancy assumptions are those used to set contribution rates, with one adjustment. A higher long-term rate of mortality improvements of 1.75% pa is assumed. South Yorkshire Pension Fund December 2022

When the "corridor" approach (as described in Section 8.2) is being used to determine the final cessation valuation, an upper and lower amount is required. The actuary will calculate these amounts by changing the discount rate to reflect the fund's views of the maximum and minimum amount of assets required to pay for the benefits of the ceasing employer's members and will represent the bounds of the corridor. As above, these two values will be based on the likelihood of the fund's assets achieving certain future investment returns over the 20 years.

Contractor exit basis

Where there is a guarantor (eg in the case of contractors where the local authority guarantees the contractor's admission in the fund), the contractor exit basis will apply. The financial and demographic assumptions underlying the contractor exit basis are equal to those set for calculating contributions rates. Specifically, the discount rate is set equal to the expected returns over the period of 16 years based on a 70% probability

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Investment Strategy Statement

March 2023

Introduction

This is the Investment Strategy Statement (ISS) of the South Yorkshire Pension Fund ("the Fund") which is administered by the South Yorkshire Pensions Authority ("the Administering Authority"). The Investment Strategy Statement (ISS)is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The ISS is an important governance tool for the Fund as well as providing transparency in relation to how the Fund investments are managed. The regulations establish the range of matters that the Authority must consider when carrying out its responsibilities. In addition, the Authority is required to manage the Fund in the best financial interests of its members and beneficiaries at all times.

In preparing this statement officers have taken advice from an investment consultant, the Fund's actuary and from out two retained independent advisors.

The Statement is subject to review periodically, but at least every three years, and without delay after any significant change in investment policy. The ISS should be read in conjunction with the Fund's Funding Strategy Statement, which is available on our website at www.sypensions.org.uk.

Investment objectives

The Fund's primary investment objective is to ensure that over the long term it will have sufficient assets to meet all of its pension liabilities as they fall due. This objective is more fully explained in the Authority's Funding Strategy Statement (FSS) derived from the actuarial valuations of the Fund.

The crux of the FSS is the need to maintain a future funding level of 100% or better whilst keeping employer contribution rates as low and reasonably stable and affordable as possible. In order to achieve this the Fund's actuary estimates that an investment return of 2.3% over the risk-free rate is required.

To meet this objective the Authority manages the Fund from a long-term viewpoint and endeavours to maximise its returns but, at the same time, operates within a closely controlled range of acceptable risks. It also ensures that liquidity requirements are at all times met.

Process for ensuring suitability of investments

The Authority manages the Fund's investments, and it has delegated its day-to-day management responsibilities to its officers. The Scheme of Delegation to Officers is formally approved by the Authority and forms part of its constitution.

The Authority comprises twelve councillors drawn from the four district councils of South Yorkshire (together with non-voting co-opted members appointed by the trade unions). The constituent councils appoint members to the Authority in accordance with the provisions of the Local Government Act 1985. The Authority also liaises with the Local Pension Board which includes representatives of employers and scheme members.

The Authority is responsible for setting the investment strategy of the Fund. As well as obtaining advice from Authority's officers it has also appointed independent investment advisors to advise it on investment matters and an actuary for the production of actuarial valuations and for advice on liability issues. For other work it appoints consultants when required.

In order to ensure as far as possible that the investment strategy is appropriate for the Fund's liabilities the Authority has created its own bespoke or customised strategic asset allocation. This benchmark is consistent with the Authority's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and acts as a framework and is adopted only after analysing the Fund's liability structure in detail. It is reviewed at least every three years and always after the statutory actuarial valuation.

The Fund's directly owned securities are held by the custodian bank or its agents or directly by the Authority.

The Fund has recently carried out an asset and liability study alongside the 2022 actuarial valuation. The Fund's liability data was used in the modelling and the implications of adopting a range of alternative investment strategies were assessed and being cognisant of the Authority's commitment to its investment portfolios being net zero in terms of carbon emissions by 2030. The implications for the future development of the Fund were considered under a wide range of different scenarios and their implications for net zero alignment.

The investment strategy is determined based on the expected return on asset classes (for equities, bonds, property etc.) with the appetite for risk as measured by the dispersion (likely range) of these returns. The Fund may also make use of derivatives, either directly or in pooled investments, for the purposes of efficient portfolio management or to hedge specific risks, in order to protect the value of the Fund's assets.

The conclusion of the study was that although the current strategy has a good chance of meeting the long-term objective regarding funding there was an opportunity to marginally improve the risk and return balance that increases the likelihood of achieving the long-term objective and reduces the potential for adverse outcomes. At the same time, to achieve the net zero target there needed to be allocation to natural capital and renewables. The increases in the allocation to net-zero focussed assets, doesn't materially impact the funding outcomes. This is done by reducing the exposure to equities, multi-asset credit and index-linked gilts and allocating to alternative and income focussed assets such as timberland, climate impact investments and private debt.

Changes to the allocations to public markets investments can take place relatively quickly but change to private market investments will take several years. The Authority is satisfied that the investment strategy has a sufficient probability of meeting its return targets over the long-term and it is expected that the Fund's long term investment returns will be at least in line with these assumptions and those published in the FSS.

The long-term benchmark positions before and after March 2023 are set out in the table below. Due to the amount of time, it will take to increase the allocations to private market investments, interim benchmarks will be used over an appropriate period to reflect these changes.

Asset Class	Current Benchmark %	New Benchmark %	Tolerance
UK Equities*	10.0	7.5	} +/- 5%
Global Equities*	35.0	30.5	}
Private equity	7.0	7.0	+/- 2%
Total Growth	**52.0**	**45.0**	
Multi Asset Credit	6.0	2.5	+/- 2%
Infrastructure	10.0	9.0	+/- 3%
Private Debt	5.5	7.5	+/- 2%
Property	8.0	9.0	+/- 2%
Natural Capital	2.0	3.5	+/- 2%
Climate Opportunities		5.0	+/- 2%
Renewable Energy		5.0	+/- 2%
Total Income	**31.5**	**41.5**	
UK Index-Linked Gilts	10.0	7.0	+/- 2%
Corporate Bonds	5.0	5.0	+/- 1%
Cash	1.5	1.5	+/- 1%
Total Protection	**16.5**	**13.5**	
Total	**100.0**	**100.0**	

*Note for the purposes of these tolerances listed equity allocations will be treated as a single allocation

As indicated above this asset allocation is constructed on the basis that it delivers the actuarially required return target of 2.3% over the risk-free rate which equates to 4.45% pa over the longer term.

In line with the regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007. At the time of writing there are no such investments.

The Authority monitors the Fund's actual allocation on a regular basis to ensure that it does not notably deviate from the target allocation. In order to measure the performance of each asset class against its benchmark index and monitor the investment objective, the Authority requires detailed performance measurement figures. These are independently provided by Portfolio Evaluation and are presented to the Authority on a quarterly basis.

Risk measurement and management

The Fund's main long-term risk is that assets do not match liabilities, and that funding objectives are not achieved. There are many different types of risk involved in capital stewardship and the Authority notes that without taking "risks" it will be difficult for the Fund to achieve the performance it needs if it is to meet its objectives. The Authority recognises that risk is inherent in any investment or operational activity and seeks to control risk rather than try to eliminate it. The approach aims to mitigate risk without compromising returns. In order to generate the required investment returns necessary to match the growth in liabilities this implies that the Fund will continue to take an active risk relative to its liability profile.

The key risks inherent in the Fund, and how these risks are mitigated, are below.

Risk	Description	Mitigants
Counter Party	Counterparty risk in every transaction in which the Authority takes part.	Use reputable service providers who operate effective controls. Independent investment advisers appointed to assist in the scrutiny of the investment management activity.
Funding strategy risk	There is a risk that the value of Fund assets will not match the increase in its liabilities which could result in a deteriorating financial position.	The effect can be reduced by diversifying the Fund's portfolios across a broad spectrum of assets and markets, considering these differences and the correlations between them and by granting the Fund's managers sufficient freedom to meet their targets but setting range constraints.
Performance	The Fund's investment managers fail to deliver returns in line with the underlying asset classes.	Analysis of market performance and investment managers' performance relative to their index benchmark on a quarterly basis. Manager performance is also reviewed regularly with support from independent investment advisers.
Demographic	Demographic factors including the uncertainty around longevity/mortality projections (e.g. longer life expectancies) can also contribute to funding risk.	Demographic assumptions are conservative, regularly monitored, and reviewed on a triennial basis.
Liquidity	Liquidity or market risk associated with the volatility of prices in certain assets and under certain market conditions.	Part of the Fund is held in securities that can be realised quickly in normal market conditions. Management of Authority cash flows to ensure future payments can be met.

Risk	Description	Mitigants
Inflation & 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.	It is important that the Fund's strategy considers these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.
Foreign exchange	Investing overseas exposes the Fund to fluctuations in exchange rates.	The Fund's customised benchmark regulates such exposure
Environmental, Social and Governance (ESG)	ESG risks have the ability to impact a company's profitability and the Fund's investment performance.	The Fund has a suite of Responsible Investment (RI) policies, acts as a responsible share owner and factors ESG into investment decision making. These are also referenced elsewhere in the report.
Employers	The financial capacity and willingness of sponsoring employers to support the Fund.	This is regularly reviewed by the Authority.
Governance	The risk of poor governance and the potential issue of Committee member turnover.	Ensure that Members are well informed by officers and independent advisers. A Member training programme is in operation. The Local Pension Board and external and internal audit also support the scrutiny and governance process.

Approach to pooling investments

The Fund is a participating scheme in the Border to Coast Pensions Partnership (Border to Coast). Border to Coast is an FCA regulated Operator and Alternative Investment Fund Manager (AIFM) that became operational in July 2018 and was set up to manage the assets of the 11 administering Authorities of the following LGPS Funds

- Bedfordshire Pension Fund
- Cumbria Pension Fund
- Durham Pension Fund
- East Riding Pension Fund
- Lincolnshire Pension Fund
- North Yorkshire Pension Fund
- South Yorkshire Pension Fund
- Surrey Pension Fund
- Teesside pension Fund
- Tyne & Wear Pension Fund
- Warwickshire Pension Fund

The July 2016 submission to Government of the Border to Coast Pool provided a statement addressing the structure and governance of the Pool and the mechanisms by which the Fund can hold the Pool to account.

Border to Coast's role is to independently and professionally, deliver Partner Funds asset allocation choices. It will make decisions relating to and monitor the investment managers (including employees of Border to Coast) who manage the administering authorities' "fund money" with the aim of maximising the long-term net of fees investment returns attributable to each of the Parties.

Border to Coast has a strong corporate governance philosophy, focused on the delivery of long-term value through active corporate engagement, the rationale being that this aligns directly with ensuring the Partner Funds exercise their fiduciary duty in the best interests of their members and employers. Information regarding the structure and governance of Border to Coast can be found on their website https://www.bordertocoast.org.uk/

The Fund's intention is to invest its assets primarily through the Border to Coast pool as and when suitable investment solutions are available. At this time investments have been made in Border to Coast's UK Equity, Global Developed Equity, Emerging market Equity, Sterling Index-Linked Bond. Sterling Investment Grade Credit, Multi Asset Credit and Listed Alternative funds. Also, we have invested into their Climate opportunities, Private Equity, Private Debt and Infrastructure fund platforms.

Other investment opportunities continue to be developed. Partner Funds acknowledge that there may be occasions where Border to Coast is unable to implement all asset allocation strategy decisions made because it would not be cost effective to do so, but the Partners and Border to Coast will work together to try to avoid this situation.

