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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 Authority to be held at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday, 12 December 2024 at 10.00 am for the purpose of transacting the business set out in the agenda.

Sarah Norman
Clerk

This matter is being dealt with by:	Governance Team	Tel: 01226 666448
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Distribution

Councillors: Jayne Dunn (Chair), Donna Sutton, John Mounsey, Roy Bowser, Simon Clement-Jones, James Church, Neil Wright, Alexi Dimond, David Fisher, David Nevett, Andrew Sangar, Craig Gamble Pugh

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SOUTH YORKSHIRE PENSIONS AUTHORITY

THURSDAY, 12 DECEMBER 2024 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT, PONTEFRACT ROAD, BARNSLEY, S71 1HG

Agenda: Reports attached unless stated otherwise

	Item	**Pages**
	Business Matters	
1.	Welcome and Introductions	
2.	Apologies	
3.	Urgent Items To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.	
4.	Items to be considered in the absence of the public and press To identify where resolutions may be moved to exclude the public and press.	
5.	Declarations of Interest	
6.	Section 41 Feedback from District Councils	
7.	Minutes of the meeting held on 12.09.2024	5 - 22
8.	Questions from the Public	
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10.	Quarter 2 Corporate Performance Report 2024/25	37 - 78
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	INVESTMENTS	
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15.	Annual Review of Border to Coast Responsible Investment Policies	143 - 152
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SOUTH YORKSHIRE PENSIONS AUTHORITY

12 SEPTEMBER 2024

PRESENT: Councillor Jayne Dunn (Chair)

Councillors: John Mounsey, James Church, Roy Bowser, Alexi Dimond, David Fisher, David Nevett, Andrew Sangar, Craig Gamble Pugh and Neil Wright

Trade Unions: Nicola Doolan-Hamer (Unison), Garry Warwick (GMB) and Phil Boyes (UNITE)

Officers: George Graham (Director), Debbie Sharp (Assistant Director - Pensions), Jo Stone (Head of Governance and Corporate Services), Sharon Smith (Assistant Director - Investments), Gillian Taberner (Assistant Director - Resources), WIlliam Goddard (Head of Finance and Performance), Euan Hill (Service Manager – Programmes and Performance) and Gina Mulderrig (Governance Officer)

Rachel Elwell and Sharmila Sikdar (Border to Coast Pensions Partnership Ltd)

Local Pension Board Members: Martin Badger and David Webster

Apologies for absence were received from Councillor Donna Sutton and Councillor Simon Clement-Jones

1 APOLOGIES

The Chair welcomed everyone to the meeting.

Applogies were noted as above.

2 ANNOUNCEMENTS

The Director announced the Government Pensions Review Call for Evidence which invited input, data and information from interested parties to inform the first phase of the Pensions Investment Review. It was explained that colleagues across the Border to Coast Partnership were working on a core response to allow each partner fund to submit its own response with its own emphasis while maintaining a common core message. The deadline for submissions was 25 September 2024 and the Director explained that the response from South Yorkshire Pensions Authority would be circulated to Section 41 members ahead of submission and then shared with all members when submitted.

The response can be viewed here: News & information (sypensions.org.uk)

3 URGENT ITEMS

None.

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

RESOLVED: Item 17 was considered in the absence of Public and Press by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

5 DECLARATIONS OF INTEREST

None.

6 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

None.

7 MINUTES OF THE MEETING HELD ON 06.06.2024

RESOLVED: That the minutes as presented for the Authority Meeting held on 6th June 2024 are a true and accurate record.

8 QUESTIONS FROM THE PUBLIC

Questions were received from Ruth Hobson, Sue Owen, Mohammed Yaqoob Ashraf, Wendy Cooksey, Caroline Poland and Finn Cross. The Director replied on behalf of the Authority.

Written copies of the questions and responses were given to the questioners.

The written replies are attached as appendices to these minutes.

9 QUARTER 1 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources presented the Q1 Corporate Performance Report which gave a summary view of overall performance of the Authority against its objectives, information on progress against the corporate strategy, key performance measures, financial monitoring, and an assessment of the risks to the delivery of the Corporate Strategy.

The Head of Finance and Performance highlighted the key issues regarding the budget at the end of Quarter 1 drawing attention to the overall underspend of £88k and breaking down how this had been achieved. It was explained that this trend of underspending was expected to continue into the next quarter allowing reserves to build for future capital projects subject to any unexpected expenditure.

Members asked for further information on the risk identified on the dependency on the software provider to deliver system upgrades to enable the team to implement the McCloud Remedy.

The Assistant Director – Pensions explained that delays to the provision of the software needed posed a significant reputational risk. It was explained that the software was critical to clearing the backlog of work and, that although all cases would be dealt with, delay put the Authority at risk of not being able to rectify cases in line

with statutory time expectations. The Assistant Director – Pensions explained that SYPA was not the only authority dependent on the software and that pressure was being put on the software company, Civica, to avoid further delay in provision.
Members queried the Authority's Investment Strategy to progress the Authority's Net Zero Ambition noting that the report stated that achieving the overall goal was unlikely. It was asked whether, given the 156% funding level, now could be the time to look at this particular strategy to achieve the net zero goal including divesting from companies involved with fossil fuel and whether the 'stable' status of the strategy on the Strategic Risk Register in the report was appropriate or should be increasing and whether stranded assets should be on the register.

The Director responded that it was the highest rated risk on the Strategic Risk Register and that the score is based on reports from the actuaries and the broader impacts to the Authority's assets and liabilities and, as part of corporate planning, there will be in depth risk assessment to reassess scores on the register. The Director explained that risks regarding stranded assets were contained within the broader climate change risk and fed into the investment decision making process by managers in individual funds.

Members questioned the status of the 'Maintain the Authority's cyber defences' project when cyber security remained an ongoing and serious risk.

The Assistant Director – Resources explained that the status the project had was of being 'on track for timescale' rather than being completed. It was explained that this meant the Authority was keeping up to date with testing, accreditation, monitoring and training but that the Authority was aware that cyber security is a significant and ongoing risk and were keeping the protection level as high as possible.

RESOLVED: Members noted the report.

10 PERFORMANCE MANAGEMENT FRAMEWORK

The Service Manager – Programmes and Performance introduced himself and the purpose and aims of his role then presented the report to secure approval of the Authority's Performance Management Framework which will support the next iteration of the Corporate Strategy.

Members praised the scope of the report and asked how they would be kept up to date with updates or changes to the framework.

The Service Manager – Programmes and Performance explained that they were using Power BI software to produce dashboards for internal use at first but with the ambition they be accessible to members in the future to allow them to be able to view updates and insights.

RESOLVED: Members approved the Performance Management Framework set out in Appendix A

11 QUARTER 1 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy presented the Q1 Investment Performance Report for members to consider.

Members reflected on the Renewable Energy and Climate Opportunities funds and asked when they were expected to show more positive performance and why Renewable Energy showed a net reduction.

The Assistant Director – Investment Strategy explained that as both were relatively new investments, current performance as set out in the report was expected due to fees requiring payment on the whole committed investment but that as the investment period progressed, the performance was expected to improve within 2 to 5 years. It was explained that the net reduction in the Renewable Energy fund was due to old investments maturing and that new investment was being made but not yet showing on the report.

Members questioned again whether, given the high level of the fund, it was now the time to look at addressing climate risk in portfolios in different ways to achieve the net zero goal.

The Director explained that the Authority was obliged to pool investments so would need the cooperation of Border to Coast Pensions Partnership. It was explained that should the funding level remain high once a valuation of the Fund is complete, then it could be expected to look at taking less risk, however, as the Fund continues to need to provide benefits for current and future members as an open scheme, continued growth is required from investment to meet demand meaning scope for taking less risk was limited.

The Chief Executive Officer of Border to Coast Pensions Partnership added that there was more to mitigating climate risk than the carbon footprint of hard-to-abate industries. It was explained that the increased use of Scope 3 as a metric to measure indirect emissions would change understanding of how society can use less energy rather than focussing on direct emissions. It was expressed that it was a very complex situation and that any changes needed to be made in a safe and informed way.

The Assistant Director – Investment Strategy explained that the expectation was that interest rates would fall and this would lower the funding level so a long term strategy was appropriate. It was stated that investment was moving to avoid having stranded assets and to invest in new technology particularly with the Border to Coast Climate Opportunities fund but this was a long term and complex strategy.

Members recognised the complexities of the issue but asked for clarification on the potential impact of continuing to invest in hard to abate industries and whether there was any modelling on the potential impact of removing investment.

The Chief Executive Officer of Border to Coast Pensions Partnership explained that there had been extensive modelling on the impact of divestment versus engagement and that the results were complex and nuanced. It was explained that some companies were rejected due to Responsible Investment policy but the whole sector could not be excluded completely and that engagement causing change from within could be more effective that divestment. Members were referred to the Border to Coast Report: Assessing the Real Impact of Fossil Fuel Divestment

Members asked whether responsible investment policies could skew investment away from UK equities to international investment given that UK has a proportionally high number of hard to abate industry and asked how SYPA would focus on local climate related investing within the UK to improve and enhance greener living in South Yorkshire.

The Chief Executive Officer of Border to Coast Pensions Partnership explained that it was important for UK companies to gain capital to enable them to remain listed in the UK and that there was policy encouraging this which should see results in the near future. It was stated that the UK needs this better growth strategy to encourage investment for long term improvement and better returns. The Assistant Director – Investment Strategy explained that investment was currently done at a nationwide level but that management to look at new economy sectors and climate opportunities local to the region was being developed but there would always remain the need to achieve the required returns. The Chief Executive Officer of Border to Coast Pensions Partnership added that if local investment opportunities that met criteria were there, they would be utilised but that investment managers who can recognise these opportunities needed to be in place and there needed to be collective focus on improving UK opportunities to allow safe investment with the required returns. It was stated it could take up to ten years of focus on improving UK opportunities before returns would be seen.

Members asked for a time frame of when the Private Equity current asset allocation was expected to return to an agreed range. The Assistant Director – Investments estimated that it would take 2 to 3 years to return to range as many of the related funds were in their final years of investment.

RESOLVED: Members noted the report.

12 QUARTER 1 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Director presented the Q1 Responsible Investment Update for members to consider drawing attention to the highlights and recommendations at the start of the report.

Members stated that they had been informed it was not possible for the Authority to be an ethical investor but that it did have a Responsible Investment Policy and it was queried whether this was a legal definition.

The Director explained that it was a judgement and legal opinion on fiduciary duty of the LGPS as advised by the Scheme Advisory Board and circulated the following links to members following the meeting:

Duties of Administering Authorities Under the Local Government Pension Scheme
Summary of legal opinions and judgements on the role of non-financial considerations in investment decision making

Members queried whether the Authority was subject to international law in relation to investments made. The Director explained that SYPA was subject to UK law under the UK Government.

Referencing Climate Action 100+ and the legal action ongoing in the US as detailed in the report, members asked whether this activity was a risk to UK investors. The Director stated that there was a possibility activity of Climate Action 100+ could be curtailed in the US but was unlikely to be abandoned due to its scale and momentum. SYPA and Border to Coast Pensions Partnership will continue to support Climate Action 100+ as a valuable means of aggregating the impact of investors on companies.

Members asked for clarification on the position of Rio Tinto and their engagement with Robeco over mitigation of their footprint and emissions and asked whether the engagement was effective. The Director and the Chief Executive Officer of Border to Coast Pensions Partnership explained that Rio Tinto had made progress by committing to providing important details on plans to reduce emissions but that the report noted that Robeco required Rio Tinto to disclose further information to allow them to assess efforts being made. Rio Tinto had subsequently made further pledges with Robeco welcoming this positive engagement outcome. The Chief Executive Officer of Border to Coast Pensions Partnership detailed the value of this adaptable approach to engagement and explained that Robeco had extensive experience with engagement including knowing the point at which to stop if it was not working.

Members asked what percentage of organisations beyond UK equities provided the clear figures needed on emissions to enable responsible investment. The Director and the Chief Executive Officer of Border to Coast Pensions Partnership explained that there was not always adequate information but that the industry was improving over time with the Data Convergence Programme and it was important to focus on the organisations that do provide the information and give required returns. The Director recommended the below article on this issue:

Long read: How carbon counting could hamper LGPS's climate goals | Local Government Chronicle (LGC)

RESOLVED: Members noted the report.

13 UPDATE ON PENSIONS IMPROVEMENT PLAN

The Assistant Director – Pensions presented the report to update the Authority on the Pensions Administration Improvement Plan.

Members asked if peer organisations within the LGPS were also facing challenges relating to the ability of the software supplier to deliver the updates required to give effect to the McCloud rectification in line with the relevant regulatory timescales.

The Assistant Director – Pensions explained that while some used different software or had 'cleaner' data to start with enabling a faster turnaround, many funds were in the same situation as SYPA regarding the software delay.

It was asked whether there would be any penalty if SYPA were unable to deliver McCloud rectification in line with the relevant regulatory timescales.

The Assistant Director – Pensions stated that should it seem SYPA will be unable to meet the statutory guidance deadline for implementation of 1 August 2025 then The Pensions Regulator would look at actions taken so far and recognise that the delay was not the fault of the Authority. It was explained that there are currently no in house resources to begin the implementation; the Authority is dependent on the software supplier and constant effort is being made to push the supplier for progress.