The Fund will hold Border to Coast to account through the following mechanisms:

- The Authority will monitor and regularly review the investment performance of the assets under Border to Coast's management, seeking explanation and attendance of Border to Coast personnel at meetings where necessary.

- The conducting of an annual review of the performance of Border to Coast by the Authority's officers and independent advisers resulting in an annual report to the Authority.

- Two shareholder nominated Non-Executive Directors on the Board of the Company, with equal voting rights, who will provide oversight and control of the corporate operations of Border to Coast.

- A representative on the Joint Committee (generally the Chair of the Authority) who will monitor and oversee the investment operations of Border to Coast.

- Officer support to the above representatives from the Officer Operations Group and the Statutory Officer Group.

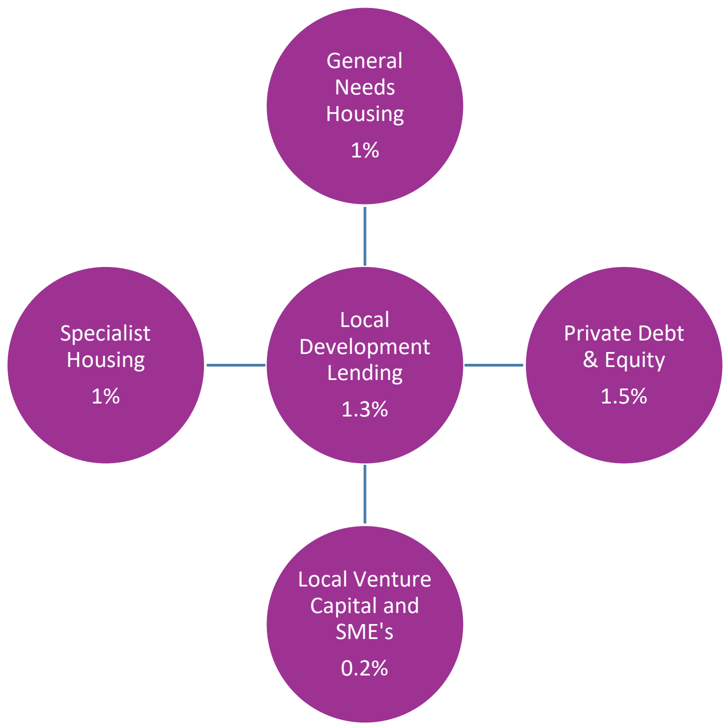
The Pension Fund will retain the decision-making powers regarding investment strategy and will delegate the investment management function to Border to Coast.

At the time of writing 70% of the Fund's assets are managed by Border to Coast and other assets (largely real estate and legacy alternatives) will transfer across to the pool on a phased basis as pooled vehicles become available or alternative investments are realised.

Where it is not practical or cost effective for assets to be transferred into the Pool, they will continue to be managed at the Fund level. These are expected to predominantly include unquoted investments such as limited partnerships. Whilst these assets are unlikely to be transferred it is expected that once these investments mature the proceeds will be reinvested into suitable Border to Coast sub-funds.

The Fund has a significant holding invested directly in a portfolio of agricultural property. Border to Coast is not proposing to develop a product in this area and if this portfolio is retained it will continue to be managed outside the Pool.

The Fund is also permitted to directly invest locally, subject to suitable risk/return characteristics where this is not available through the Pool. The Authority is aiming to create an allocation to place based impact investments with an ultimate target allocation of 5% of the Fund's asset value in line with the "Levelling Up" White Paper for LGPS funds. These allocations would form part of the various asset classes in the benchmark with the proposed allocations shown below.



The intention is to create a sufficiently diversified portfolio of investments across types of assets with income generation to address the Fund's cashflow requirements. Within this allocation the local development lending, general needs housing and local venture could be expected to be wholly South Yorkshire focussed while in the other elements we would look to work with managers to "tilt" their exposures in some way. Thus, it can be seen that we are trying to find levelling up opportunities within the scope of the strategy that has been set to fulfil the Authority's fiduciary responsibility.

Social, environmental and corporate governance policy

The Authority is fully committed to responsible investment and good stewardship of its investments. It acts at all times in the best long-term interests of all its members and looks to protect and enhance the economic value of the companies in which it invests on their behalf. It believes that well governed companies produce sustainable and superior long-term returns. Responsible investment is fundamental to the Authority as it is in accordance with the fiduciary duty owed to stakeholders.

The Authority takes its responsibilities as a long-term investor seriously integrating environmental, social and governance factors into the investment process. Environmental risks include climate change; the Authority believes that the associated risks and opportunities may have a material impact on the financial performance of the Fund and has therefore published a Climate Change policy statement which can be found on the Authority's website. The Authority has also adopted a Net Zero Goal in relation to its investment portfolios and has published an Action Plan relating to its achievement which is available on its website.

The Authority believes that the pursuit of standards of best practice aligns the interest of Fund members with those of fellow shareholders and with society as a whole. The Authority recognises that it is unable to use its policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government. The Authority has published a separate Responsible Investment policy statement available to view on its website.

These policy statements and a statement specifically related to the application of responsible investment in the context of the Commercial Property portfolio are regularly updated.

This is an area where the Authority works together with Border to Coast and the other 10 partner funds, who have agreed a policy framework in this area which the Company is required to follow. This ensures that the Company is able to apply a consistent framework in this area across all aspects of its work.

The Authority invests in sustainable and impact funds which have positive social and environmental impacts. It does so only when returns are considered to be commercial and will not forego financial return in order to generate social impact.

Responsibility for the practical implementation of the Fund's approach to responsible investment is devolved to Border to Coast as the provider of investment management services. As such they are required to publish their own responsible investment policy and sign up to both the UK Stewardship Code and the UN Principles of Responsible Investment compliance with both of which will be externally monitored on an ongoing basis. Border to Coast procedures ensure that ESG issues are routinely monitored as part of the investment analysis and incorporated into the due diligence leading to investment selection and reviewed as part of the active ownership of assets under management.

The six principles of investment decision making for occupational pension schemes.

Under Regulations issued in 2009 administering authorities of the LGPS are required to report their compliance against the Principles for Investment Governance. The six Principles are intended to guide institutional investors on matters such as investment, scheme governance, disclosure and consultation and the Authority publishes a separate statement outlining its full compliance with the principles.

Stewardship

The Fund has a suite of policies addressing responsible investment and stewardship which are reviewed annually.

The Authority recognises that it is not always possible for it to conduct constructive engagement alone: therefore, it will enter directly or through Border to Coast, into collaboration with other like-minded investors when the occasion warrants doing so.

It is an active member of the Local Authority Pension Fund Forum and will join other collaborative pressure or lobbying groups if it feels it is appropriate to do so. The Authority is a member of the IIGCC which is a forum for collaboration on climate change for European investors. The Authority believes that risks and opportunities associated with climate change may have a material impact on the financial performance of the Fund and, therefore, supports the Group's objective to catalyse greater investment in a low-carbon economy by bringing investors together to use their collective influence with companies, policymakers and investors.

Border to Coast on behalf of partner funds, has also signed up to the 30% Club whose aim is to pursue gender diversity on company boards and at senior management level, the Workforce Disclosure Initiative, Climate Action 100+ and the Task Force on Climate Related Financial Disclosure.

Voting rights

The Authority regards its voting rights as an asset to be used carefully. The voting power is delegated to Border to Coast as investment manager. Border to Coast aims to vote in every market in which it operates. It has appointed a contractor to ensure that its votes are effectively executed.

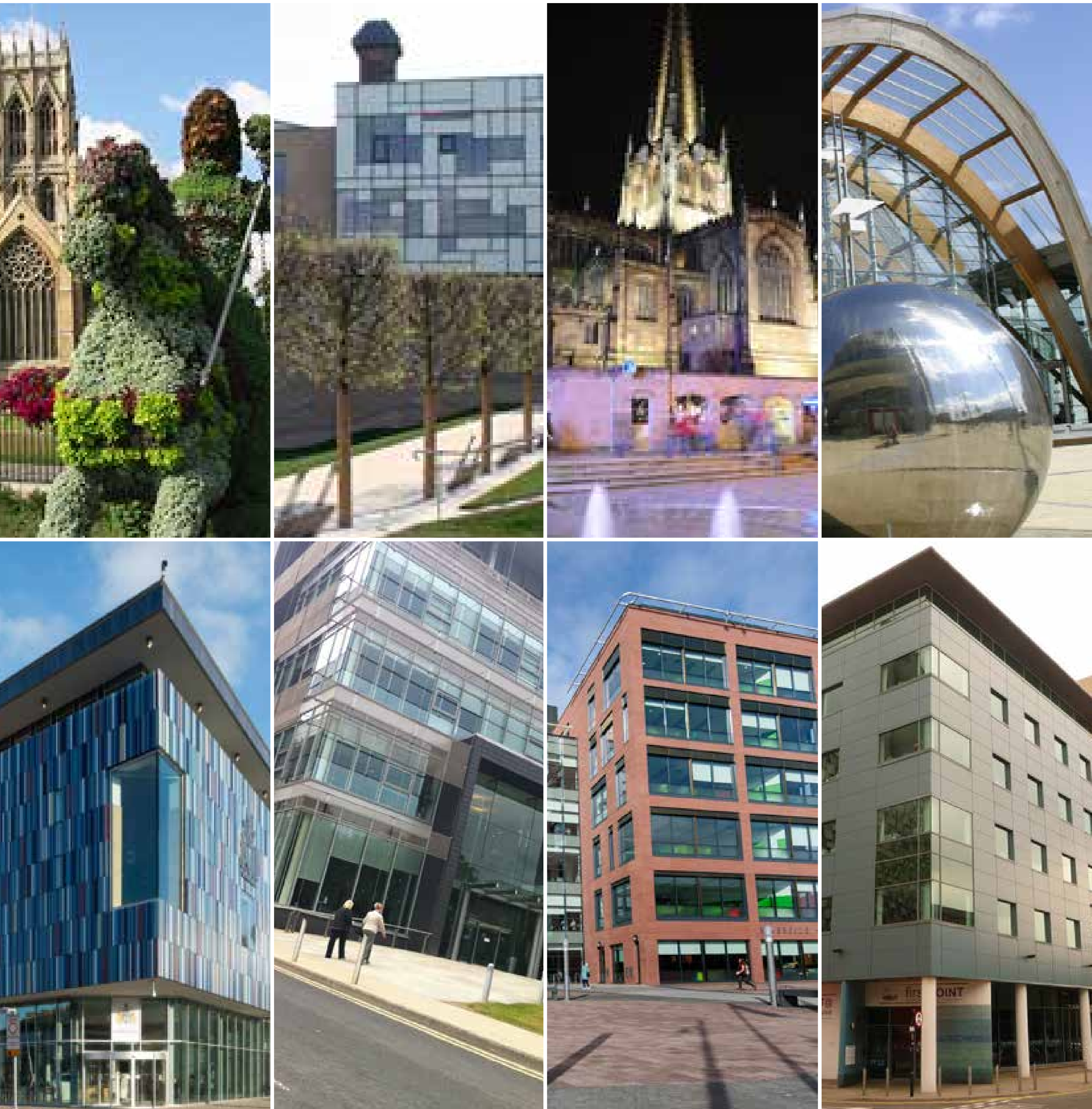
The Authority subscribes to the Border to Coast voting policy which has been agreed by all partner funds and has been informed through the interpretation of best practice guidelines in consultation with the proxy advisor. Voting decisions, nonetheless, are made on a case-by-case basis bearing in mind a company's circumstances. Voting decisions will be available to view via the Fund's website quarterly.