Members queried when it was expected that SYPA would successfully link to the Pensions Dashboards.

The Assistant Director – Pensions explained that October 2025 was the aim for the dashboards to connect but that this date depended on the progress of the infrastructure provided by the Government and the performance of the contractors and suppliers selected by SYPA to prepare. It was explained that connection to the dashboards would not make them live for use by scheme members; this would take longer but members of the Authority would be kept updated with the progress of the dashboard project.

Resolved: Members

a) **Noted and commented on the 2024/2025 plans for Administration improvement that are in place.**
b) **Agreed to add a new risk related to the McCloud project to the Corporate Risk Register.**

14 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Head of Governance and Corporate Services presented the report to provide Authority members with an update on current governance related activity and regulatory matters.

RESOLVED: Members noted the report.

15 UPDATE TO CONTRACT STANDING ORDERS - PROCUREMENT ACT 2023

The Assistant Director – Resources presented the report to obtain Authority approval for amendments to the Contract Standing Orders (Part 4d to the Constitution) as required for compliance with the provisions of the Procurement Act 2023 which come into force on 28 October 2024.

RESOVLED: Members approved the amended Part 4d to the Constitution – Contract Standing Orders to take effect from 28 October 2024.

16 DECISIONS TAKEN BETWEEN MEETINGS

The Head of Governance and Corporate Resources presented the report on decisions taken as a matter of urgency between meetings of the Authority.

RESOLVED: Members noted the decisions taken between meetings of the Authority using the appropriate urgency procedures.

Exclusion of the Public and Press RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the

following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

17 BORDER TO COAST ANNUAL REVIEW 2023/24

The report was presented to secure approval for the conclusions and recommendations of the Annual Review of the Border to Coast Pensions Partnership conducted by the Investment Advisory Panel and set out at Appendix A.

Members asked about the recruitment of new independent investment advisers given the vacancies noted in the report. The Director explained that one vacancy had been filled already with Authority approval and that recruitment was underway for one further independent adviser who will work alongside the Authority and the Investment Advisory Panel and closely with the Border to Coast Joint Committee to provide independent advice. It was explained that close collaboration between the Authority and the Border to Coast Pensions Partnership was encouraged and members were advised to attend the Border to Coast Pensions Partnership Annual Conference in 2025 to foster the relationship.

Members requested officers look closely at succession planning and how Authority membership changes caused by elections and rotations affected SYPA's representation on the Joint Committee.

Members asked for clarification regarding benchmarks as opposed to performance targets and the Director explained that more appropriate benchmarks as detailed in the report would enable peer group comparisons to measure whether the Authority is gaining value for money from the Border to Coast Pensions Partnership.

Members asked for more detail around the Responsible Investment findings and the Director explained that this area represents a positive in the report but that further work and analysis is ongoing and will by shared with members when possible.

RESOLVED: Members:

a) **Noted the conclusions of the Annual Review of the Border to Coast Pensions Partnership set out in Appendix A.**
b) **Endorsed the recommendations for action set out in Appendix A.**

CHAIR

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Public Questions for the Authority Meeting 12th September 2024

Question 1 – Ms. R Hobson

In light of the July 2024 ruling by the International Court of Justice that Israel must end its illegal occupation of the Palestinian territory (Gaza and the West Bank, including East Jerusalem) as rapidly as possible, and that all states are under an obligation not to render aid or assistance towards maintaining Israel's presence in the occupied Palestinian territory, should the South Yorkshire Pension Authority now withdraw its estimated £200 million investment from companies helping to sustain the illegal occupation, such as: Barclays which invests over £2 billion in companies supplying arms to Israel and provides financial services worth over £6 billion to these companies; HSBC which has huge investments in Caterpillar, whose bulldozers destroy Palestinian homes to make way for illegal settlements; and Sony which provides surveillance cameras used by the Israelis to police the illegally occupied territories?

Response

The Authority's responsibility is to ensure that funds are available to pay scheme members' pensions when they fall due. Under UK (United Kingdom) law we can take non-financial factors into account in investment decision making. However, there are clear limits to this.

The most significant limitation which applies in this case is financial materiality. In other words, is the issue financially material in the context of the investment being considered? In the case of the three companies quoted in the question their financial exposure to Israel and the Palestinian territories is not financially material. Therefore, whole SYPA (South Yorkshire Pensions Authority) through those who manage money on its behalf will always seek to ensure that companies are meeting their obligations under the UN Global compact, it will consider whether issues should be escalated based on whether they represent a material risk to shareholder value.

It should also be pointed out that SYPA is not able to unilaterally exclude companies from the investment universe of a fund, as changes would need to be agreed by the Fund Manager and all investors.

Question 2 – Ms. S Owen

The Israeli economy is said to be experiencing an economic doom loop because of the continuing war on Gaza.

A July 2024 report by an Israeli credit risk management firm (CofaceBDi), quoted in the Israeli newspaper *Maariv,* claims that 46,000 businesses have gone bankrupt, a figure likely to rise to 60,000 by the end of 2024.

In the final months of 2023, the Israeli economy contracted by nearly 20%. Israel's credit rating has been cut and foreign investment has dropped precipitously, for example AXA has divested from all major Israeli banks.

Tourism has virtually stalled. The agricultural sector has been hit hard, with both the north and the south of the country now being active combat zones.

There are labour shortages in the tech sector because of workers serving in the army, and in the construction sector because of the exclusion of Palestinian workers.

The actions of the Yemeni Houthis in the Red Sea have meant that the revenue of major Israeli ports has dropped considerably, with the port of Eilat declaring bankruptcy.

According to a piece by Dr Shir Hever in *Mondoweiss*, power shortages are causing international tech companies to close branches in Israel.

Israelis are moving their investments abroad because they are worried about their pensions and insurance funds being tied to the performance of the Israeli economy. A number of international pension funds have removed their investment in Israel due to concerns about human rights; Pension Denmark has withdrawn all of its investments from Israeli banks and Norway's sovereign wealth fund has completely divested from Israeli bonds.

Does it make financial sense to invest substantial amounts of members' contributions in companies operating in Israel and the illegal settlements, given the current economic climate and the clear risk it presents, and can SYPA confirm that they are complying fully with their fiduciary duty to act in the best interest of scheme members in this regard? The same questions need to

SOUTH YORKSHIRE PENSIONS AUTHORITY

be asked of Border to Coast, so will you be taking these important issues of concern to the next Border to Coast meeting for discussion?

Response
As noted in the response to the previous question for large multi-national companies' revenue from operation in the Palestinian territories is likely to be marginal and therefore such companies are likely to remain a reasonable investment from a financial point of view.

The Authority's fiduciary duty is to act in the best interests of the Pension Fund beneficiaries. Best interests are usually defined in financial terms, although there are, as indicated in the previous answer, circumstances in which non-financial factors can be considered in decision making. The Authority is content that it is meeting these requirements and can demonstrate it is doing so through the fact that long-term investment returns have exceeded the actuarial target.

The Authority consistently raises issues concerned with responsible investment with Border to Coast and in meetings with the other partner funds. We have continued to seek to give greater prominence to compliance wiht the UN Global Compact within the Responsible Investment policy, but this is a matter where agreement across the Partnership is required

Question 3 – Mr. Mohammed Yaqoob Ashraf

From my observations at my last visit the current investment strategy is unfortunate. I hope you can for the sake of your scheme members learn from the previous financial crisises and start investing in more law abiding, sustainable and green companies.
For example there is a dire need for housing and investment in local industries.

At the last meeting that I attended a short young, wisp of a lady was goose-stepped out of the building until I had to point out to the monitoring officer she was going the wrong way. [1]

Anyway, this lady had tried to the best of her abilities to follow your rules and procedures.
She had filled in your online enquiry form without receiving a reply, was ignored when she tried to ring on your phone line and when she supplied her email address for details on how to ask questions she received nothing.[2] [3]

Are these the actions of an open and accountable democratic institution?

I was told at the last meeting a series of rules needed to be followed. [4]
To give the analogie of a race, while some people are trying to run their best others simply draw the finishing line behind themselves and expect everyone else to abide by that outcome.
That is dishonourable behaviour and is simply not cricket.

Ladies and gentlemen whether I am here amongst yourselves or opposite the edl supporters that were about to batter the police, continously riot for hours on end, and try to burn down a building full of people. [5][6]
I only expect equality before the law and equal law for all.
Nothing more, nothing less.

Those of you who are politicians I think will understand the political and media implications of what I am about to say better than most.

Investing in a state that has numerous financial and arms links with multiple terrorist groups proscribed by the UK government should not be morally conscienable. [7] [8] [9] [10] [11] [12]
The personal and business legal implications are not to be sniffed at either. [13][14]

isis that was found guilty of the Manchester Arena bombing is not an organisation that you would want to be associated with even if there is only a couple of degrees of separation. [15]

As I have on the 29th of August provided SYPA clear and fair notice.
What concrete actions have been taken that show SYPA as behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law?
And could you provide a copy of your legal advice following my detailed revelations please?

As you all know. Your fiduciary responsibilities should have been enacted with due diligence before making such investments.

I have faced more due diligence from someone selling me chickens for the allotment than SYPA, that handles a multi-billion pound fund, appears to have undertaken while investing in a nation that the leaders of which the International Criminal Court Prosecuter has war crimes and crimes against humanity arrest warrants for. [16]

And the International Court of Justice has, ruled that the israeli occupation of Gaza, West Bank and East Jerusalem and all settlements, is entirely unlawful and declares israel is commiting racial segregation and Apartheid in the Occupied Palestinian Terrotries.
And it rules that israel must evacuate all settlers, dismantle settlements and the wall, provide full reparations to the Palestinian victims, and allow all Palestinians that were ethnically cleansed to return. [17]

Could SYPA provide details on what has been done over the previous 11 months especially following the ICC and ICJ actions and rulings?

Ladies and gentlemen the information I have provided is sourced, evidenced and referenced in detail via the United Nations, International Criminal Court, International Court of Justice, and in conjuction with multiple israeli and other media sources.

As self-serving and myopic as the israeli media is, in conjuction with the Secretary Generals UNDOF report to the UN Security Council it is unbelievably damming. [7]

Even in peacetime israel has a military censor regime that has to preapprove before allowing publication. Thereby even the israeli military admits to the veracity of the facts I have highlighted to yourselves. [18] [19] [20]

Ladies and gentlemen they are so open about such heinous terrorist associations because they expect craven acquiescence.
Please do not continue to acquiesce to such vile, odious and extremely repugnant associations.

Ladies and gentlemen I have barely scratched the surface and could bring further honest questions.

Instead could you provide a timeline of when you will be expediting SYPA's divestment from all primary, secondary and all other investments from isis funding israel and company's that further aid and abet the Occupation, Apartheid, Ethnic Cleansings and multiple Genocides?

Ladies and gentlemen.
It is the decent thing to do.
It is the human thing to do.
Please do so.
Thank you.

References

1. 6th of June SYPA, Oakwell House, 2 Beevor Ct, Pontefract Rd, Barnsley S71 1HG
2. https://www.sypensions.org.uk/Contact/General-Enquiry
3. 6th of June SYPA, Oakwell House, 2 Beevor Ct, Pontefract Rd, Barnsley S71 1HG
4. ibid.
5. 4th August Holiday Inn Express Rotherham - North. Express Park, Manvers Way, Wath upon Dearne, Rotherham S63 7EQ
6. https://www.bbc.co.uk/news/articles/c4gv2v1g006o
7. https://reliefweb.int/report/syrian-arab-republic/report-secretary-general-united-nations-disengagement-observer-force-3 79.71kb Pdf
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11. https://www.timesofisrael.com/idf-chief-acknowledges-long-claimed-weapons-supply-to-syrian-rebels/

12. https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2/proscribed-terrorist-groups-or-organisations-accessible-version
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20. https://www.indexoncensorship.org/2024/05/israeli-military-censor-bans-highest-number-of-articles-in-over-a-decade/

Response

There are several questions set out here, but in essence the question asks the Authority to divest all holdings in Israeli companies and companies which operate in Israel and the Palestinian territories.

The Authority's investments are made in funds and the Authority cannot unilaterally change the investment mandate for such funds. To do so would require the agreement of the other 10 Border to Coast partners, the operating company, and in some cases external fund managers.

In addition, the Authority's fiduciary duty is to act in the best interests of scheme members, which is primarily defined in financial terms. Disinvesting from large multi-national companies with marginal exposure to Israel which provide strong capital growth and dividend flows is unlikely to be seen as acting in line with scheme members best interests.

Question 4 – Ms. W Cooksey

Following the January 2024 ICJ ruling that there is plausible evidence that Israel is committing genocidal acts against the Palestinian people in Gaza, UN experts have warned that investors who fail to end their financial ties to arms companies supplying Israel “could move from being directly linked to human rights abuses to contributing to them, with repercussions for complicity in potential atrocity crimes.” (UN Human Rights Office of the High Commissioner Press Release 20/6/24). It must surely be possible to find alternative investment opportunities that do not breach international law without damaging the health of the fund. Can the SYPA, and by extension Border to Coast, in respect of its pooled funds, reassure scheme members that the SYPA will not risk becoming complicit in breaches of international law in their investment strategies?