Constructive shareholder engagement, with the aim of promoting and supporting good corporate governance principles and practice, will be pursued whenever it is deemed appropriate to do so. The Voting Guidelines collectively agreed by all 11 funds participating in the Border to Coast pool are available on the internet and can be accessed through the Responsible Investment pages of the Authority's website www.sypensions.org.uk

March 2023

Administration Strategy

SOUTH YORKSHIRE PENSIONS AUTHORITY



lgps

www.sypensions.org.uk

CUSTOMER SERVICE EXCELLENCE CSE

Administration
Strategy

SOUTH YORKSHIRE PENSIONS AUTHORITY

STRATEGY FOR THE ADMINSTRATION OF
THE LOCAL GOVERNMENT PENSION SCHEME IN SOUTH YORKSHIRE

Incorporating:

- Employer Service Level Agreements with the Fund Administrator
- Fund Administrator Service Level Agreement with Employers
- Communication Policy and Strategy (Elements of)
- Consultation Policy and Strategy (Elements of)
- IDR Procedure (Charging Policy)
- Actuarial Services (Charging for certain elements)
- Interest (Policy & Rates)
- Funding and Debt Recovery Strategies (Elements of and Policy)

The following, revised, document details the strategy to be adopted in the administration of the Local Government Pension Scheme by South Yorkshire Pensions Authority and participating Fund Employers with effect from 1 April 2020.

It has been updated in consultation with the participating Fund Employers and is provided for through statute by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended).

It sets out, amongst other things, how the Administering Authority, SYPA, will administer the Pension Scheme and Fund on behalf of Employing Organisations, and their Scheme Members, participating in the South Yorkshire Pension Fund, its requirements for employers in terms of the timely and accurate provision of information pertinent to the administration of the Scheme and Fund, and the penalties to be applied to those employing organisations failing to meet their duties, responsibilities and obligations as detailed within this strategy document.

The strategy has been developed and adopted in consultation to improve the overall standard of administration of the Scheme and the Fund in the South Yorkshire Fund area and is intended to apply in a spirit of partnership working and co-operation where every assistance, tool, facility, system, support, training and guidance will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy.

Any penalties and censures carried within the strategy are not intended to apply as a first resort but rather as a last resort following a period of grace during which time any organisation struggling to meet its obligations will be given the opportunity to make the necessary improvements to their performance.

Jason Bailey

Head of Pensions Administration
South Yorkshire Pensions Authority

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REVIEW DATE

This Administration Strategy will be reviewed as follows:

- Every 5 years as a matter of routine
- Whenever impacted by Regulatory Changes
- Whenever impacted by other legislative changes
- Whenever impacted by major changes to other policies, statements and strategies used by the Administering Authority
- As required by operational changes and demands

Where changes are planned or thought to be necessary outside of the routine review period then consultation will begin on those proposals for change as soon as possible after the potential requirement(s) for change has been identified, or at the beginning of year five if the review is as a result of the routine review policy.

REGULATIONS AND OTHER LEGISLATION GOVERNING THE STRATEGY

- The Local Government Pension Scheme 1995, 1997 and 2008 Regulations as they still have effect in part
- The Local Government Pension Scheme (Transitional Protection) Regulations 2014
- The Local Government Pension Scheme Regulations 2013 in force now or as amended and in force at any future date
- The Public Sector Pensions Act 2013
- The Pensions Act 1993
- The Pensions Act 1995
- The Pensions Act 2014
- The 2004, 2006 and 2014 Finance Acts
- The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations in force and as amended
- The Occupational Pension Schemes (Transfer Values) Regulations in force and as amended

This list is not exhaustive and other Legislation and Regulations may and will apply in certain specific circumstances

SERVICE LEVEL AGREEMENTS

South Yorkshire Pensions Authority is using its powers under Regulation 59 of the Local Government Pension Scheme Regulations 2013, Pension Administration Strategy, to consolidate its former Service Level Agreement documents, (which were signed by Employing Organisations on a voluntary basis when they were first introduced and only made compulsory for new organisations joining the Fund later), into, and make them, an integral part of, this formal Administration Strategy document

The original publication of, and any subsequent revisions and amendments to, this Strategy follows consultation with Employers and means that there will no longer be a requirement for Employers to have a separate SLA with SYPA. It is implicit that this strategy, and therefore the Service Level Standards contained within it, applies to ALL Employing Organisations participating in the South Yorkshire Pension Fund.

Where either necessary, relevant or appropriate those standards are detailed in the following pages so that all parties are aware of the requirements of this element of the Strategy as the administration of the Scheme in South Yorkshire moves forward under this document.

SCOPE

These are the tasks and issues falling within the scope of the Administration Strategy:

- The requirements and obligations of New Employers joining the Fund
- The routine notification and provision of information by employers about individual scheme members
- The monthly provision of information and data of sufficient quality and quantity such as to enable the Administering Authority to collect payment of employee and employer contributions from employers via direct debit, to post member contributions, create records for new entrants to the Scheme, amend records to reflect personal and contractual changes and to create the leaver process for those members leaving the Scheme for whatever reason
- The non-routine bulk notification and provision of information by employers about their scheme members where event driven
- The payment to the Fund of employee and employer contributions including any additional contributions paid by scheme members
- The payment to the Fund's appropriate third party AVC providers of employee Additional Voluntary Contributions, AVCs
- The payment by employers of deficit contributions in accordance with the Funding Strategy Statement

- The payment by employers of any costs associated with the early termination of employment of scheme members or policy decisions requiring additional funding
- The development and publication of Employer Discretionary Policies
- The IDR Procedure and/or Formal Member Complaints about Employing Organisations
- Actuarial Services
- The Provision of Scheme compliant Payroll Services by employing organisations
- Accounting Standard Exercises for Employers
- Fund Valuation Exercises
- TUPE Transfers, Admission and/or Bond Agreements, School Conversions
- The provision of information to employers in relation to their scheme members for the purposes of:
  - Individual member retirement benefit estimates
  - Bulk member retirement benefit estimates
  - Bulk costings for employer led early retirement exercises
- The Communication Strategy
- The Consultation Strategy
- Reporting to the Regulator
- Debt Collection Procedure
- The National Fraud Initiative Exercise
- Service Standards to Employers
- Service Standards to Scheme Members
- Funding Strategy Requirements where appropriate and inter-related
- The provision of information to third parties in relation to transfer values and deferred benefits for individual scheme members
- Reporting to the Authority and its Boards

STATEMENT OF ADMINISTERING AUTHORITY OBJECTIVES AND AIMS

The following is SYPA's statement of its objectives and aims in relation to how it intends to deliver its administration service to all of its stakeholders:

"The Authority wishes and intends to provide a high quality pensions' service to employing organisations and members of the Fund by:

- **Supporting member organisations in their planning, promotion and use of pension provision for their employment needs**
- **Administering pension provision for member organisations in accordance with statutory requirements**
- **Being recognised as a continually improving provider of cost effective, efficient and high quality pension administration**
- **Providing a first class, accurate and timely service to its members, their dependants and representatives for the entire lifetime of their relationship with the Authority"**

EQUALITY STATEMENT

The Authority is committed to equal opportunities for our members and will take all necessary steps to ensure that is complies with the specific duties that have been placed upon it.

It is the Authority's intention, in addition to the specific promises made in its Customer Charters, to strive at all times to attain the aims of that commitment.

Additionally, the Authority recognises that some of its members may have special personal needs that may differ from the majority of its members and as such it aims to tailor some of its services to meet those needs.

Examples of where a bespoke service can be provided are:

- Large print documents
- Audio CD recordings of Customer Charter Service Standards
- Home visits where a member is unable to visit any of the Authority's premises
- Signing facilities for visiting members who are hard of hearing
- Limited Interpreter Services for any visiting members and/or their representatives who may have difficulties with spoken English

Some services will necessarily require advance notification of their requirement in order to help the Authority make the necessary arrangements and may not always be available even where notice is provided.

MEMBER SERVICES

PENSION INFORMATION SURGERIES

SYPA currently runs an on-line booking service for appointments by members at any one of its four locations. More detail can be found on the website at: www.sypensions.org.uk

SYPA is committed to continuing these services for as long as there is sufficient demand and it has access to premises at the four District Councils and has the facilities at the location of its HQ premises wherever that might be now or in the future.

PENSION SAVINGS TAX ISSUES

Whilst tax is a personal issue, some tax liabilities can arise as a result of pension savings growth for an individual exceeding that allowed by HMRC in any given tax year. As a result SYPA will notify members of any tax implications arising from their pension's savings in the LGPS:

- By an initial notification on their Annual benefit Statement
- By a follow up letter confirming the excess savings amount and the implications for tax if any
- By providing further information on the options available through the Scheme for discharging any tax liability arising

Additionally, to assist SYPA in providing as timely and accurate a service as possible in relation to Annual Allowance issues it will, at the end of March each year, write to every participating organisation having any members deemed to be at risk of breaching the Allowance to request additional details of those members' pay for the period 6 April to 5 April for the year in question. This information will have to be provided to SYPA by the 21 April. This is in addition to the provision of a monthly return and covers a slightly different but critical period to that covered by the return.

REPORTING POLICY

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisors, giving guidance on what is expected of them.

It also has functions under legislation passed in 2008 and a statutory objective to maximise compliance with the employer duties under that legislation relating to automatic enrolment.

Its principal aim is to prevent problems from developing. It uses its powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long-term.

The Pensions Regulator has published a Code of Practice for Public Sector Pension Schemes that in itself is not law but which is designed to help Scheme Administrators comply with the law. SYPA intends to comply fully with this code of practice at all times and to self-report instances where it fails to do so.

It also has a policy of reporting "material" employer breaches that it becomes aware of where such a breach is deemed to be detrimental to the Fund's position or reputation or where member benefits could be in jeopardy, for example where an employer deducts pension contributions from members' pay but either fails consistently to remit those contributions to the Fund by the statutory deadline or fails to remit them at all.

The Pensions Regulator will decide on any appropriate course of action or censure deemed appropriate.

More information about the role and responsibility of the Pensions Regulator can be found at: **www.thepensionsregulator.gov.uk**

South Yorkshire Pensions Authority Annual Report

The Authority will, as a matter of Policy, include the names of those organisations incurring financial penalties in any year for poor performance or non-compliance with the Administration Strategy, in its Annual report.

Office of the Information Commissioner

SYPA has a policy of self-reporting "material" data protection breaches to the Office of the Information Commissioner. This policy will continue under both current and future legislation such as GDPR which is effective from May 2018.

DATA HANDLING AND SHARING

General

The business of the Authority requires it to transmit and receive personal data to a number of individuals and organisations, often electronically.

Where it transmits data electronically it will do so using a secure method and in accordance with any other Policies the Authority has in place, for instance, its E-Mail Usage Policy.

Where it receives data from individuals or organisations within the Fund it will require that data to be sent to it in a secure manner and may require the sender to adopt and use the Authority's own secure electronic transmission facility.

It will only collect, store and use Data for the purposes for which it was collected and for the purposes of administering the Pension Scheme.

It will delete data in accordance with its Document Retention Policy.

General Data Provisions Regulations 2018

The General Data Protection Regulations 2018 came into force in May 2018. Although of European Genesis the UK Government has confirmed it will enshrine the principles of the Regulations in UK Law and the Regulations will therefore apply.

SYPA, who for the purposes of the Regulations are classified as a "Data Controller", will comply with this legislation wholly and fully and will:

- Requisition the services of an independent and qualified Data protection officer
- Publish a Memorandum of Understanding with employers to clarify the arrangements for sharing personal data
- Ensure data sharing partners are themselves fully compliant with the requirements of the Regulations
- Publish a Privacy Notice to explain how and why it uses personal data
- Only use their data for the purposes for which it was collected

- Only hold that data for as long as is necessary to administer the Scheme for the members concerned
- Ensure members are able to have their data deleted from the Authority's systems in accordance with the Regulations

ADMINISTERING AUTHORITY DUTIES, RESPONSIBILITIES AND OBLIGATIONS

The main duties, responsibilities and obligations of an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To prepare and publish the Pension Fund Annual Report
- To prepare, publish and maintain its Funding Strategy Statement
- To prepare, publish and maintain its Communications' Policy
- To commission and obtain a valuation of Fund assets and liabilities as at the 31 March in every third year commencing on 31 March 2016 and to obtain a report and a rates and adjustments certificate prepared by an Actuary in respect of that valuation
- To decide any question concerning a person's previous service or employment, the crediting of additional pension and the amount of benefit to which any person has or will become entitled out of the Fund
- To publish a statement concerning its policy on the use of its discretions
- To issue annual benefits statements in respect of its active, deferred, deferred pensioner and pension credit members
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the Administering Authority and to make a decision on such applications

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

ADMINISTERING AUTHORITY DISCRETIONS

The main discretions afforded to an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The waiving of reductions in any benefits of members where there is no longer a scheme employer to fulfil that function
- The person(s) or bodies to whom it will pay any death grant arising from the death of a member

In addition, the Administering Authority is also required to exercise its discretion, together with the Employing Organisation concerned, in the matter of extending the time frame in which a member can request an inwards transfer of pension rights from a previous arrangement.

Because of the Regulatory requirement for both employing and administering authority to agree on the use of this discretion it will be a requirement placed on all employers within the Fund to notify SYPA of any decision to allow an extension of time for requesting such a transfer. That notification must be submitted on the Late Transfer Form which is available on EPIC. Where appropriate it must be accompanied by any supporting minute from the Board, Panel or Committee ratifying the decision.

In addition **Absolute Discretion** is afforded under the Statutory Regulations to Administering Authorities to determine to whom any Death Grant is payable, even where an expression of wish exists for the deceased member. For operational expediency, SYPA have delegated this discretionary decision making power to the Officer occupying the post of Pension Benefits Team Manager, this avoids any conflict with the IDRP Adjudicator who may need to look at any decisions made under this discretion and subsequently appealed against and make a determination about the correctness of that decision. Currently the role of Adjudicator is delegated to the Post of Head of Pensions Administration. It is not practical for the Authority to have to make these decisions given the frequency of cases occurring balanced against the additional report writing required and the infrequency of Authority meetings which could delay payment of these benefits to the detriment of the potential recipients.

EMPLOYING ORGANISATION DUTIES AND OBLIGATIONS

The main duties, responsibilities and obligations of a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To contribute to the Fund in each year covered by the rates and adjustment certificate the amount determined by reference to that certificate
- To pay over all amounts received from employees by way of their contributions to the Fund
- To deduct from a person's pay any contributions payable by the member under the Regulations
- To decide any question relating to a person's rights or liabilities under the Scheme not falling to the Administering Authority to determine
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the employer and to make a decision on such applications
- To provide the Administering Authority, within three months of the end of the Scheme Year, with a statement of details of every employee that has been an active member

during the scheme year. Employers now meet this requirement via the submission of monthly data files.

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

EMPLOYING ORGANISATION DISCRETIONS

The main discretions afforded to a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The Funding of additional pension
- Flexible Retirement
- Waiving of actuarial reductions
- Award of additional pension

PROVISION OF INFORMATION BY THE ADMINISTERING AUTHORITY TO:

Members and Member Representatives

The Authority is required to provide members and/or their representatives with a wide range of information under Regulation and other legislation which may also prescribe timeframes in which the information must be provided. SYPA has published Customer Charters detailing its own service standards. These are invariably much tighter and more stringent than those allowed for in law and are the standards SYPA always aims to achieve. However, the fall-back position at particularly busy or demanding times, and SYPA reserves the right to move to that fall-back position without notice, will be the legislative requirements governing the type of case(s) concerned.

Therefore, as a minimum, SYPA will always administer the Scheme in relation to the provision of information to members and/or their representatives in line with the Regulations in force at any time and in line with any other appropriate legislation.

The major requirements in this respect are as follows:

- The notification to individual members and/or their representatives of the type of benefit and amount of benefit to which the member and/or their representatives or dependants have become entitled as a result of an actual event, such as retirement or death, will be issued in line with the standards detailed in the Authority's Customer Charters. Any payments due from the Fund as a result will also be dealt with in line with the same service standards. The detailed content of such information will, as a minimum, meet the requirements of any Regulations or legislation in force at the time.
- The issuing of Annual Benefits Statements to Active, Deferred, Deferred Pensioner and Pension Credit members. Regulation states that these must be issued by 31 August and, although the Authority relies heavily on its Employing Organisation Partners for data upon which to base these statements it is the Authority's intention and objective to comply with Regulation in this respect and to issues Annual Benefit Statements by the 31 August each year or by whatever date subsequent changes in the Regulations dictate.
- The provision of information for matrimonial proceedings is a statutory duty under both Regulation and over-riding Divorce legislation. The Authority will administer the provision of this information in accordance with both sets of legal requirements both in terms of timeframes and the persons to whom the information is to be released. The service standards for this are also contained with the Authority's Customer Charters. Where matrimonial proceedings result in an actual Pension Sharing order then SYPA's Policy is to make a charge of £350 plus VAT for the implementation and maintenance of such an order. SYPA may increase the charge to reflect the cost of living and/or any changes to the information required to be issued which result in additional resourcing requirements. Costs will usually be charged to the ex-spouse of the member but may be allocated or apportioned by the Court in which case the Authority will comply with such direction and invoice the parties according to the Court's direction.
- The provision of Preserved Benefit and Transfer Value information is also prescribed for in Regulation and specific legislation. The Authority will provide such information in accordance with its legal obligations to members and/or their representatives. In this context a member's representative may be any financial advisor appointed by the member, any third party administrator authorised by the member to obtain such information or the administrators of any occupational scheme acting for the member in a new or subsequent employment. Where transfer value information is requested by an advisor or pensions' administration company for an active member of the pension scheme, then a statement of entitlement will only be provided as a result of a direct request by the member concerned. This is to ensure, so far as possible, that the member is fully aware of the implications associated with the requirements of the Scheme for the member to opt-out in order to transfer out. The information will then be sent directly to the member concerned and not any third party.

The Authority's Policy on the provision of this information is to only provide it to the member and or their representative once in any twelve month rolling period. The Authority reserves the right to make a charge for the provision of this information prior to the commencement of a new 12 month period and the right to introduce such a charging policy at any time without notice. Any such charge so levied will only ever seek to cover the actual cost to the Authority of the work undertaken in producing the information again.

Independent Financial Advisors or other advisors acting for or on behalf of the member

The Authority will provide information to Independent Financial or other Advisors appointed or authorised by the member in accordance with any Regulatory or legislative obligations and, where Preserved Benefit and/or Transfer Value information is concerned, in accordance with the Policy described in the preceding paragraph.

The Authority:

- Will provide all member specific information it is obligated to provide in the timeframes required of it in law
- Will provide all generic Scheme information it is able to provide in order to assist the enquirers to advise their client(s)
- Will not respond to additional questions it deems not relevant to the enquiry
- Will not engage in follow up discussions by telephone, or communications by e-mail or letter until such time as the member has made a decision in relation to any transfer out of the Scheme, but
- Will provide all information required by the member or their representatives to enable members to take advantage of the Freedoms of Choice as announced by the Government in the 2015 Spring Budget and enabled in subsequent legislation

Participating Employer Organisations

Information will be provided to participating employers as a matter of routine in some instances and upon request in others.

Where information is provided as a matter of routine it will be provided in timeframes and schedules as follows:

- Employer performance, as measured against the agreed service standards, will be reported quarterly in retrospect for the periods:
  - 1 January to 31 March
  - 1 April to 30 June
  - 1July to 30 September
  - 1 October to 31 December

in each calendar year. Employer performance will also be reported to the Authority.

- Electronic Employer Newsletters will be issued as and when circumstances dictate that Regulatory or legislative change needs to be communicated
- Employer specific alerts of outstanding tasks will be communicated through the EPIC System or any subsequent replacement system developed and introduced by the Authority
- The Authority will hold an Employers' workshop/training event at least once a year, to disseminate other important and relevant information
- The Authority will, either pro-actively or upon request, where appropriate and/or necessary, disseminate information by the use of roadshows, presentations, advisory surgeries, training seminars, on-line tutorials, and other electronic media. There would usually be no charge for these services

Where information is provided following a request from the employer then the following service standards will apply:

- Employers will be directed to the online portal to process requests for retirement estimates. However, where the online portal is not available. Estimate requests for individual employees will be provided **within 5 working days** of the Authority being in possession of all information necessary to ensure the accuracy of the estimate.
- Bulk Retirement Estimate requests **involving 20 or more employees** will be provided **within 10 working** days of receipt of the bulk request template assuming this is populated correctly and accurate estimates can be provided as a result
- Early Retirement Strain on the Fund Costs as part of a bulk estimate request will also be provided **within 10 working** days of receipt of the bulk request template

None of the information detailed above or the services used to provide this information will incur any fee or charge to employing organisations.

Other Administering Authorities:

The working relationship between SYPA and other LGPS Administering Authorities is usually one based on member administration except where the Authority undertakes an element of collaborative working with another Administering Authority or the Administering Authority has become a software/systems client of SYPA.

Member administration would usually involve:

- Supplying information to Fund Actuaries and the other Administering Authority where a bulk transfer of staff was taking place between employers of the respective Funds and either receiving and investing or paying out a subsequent bulk transfer payment, or
- Administering the Scheme in respect of individual voluntary member movement between funds and receiving and investing or paying out individual transfer payments

The Authority will conduct the administration of member business in respect of either of these scenarios in accordance with the requirements of any Regulations in force at the time and the service standard targets set by SYPA for individual member administration.

The Fund Actuary:

Typically, the routine business of the Authority with its Fund Actuary will fall into one of the following categories:

- Triennial Fund Valuation
- Accounting Standards exercises for participating employers
- Individual contribution rate assessments for new employers
- Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer
- Employer covenant assessments
- Liability assessments for employers leaving the Fund
- Re-assessment of Employer's Contribution Rate where any allowance is exceeded

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Fund Valuation

The Fund Valuation is a Statutory Duty of the Administering Authority and SYPA will carry out this duty in accordance with the Regulations in force at the time.

The Authority will, as a partner and under Regulation, consult and work closely with employing organisations to ensure that member data and financial data relating to employer cash flow is accurate and up to date at all times and that year end data, or as the case may be, monthly data, submissions, are accurate, timely and usable. The objective being that immediately following the 31 March in any given valuation year the Authority will be in a position to provide the Fund Actuary with data of sufficient quality and timeliness to allow for accurate calculations of the Fund's assets and liabilities to be performed using agreed methodology and assumptions.