Response

Companies which supply arms to states other than their home country do so in line with licensing regimes put in place by the relevant government. Such companies would therefore argue that they were acting legally in selling arms to a specific country. Investors invest in such companies on the basis that their governance arrangements ensure that they are complying with relevant laws. The argument put forward in the question is a new one which would tend towards advocating that the Fund exclude arms companies from the investment universe. This is problematic as in many cases arms companies are involved in the production of other things such as commercial aircraft or civilian satellites which would be seen as good investments.

The case implicit in the question is an ethical one. However, the Authority is not, nor can it be an ethical investor. Ethical investment flows from faith and a set of ethical beliefs although it is possible for individuals and institutions such as the Church of England to reflect such beliefs in the way in which they invest. The Authority seeks to be a responsible investor which means that we take non-financial issues into account in investment decisions to the extent that they might materially impact on the financial returns that the Fund can achieve.

As indicated in the responses to other questions we raise these issues with our partners and Border to Coast on a regular basis and seek to ensure that the Responsible Investment policy framework continues to evolve.

Question 5 Ms. C Poland

Norway's largest pension fund, KLP, is divesting from 16 companies involved with illegal settlements in the West Bank because of the "unacceptable risks that the companies are contributing to the abuse of human rights …through their links with the settlements". The Universities Superannuation Scheme has just announced it will sell £80 million of Israeli assets in response to the "financial risks that have become apparent". Islington Council is severing its ties with Barclays, after it failed to provide a satisfactory answer about its "complicity in human rights abuses in the Occupied Palestinian Territory". Waltham Forest Council has recently announced that it is divesting its pension fund from companies exporting arms to Israel after reviewing the ethical terms of its investment strategy. Kings College London is halting its investments in arms companies supplying Israel. AXA is selling its investments in major Israeli banks and the Israeli arms company, Elbit Systems.

In light of these developments, should the SYPA, and by extension Border to Coast in respect of its pooled funds, now urgently re-assess their substantial investment in companies helping to sustain Israel's illegal occupation?

Response

As indicated in the response to previous questions at this meeting those managing money need to consider whether non-financial risks such as those described in the question are financially material in the context of the company being considered. This is a judgement that is made in isolation from ethical or political considerations. Different fund managers will come to different conclusions on this issue. It is also the case that, as with investment in other types of company such as oil and gas companies, simply selling shares in a company will have no impact on the matters of concern. It is simply the case that an investor less concerned than SYPA or Border to Coast about these issues will buy the shares.

As indicated in answer to a previous question disinvesting from large multi-national companies with marginal exposure to Israel which provide strong capital growth and dividend flows is unlikely to be seen as acting in line with scheme members best interests.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Question 6 Mr. F Cross

On page 19 of the Responsible Investment Update for Quarter 4 2023/24, you state that the only fund that is below the interim targets to meet net zero by 2030 is the 'Investment Grade Credit Fund', with all other funds needing to reduce their emissions more rapidly to meet the 2030 target.

What actions are you going to take to ensure the reduction of financed emissions are at a pace necessary to meet the target of net zero 2030?

Response

The Authority continues to work within the Border to Coast partnership to develop policy to focus more on the delivery of effective and more rapid decarbonisation by investee companies. In addition, as also reflected in the Responsible Investment Update the tightening of policy already agreed has resulted in an increased volume of votes against management and pressure on companies.

It is also important to realise that it is unlikely that each of the individual funds will reach a zero emissions position, and the overall goal is for all the fund’s investments to achieve Net Zero. This implies that some investments, such as those in natural capital, will in time generate negative emissions, negating the impact of the remaining positive emissions.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**The Government's Pensions Review**	**Status**	For Publication
Report to	Authority	**Date**	12th December 2024
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	George Graham Director	**Phone**	01226 666439
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1 Purpose of the Report

1.1 To inform members of the Authority about the initial conclusions of and next stages in the Government's Pensions Review and gain approval for the approach to be taken in framing a response to the consultation exercises launched following the Mansion House Speech.

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2 Recommendations

2.1 Members are recommended to:

a. **Note the Government's proposals in relation to reform of the Local Government Pension Scheme.**

b. **Endorse the headline response set out in Appendix A and the body of this report as the basis for a formal response to the consultation and further discussion with Border to Coast partners.**

c. **Agree the process for finalising the formal consultation response set out in para 5.11.**

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3 Link to Corporate Objectives

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

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 government's proposals potentially impact all the corporate objectives, in particular those associated with the delivery of the investment strategy.

4 Implications for the Corporate Risk Register

4.1 The Government's proposals outlined in this report will have implications both for the risk associated with the delivery of the Border to Coast Strategic Plan and the new risk associated with the Pensions Review. Some of these are outlined in the body of this report, however until more detail is available the full implications will not be fully apparent.

5 Background and Options

The Chancellor of the Exchequer made her Mansion House Speech on 14th November in which she set out the initial conclusions of the Government's Pensions Review and the next steps that the Government propose to take. Among the headlines from the speech were:

- Increased investment to spur innovation and growth.
- Launch of a Transition Finance Council (focussed on the climate transition).
- Plans for consolidation of Defined Contribution Master trusts.
- A more proactive approach to working with investors to ensure that capital and projects are matched.
- A British Growth Partnership to crowd investment into venture capital funds and innovative businesses.
- Outline of reforms to financial services regulation to move from "regulating for risk" to "regulating for growth".

5.1 Specifically relating to the Local Government Pension Scheme (LGPS) following the speech a consultation was launched on the following areas, with responses required by 19th January 2025:

Pooling Structure

- Definition on the model of pooling – FCA regulated investment manager with (or the ability to develop) in-house investment capabilities.
- Mandate full delegation of investment implementation to the pools; consistent definition of Strategic Asset Allocation to be agreed.
- Principal investment advice for Funds to come from the Pool.
- Pools to submit plans on how they will deliver policy by 28 Feb 2025.
- Target to pool all listed assets by March 2025 remains.
- Requirement to deliver on pooling model & transition of all assets by March 2026

Investments

- They recognise the "brilliant work" already carried out by the LGPS as a significant investor in the UK supporting 'local' investments. It seeks to provide a new framework to build on this:
    - Funds to set out approach & allocation for local investments.
    - Funds to provide annual reporting on local investments.
    - Pool to implement Funds' local investment strategies, including due diligence on local investments.
    - Funds to consider Mayoral / Combined Authority growth strategies in developing strategy and 'work with them' through pools on local investments.

Good Governance

- Implementation of Good Governance report (including knowledge & skills of Committee members); they expect this will drive collaboration & consolidation of Funds over time.
- Recognise the importance of Independent Advice to Funds.
- Consideration of Fund and Scheme Member Representatives in Funds/ Pools.

5.2 The Consultation sets out 30 specific questions on the 18 proposals set out in the consultation. These questions and an initial SYPA response are set out in Appendix A.

5.3 Broadly the consultation contains no surprises. It simply confirms and amplifies what was set out in the previous consultation exercise undertaken by the previous government.

5.4 The most significant proposals are those around the structure of pools, the requirement to pool 100% of assets and the timescales for delivery of these. From an SYPA point of view these do not raise major challenges, although significant work, particularly around the transition of legacy portfolios will be required. This reflects the fact that the Border to Coast Partnership already meets the Government's key requirements and already has plans to develop new advisory capabilities as required. As indicated in the consultation document other pools are not in this position and coupled with the timescale this may result in some consolidation of pools. Again, this is, should it occur, something that will likely require considerable work from officers and engagement with elected members.

5.5 The consultation sets out a much clearer divide between the roles of the pool and the individual fund, at the same time providing a definition of what is meant by Strategic Asset Allocation (a gap in the current framework previously highlighted by SYPA). This will require some changes for SYPA such as using the statement of investment beliefs to better define the appetite for both risk and volatility as well as issues of balance between different types of market (emerging and developed). The timing of this is fortuitous given that the process of reviewing the investment strategy is about to start.

5.6 While there will be a much clearer divide between the roles of the pool and the fund there will be a need to think much more about how to act when things go wrong (for example if an investment proposition significantly under-performs). In the pre-pooling world, the action generally would be to replace the fund manager. This is much more difficult in the pool relationship given that these decisions are not for the fund to take. The way to force action is through the shareholder route. However, the tools involved (in effect removing the Board) seem disproportionate in relation to the issues being dealt with. Therefore, work is going to need to be done which develops ways of addressing these issues while respecting the different roles of the different parties to the relationship.

5.7 The process of transitioning legacy assets is likely to be in several stages. In the first instance Border to Coast and SYPA will enter into an agreement for the pool to manage the relevant assets. Over time some of these may transition into new pooled vehicles as seed investments (as has been the case with other assets previously), others may stay as they are until maturity while others may be reviewed and disposed of, if it makes both financial and strategic sense to do so. Some “evergreen” investments in the legacy portfolios may justify the creation of a specific Border to Coast wrapper but the benefits of this type of solution which has been used by another pool would need further consideration regarding the costs involved weighed against the perceived benefits. These are matters of detail, delivering this proposal will allow the Authority’s team to work with greater focus on the oversight of the pool and the understanding and analysis of performance.

5.8 The focus on local (now defined as the area served by the fund) investment very much reflects the approach already taken by SYPA with a plan reflecting local growth priority identified by the Mayoral Combined Authority reflected within the Investment Strategy and the Strategic Asset Allocation. Give the move to 100% of assets being pooled there is a requirement that local investments be managed by the pool. This will require Border to Coast to develop and resource some additional capabilities to support investments of this nature.

5.9 The proposals in relation to governance are very much as expected and finally deliver the Scheme Advisory Board’s (SAB) Good Governance proposals. There are, though, a couple of areas of difference. Firstly, the regular Independent Governance Reviews are intended to have more teeth than was perhaps originally envisaged, potentially ultimately leading to the use of the existing intervention powers. The proposal to deliver these reviews through a peer led approach overseen by the SAB is welcome and works with the grain of the scheme and builds on the existing degree of collaboration and sharing across the “LGPS family”. The second area of difference is a proposed requirement to appoint one or two independent advisers (or members) with a somewhat broader remit than SYPA’s current independent advisers. This proposal is, at this stage, not well-defined buy given the nature of qualifications talked about in the consultation it seems to be a move to introduce professional trustees into the LGPS, which is something that needs to be treated with caution given the peculiarities of the mix of local government and pensions which are at the heart of the LGPS.

5.10 Broadly from an SYPA point of view there is little to criticise in the proposals being put forward at headline level, although there are several issues of detail. Equally there is much to welcome such as the commitment to both FCA regulated entities and the principle of internal management in the model of pooling and the commitment to local investment. The initial responses set out in Appendix A are therefore broadly positive, reflecting the degree to which both Border to Coast and SYPA were already progressing on the path now clearly set out by the Government.

5.11 Officers are working with colleagues across the Border to Coast partnership to develop a comprehensive partnership response, and the initial answers set out in Appendix A will need to be re-examined considering the results of that work, before being submitted as a formal response. Given that a response must be provided by 16th January 2025 there is no formal Authority meeting which could approve a response. Given the significance of this consultation, it is proposed to hold an informal meeting of Authority members in early January to endorse (or otherwise) a more comprehensive draft response with formal sign off under the urgency procedure by the s41 members following this. In addition, work will have to be undertaken between the operating company and the partner funds to develop the plan for meeting the Governments pooling model requirement which must be submitted by the end of February 2025. While approval of this plan is a matter for the Company's Board it is into currently clear how formal endorsement by partner funds will be built into the process although given the degree of co-production necessary to arrive at the plan it seems unlikely that there would be any significant level of disagreement.

6 Implications

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

Financial	At this stage there are no direct financial implications. However, should proposals to merge / restructure existing pools come to fruition the Authority would be required to make a contribution towards the legal and other costs associated with such a move which could be in the hundred of thousands. Moving legacy portfolios under pool management will have costs which will vary depending upon the route chosen. Such costs will erode performance (if marginally) on an ongoing basis. In addition the process likely to be started as a result of the proposals set out in the Mansion House speech is likely to consume a significant amount of officer time over the next 12-18 months which may divert senior management resource from addressing the Authority's key customer focussed priorities.
Human Resources	None identified at this stage
ICT	None
Legal	None identified at this stage

Procurement	None identified at this stage. However, changes to the structure and composition of pools could raise significant procurement issues.

George Graham

Director

Background Papers	
Document	**Place of Inspection**
Mansion House Speech	Mansion House 2024 speech - GOV.UK
LGPS Consultation	Local Government Pension Scheme (England and Wales): Fit for the future - GOV.UK

Appendix A

Consultation Questions and Initial Response

LGPS Pooling

Question 1:

Do you agree that all pools should be required to meet the minimum standards of pooling set out above?

Yes, the arrangements set out broadly mirror those already in place within the Border to Coast pool which have proved successful.

Question 2:

Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?

Yes, while SYPA would take up the option of setting the high-level strategic asset allocation we can see that for some funds a move to something much close to fiduciary management may be appropriate and we welcome the choice on this remaining with funds.

Question 3:

Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority's fiduciary duty?

Yes. Clearly response to this question will vary depending upon how the strategy setting element of fulfilling fiduciary duty is viewed and on the understanding of what the new style investment strategy will look like.

In terms of fiduciary duty our view is that the strategy should be designed to give a significant probability of successfully delivering the funding objective in the long term. By significant probability we have always adopted a figure of 70% (2/3rds rounded). This approach frames the fiduciary duty in the context of the fact that any investment strategy runs the risk of not delivering the intended outcomes.

In terms of the content of the investment strategy it is likely that statements of investment beliefs (the high-level objectives referred to) may need to become somewhat clearer to enable them to be implementable. This will also include the need for the AA to specify much more clearly their appetites for risk and volatility. These are developments that would be broadly beneficial.

Question 4:

What are your views on the proposed template for strategic asset allocation in the investment strategy statement?

This seems generally acceptable and should all AA's to appropriately allocate between and within the growth, protection, and income asset categories. Allocating at a lower level than suggested could amount to tactical calls or stock selection which are better left to the pools. There may be a desire to define regional allocations (for example over or under weighting emerging markets relative to the broader world economy), however, this is essentially a judgement on risk and/or volatility which should be dealt with through the AA's investment beliefs.

There is one area where this template is problematic, which is the definition of cash. While there is cash held within various pooled products it is not separately identified. AAs hold cash to ensure the payment of benefits and the flows of cash into and out of various investment vehicles (for example drawdowns into alternative funds). The way in which cash is viewed in the template creates an artificial distinction between investment cash and operational cash which seems likely to result in higher levels of cash holding in order to ensure that cash is always available to pay pensions which is undesirable in terms of investment outcomes.

Question 5:

Do you agree that the pool should provide investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?

We have no objection to this and Border to Coast's 2030 Strategy includes the development of these capabilities, which we would intend to use when available. This is the logical result of the Government's move towards a more fiduciary management model for LGPS. There are, however, several potential conflicts of interest created by the development of advisory capabilities by pools and the plans to be provided to government by the end of February 2025 should identify these and set out at a high level the arrangements for managing them. Such mitigations would also be an FCA requirement.

We would want to continue to utilise independent advisers as part of the process of challenges and debate around the development of strategy, together with using them to assist in framing the questions which any strategy review should address. This is like the arrangement in place at present where we only use an investment consultant for the strategy review because of their modelling capabilities which will in future be delivered by the Pool.

Question 6:

Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?

Yes, the presence of the FCA regulated entity in the operating model was a significant factor in the Authority's original decision to join the Border to Coast partnership.

Question 7:

Do you agree that administering authorities should be required to transfer all listed assets into pooled vehicles managed by their pool company?

Yes, and SYPA has already done so.

Question 8:

Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?

SYPA is currently working towards a position where only local (South Yorkshire) elements of its place-based impact strategy and natural capital (because there is no pool vehicle) are held outside the pool. Because of the timescale for running off the existing significant alternatives portfolio for reinvestment we were already beginning to think about whether there might be alternative options for management of the legacy illiquid investments, although initially the costs of providing some sort of pool wrapper (such as transfer taxes and legal fees for novation) looked prohibitive. In the short term a simple mandate to the pool to manage these assets will allow a more considered look at the plans for each asset.

If the Pool can meet SYPA's strategic objectives in managing these investments (in particular local impact and carbon offsetting as well as return) then there is no objection to transferring management provided the costs associated with doing so, do not significantly impact performance.

Question 9:

What capacity and expertise would the pools need to develop to take on management of legacy assets of the partner funds and when could this be delivered?

Border to Coast already has significant expertise in managing the type of assets that make up the bulk of the legacy portfolio, so rather than additional capabilities it is likely that additional capacity would be required which could, subject to budgetary approval etc., be delivered over the course of 2025/26. Other pools may not be in such a fortunate position and will need to consider whether to build capabilities from scratch which could be challenging in the required timescale or collaborate with others.

Border to Coast (and most of the other pools) would need to build new capabilities in relation to supporting local investment and to a lesser degree in relation to natural capital, but these are likely to amount to the extension and broadening out of existing teams and would be relatively easy to accomplish in the required timescale.

The timescale may be an issue if there is a need to develop some form of "wrapper" for legacy assets but this might become a staged process of developing "degrees" of transfer of management from managing assets on the fund balance sheet through to a "wrapper" or transfer into a fully pooled vehicle over a longer timescale.

Question 10:

Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?

This timescale is undoubtedly challenging and will be more so for those pools which do not have the initial building blocks in place already. However, the Government's frustration at the overall pace of pooling is understandable and setting an ambitious timescale is perhaps one way of concentrating minds to achieve the overall objective. But it will be important that the deadline does not result in the making of short sighted sub-optimal and potentially costly decisions about the transfer of assets to the Pool, although this will be something that will need to be dealt with at the individual asset level.

Other developments

Question 11:

What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?

There is certainly scope for collaboration between the pools, for example the development of another direct infrastructure vehicle to compete with GLIL seems to be an entirely counter-productive course of action, and similar arguments might be made about limiting the number of direct real estate products across the pools. Equally though there is good reason why to avoid "lot sizes" becoming too large each pool should continue to deliver a core alternatives programme.

The Pools are commercial entities so there are logically some constraints to the ability to collaborate with potential commercial competitors. Equally the Teckal rules limit the amount of revenue that can be generated from outside the group of shareholders, and this may be a more significant constraint than the commercial one, and might be an area where the Government would like to consider providing some regulatory relief.

Question 12:

What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?

Broadly we are supportive of increased collaboration between funds as this will result in the spreading of good practice, potentially at a faster rate than is currently the case.

Within Border to Coast we are already developing collaboration across a range of areas including governance, accounting and aspects of administratin, beyond investment, and this is beginning to generate some encouraging results. In the area of administration, the voluntary creation of genuine shared services (whether within or outside of a pool) seems likely to be more beneficial approach than more forced models and the mixing of regulated (investment) and unregulated (administration) activity within the same entity can be difficult.

Local investment

Question 13:

What are your views on the appropriate definition of ‘local investment’ for reporting purposes?

Our preference would be to define local as South Yorkshire and we already report on this basis also highlighting investment across the UK and the wider Yorkshire and the Humber region.

Question 14:

Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?

Yes, and we have already done this. We would envisage that the Pool would become party to our existing Memorandum of Understanding with the South Yorkshire Mayoral Combined Authority (SYMCA) and participate alongside us in the regular dialogue that is maintained with SYMCA.

Question 15:

Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?

Yes, and we have already done so, setting a 5% target allocation for a place-based impact strategy although we will need to refine the target setting and trajectory as part of the next strategy review, in particular setting a specific target for South Yorkshire.

Question 16:

Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?

We see the logic of the position taken by the Government on this. However, there would need to be some arrangement which ensured that sufficient resource was being allocated to achieve partner funds specific local objectives, rather than simply folding investments into some form of UK structure. These types of investment are also relatively management intensive, even where external fund managers are used, and pools will need to ensure that they put enough resource in place to ensure that managing these types of investment does not negatively impact on the resources devoted to core investment offerings.

Question 17:

Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting?

Yes, SYPA already does this. We believe reporting should follow the Place Based Impact Investing Framework developed on behalf of the Impact Investing Institute. This would ensure consistency in both outputs and the demands placed on fund managers and does not preclude individual funds prioritising the particular forms of impact which they are seeking to achieve in addition to financial return.

Governance of funds and pools

Fund governance

Question 18:

Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?

We welcome the significantly overdue steps to finally implement the Good Governance proposals,

Question 19:

Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict-of-interest policy?

We agree that Funds should maintain both governance and training strategies and a conflicts of interest policy. Whether these should be contained in the same document is a moot point, particularly as the training strategy is likely to require more frequent updates. Guidance should emphasise that the training strategy should cover both Board and Committee (in SYPA's case Authority) members equally.

Question 20:

Do you agree with the proposals regarding the appointment of a senior LGPS officer?

Yes, and SYPA's unique status means that it already meets this requirement. We also believe that the requirement for the Senior Officer to manage all aspects of the Fund is crucial and should be fully reflected in regulation rather than guidance.

Question 21:

Do you agree that administering authorities should be required to prepare and publish an administration strategy?

Yes, and SYPA already does so.

Question 22:

Do you agree with the proposal to change the way in which strategies on governance and training, funding, administration and investments are published?

Yes, this is a long overdue change.

Question 23:

Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?

Yes, and SYPA has already undertaken two such reviews since the formulation of the Good Governance proposals.

We believe that delivering these reviews through a peer led mechanism is in line with the way in which LGPS has historically developed and shared good practice and works with the grain of the scheme, and the broad process set out in the consultation seems appropriate. This will also reduce the cost of such reviews to the scheme and further reduce dependency on external consultants.

In terms of the assessment criteria, we believe that assessment against aspects of the following four dimensions will give a comprehensive view of whether a fund is meeting the relevant requirements.

- People – Are the right people (both officers and members) in place and with the right knowledge and experience and access to the right advice to effectively run the Fund.
- Process – Are the right processes in place to ensure that decisions are taken at the appropriate level and are based on the right information and with the right degree of transparency.
- Performance- Are the combination of people and process is delivering the performance sought.
- Partnership- How well does the Fund work with others (particularly the Pool) to deliver its objectives.

A framework of this sort would allow a comprehensive assessment to be made of how effectively the AA is discharging its responsibilities towards the Fund. Importantly this cannot be a pass/fail assessment. All these reviews will identify some areas for improvement as no fund will be perfect. However, where significant weaknesses are identified there also needs to be a view taken on whether there is the willingness and capacity to address the weaknesses. This goes to the degree of self-awareness among the members and officers exercising stewardship over the Fund, which will be important in assessing whether identified weaknesses will be addressed.

Question 24:

Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?

Yes, members of the Authority effectively commit to this through approving the Learning and Development Strategy each year, but this is currently effectively voluntary so removing the long-standing anomaly of differing requirements between Board and Committee members is welcomed.

Question 25:

Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?

Yes, this is the logical content of such a strategy and managing the inevitable turnover in membership. Such consideration should also include the reflection of the level of commitment to developing knowledge and understanding within AAs members allowance schemes.

Question 26:

What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?

We are supportive of this as a concept and the Authority already has two independent investment advisers whose role could be broadened in line with the requirements suggested. These current arrangements work well and are strongly supported by members of the Authority. However, we are wary of the suggestion that such roles would be members of the Committee / Authority and of the suggested qualification requirements. This seems to imply a desire to move to more of a professional trustee model. The democratic accountability of the LGPS is an extremely important aspect of the scheme and while change is undoubtedly necessary and accepted (as indicated in our previous answers) we need to be careful not to undermine this. We would welcome the opportunity to discuss the proposed arrangements and the thinking behind them in this area further with officials.

Pool governance

Question 27:

Do you agree that pool company boards should include one or two shareholder representatives?

Yes, and Border to Coast already has this in place. However, it is important to recognise that all Non-Executive Directors owe their duty to the interests of the company and not to those who nominated them. This could in certain circumstances be challenging. Different pools have taken different approaches to this matter but given the commitment of time required which amounts to at least 30 days per annum and the requirements for FCA approval there are an increasing range of hurdles which may make filling these roles more difficult.

Question 28:

What are your views on the best way to ensure that members' views and interests are taken into account by the pools?

The Border to Coast Joint Committee includes two Scheme Member Representatives elected through the employee side members of the 11 Partner Fund Local Pension Boards who can effectively contribute to the oversight of the pool company. Similarly, the pool company is represented at meetings of individual pension committees through which it is exposed to the views of scheme members. It is, however, accepted that this does not necessarily provide a comprehensive or representative picture of scheme member views. This is best achieved by funds effectively consulting during the development of key strategies such as the investment strategy taking the views expressed into account as appropriate and ensuring that the pool delivers as appropriate.

It would be possible to appoint a scheme member Non-Executive Director of the pool company. However, there is the potential for them to feel the role compromises their ability to represent scheme member views and the nature of the role in an FCA regulated entity means that the time commitment (30 days per year) may make such a role impossible for many scheme members.

Question 29:

Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?

Yes

Equality impacts

Question 30:

Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

No

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Delivering for our Customers – Corporate Performance Report

Quarter 2 2024/25

Contents

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2. Headlines
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    - Corporate Measures
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    - Financial Measures
5. What is getting in the way – Risk Management
6. Learning from things that happen

1. Introduction

1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.

1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority’s objectives, bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. By providing this single view of how we are doing it will be easier for councillors and other stakeholders to hold us to account for our performance.

1.3 This report presents the information on overall performance during the second quarter of the 2024/25 financial year. More detailed information on the performance of the Authority’s investments and the pension administration department during the quarter are contained in other reports which are available on the Authority’s website.

2. Headlines

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

Good progress being made on corporate plans and projects. This report includes output from the Pentana system now being used for monitoring and reporting on progress.

Under-spend forecast on the revenue budget has resulted in being able to build up the earmarked reserves ahead of schedule.

Two risk scores reduced as a result of preventative and mitigating actions taken.

Investment performance is a little behind target over recent periods - but remains ahead of expectations over the long term.

Clearance of backlogs of case work is progressing but remains a challenge.