The target schedule in any valuation year will be as follows:

Year End work completed by SYPA and Valuation Data Extract to Fund Actuary	**July**
Interim Results	**September/October**
Individual Employer Results Consultation	**October/November**
Formal Report	**March**

There are no employer charges or fees related to the Valuation unless additional bespoke work is requested. Before the commencement of each financial year the Authority will publish each employing organisation's contribution statement for the next financial year. The statement will be placed on SYPA's EPIC System. Organisations must ensure that they read, check and comply with it by submitting a monthly data file to facilitate the collection of contributions by direct debit. This is an Audit requirement.

Accounting Standards Exercises

Although not required to do so under Regulation the Authority does offer to obtain and provide the appropriate accounting standards requisite information as a voluntary service to employers.

By making use of the readily available expertise and Fund profile familiarity of the Actuary the Authority feels it is able to offer a structured and efficient method of providing this information to participating employers whilst also using efficiency of scale to save employers money compared to the potential cost involved in individual approaches for actuarial assessments.

There are three scheduled exercises each year as follows:

- Organisations with a Year End of 31 March
- Educational Establishments with a Year End of 31 July
- Academies with a Year End of 31 August.

The procedure and schedule for all organisations is driven and set by the Fund Actuary following consultation and agreement on the assumptions to be used in the exercises.

The typical target schedule for organisations with a 31 March Year End would be:

End of January prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins
Mid-February prior to Year End	-	Data issued to Actuary
Mid-April following Year End	-	Results issued to participating employers

The typical target schedule for organisations with a 31 July Year End would be:

End of May prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins.
By 3rd week in July	-	Data issued to Actuary
End of August following Year End	-	Results issued to participating employers

The typical target schedule for organisations with a 31 August Year End would be:

Mid-July prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins
By Mid-August	-	Data issued to Actuary
End of September following Year End	-	Results issued to participating employers

There is a cost for this service as the Authority has to commission and pay the Actuary for the work performed.

SYPA will negotiate an overall cost with the Actuary each year based on the numbers participating in the exercises. This cost will then be notified to those employers when known as part of the communication process.

In addition the Authority makes an administrative charge to cover its own costs of the additional work involved. Currently this charge is £100.00 per employing organisation but the Authority reserves the right to increase this in future should its own costs of administering the exercise(s) increase.

Employers will be invoiced by the Authority for their individual charge.

Individual contribution rate assessments for new employers

As part of the process of setting up a new employer when it joins the Fund, member data will be collected and submitted to the Actuary for an assessment of the indicative contribution rate payable for the remainder of the valuation period by the employer in question.

Typically, such assessments take about six weeks to complete. There is a schedule of charges for such work which is set by the Actuary and not the Authority. This is updated by the Actuary at regular intervals. The latest schedule is available upon request.

The new employer or the outsourcing employer is expected to pay any charges incurred in this respect.

Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer

Where a participating scheme employer outsources a service to a private contractor and that contractor enters into an admission agreement to admit transferred employees to the Scheme then, as a matter of routine, or at the instigation of the outsourcing employer, SYPA will, through the Fund Actuary, commission a risk and bond assessment as provided for by Regulation, in order to protect the outsourcing employer and the Fund from incurring unfunded liabilities in the event of early termination of the contract and the possible redundancy of employees upon re-absorption of the service.

The cost of the actuarial work will recharged to the outsourcing employer.

Employer covenant assessments

Covenant assessment may form part of the routine work associated with the admission of a new employer, in which case the cost of such work will be included in the overall cost of the risk/bond assessment and recharged accordingly.

However, where the Fund undertakes covenant assessment work at its own initiative as part of long-term risk management strategy then no charge will be passed on to employing organisations as a result.

Liability assessments for employers leaving the Fund

These assessments are commissioned by the Authority when an employer exits the Fund. An exit from the Fund may be triggered by:

- The natural end of a set period outsourced service contract
- The early termination of an outsourced service contract by the outsourcing employer or by the contractor
- The forced termination of an organisation as a result of financial issues
- The natural effluxion of active members leaving no contributors to the Fund

The Authority's Policy, as set out in its Funding Strategy Statement, (FSS), is that termination assessments, where required, will be calculated on a "least risk" basis to ensure that residual liabilities are fully funded and that, subject to prudent investment, sufficient money is recovered from the exiting employer to fund those liabilities for the remaining lifetime of its members and their dependants. However, its Termination Funding Policy under Regulation, set out within the FSS allows certain flexibilities in how, when and over how long it will recover those costs. In addition, employers within the scheme whose active membership has reduced to nil for some reason, will not automatically be required to exit the Scheme, thereby triggering an exit cost calculation. Instead they will be allowed a period of grace to allow for recruitment strategies to bring in new active members.

Where the exiting employer is solvent and able to discharge its liabilities in respect of the Fund the cost of the actuarial work will be added to the total to be recovered in respect of those liabilities.

Where the exiting employer is insolvent the cost of the actuarial work will be added to any claim made by the Authority, as a creditor, to the appointed administrator(s).

Where the exiting employer is a contractor and the exit is triggered by the natural expiry of the contract then SYPA will normally have endeavoured to manage the contributions required over the period leading to the exit to avoid any deficit or surplus arising.

Government and other Public Sector Agents

The Authority has signed up to be included in the National Audit Office's (NAO) bi-annual National Fraud Initiative (NFI) in which Public Sector Bodies and Organisations share Pensions and Payroll information in an effort to combat benefit fraud and reduce overpayments in both areas to individuals no longer entitled to receive them.

As a participant in this exercise SYPA will share information about its Fund Members with:

- The National Audit Office
- Its own Internal and External Auditors where appropriate
- The Auditors of other Local Authorities and other Local Government Organisations
- Other Local Authority Benefit Departments
- The Department for Work and Pensions
- The Police where appropriate and/or necessary

The Data Protection Act, and the General Data Protection Regulations, (effective May 2018), permit the sharing of data without the express consent of the individuals concerned where the object of such sharing is the prevention or investigation of fraud and other crimes.

Prior to the release of the reports SYPA will notify its members of its participation in the forthcoming exercise and confirm the intent to share data with other agencies.

Upon the release and receipt of the NFI Reports at the commencement point of each bi-annual exercise the Authority will nominate a senior officer to manage the project.

It will then prioritise and address the workload arising as follows:

- Apparent un-notified pensioner member deaths will be investigated within two months. Pensions in payment from the South Yorkshire Fund will be immediately suspended
- Apparent un-notified preserved pensioner deaths will be investigated within three months

As a matter of Policy, SYPA will in all cases:

- Report instances of suspected Fraud to the NAO, its Internal Audit Office and the Police
- Pursue the recovery of all overpayment of pensions resulting from the non-notification of pensioner deaths whether fraud is suspected or not*

*See later section on Debt recovery

As part of its management and administration of casework the Authority will also share some data with other Administering Authorities through the Local Government Association's (LGA) National Database. It will also participate in the National "Tell us Once" initiative.

As part of its Communication Strategy the Authority will also share and/or provide member data to its printer Agents, for the provision of information to members, and its Tracing Agents for the purposes of paying benefits.

General

It should be noted that where information is required by any member, member representative, dependant or advisor, whether legal or financial, in order to pursue a claim through the courts for financial loss, damages or compensation for any event not connected to the Authority's actions or inactions or omissions, then the Authority will always make a charge to cover the cost of the work done in connection with the provision of the information requested. Any such charge will not be negotiable and will always need to be settled prior to the release of the information required.

POTENTIAL NEW EMPLOYERS

Potential new employers will have certain obligations to enable their admittance to participate in the LGPS in South Yorkshire to be completed in a timely and accurate manner and ensure that there is no subsequent detriment to members. Admission Agreements cannot be backdated.

The LGPS can be an expensive commitment and any potential new employers having a choice of pension provision, either through legislation or constitution, should satisfy themselves as to the appropriateness and suitability of the Scheme for their staff, organisation, budget and business plan.

Schools converting to Academy Status

Academies are required to enroll their non-teaching staff into LGPS upon conversion. Schools considering conversion to Academy Status should:

- Liaise with their LEA well in advance of any proposed conversion date in relation to the current funding of the Pension Scheme and any potential financial deficit to be inherited
- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of their non-teaching staff being transferred to the new organisation, any deficit payments necessary and any business development plans under consideration following conversion
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to convert together with a proposed conversion date
- Be able to provide a full and detailed personal and payroll data set of the non-teaching staff being taken on by the new organisation from the old school at least three months in advance of the proposed conversion date
- Have a Payroll System (or agent) and staff, together with HR staff, ready and able to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion
- Pay the actuarial fees associated with the creation of the academy as a new employer in the SYPA fund

Transferee Admission Bodies

Potential Transferee Admission Bodies considering pensions implications of bidding for a Local Authority or other public sector service contract where transferring staff would normally be eligible for the LGPS should:

- Liaise with the letting body well in advance of any proposed contract date in relation to the pension costs and liabilities involved in the running the contract
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be in a position to provide a bond or such guarantee as might be required by the letting body

- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of, or, where the appropriate, the Parent Company should be aware of, the financial implications for early termination of the contract, and also be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one of the contract
- Have other systems and staff in place to ensure continuity of the pensions administration function from day one of the contract

Community Admission Bodies

Community Bodies have absolute discretion in deciding whether to apply for admission to the Fund. Any organisation meeting the criteria for admission to the Fund as a Community Admission Body and considering applying should:

- Make their formal application at least six months prior to any proposed admission date
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be able to provide financial and personal data about the employees to be admitted under the terms of the Admission Agreement at least three months prior to any proposed admission date
- Be able to demonstrate strength of covenant
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion
- Ensure they can provide a third party financial guarantor in line with the Authority's policy on the admission of Community Bodies

Town & Parish Councils

Town and Parish Councils are precepting, resolution bodies. There is no compulsion upon them to offer employees membership of the LGPS. Town and Parish Councils considering using the LGPS in South Yorkshire should:

- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of the employees they wish to give access to Scheme to
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to implement a Resolution to use the LGPS for their staff
- Ensure an appropriate resolution is passed at least one month prior to the proposed implementation date detailing the staff or posts to be designated as pensionable and to provide SYPA with copies of the Council Approved Resolution(s)
- Be able to provide a full and detailed personal and payroll data set of the employees joining the Scheme at least three months in advance of the proposed admission date
- Ensure that where they operate their own payroll, the Payroll System, or where the Payroll Function is provided by a third party that the third party system, can provide the range of information required by the Scheme in the format required
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy

NEW EMPLOYER REQUIREMENTS

All new employers to the Fund will be required to:

- Attend a scheme administration meeting with officers of the Authority to ensure they understand the administration requirements of the Scheme in relation to their role as a scheme employer
- Ensure that the appropriate people attend such a meeting so that where responsibilities and duties in relation to the Pension Scheme are split across different posts all responsible people are aware of their obligations in this respect
- Undergo training where training needs are identified by either the Administering Authority or the Employer. Such training may be held either on site at the Employer's premises or at SYPA HQ where access to systems may be more easily facilitated if necessary
- Submit electronic documentation in relation to the formal notification of new joiners to the Scheme and any subsequent contractual changes affecting their employee members' pensionable circumstances, through the Authority's Employer Web System or any replacement system introduced in the future. Paper documentation will not be accepted

- Nominate specific contacts with whom the Authority can work on the various aspects of Scheme Administration requiring specialist knowledge or authority

FEES FOR THE PROVISION OF INFORMATION AND ADDITIONAL NON-STANDARD WORK

The Authority recognises that Employers already contribute to the administration of the Scheme through an actuarial allowance built into their contribution rates by the Fund Actuary as part of the triennial valuation exercise and, as such, it will carry out all of its statutory and routine duties and obligations under the Regulations and any other legislation affecting it without further charge.

However, the Authority reserves the right to charge for work associated with the creation and termination of employers and for any work unique to an Employer (or Group of Employers) such as a bulk transfer of pension rights.

The Authority also reserves the right to make a charge for bulk routine work that is required as a matter of urgency in exceptional circumstances that would lead the Authority to incur additional costs to complete the work, for example by the use of overtime, or where the work is required, exceptionally, well within the agreed service standards for that work which could then compel the Authority to resource the work at a cost to other work, members or employers.

Any such charge or fee would always be made clear and agreed at the outset before any such work was commenced or service provided.

Possible examples of instances where the Authority may deem it appropriate to make such a charge are:

- A bulk redundancy exercise where an employer may require benefit estimates and employer costs more quickly than the agreed service standard time for providing such information
- Non-routine or bespoke actuarial work, (see later Section on Actuarial Services)
- Officer attendance at special meetings outside normal working hours

The above list is not exhaustive.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

Under the Local Government Pension Scheme Regulations 2013, both Administering Authority and Employing Organisations are required to appoint an Adjudicator to review First Instance Decisions upon receipt of an application by the member or member's representatives. This is generally referred to as Stage 1 of the IDRP.

Where a Scheme Employer reviews a First Instance Decision under Regulation 74 and makes a consequential decision under Regulation 75 that results in the member making a referral to the Administering Authority for reconsideration of that decision, generally referred to as Stage 2 of the IDRP, then the Administering Authority Adjudicator will reconsider the First Instance decision and notify the employer and the member accordingly.

Where the Administering Authority makes a decision to uphold the member's appeal against the First Instance Decision and to refer the matter back to the employer for re-consideration then the Administering Authority may take the view that there has been a failing by the Employing organisation in the original decision making review process. Possibly as a result of the Employer concerned:

- Not taking into account all relevant evidence, or
- Taking into account non-relevant evidence, or
- Disregarding the relevant evidence and making a decision that would be perverse or contrary to Regulation

SYPA's Adjudicator will always be happy to discuss these referrals and to provide any assistance, advice and guidance where appropriate or requested in the interests of ensuring that correct decisions are reached for right reasons and the member receives fair and equitable treatment through the process.

ACTUARIAL SERVICES

Actuarial services are provided by the Fund Actuary.

This service is subject to periodic tender and the appointed Fund Actuary may change.

The Fund Actuary is independent.

The retention of the Fund Actuary is a Regulatory requirement for the Authority and a number of the services commissioned from him are also required by Regulation.

Where a service or exercise is provided to the Administering Authority or Fund as a result of a statutory requirement then the Authority will fund this work from its administration budget.

Where a non-statutory service, task, exercise or some bespoke work is offered by the Authority to employing organisations then it is on the understanding that the Actuarial fees or charges will be passed through either proportionately or as previously agreed to those employing organisations on a non-profit basis for the Authority and/or Fund.

Where a service, task, exercise or bespoke work is requested specifically by an employing organisation to be commissioned by the Authority then it is on the understanding that the

Actuarial fees or charges will be passed through to the employing organisation(s) concerned on a non-profit basis for the Authority and/or Fund.

Where an employing organisation chooses to approach the Fund Actuary independently, whether for advice, guidance, consultancy work or anything else then it is on the understanding that no charges will be incurred on behalf of the Authority or Fund and the employer concerned will be solely responsible for the settlement of any fees or charges arising.

It should be noted that the Fund Actuary will rarely invoice an employing organisation directly but will submit their bill for any work carried out to SYPA who will then recharge the amount invoiced to the employer concerned.

Where the Fund Actuary provides a schedule of standard charges for certain categories of work then SYPA will provide this to Employing organisations on request.

PAYROLL SERVICES AND PROVIDERS

All employing organisations must ensure that they procure payroll services and systems that:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Are able to provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

Where an employing organisation takes its Payroll Services from a third party or from a payroll located in another part of the organisation or parent company then responsibility for providing timely, quality data from the Payroll remains with the employing organisation concerned that is participating in the South Yorkshire Fund.

Where an employing organisation changes payroll providers in the financial year then that organisation must ensure that the new service provider's payroll must be able to:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

The employing organisation concerned must also ensure that the new service provider has advance knowledge of the requirements of the Pension Scheme in terms of data supply and reporting, has a system in place that is able to meet those requirements and has sufficient notice of its duties and responsibilities to enable it to seamlessly take over the supply of data to ensure that the monthly posting of member contributions is maintained from the first month of the new provider's contract. Failure to ensure this will result in a finacial penalty being applied to the employing organisation responsible as outlined in Appendix A of this document.

Additionally, for scheme management, accounting and data control and quality purposes and to ensure continuity of the pensions administration side of the business for members, data on the previous payroll up to the date of termination and change must remain available for extraction and provision to SYPA as appropriate and necessary.

SERVICE STANDARDS – SERVICE LEVEL AGREEMENTS

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

Administering Authority to Employing Organisations

• Respond to employer queries	**5 working days**
• Individual retirement benefit estimates	**5 working days**
• Individual early retirement employer costs	**5 working days**
• Bulk retirement benefits estimates (20 or more)	**10 working days**
• Bulk early retirement employer costs	**10 working days**

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the "event date" to the date of receipt by SYPA in its HQ Office at, Barnsley,

Employing Organisation to Administering Authority

• Notification of a new scheme joiner	**6 weeks**
• Notification of a member's contractual change	**4 weeks**
• Notification of a member leaving the Scheme with a right to immediate payment of benefits	**4 weeks**
• Notification of a member leaving the Scheme without a right to immediate payment of benefits	**6 weeks**
• Notification of the death of an active member	**1 week**
• Provide a written response to any query	**1 week**

SERVICE STANDARDS - CUSTOMER CHARTER

All service standards in the Customer Charters are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

All Members

- Complaints — **3 working days**
- General Enquiries — **5 working days**
- Provision of information for Divorce Proceedings — **5 working days**
- Notification of death benefit entitlements to Dependants and/or representatives — **5 working days**

Active Members

- Setting up a new joiner record — **5 working days**
- Making changes to records — **5 working days**
- Providing information about Additional Benefits — **12 working days**
- Provision of Retirement Benefit Estimates* — **5 working days**
- Providing transfer value quotations — **10 working days**

Preserved Pensioner Members

- Notification of Entitlement — **20 working days**
- Provide an updated benefit statement — **5 working days**

Pensioner Members

- Information on re-employment — **7 working days**

*Subject to the Authority's policy in force at the date of the request.

FINANCIAL PENALTIES FOR NON-COMPLIANCE BY EMPLOYING ORGANISATIONS

The Authority has determined that there will be a range of financial penalties for non-compliance with the requirements of this Administration Strategy under Regulation 70 of the Local Government Pension Scheme Regulations 2013, "Additional Costs arising from Scheme Employers' level of performance".

In addition it has determined a Policy to apply under the umbrella of this strategy document whereby penalties imposed on the Administering Authority by third party agencies as a result of, whether directly or indirectly, the poor administrative performance or decision making process of a scheme employer, will be recovered from the Employing organisation concerned.

Penalties imposed on the Administering Authority by other Agencies

The penalties that will be recovered are as follows:

- Financial penalties imposed on the Administering Authority by Agencies such as the Pensions' Regulator for a breach of its statutory duties, such as the issuing of Annual Benefit Statements, but where the breach was occasioned by the poor performance of an employing organisation by reason of non-provision of member and/or financial data, provision of data not fit for purpose or the late provision of data or a combination of all these factors.

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

- Financial Penalties imposed on the Administering Authority by HMRC, for instance Scheme Sanction Charges that arise as a result of the decision of a Scheme Employer, (for example, by allowing a member to claim benefits that will entail the Authority making an unauthorised payment).

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

- Any penalties imposed by the Office of the Information Commissioner following a data breach where the breach was occasioned by the actions of a scheme employer.

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

The list is not exhaustive and the Authority reserves the right to utilise the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

Financial penalties for non-compliance by employing organisations

Financial penalties as detailed here may be applied by SYPA where failure of an employing organisation to:

- Meet the requirements of the Administration Strategy
- Meet the requirements of the Regulations
- Meet the requirements of other legislation

Results in:

- Additional work for the Authority or its Agent(s)
- Additional cost(s) for the Authority or its Agent(s)
- Failure of the Authority to meet its own obligations under Regulation, other legislation or guidance
- Complaints by organisations or Members
- Appeals by members or their representatives

Then the Authority will impose either a fixed penalty or a charge based on the cost of the work occasioned.

The table in **Appendix A** provides details of the fixed penalty.

Any such penalties imposed will be recovered from the Employing Organisation concerned through additions to any existing deficit or deductions from any existing surplus with effect from the next contribution year (1st April).

INTEREST

It is the Authority's Policy, supported by Regulation in a number of areas, to charge interest for late payment on the following items and at the following rates. Late is defined as being a month or more after the due date:

- Payment of Employees' Pension Contributions, including any additional contributions paid by the employee, remitted to the Fund
- Payment of lump sum employer contributions arising from an employer decision to backdate membership for an individual or group of individuals (but cannot apply to Admission Agreements)
- Payment of Employer's Pension Contributions remitted to the Fund

Employee and Employer Contributions have to be with the Fund by the 19th of the month following the month of deduction. (Pensions Act 1993).

- Payment of any Lump Sum Deficit Contributions owed to the Fund

Deficit payments are calculated as an annual amount due by the Fund Actuary. That annual figure is then sub-divided into 12 equal payments for remittance on a monthly basis by Employers. To allow for the spread of payments over a 12 month period and to compensate the Fund for lost investment return an element of interest is already included in the monthly amounts to be paid. Late payment of these amounts will however incur additional interest.

- Any rechargeable payments due in respect of Injury Allowances, Gratuities and Added Compensatory years
- Any costs arising from initial and annual invoices in respect of strain on the Fund costs arising from the early release of retirement benefits
- Lump sum payments arising from the granting of additional pension
- Any fees or charges arising from the use of additional or bespoke Actuarial Services or Employer initiatives
- Any fees or charges arising from the voluntary participation in Accounting Standards Exercises
- Any costs arising from the termination or exit from the Fund of a solvent employing organisation
- Any liability settlement charge arising from a claim on a Bond Agreement or similar charge that would have arisen from such a claim but where no Bond was required by the outsourcing employer. In these latter circumstances the liability falls to the employer concerned

Annual Invoices carry an element of interest in their costs already at the point of issue to allow for the spread of the cost over three years (or less). However, further interest will be incurred if annual invoices are settled late.

The rate of interest charged on all of the above items is 1% above the Bank of England Base Rate compounded with quarterly rests.

DEBT RECOVERY POLICY AND PROCEDURE

The Authority has a Debt Recovery Policy and Strategy in place.

It is the Authority's Policy to attempt recovery of ALL debts whether invoiced or not.

The Policy applies to individual Scheme Members, their dependants, their representatives, employing organisations, third party or outside agencies, purchasers of goods or services from the Authority and any other person or persons upon whom the Authority has a reasonable claim for payment.