Two new risks added to the strategic risk register - concerning McCloud Rectification and the Pensions Review.

3. Delivering the Corporate Plan & Supporting Strategies

3.1 This section provides an update on progress made in delivering the corporate objectives of the organisation.

3.2 The update to the Corporate Strategy for the period 2024-2027 was approved in February 2024 and focusses on the Authority delivering improvements to the way in which we do things and in addressing longstanding challenges across the organisation to ultimately improve the service received by our customers and our overall efficiency.

3.3 The detailed objectives and plans have been divided into the following programmes of work.

- *Administration Improvement Plan* – A series of interlinked activities which are intended to address long standing issues which have affected the underlying performance of the administration service and place the service on a stable and sustainable basis.
- *Delivering the Investment Strategy* – A range of activities which support delivering the investment strategy including progress to Net Zero.
- *People* – Activities which are designed to ensure that the Authority has the right number of people with the right levels of skills and experience to enable it to effectively deliver services.
- *Organisation Wide* – Activities which affect all parts of the organisation, and which are intended to strengthen parts of the organisational infrastructure.
- *Governance* – Activities which are intended to strengthen the governance framework and ensure the demonstration of compliance with regulatory requirements.
- *ICT* – A programme of work designed to ensure that the Authority's ICT infrastructure is both up to date and being effectively utilised to improve the delivery of services.

3.4 For areas of work such as HR and ICT the work included here summarises the more detailed plans contained in the relevant enabling strategies, rather than replicating the full detail.

3.5 The following table provides updates in respect of developments that have taken place during the quarter in delivering these programmes of work.

3.6 Key to abbreviations used in the table that follows:

Key to Responsible Managers	
AD-IS	Assistant Director – Investment Strategy
AD-P	Assistant Director – Pensions
AD-R	Assistant Director – Resources
DIR	Director
HFP	Head of Finance & Performance
HGCS	Head of Governance & Corporate Services
HICT	Head of ICT
HRBP	HR Business Partner
IM	Investment Manager
SM-B	Service Manager – Benefits
SM-CS	Service Manager – Customer Services
SM-INF	Service Manager – ICT Infrastructure
SM-PP	Service Manager – Programmes and Performance
SM-TST	Service Manager – Technical Support and Training
TL-G	Team Leader - Governance
TL-SD	Team Leader – Pension Systems Development

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
A	**Administration Improvement Plan**			**AD - P**		37%	
A1	Deliver ongoing improvements in data quality	01-Apr-2024	31-Mar-2026	SM - TST	Appointment of Data Analyst is expected in the next quarter. Annual improvements were made with the errors attributed to the Annual Benefits Statements programme of work. An early impression of SYPA's data quality was shared with the actuary at the end of this quarter to guide data quality improvements in the future.	At risk but achievable	
A2	Implement changes to the organisation approved during 2023	01-Feb-2024	30-Sep-2024	AD - P	The two final posts were interviewed for in September, and offers were accepted by the applicable candidates.	Completed	
A3	Implement system improvements to ensure that the Authority is making the best use of technology.	01-Apr-2024	31-Mar-2025	SM - B	The pilot project delivering a change to the Transfer Out process is nearing completion but has taken longer than expected to help deliver an understanding of pensions process changes. Another improvement project has commenced to deliver better reporting on member phone queries and has been making positive steps. Improvements to visibility of data from the Pensions Administration system has greatly improved team-level focus on casework.	On track	
A4	Clear backlogs of casework	01-Feb-2024	31-Dec-2025	SM - B	41% of the backlog was cleared by the end of September. Monitoring is in place by SMT and responsible Service Managers. Focus days have been introduced for particular backlog cases. It has also been recognised that having a more transparent view of the backlog of cases has offered a good level of understanding of the kind of lessons that can be learnt to avoid similar issues in the future.	At risk but achievable	
A5	Implement the McCloud Remedy	01-Apr-2024	31-Mar-2026	AD - P	Pensions Software provider have had to cancel the latest install of McCloud Calculations because of the level of issues raised by all customers through the User Acceptance Testing. McCloud has now been added to the corporate risk register because of the risk of the Authority not being able to comply with the statutory guidance timelines especially around rectification.	At risk but achievable	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
A	**Administration Improvement Plan**			**AD - P**		37%
A6	Implement the Pensions Dashboard	01-Apr-2024	31-Mar-2026	SM - CS	Project team have been put together and a plan is now in place to support selecting the Integration Service Provider through the available procurement framework.	On track ✓

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
G	**Governance**			**HGCS**		41%
G1	Implement the results of the Independent Governance Review	01-Jul-2024	30-Sep-2025	HGCS	Independent Governance Review Action Plan is being presented for approval in December. Quarterly reporting is planned to be implemented after this approval.	On track ✓
G2	Complete and embed the updated suite of Information Governance policies and procedures	01-Apr-2024	30-Sep-2025	TL - G	SMT approved completion of Phase 1 workflows in August. Mandatory Training is planned for the next Quarter.	On track ✓
G3	Ensure compliance with the new TPR General Code of Practice	01-Apr-2024	31-Mar-2025	HGCS	TPR Code compliance assessment tool implemented and shared with LPB in August. Management and monitoring of compliance with the Code will commence on a quarterly basis in the next quarter.	On track ✓

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
I	**Deliver the Investment Strategy**			**AD - IS**		23%	
I1	Implement 2023 Asset Allocation Changes	01-Mar-2023	31-Mar-2026	AD - IS	This is still on-track, and there has been little change to affect the timeline. It continues to be expected to complete on time.	On track	
I2	Progress the Authority's Net Zero Ambition	01-Apr-2024	31-Mar-2026	DIR	We've had drawdowns where the natural capital managers have started to invest the authority's commitments. Further drawdowns were made into climate opportunities.	At risk but achievable	
I3	Deliver the Place Based Impact Investment Strategy	01-Mar-2023	31-Mar-2025	IM	Steps are being taken to move this in the correct direction, but there isn't yet the opportunity to provide a more significant update. The venture fund is still expected to hit the March 2025 deadline, but there isn't as clear an update on the affordable housing fund.	At risk but achievable	
I4	Plan and deliver 2026 Strategy Review	01-Nov-2024	31-Mar-2026	AD - IS		Not started	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
O	**Organisation Wide**			**AD - R**		26%	
O1	Develop a fully revised and updated Business Continuity Strategy	01-Apr-2024	31-Dec-2024	HICT	Requested a revised proposal from the consultancy organisation that are likely to be supporting SYPA in the development of this strategy, aiming to appoint and commence during quarter 3.	On track	
O2	Develop and implement a Sustainability Strategy for the organisation	01-Jan-2025	31-Mar-2026	HICT		Not started	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
O	**Organisation Wide**			**AD - R**		26%	
O3	Procure and implement a new HR and Payroll system	01-Mar-2024	31-Dec-2024	HFP	We've engaged an external consultant to assist us with procuring the new system. External consultant is a specialist in HR and Payroll systems, which will help guide us through the market and procurement requirements. Following initial discussions, the timeline for procurement is now expected to be March 2025	At risk but achievable	
O4	Develop and implement a new Performance Management Framework	01-Apr-2024	31-Dec-2024	SM - PP	The most important measures to include within the Framework - those identified within the corporate health and high-level KPIs - are still on-track to be published in Dashboards by December.	On track	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
P	**People**			**AD - R**		7%	
P1	Develop and implement a new organisation wide Learning and Development Strategy	01-Apr-2024	30-Sep-2025	AD - R	There were no specific progress updates during quarter 2, however this wasn’t necessary since it remains on track.	On track	
P2	Develop and implement a corporate policy to ensure consistency of career grade schemes across the organisation	01-Apr-2024	30-Jun-2025	AD - R	As anticipated, progress in quarter 2 involved preliminary work on finding a suitable consultant. This was successful with the appointment expected to be made in quarter 3.	On track	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status	
T	**ICT**			**HICT**		36%	
T1	Complete M365 Roll Out	01-Apr-2024	30-Jun-2024	HICT	SharePoint Online migration is now complete. There is currently a blocker on migrating Microsoft exchange which is expected to be removed by October.	At risk but achievable	⚠
T2	Adoption and exploitation of available M365 tools and functionality	01-Jul-2024	31-Mar-2026	HICT	Established integration between M365 tools and on-premise Database Services via a secure Data Gateway. This will allow for the development of more accessible management reporting.	On track	✔
T3	Maintain the Authority's cyber defences	01-Apr-2024	31-Mar-2026	SM - INF	Cyber Essentials Plus assessments completed and certification renewed for 12 months. Implementation of MDR solution is also complete. Improvements have been made to reporting of phishing incidents.	On track	✔
T4	Deliver ongoing improvements to the Authority's ICT infrastructure	01-Apr-2024	31-Mar-2026	SM - INF	Reviewed Database server licensing options and incorporated into SYPA's enterprise agreement. New database server deployed into test.	On track	✔

4. How are we performing?

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

Corporate Measures

4.2 The sickness absence measures for this quarter as compared to the same quarter in the previous year, and the year to date figures are summarised in the following table.

Measure	Performance Quarter 2 2024/25	Performance Quarter 1 2024/25	Performance YTD 2024/25	Performance in Previous Year Q2: 2023/24	Quarterly Movement
Short Term Sickness Absence – Days Lost per FTE	0.62	0.65	1.27	0.82	↓
Long Term Sickness Absence – Days Lost per FTE	1.04	0.70	1.74	1.33	↑
Total Days Lost per FTE	**1.66**	**1.35**	**3.01**	**2.15**	↑

4.3 Total sickness absence has increased to 1.66 days per FTE in quarter 2, compared with 1.35 days in the first quarter. However, this remains much lower than the total sickness absence of 2.15 days in the same quarter last year.

4.4 There was an increase in long term sickness absence this quarter whereas short term sickness absence reduced slightly.

4.5 A total of 93 employees (headcount, not FTE) had no sickness absence at all during quarter 2.

4.6 The HR Business Partner has provided guidance and training to line managers and has attended team meetings in the various services during the quarter to talk through our Managing Attendance policy and other HR policies recently updated with all employees, providing the opportunity for questions and discussion.

4.7 Occupational health services are available, and referrals are made as appropriate for individuals, for example, providing assessment reports to advise managers in supporting return to work following long-term absence, and access to additional resources such as counselling for employees. The usage of these services is also monitored and reported quarterly to SMT.

4.8 The Authority's Health, Safety and Wellbeing Committee continue to promote a range of initiatives to help support staff with their wellbeing.

Investment Measures

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

Measure	Performance Quarter 2 2024/25	Quarterly Benchmark	Performance YTD 2024/25	2024/25 Benchmark	2024/25 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.60%	1.70%	2.30%	3.30%	3.20%	

4.10 Performance is a little behind target over recent periods - but ahead of expectations over the longer term.

4.11 The total Fund value at 30 September 2024 was £11.130bn; compared with £11.117bn at 30 June 2024.

4.12 The Funding Level at 30 September 2024 is estimated at 155%, broadly in line with funding level reported at the end of quarter 1.

4.13 At the end of the quarter, 72.5% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration Measures

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

Measure	2024/25 Quarter 2	2024/25 Quarter 1 – As Reported	2024/25 YTD	Previous Year: 2023/24	Target 2024/25	Quarterly Movement
Proportion of priority cases processed on time	64%	75%	61%	64%	100%	↓
Proportion of non-priority cases processed on time	62%	84%	62%	67%	100%	↓
Proportion of all cases processed on time	62%	84%	62%	66%	100%	↓
Proportion of employer data submissions on time	97%	92%	95%	94%	100%	↑

4.16 Although the reported service levels appear lower this quarter, this is due to a correction in the reporting methodology rather than an actual decline in performance. In the previous quarter, automated work (completed with 98-100% SLA performance) was included in the figures. For this quarter, automated work has been excluded to provide a more accurate representation of manual case processing.

4.17 Revised figures for Quarter 1, adjusted to exclude automated work, are:

a) Priority Cases – 57%
b) Non-Priority Cases – 64%
c) All Cases – 63%.

4.18 These adjusted figures show a slight improvement in Q2 for priority case processing within SLA, with minimal change in other case categories. The ongoing effort to clear the backlog continues to influence overall SLA performance, given the age of older cases. However, the team has made significant progress, completing 47% of the backlog to date. Additionally, new Pensions Officers who have now completed initial training are positively contributing to the timely processing of newer cases.

4.19 It is pleasing to see that improved employer performance is being sustained during quarter 2 after the dip back in April. Work continues with employers where improvements are required.

4.20 At the end of the quarter, membership of the Fund stood at 179,744.

4.21 There were 577 participating employers with active members at 30 September 2024, compared with 569 at 30 June 2024.

4.22 Five new admitted bodies and four new academies were admitted to the scheme during the quarter. One termination was completed this quarter.