The debt recovery procedure is as follows:

- Once the amount of the debt and the debtor is identified the Authority will issue an account
- If no response is received within one month of the date of issue of the account the Authority will issue one reminder
- No further reminders will be issued
- If no response is received within one month of the date of issue of the reminder the debt will be passed to the Authority's Debt Recovery Agents who will pursue the debt using the full force of the law if necessary
- Any additional costs incurred as a result of the debt recovery process, including interest for late payment, agent's fees and legal fees will be added to the total amount to be recovered
- Any party receiving an account from the Authority should immediately contact the number provided with a view to settling the debt in full or arranging a payment plan

No debt will be written off unless there is no prospect of recovery for any reason, for example there are no assets of value belonging to the debtor, (organisation insolvency), or the debtor's estate or where there is no estate and no surviving family.

Where the debt is in respect of overpaid pension and the pensioner has died recovery proceedings will be commenced against the estate through the pensioners surviving family, dependants or personal representatives.

SPECIAL REQUIREMENTS FOR EDUCATIONAL ESTABLISHMENTS

For business continuity purposes and for ensuring that scheme members of Educational Establishments are able to be provided with, and have access to, the same level of service as scheme members in other organisations during educational holiday breaks such as end of term and half term holidays as well as the extended summer break holiday, Educational Establishments must:

- Provide contact details of Payroll, HR, Finance and Business officers who are able to continue to conduct the pensions administration side of the employers business during any closedown or holiday period including third party service providers where appropriate
- Ensure officers are available to deal with routine pensions administration tasks and queries during any closedown or holiday period
- Ensure specialist personnel are available to maintain the Accounting Standards Exercises during any closedown or holiday period, especially given that these exercises affect other employers and are Actuary driven

If at any point in the future SYPA experiences difficulties in business continuity with any Educational Establishment during a holiday break because the organisation has failed to ensure that contacts are available then it reserves the right to introduce and impose finacial penalties on the organisation(s) concerned.

Member complaints submitted as a result of the above failure will be forwarded to the organisation concerned for a response to the member concerned.

The Authority will not be responsible for the effects of any failure of Educational Establishments to have arrangements in place during closedown or holiday periods that will enable an establishment to:

- respond to invitations,
- respond to data collection requests
- respond to queries on such information
- provide member information and documentation as normal to ensure member benefits are not delayed
- enable records to be kept up to date and
- ensure that the normal daily business of pensions administration is able to be continued for that establishment

ADMINISTRATION GUIDE FOR EMPLOYERS

To assist all participating employing organisations with the task of administering the employers' functions in relation to the Local Government Pension Scheme, the Authority has produced an online administration guide.

The guide can currently be found on EPIC and should be referred to whenever an employer is in any doubt about what is required of them in terms of their pension scheme administrative duties and obligations.

In addition, help, advice and guidance will always be available from Member Services Management Teams for employers falling within their purview.

Contact can be made by e-mail, telephone or letter.

APPENDIX A

Tables of charges and financial penalties

Charges

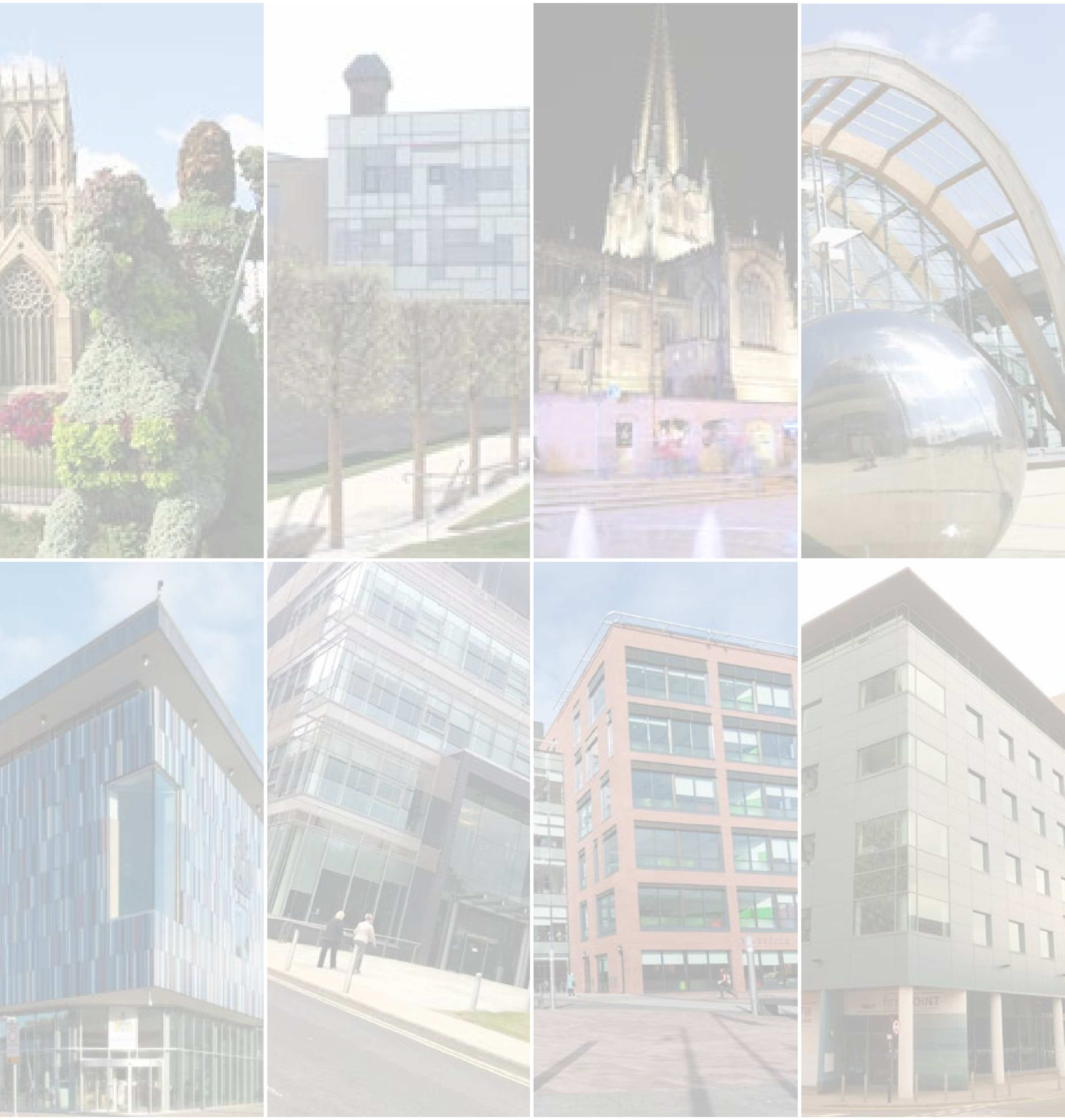
Implementation of a Pension Splitting order	**£350 + VAT**
Provision of information in relation to Accounting Standards Exercises	Currently **£100 + VAT** but subject to review
Provision of additional transfer value within 12 months should the Authority introduce a charging policy. The current policy reserves the right to charge.	**£350 + VAT**
Bespoke Pensions Administration work	At the appropriate hourly rate to recover the actual cost of the work only
Rechargeable Actuarial work	At the appropriate hourly rate to recover the actual cost of the work only

Penalties

Monthly Returns from April 2020 Failure to submit an accurate monthly return permitting the correct collection of contributions by direct debit by the 5th of the month following the month of employees' contribution deduction	A fixed penalty of **£500** plus a further fixed penalty of **£50 per day** for every further day late following that deadline
Service Level Agreements Failure to submit member event information in line with the requirements of the SLA	**£25** per case
Discretionary Policy Statements Failure to devise and publish any statement of policy on the use of discretionary powers under the Regulations by any statutory deadline	A fixed penalty of **£500** plus a Further fixed penalty of **£250** for every further week late following that deadline
Payroll Provider Service Failure to ensure that any new Payroll Service Provider is able to maintain the continuity of the monthly posting system	A fixed penalty of **£1000** for every monthly report that fails to be submitted from month 1 of the new contract by the standard monthly deadline **plus** the standard penalty for late submission of monthly returns
Direct Debit Mandate Failure to complete a mandate to consent to the collection of contributions via direct debit prior to 1 April 2020 or the date of joining the SYPA fund or date of change in banking arrangements if later	A fixed penalty of **£500** plus a further fixed penalty of **£50** per day for every further day late following that deadline

Original version April 2016 – V1

Revised wef April 2020 – This version: V3



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Governance Compliance Statement

October 2022

1. Introduction

1.1 As a statutory public service scheme the Local Government Pension Scheme (LGPS) has a different legal status compared to trust-based schemes and therefore, the governance arrangements are different as well. This is especially true given the interface with local democratic practice since it is elected councillors who ultimately bear responsibility for the stewardship and management of local authority pension funds. Publication of this Statement is a statutory requirement under s 55(1) of the Local Government Pension Scheme Regulations 2013, which requires:

An administering authority must prepare a written statement setting out—

(a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee, or an officer of the authority;

(b) if the authority does so—

(i) the terms, structure, and operational procedures of the delegation,
(ii) the frequency of any committee or sub-committee meetings,
(iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and

(d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

1.2 This statement has been revised following an annual review undertaken in preparing the Authority's report and accounts for 2020/21.

2. Governance of the South Yorkshire Pension Fund

2.1 The Authority was created by the Local Government Reorganisation (Pensions etc.)(South Yorkshire) Order 1987 made under the Local Government Act 1985, and is a Joint Authority created under that act. As such it is a local authority in its own right, albeit with a prescribed set of functions, limited to fulfilling the role of LGPS administering authority and meeting the unfunded pension liabilities of the former South Yorkshire County Council for which it is able to make a levy on the District Councils.

2.2 The Authority does not operate under a cabinet structure. The Chair and Vice-Chair are nominated from and elected by its own membership but the Authority as a whole carries the strategic responsibilities of an administering authority.

2.3 Under Section 41 of the Local Government Act 1985 arrangements are made enabling the members of the district councils to raise questions at council meetings. The Authority is required to nominate a member or members to answer questions on the discharge of the Authority's functions in meetings of each of the constituent councils. One member from each district has been nominated as the Section 41 spokesperson.

2.4 The Authority has created two committees to support it in its work:

2.5 The **Audit Committee** which is responsible for fulfilling the following core audit committee functions:

a) Consider the effectiveness of the Authority's 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 had been taken where necessary.

g) Receive the annual report of the Head of Internal Audit.

h) Consider the annual reports of external audit and inspection agencies.

i) Ensure that there are effective relationships between internal audit and external 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 review 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.

n) Monitor the Authority's risk register and annual governance action plan, reporting issues of concern to the full Authority.

2.6 The **Staffing Appointments and Appeals Committee** which is responsible for the following functions.

(1) To exercise all the Authority's functions in respect of:

a) Appeals by staff (where a right of appeal exists).

b) Complaints against senior officers.

(2) To exercise the Authority's functions in relation to the appointment of Statutory Officers and Chief Officers, subject to legislative requirements regarding the approval of statutory officer appointments by the Authority.

(3) To approve proposals for changes to the organisation of the Authority's staffing where more than 5 posts are affected.

(4) Determining appeals and requests under the Local Government Pension Scheme Regulations not otherwise delegated to officers.

(5) To make appointments of Independent Investment Adviser (s) on behalf of the Authority.

(6) To approve arrangements for the procurement of external fund managers, the Fund Actuary and Custodian

(7) To deal with all matters concerning complaints concerning member conduct under the Standards regime.