Financial Measures

2024/25 Q2 Forecast Outturn

4.23 The quarter 2 forecast expenditure for the year and variance against the budget is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2023/24 Actuals £	2024/25 Budget £	2024/25 Q2 Forecast £	2024/25 Q2 Forecast Variance £	2024/25 Q2 Forecast Variance %
Pensions Administration	3,231,130	3,646,910	3,573,310	(73,600)	(2.00%)
Investment Strategy	569,210	656,400	622,350	(34,050)	(5.20%)
Resources	1,236,520	1,434,760	1,390,000	(44,760)	(3.10%)
ICT	1,124,100	1,495,590	1,489,150	(6,440)	(0.40%)
Central Costs	764,770	840,180	829,200	(10,980)	(1.30%)
Democratic Representation	182,870	127,060	132,540	5,480	4.30%
Subtotal - Cost of Services	**7,108,600**	**8,200,900**	**8,036,550**	**(164,350)**	**(2.00%)**
Capital Expenditure Charge to Revenue	69,900	98,500	98,500	0	0.00%
Subtotal before transfers to reserves	**7,178,500**	**8,299,400**	**8,135,050**	**(164,350)**	**(2.00%)**
Appropriations to / (from) Reserves	(274,235)	(28,000)	130,000	158,000	(564.30%)
Total	**6,904,265**	**8,271,400**	**8,265,050**	**(6,350)**	**(0.10%)**

4.24 The forecast outturn for the year before transfers from reserves is an under-spend of (£164k). After the planned transfers into reserves, we are currently forecasting a remaining minor under-spend of (£6k), equivalent to 0.1% of the budget total. The reasons for these variances are set out in the analysis below.

2024/25 Local Government Pay Award and Salary Expenditure Variances

4.25 The pay award for 2024/25 was agreed on 24 October 2024 at the following amounts:

a) an increase of £1,290 on salaries for all pay points up to 43, and

b) an increase of 2.50% on salaries for pay points above 43

with effect from 1 April 2024. The agreed pay award has been built into the employee costs forecast for this year and is included in the forecast expenditure within each of the service areas shown in the table above.

4.26 The total forecast cost arising from this is approximately £207k, equivalent to 3.40% of the budget for employee pay and on-costs. The 2024/25 budget was set incorporating a pay award assumption of 4%. Therefore, there is a small under-spend forecast based on the actual pay award.

4.27 Separately, a vacancy allowance of -2.5% of the pay budget was included to allow for staff turnover and the time that would be needed to recruit to several newly established posts included in the budget.

4.28 In total, there is a net under-spend of (£183k) forecast against the staffing costs budget for the year, making this the primary cause of the overall forecast under-spend. The breakdown of this per each department, with explanations, is included in the analysis that follows.

2024/25 Forecast and Explanation of Other Variances

4.29 The significant variances against budget for each of the service areas are explained below.

<u>Pensions Administration – Forecast Under-Spend (£74k):</u>

4.30 There is a total net under-spend of (£81k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£14k).
b) Within the department there has been significant amounts of recruitment due to a combination of new posts and internal moves; arising from the implementation of changes in the structure approved by the Staffing Committee last October. The impact of this is a net forecast under-spend of (£93k), after taking account of the department's vacancy allowance.
c) A net forecast over-spend of £26k in relation to various staffing changes (e.g., hours changes, grade progression etc.) made after the budget was set.

4.31 The actuarial fees budget is forecast to be under-spent by (£35k), as one of the additional tools offered by the actuary and included in the budget has not yet been taken up. Additionally, as the contract has bedded in, we are beginning to get a better understanding of the annual costs. The budget will be reviewed for 2025/26, taking account of the fees relating to the triennial valuation.

4.32 Other Professional services is forecast to be over-spent by £23k. The main driver of this is expenditure associated with the completion of Guaranteed Minimum Pension (GMP) rectification work in August 2024, which had been planned to finish in 2023/24. A minor part of the over-spend was the cost of job evaluations required as part of the structure changes.

4.33 There is a forecast over-spend of £8k in relation to Customer Compensation. As the pensions case work backlog has been worked through, a number of historic one-off items have arisen, which have been dealt with. The main element of this over-spend is a £6k cost paid to one member to compensate them for additional tax charges incurred due to a delay that was the Authority's fault in 2022.

4.34 An over-spend of £5k is forecast on the ill health reports budget. The increase in spending is being driven by the volume of cases, rather than inflationary increases; the budget will be reviewed to take account of the increased use of the service for 2025/26.

4.35 An over-spend of £6k in total is forecast comprising small variances on relocation expenses and specialist recruitment campaigns.

Investment Strategy – Forecast Under-Spend (£34k):

4.36 There is a total net under-spend of (£21k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£2k).

b) The budget allowed for up to six months for transition arrangements for the new Assistant Director – Investment Strategy to be in post prior to the current Assistant Director's retirement. The transition period has actually been three months. The impact of this is a forecast under-spend of (£19k), after taking account of the department's vacancy allowance and additional recruitment costs for this post.

4.37 An under-spend of (£12k) is currently forecast on other professional fees based on the expected activity and requirements for this year. The main driver of this forecast under-spend is an additional professional licence for Bloomberg budgeted for, that has yet to be implemented.

4.38 Investment adviser fees are forecast to be under-spent by (£3k) due to turnover during the year.

4.39 The Corporate Subscriptions budget is forecast to be over-spent by £2k. The main driver of the over-spend is a new additional subscription, alongside inflationary pressures with current subscriptions.

Resources – Forecast Under-Spend (£45k):

4.40 There is a total net under-spend of (£47k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£6k).

b) Within the department there have been delays to recruitment due to workload pressures driving forecast under-spend. Recruitment plans are now progressing and will be advertised through to December 2024. There were unplanned additional costs relating to termination payments for two members of staff. The net impact of these factors is a forecast under-spend of (£55k), after taking account of the department's vacancy allowance.

c) A net forecast over-spend of £14k in relation to various staffing changes including maternity leave cover, hours changes and additional costs for a casual contract not included in the budget. The casual contract ended in September 2024 as the full-time post had been filled and the resource is no longer required.

4.41 The recruitment budget is forecast to be over-spent by £5k due to costs for planned use of a specialist recruitment agency for the newly created Senior Finance Business Partner post.

4.42 An under-spend of (£4k) is forecast on corporate subscriptions based on the expected activity and requirements for the year. The changing subscription requirements will be assessed when setting the 2025/26 budget.

4.43 A minor net over-spend of £1k is forecast in relation to the use of a debt recovery agent offset by forecast under-spend for conference attendance.

ICT – Forecast Under-Spend (£6k):

4.44 There is a total net under-spend of (£31k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£4k).

b) Within the department there have been delays to recruitment due to challenges for filling specialist roles in the pension systems team. The impact of this is a forecast under-spend of (£27k), after taking account of the department's vacancy allowance.

4.45 The budget for contractual income is forecast to be over-spent by £15k, as a result of income being less than the budget. The budget was set for a full year for the service level agreement with the Office of the Police and Crime Commissioner, however it was subsequently confirmed as due to end on 08 February 2025, due to merging with South Yorkshire Mayoral Combined Authority. This income was previously recharged based on actual staffing and overhead costs of providing the service, therefore the contract coming to an end has no detrimental impact on the Authority's budget overall.

4.46 The warranties and support budget is forecast to be over-spent by £16k. The main driver of the overspend was a support package that had not been included with the 2024/25 budget. The resourcing required for this area will be reviewed and uplifted accordingly when setting the 2025/26 budget.

4.47 An under-spend of (£9k) is forecast on the hardware budget. The planned monitor replacement programme has been delayed; it is anticipated that this work will take place in 2025/26.

4.48 There is a total net over-spend of £3k forecast on software costs which comprises the following items:

a) The HR & Payroll system is currently forecast to be under-spent by (£20k). The project to procure a new system is now progressing, with an expectation that a new system will be procured during quarter 4. Due to the timing of the procurement the full implementation costs will not fall in 2024/25, a large portion will be deferred to 2025/26. We should be able to make a more precise forecast for 2024/25 in next quarter's report, when the project will have progressed further.

b) The Pensions Administration system budget is forecast to be over-spent by £7k. Developments in relation to Pensions Dashboard and the Employer Hub have been the main drivers of the forecast.

c) Other software licences and cybersecurity are forecast to be over-spent by £11k. The main driver of this increase is a new service contract that helps increase our monitoring and resolution of cybersecurity threats. A business case was made and approved for this based on funding the 2024/25 over-spend from reserves, and consolidating into the budget from 2025/26. The additional costs are partially offset by savings achieved on the previous incident response retainer contracts that this has replaced.

Central Costs – Forecast Under-Spend (£11k):

4.49 There is a total under-spend of (£3k) forecast on staffing costs due to the pay award.

4.50 The past service pension surplus is forecast to be over-spent by £13k. The surplus the Authority is entitled to is driven by the assumed pensionable pay for our staff in the pension scheme. As there have been savings on the staffing budgets, this has reduced the surplus we are entitled to.

4.51 External audit fees are forecast to be over-spent by £13k due to approved fee variations for additional audit requirements arising from new auditing standards. These will be consolidated into the audit scale fee for next year. This over-spend is more than fully offset by additional income of (£34k) arising from grant receivable from MHCLG as part of their measures to improve local audit delays, to support with local audit financial reporting and implement audit requirements related to Sir Tony Redmond's recommendations. The allocation due to the Authority was not known about when setting the budget. Grant income has now been received for 2022/23 and 2023/24.It is expected that 2024/25 will be the final year for grant income in relation to the transition arrangements.

4.52 Buildings expenditure is forecast to be under-spent by (-£1k). A new facilities management contract has resulted in significant savings. The majority of the savings have been used to fund a repairs and maintenance programme required during 2024/25. Longer term planning in relation to buildings expenditure has taken place, this information will feed through to the 2025/26 budget and medium-term financial plans.

4.53 Other professional services budget is forecast to be under-spent by (£3k), driven by lower costs in this year for the governance review, which was completed in the first quarter. Partly offset by additional costs required for professional design work on the Authority's annual report.

4.54 A small net over-spend of £4k in total is forecast across the budgets for occupational health services, shared cost AVC administration fees, public transport costs, the HR service level agreement and conferences, offset by a reduction in fees paid for venue hire.

Democratic Representation – Forecast Over-Spend £5k:

4.55 The member allowance pay award is forecast at 2.50%, as per the Members Allowances scheme, these are increased each year in line with the agreement set nationally for the local government pay award referenced at paragraph 4.25. The 2024/25 budget was set with a budgeted increase of 3% for member allowances, resulting in a forecast under-spend of (£1k).

4.56 This is offset by an over-spend of £4k due to an additional two member allowances that had not been included in the budget.

4.57 A small over-spend of £2k is forecast for recruitment advertising, regarding the LPB independent adviser and the venue hire for the members away day.

Earmarked Reserves

4.58 The table below shows the forecast transfers to and from the three earmarked reserves in 2024/25.

Reserve	Balance at 01/04/2024 £	Contributions to Reserves £	Contributions from Reserves £	Transfers Between Reserves £	Forecast Balance at 31/03/2025
Corporate Strategy Reserve	65,985	125,000	0	(55,000)	135,985
ICT Reserve	63,030	5,000	0	0	68,030
Subtotal Revenue Reserves	**129,015**	**130,000**	**0**	**(55,000)**	**204,015**
Capital Projects Reserve	19,290	0	0	55,000	74,290
Total Earmarked Reserves	**148,305**	**130,000**	**0**	**0**	**278,305**
Net Total Transfer		**130,000**			

4.59 At present, there are no planned transfers out of reserves.

4.60 The planned transfers into the Corporate Strategy Reserve are to set aside funds to meet the costs of the next investment strategy review due in 2026, and to transfer funds from forecast revenue budget under-spends.

4.61 The contribution into the ICT reserve is to set aside income received from software sales in line with policy to be used for future ICT development requirements.

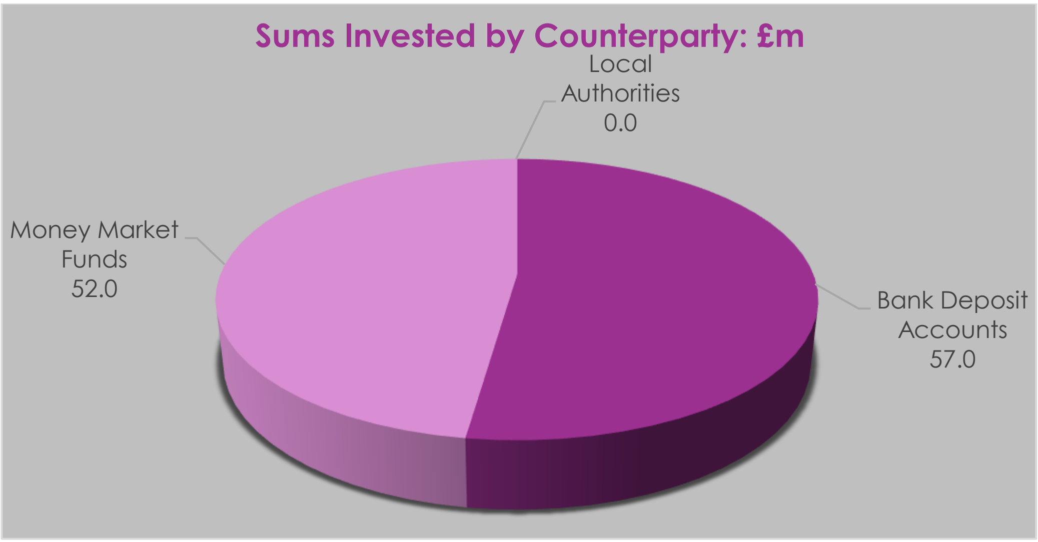
4.62 The transfer between the Corporate Strategy Reserve and the Capital Projects reserve is planned to facilitate the setting aside of funds for future capital expenditure on Oakwell House.

4.63 The result of the above is a net total transfer into reserves of £130,000. This is a positive change from what was a budgeted transfer out of reserves and is due to the impact of the forecast under-spend on the cost of services.

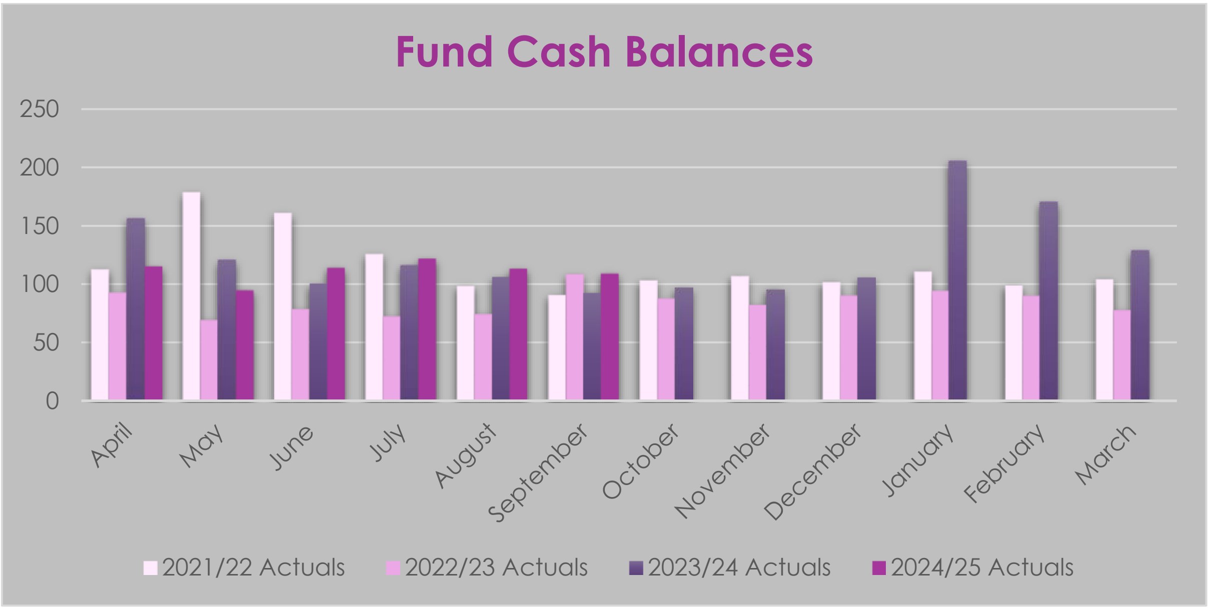
4.64 The forecast balance of the revenue reserves following the transfers proposed for the year, to be carried forward is now £278k in total, equating to 2.5% of the Authority's total revenue budget, and is well within the limit of 10% that we set for ourselves in the Medium-Term Financial Strategy for 2024/25 onwards.

Treasury Management

4.65 The Fund's sterling cash balances at 30 September 2024 stood at £109.0 million (£114.1 million at 30 June 2024). The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



4.66 The following chart shows the movement in cash balances held for the current year to date and the previous three financial years.



4.67 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 0.98% of the Fund, compared with 1.03% at 30 June 2024.

5. What is getting in the way – Risk Management

5.1 We regularly review the things which might get in the way of us achieving our objectives – these are the risks that are set out in detail in the strategic risk register.

5.2 The register is held on a risk management software system, enabling a more streamlined process for reviewing, recording and reporting on risks as well as assisting managers through the use of triggers and action reminders for example.

5.3 The Strategic Risk Register report is attached at Appendix A.

5.4 The results of the latest review of the Authority's risks undertaken in November 2024 are set out in the commentary shown in the table in the report.

5.5 Two new risks have been added to the register in this quarter:

5.6 Risk *ADM-003 McCloud Rectification* – this is the new risk identified in relation to the risk of the Authority being unable to adhere to required timescales for rectifying member benefits protected by McCloud if the software system provider does not deliver the required system upgrades in time. This has been assessed as a high risk overall with a score of 16.

5.7 Risk *IAF-010 Pensions Review* – this has been newly added to the register to ensure that any risks emerging from the Pensions Review outcomes and current Government consultation for the LGPS are considered and managed. The risk is currently assessed as moderate with a score of 12.

5.8 One risk score has increased:

5.9 Risk *IAF-005 Employer contributions become unaffordable* – has increased from a score of 9 to 12. The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue. As a result, the likelihood of this risk has increased from 3 (Medium) to 4 (High)

5.10 Two risk scores have reduced since the last review reported:

5.11 Risk *GOV-003 Delivery of Key Objectives in the Corporate Strategy* – has reduced score from 12 to 8 as a result of a reduction in likelihood – reflecting the significant progress made in rollout of project management methodology and development of the Performance Management Framework.

5.12 Risk *ORG-002 Cyber Attack* – has reduced score from 16 to 12 due to the positive impact of the newly implemented managed detection and response (MDR) service.

6. Learning from things that happen

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

	Received in Q2 2024/25	Received in Q1 2024/25	Received YTD 2024/25	Received in Previous Year: 2023/24
Complaints	7	8	**15**	26
Appeals Stage 1	1	1	**2**	7
Appeals Stage 2	4	9	**13**	12

6.2 A detailed report of appeals, breaches and complaints and action taken is included in the quarterly administration report to the Local Pensions Board for scrutiny.

6.3 Most complaints received in Q2 concerned issues where the Authority was either waiting for information from the employer, which has caused a delay, or where the member wants something that the scheme rules do not permit e.g., transfer out within 12 months of Normal Retirement Date.

6.4 Two of the complaints received were due to one member’s employer not processing an opt out request and one member complaining about their pension reducing due to a GMP rectification.

6.5 There was one new Stage 1 appeal received and this was in relation to a Retirement recalculation where revised salary information had been received from the member’s employer, this appeal was received in September and has not been upheld.

6.6 Two stage 2 appeals from a previous quarter were determined. One was upheld regarding an error made on a member’s transfer out of their AVC fund. The other was not upheld – as it concerned delays to a transfer in that was not the fault of the Authority.

6.7 Ill-Health Appeals: these are generally in relation to the level of ill health pension awarded by the employer. Stage 1 appeals in relation to ill health matters are dealt with by the relevant employer and we were not made aware of any that had been raised. There were 4 stage 2 Ill Health Appeals received. 3 were upheld and returned to the Employer to reconsider their decision and 1 was not upheld.

Breaches of Law and Regulation

6.8 Three breaches were recorded in this quarter.

6.9 Two of these breaches related to payment of a refund after the 5-year legislative cut-off period. These will continue to recur as the teams work through the backlogs of casework.

6.10 One breach was a death grant payment made to one beneficiary instead of being split between both beneficiaries. The beneficiary who received the payment has now sent 50% to the other beneficiary.

6.11 No breaches have been reported to the Regulator in the period.

Satisfaction Surveys

6.12 A survey of 524 retiring members between May and July 2024 found that 95% of the 100 respondents were satisfied with the service they received.

6.13 A customer centre survey sent out to 4,151 members for the same period showed that of the 350 respondents, 93% were satisfied with the service they received.

Appendix A

South Yorkshire Pensions Authority – Strategic Risk Register

The following report sets out the register of strategic level risks. The risk scores are shown on a matrix of impact and likelihood – this equates to scores as shown on this key:

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

LIKELIHOOD

Next to each current risk score and matrix in the table, an icon is included to show the trend in the score since the previous review.

Indicates no change in score from the previous review.

Indicates the risk score has reduced since the previous review.

Indicates the risk score has increased since the previous review.

The results of the latest review resulted in two risks having their current scores reduced and one risk having the current risk score increased. Two new risks have been added to the register.

This table provides a high-level summary of the risks on the register that follows:

Appendix A – Strategic Risk Register

SOUTH YORKSHIRE
PENSIONS AUTHORITY

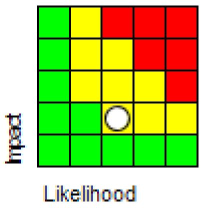
Risk Ref	Risk	Score	Trend
ADM-001	Poor Data Quality	12	–
ADM-002	Backlogs in Workflows	16	–
ADM-003	McCloud Rectification	16	New
GOV-001	Local Pension Board and Authority members' knowledge and skills	6	–
GOV-003	Delivery of key objectives in corporate strategy	8	↓
GOV-004	Failure to apply data protection requirements	12	–
IAF-001	Material changes to the value of investment assets and/or liabilities	9	–
IAF-002	Failure to mitigate the impact of climate change	20	–
IAF-003	Border to Coast Strategic Plan	6	–
IAF-004	Imbalance in cash flows	5	–
IAF-005	Employer contributions become unaffordable	12	↑
IAF-010	The Pensions Review	12	New
ORG-002	Cybersecurity attack	12	↓
ORG-004	Failure of the Authority to comply with relevant regulations	12	–
PEO-002	High level of vacancies within the organisation	9	–
PEO-003	Single person failure in specialist knowledge roles	12	–

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**ADM - 001 Poor data quality**	**Risk Owner:**	**Assistant Director - Pensions**
		Last Review:	30-Oct-2024
Risk effect:	Reputational Impact Regulatory and financial penalties Failure to deliver key projects such as McCloud rectification on time. Provision of inaccurate information and payment of benefits to members Inaccurate data impacting the valuation of liabilities during the triennial valuation. Increased delays to backlogs contributing to further increases		

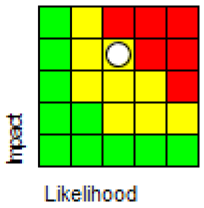
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Ongoing development of data improvement plan. Dedicated Programmes and Performance Team Use of DART to run daily validations (200) Projects Team resource to target highlighted issues - bulk data corrections. Use of Hymans data cleansing tool as part of valuation process. Targeted overtime with focus on priority casework	Implementation of front-end validation of employer data submissions. Use of DART to run daily validations (200 per day) New system testing, releases and updates. Dedicated systems team in place Issues and errors reported to System Providers Checking process in existing systems. Targeted staff overtime worked	Capacity exercise outcomes Further preventative measures to be assessed to address route cause In house system improvements and efficiencies Robust contract management Targeted staff training

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 12 **Trend**

Commentary from latest review:

The data improvement plan has been updated. The primary focus is still the GMP Reconciliation and Rectification exercise and this is now to be completed by 31 December 2024.

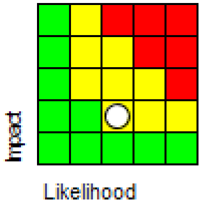
Data corrections for annual exercises have been undertaken but data improvement strategy is still to be implemented.

The GMP data has now been updated to records for Pensioners and deferred members. Pensioners have been rectified now too. The impact of the revised plan will be monitored however there is no justification to reduce the score at present.

Risk:	**ADM - 002 Backlogs in workflows**	**Risk Owner: Assistant Director - Pensions** Last Review: 30-Oct-2024
Risk effect:	Declines in the overall level of service performance. Regulatory penalties Reputational Damage	

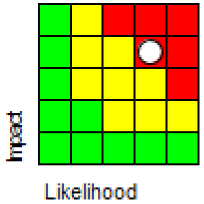
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Capacity planning exercise has been undertaken. An action plan considering a range of specific actions to address aspects of problems identified has been developed and is being worked through.	Improved processes and staff training Targeted overtime to focused areas Changes to work tray allocations Pre live launch testing processes in place.	Capacity planning exercise and focus group outcomes will be considered by members over the Autumn. However, this may take some time to have an impact
		Continuation of implementation of the action plan (particularly the automation of certain bulk processes) will provide some mitigation in the interim
		Overarching action plan to be developed
		Review of processes and policies

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 16 **Trend**

Commentary from latest review:

The overarching action plan was approved in February 2024 and is being monitored monthly.

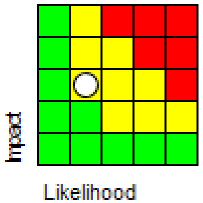
Whilst some progress has been made against some of the additional preventative and mitigating actions, like newly recruited staff undertaking training and now working on back logs too, and targeted action days, there is no justification to reduce the score at this stage.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**ADM - 003 McCloud Rectification – System Developments Not Delivered on Time**	**Risk Owner:**	**Assistant Director - Pensions**
		Last Review:	N/a - New risk added on 11 November 2024
Risk effect:	Timescales to rectify members’ benefits not met. TPR fines and reputational damage.		