3. Representation

3.1 Unlike other Administering Authorities within the Local Government Pension Scheme the Authority's membership is laid down in the Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987 made under the Local Government Act 1985. The four district councils in South Yorkshire nominate members to the Authority, from their own elected members, in the specified proportion –

Constituent Council	**Number of Members**
Barnsley	2
Doncaster	3
Rotherham	2
Sheffield	5

3.2 In addition the Authority has co-opted 3 non-voting members nominated by the Regional Secretaries of the three largest trade unions recognised by the National Joint Council for Local Government Services. These individuals are provided with the facility to attend and participate in meetings of the Authority and its committees, other than in matters concerned with staffing and labour relations.

3.3 The Audit Committee is chaired by the Authority's Vice-Chair and contains 5 other Authority Members (and may not include the Chair). Representatives from the trade unions attend as non-voting co-optees.

3.4 The Staffing Appointments and Appeals Committee is chaired by the Authority's Chair and contains 5 other Authority members. Given that the major business of this Committee is concerned with staffing and labour relations the non-voting co-opted members nominated by the Trades Unions do not routinely attend meetings of this committee.

3.5 Both Committees have full delegated powers but only the Elected Members have voting rights.

4. Reasons for Current Representation

4.1 Myners' first Principle states that decisions should only be taken by persons or organisations with the skills, information, and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take. All members of the Authority are required to complete an on-line Learning Academy and the Pensions Regulator's Public Sector Toolkit and are supported to undertake LGA's 3 day fundamentals training programme where they are able to do so as well as being exposed, on the occasions that they review investment performance and strategy, to presentations on topical issues, and differing types of investment. In addition, a Learning and Development Strategy is in place which identifies individual learning needs and aims to address through both internal and external means.

4.2 Formal statutory responsibility for the LGPS and fund investment remains with the administering authority that is answerable for the effective and prudent management of the scheme. Current representation on the Authority provides the appropriate balance between accountability and inclusion as required by best practice with councillors serving on the Authority having full voting rights as a matter of course.

5. Arrangements Outside of Formal Governance

5.1 The Authority is committed to inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. A separate Communications Policy Statement can be viewed on our website and is included with the Annual Report as required by the relevant regulations.

5.2 Meetings of the Authority, its committees and the Local Pension Board are webcast to provide scheme members and other stakeholders with the opportunity to see the decisions that are being made on their behalf.

5.3 The Authority holds an annual meeting, in October or November, to which scheme members and employers are invited. Scheme members attending receive presentations on the financial position of the Fund, a review of investment and administration performance together with news of topical issues. Attendees are encouraged to raise questions. A video of this meeting is made available on the internet.

5.4 The Authority has in line with the requirements of the Public Sector Pensions Act 2013 established a Local Pension Board comprising equal numbers of employer and scheme member representatives.

5.5 The Authority provides each participating organisation with an employer's guide to the Scheme. In addition, regular newsletters are produced to keep employers up to date with scheme developments and administration issues. These are provided via our dedicated employers' website and can also be made available in hard copy. Employers' attention is drawn to LGPC Circulars whenever these are published so that they can view the national perspective as well as the local view.

5.6 A variety of meetings are used to communicate with employers. In addition to the Annual Fund Meeting described earlier, the Authority normally holds an annual employers' forum. This is primarily aimed at topical and administrative issues but is also valuable in providing an opportunity for employer representatives to raise questions and discussion points. Further to these, ad-hoc meetings are called to consider specific issues as and when appropriate. Every employer is offered at least one annual meeting with the Authority's officers on a one-to-one basis to discuss any topic either side wishes to raise, although experience shows that very few take advantage of this facility.

5.7 Officers attend the quarterly meeting of finance department representatives from the four district councils and the other South Yorkshire joint authorities as and when required, and an annual presentation is made to the Leaders of the four district councils.

6. Comparison with "Best Practice" Principles

6.1 The Authority is required to make a statement as to the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.

6.2 The appendix to this document provides that statement, setting out against each of the principles the extent of compliance supported by further explanation or comments where further action is to be considered.

Appendix A

Principle A – Structure

		Compliant*
a)	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	**Yes**
b)	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	**Mainly**
c)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	**Yes**
d)	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority's separate legal status ensures that a), c) and d) are complied with and ensure representation (proportionate to size) of the major local authority employers. It is not practical for the many (around 600) non-local authority employers, whose activities are extremely diverse, to be separately represented. Trades unions representatives attend meetings of the Authority and Audit committee as non-voting co-opted members representing the interests of scheme members. The Local Pension Board as required by regulations operates alongside the formal Authority structure but is intrinsically linked with it and includes representation from other employer and scheme member groups.

Principle B – Representation

		Compliant*
a)	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- i) employing authorities (including non-scheme employers, e.g., admitted bodies); ii) scheme members (including deferred and pensioner scheme members), iii) independent professional observers, and iv) expert advisors (on an ad-hoc basis).	**Mainly**
b)	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please see the answer to A(b) above.

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority appoints 2 independent investment advisers who attend meetings of the Authority and give advice to members during discussion of investment related matters.

The work of the Local Pension Board is also supported by an Independent Adviser who ensures that the Board, which acts in a form of scrutiny role, is not inadvertently led by those it is scrutinising.

Principle C- Selection and role of lay members

		Compliant*
a)	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	Yes

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Induction courses are held for all new members who are also required to attend initial basic training via an online Learning Academy and the Pensions Regulator's Public Sector Toolkit. New members who are able to attend are also automatically supported to attend the LGA's 3-day fundamentals course. Members are also provided with an annually updated handbook which clearly sets out their responsibilities as "quasi-trustees".

A series of member seminars to address new topics or cyclical issues such as the actuarial valuation are included in the programme of meetings and members (whether elected or co-optees or members of the Local Pension Board) are able to attend these and approved conferences and external seminars details of which are circulated to all members at the beginning of the year and throughout the year as they become available.

Principle D – Voting

		Compliant*
a)	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :- The Order creating the Authority and its constitution provides full voting rights to all elected Members. Co-optees do not have voting rights. All members of the Local Pension Board have equal voting rights.

Principle E – Training/Facility time/Expenses

		Compliant*
a)	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	**Yes**
b)	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	**Yes**
c)	That the administering authority considers the adoption of training plans for committee members and maintains a log of all such training undertaken.	**Mainly**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Induction and in-house training events are made available to all members of the Authority, its Boards and Committees, including Trade Union Observers. In addition, all Authority members are required to undertake an on line Learning Academy and the Pensions Regulators Public Service Toolkit, and where they are able to attend supported to undertake the Fundamentals course provided by the LGA within the first year of their appointment.

Members are offered individual training plans. Records of training received are logged and published as part of the Annual Report.

All members (whether councillors, co-optees or members of the Local Pension Board) are eligible for the reimbursement of legitimate expenses incurred in undertaking learning and development activity. Councillors receive allowances paid by the Authority in respect of their membership of the Authority. Co-opted members and members of the Local Pension Board are not eligible for such allowances.

Principle F – Meetings (frequency/quorum)

		Compliant*
a)	That an administering authority's main committee or committees meet at least quarterly.	**Yes**
b)	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	**Yes**
c)	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority meets at least quarterly, and the Audit Committee meets three times per year. The Staffing Appointments and Appeals Committee, given the nature of its business meets as required. In addition annual forums are held for both fund employers and Scheme members. The Local Pension Board meets 4 times per year which is in excess of the minimum set out in regulations.

Principle G – Access

		Compliant*
a)	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations) The only exception to this general principle is that non-voting co-optees are not permitted access to papers concerned with individual staffing matters.

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Principle H Scope

		Compliant*
a)	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Principle I – Publicity

		Compliant*
a)	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Details of the Authority's governance arrangements are published both on its website and in its annual report. The details of the Authority's meetings are publicised both on the website and social media and the public parts of meetings of the full Authority its Committees and the Local Pension Board are webcast.

The Authority maintains a specific policy that the number of items to be considered in private is minimised thus opening up the maximum amount of its business to scrutiny by scheme members and the wider public.

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Subject	Agreed Management Actions Progress	**Status**	For Publication
Report to	Audit & Governance Committee	**Date**	21 September 2023
Report of	Team Leader Governance		
Equality Impact Assessment	Not Required	**Attached**	Na
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 review findings during the current financial year and in previous financial years.

2. 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 any findings and 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 A show the status and progress made since the previous report presented in July on the outstanding actions. This will continue to be actively monitored.

5.4 There has been very little change since the last report, however there are a number of actions that are due at the end of September which will be evident in the next quarter report.

5.5 At the July meeting, Members noted that on some of the actions, the date of the original report was over 2 years ago. This is the case on the two actions that remain outstanding shown in Appendix A so further detail on these is provided as follows.

5.6 In relation to the review of the AVC providers, delays occurred in 2021/22 and 2022/23 partly due to waiting for issues at Prudential (one of the main providers) affecting all Funds which were reported to the Pensions Regulator, to be measured and monitored. Following this, the independent review of the AVC providers was commissioned from an actuarial consultancy; however there have been difficulties in progressing this work with the firm appointed that are now being picked up by the Interim AD – Pensions and escalated as necessary in order to drive this forward.

5.7 In relation to the Procurement audit review completed in October 2020, as discussed at the July meeting, there have been delays in being able to complete the final action of updating the Contract Standing Orders and rolling out training and guidance for staff. The main reason for this was lack of staff resource to devote to this area during 2021 and 2022. Prior to May 2021 (when the Team Leader – Governance joined SYPA in this newly established role) there was no in-house support for procurement compliance, all activity was undertaken with support as required from the procurement team at Barnsley MBC. The actions from the audit review were planned for the TL – Governance to progress once in post; however the more pressing priorities for this officer on joining the organisation related to leading on the office move to Oakwell House. As shown in Appendix A, we are now on track to complete and close this action by December.

5.8 To provide some context, procurement activity for our organisation is fairly low in both volume and value due to our size. Nevertheless, it is recognised that there are weaknesses that are overdue for action and now need to be addressed as high priority. A follow-up audit review on procurement compliance has been undertaken at our request in the last year, and this involved a very thorough review that took place over a number of months that has only just reached final report stage – this is covered in the internal audit progress report elsewhere on this agenda and highlights the need for prompt action to address the findings. The agreed actions from this later report, where not already completed, are all scheduled to be completed by 31 January 2024 at the latest and will be prioritised to ensure completion by the agreed timescale. The full details of these actions will be available for reporting to the next meeting of this Committee in December.

5.9 The progress on implementation of agreed management actions 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	-

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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**
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.	The issue of final report outlining the review of AVC providers has been delayed. The Interim Assistant Director – Pensions is in discussion with the external advisor to ensure this is supplied by the end of September.	Service Manager – Benefits Revised to September 2023
Procurement Insurance - Legislative and Regulatory Compliance	29/10/2020	Legislative / regulatory compliance; absence of effective and robust management trail increases risk of potential supplier challenge. Contract formalities – ensuring that contracts are signed / sealed in accordance with Contract Standing Orders (CSOs)	The CSO's have recently been updated as part of the review of the Constitution approved by the Authority in June 2023. Procurement training tailored to our needs is currently being commissioned from CIPFA's Procurement Adviser to take place during October to December, for delivery to officers involved in procurement activity.	Director, Assistant Director – Resources December 2023

Table 2: Actions Fully Completed Since Last Report

Audit Review Title	Report Issued Date	Finding / Implication	Progress Update	Officer Responsible and Timescale
HR Governance: 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.	The additional role to support Learning and Development has now been appointed to and will commence in October. This will provide the ability to consolidate identified learning needs and develop a more co-ordinated, corporate approach to addressing those needs. This action should now be regarded as completed. **AMA completed**	Director Completed July 2023