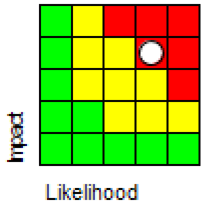
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
SYPA and other Provider Clients working together to collectively drive the Provider to deliver the developments required to adhere to national guidance		McCloud Rectification Plan to be put in place and team training implemented.
		In relation to the system provider - Attend User Groups, hold our account manager accountable at client meetings

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 16

Trend

Commentary from latest review:

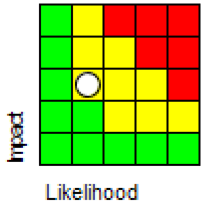
This is a new risk added at the latest review of the register. If the pensions administration software system provider does not deliver system developments to the required deadlines, SYPA will not be able to adhere to required timescales to rectify members benefits protected by McCloud regulations.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**GOV - 001 Local Pension Board and Authority Members Knowledge and Understanding**	**Risk Owner:**	**Head of Governance and Corporate Services**
		Last Review:	30-Oct-2024
Risk effect:	Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.		

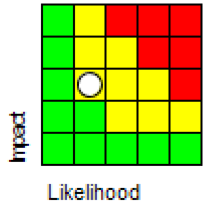
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Annual effectiveness reviews and action plans Identify changes to legislation and key regulatory requirements that require enhanced knowledge and skills development Continuation of collaborative engagement of Independent Advisors, Internal Auditors and Officers	• Member Learning and Development Strategy and associated mandatory training requirements in place.	Continuous review of the pensions landscape for legislative and regulatory change

Target matrix and score:



Target Score = 6

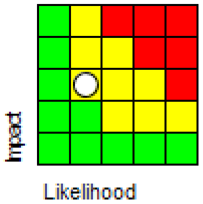
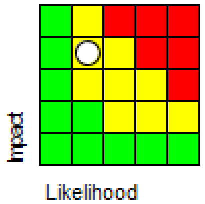
Current matrix and score:



Current Score = 6

Trend

Commentary from latest review: Core training 100% compliant, and all members completed the National Skills Assessment. We are at target and have been for the past two reviews. However this risk remains on the strategic register as the level of risk can change quickly due to turnover of membership and therefore needs to be kept under review.

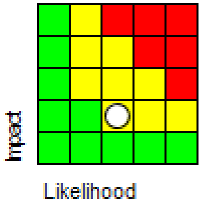
Risk:	GOV - 003 Delivery of Key Objectives in Corporate Strategy	Risk Owner:	Head of Finance and Performance
		Last Review:	31-Oct-2024
Risk effect:	We will not deliver the service to our scheme members set out in our mission statement.		
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**	
Regular monitoring and review of objectives delivery	Programmes and Performance Management Team Established Installed Programmes and Performance Management System Programme Management framework implemented	Implementation and go live of Performance Framework	
Target matrix and score:	 **Target Score = 6**	**Current matrix and score:**	 **Current Score = 8** **Trend**
Commentary from latest review:	The project management methodology has now been rolled out to all service managers. There has been uptake across the organisation for a number of different projects. The P+P service manager will continue to monitor uptake, to ensure that we have consistent usage of the methodology. The performance management framework piece of work is due to be completed by 31 December 2024. The P+P service manager has made significant progress with this action, with 75% having been completed. The most significant dashboards and KPIs for the Benefits team have been made to help understand the backlog. With the progress having been made the likelihood score has been moved from a 3 to a 2. This will continue to be monitored with the progress of the performance management framework piece of work.		

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**GOV - 004 Failure to apply data protection requirements.**	**Risk Owner:**	**Assistant Director – Resources**
		Last Review:	30-Oct-2024
Risk effect:	Financial or Regulatory penalties. Reputational damage to the organisation. Inability to deliver the service.		

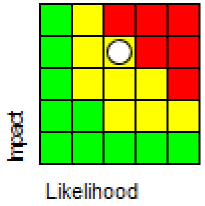
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Data breach process followed to identify areas for improvement. Close liaison with DPO. Reporting to ICO and implementing any recommendations. Implementation of data recovery plan.	Access to expertise through BMBC Corporate Assurance Team and DPO. ICT control measures. Data protection policies, procedures and training in place.	Data Protection Training Implement Information Governance Action Plan

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 12 **Trend**

Commentary from latest review:

Progress as reported in the previous review is continuing well with training for staff under way and due to be completed before the end of this calendar year.

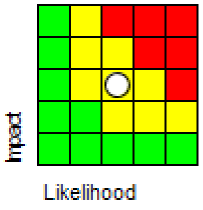
At this stage there is no justification to reduce the risk score.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**IAF - 001 Material changes to the value of investment assets and/or liabilities**	**Risk Owner:**	**Assistant Director - Investment Strategy**
		Last Review:	11-Nov-2024
Risk effect:	Sharp and sudden movements in the overall funding level		

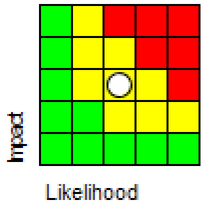
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Having a diversified Investment Strategy focussed on relatively lower risk and less volatile investments. Element of inflation protection built into the asset allocation both through specific assets (such as index linked gilts) and proxies such as property and infrastructure		Ability to implement protection strategies if market circumstances indicate they are appropriate.

Target matrix and score:



Target Score = 9

Current matrix and score:



Current Score = 9

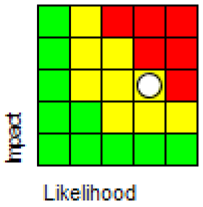
Trend

Commentary from latest review: No justification to change the score at this stage. Will remain on the register and be monitored.

Risk:	**IAF - 002 Failure to mitigate the impact of climate change**	**Risk Owner:**	**Director**
		Last Review:	30-Oct-2024
Risk effect:	Significant deterioration in the funding level		

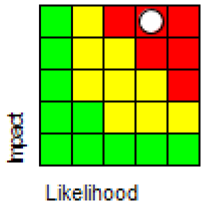
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast. Asset allocation tilted to favour more climate positive investments. Review of Investment Strategy following the 2022 Valuation to integrate the achievement of Net Zero within the Strategic Asset Allocation. Reporting in line with the requirements of TCFD and regular monitoring of the level of emissions from portfolios, with outline targets for reductions.	Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast	Additional engagement with Border to Coast to identify potentially climate positive investments. Analysis of end of year climate data to gain a detailed understanding of the current emissions trajectory. Clear targets for emission reduction to be set for remaining portfolios.

Target matrix and score:



Target Score = 12

Current matrix and score:



Current Score = 20 **Trend**

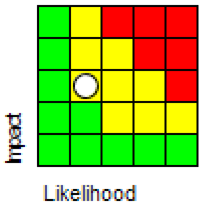
Commentary from latest review: The position remains as previously noted. The actions of SYPA in isolation will never be sufficient to wholly mitigate the potential impact of climate change on the value of the fund's investments

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**IAF - 003 Border to Coast Strategic Plan**	**Risk Owner:**	**Director**
		Last Review:	30-Oct-2024
Risk effect:	Decline in investment performance. Increased costs as a result of the need to move to more expensive products. Potential changes in the risk and volatility levels within the portfolio		

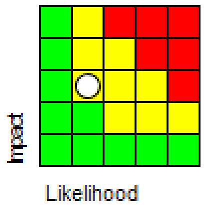
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Programme of specific risk mitigations agreed as part of the 2022 - 2025 Strategic Plan and Budget	Process of engagement between the Company and stakeholders to agree the Company's Strategic Plan and Budget containing appropriate mitigations. Succession and contingency planning arrangements in place within the Company Ongoing monitoring of Programme of specific risk mitigations set out in 2022 - 2025 strategic plan	No further actions at this stage

Target matrix and score:



Target Score = 6

Current matrix and score:



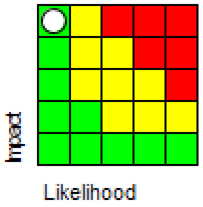
Current Score = 6 **Trend**

Commentary from latest review: No developments have taken place which would indicate a justification for changing the risk score, although as previously indicated, given the significance of the pool to the success of delivering the Authority's strategy the risk should remain on the register.

Risk:	**IAF - 004 Imbalance in cashflows**	**Risk Owner:**	**Assistant Director - Investment Strategy**
		Last Review:	11-Nov-2024
Risk effect:	Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative impacts on individual pensioners.		

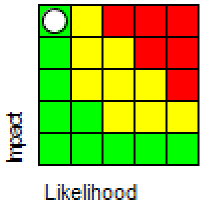
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Process for monitoring and forecasting cashflows	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll.	Further improvements in cashflow forecasting
		Implementation of strategies to more regularly harvest income from investments

Target matrix and score:



Target Score = 5

Current matrix and score:



Current Score = 5

Trend

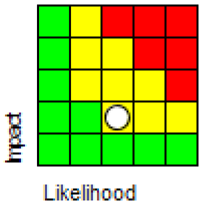
Commentary from latest review: This risk still remains at target score but will remain on the register due to potential fluctuating circumstances.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**IAF - 005 Employer contributions become unaffordable**	**Risk Owner:** Last Review:	**Assistant Director - Pensions** 15-Oct-2024
Risk effect:	Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers		

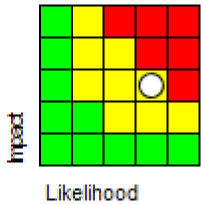
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Phasing of increases and stabilisation mechanism in the valuation Negotiated exit depending on the type of employer 2. Ability to undertake contribution reviews	Investment strategy that is focused on long term returns and reduced volatility Reviews of employer covenant and ongoing monitoring of funding levels	More systematic review of employer covenants More systematic use of the funding monitoring tools that the actuary gives us access to

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 12

Trend

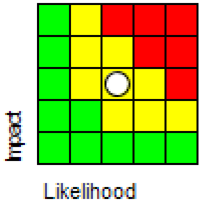
Commentary from latest review:	The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue. As a result, the likelihood of this risk has increased from 3 (Medium) to 4 (High)

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**IAF - 010 The Pensions Review**	**Risk Owner:**	**George Graham**
		Last Review:	N/a – New risk added 27 November 2024
Risk effect:	Destabilisation of the B2C pensions partnership. Inability to deliver the investment strategy. Regulatory action against the Authority if we fail to meet the Governance standard		

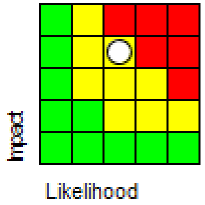
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
The existing strong partnership through Border to Coast Strong governance arrangements as evidenced in the Independent Governance Review		Ensure that steps are taken to address requirements as far as possible in advance of regulation
		Influence Final Guidance and Regulation

Target matrix and score:



Target Score = 9

Current matrix and score:



Current Score = 12 **Trend**

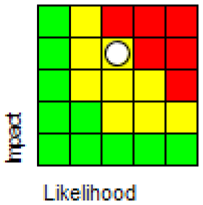
Commentary from latest review: This is a new risk added at the latest review of the register to ensure that any risks emerging from the Pensions Review outcomes and current Government consultation for the LGPS are considered and managed.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**ORG - 002 Cyber security attack**	**Risk Owner:**	**Head of ICT**
		Last Review:	07-Nov-2024
Risk effect:	Significant disruption to the provision of services. Loss / unauthorised release of key data. Reputational damage and financial penalties		

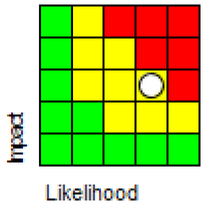
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Effective ICT business continuity plan in place. Incident response retainer with specialist security provider Cyber Security Incident Management Policy in place. Further enhancement of Cyber Security defences	Regularly updated policies, software and hardware e.g. firewalls etc. to ensure multi layer cyber security defences. Regular penetration testing. Cyber Security Essentials Plus Certification Regular refresher training on cyber security for all staff with a requirement to achieve a minimum level of pass. Policies and Codes of Practice in place Targeted threat protections Regular internal and external audits	The original identified actions are complete to date however additional actions are currently being reviewed alongside the Independent Governance Review action plan and TPR Code of Practice.

Target matrix and score:



Target Score = 12

Current matrix and score:



Current Score = 12

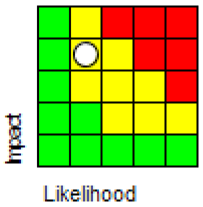
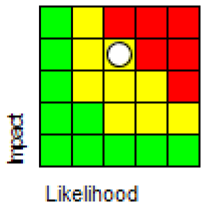
Trend

Commentary from latest review:

Implementation of MDR (Managed Detection and Response) service with 24/7 monitoring has resulted in significant improvements to our cyber incident detection capabilities, which will effectively reduce threat investigation and remediation response times. Combined with the included full scale incident response function, this will reduce the impact of a cyber-attack enough to decrease the impact score from 4 (High) to 3 (Medium).

Risk:	**ORG - 004 Failure of the Authority to comply with relevant regulations**	**Risk Owner:** Last Review:	**Head of Governance and Corporate Services** 30-Oct-2024
Risk effect:	Enforcement action by relevant regulatory authorities		

Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Regular reviews of key policies and processes Ongoing process of awareness raising and training for staff in relation to operational matters Oversight of key updates and awareness of milestone approvals	Service areas are aware of key points of reference for relevant regulations Reporting of compliance within relevant standards. Regular assessment of compliance with TPR General Code	Central tracker that is regularly reviewed to ensure timely updates to all policies, procedures and frameworks Delivery of additional Data Protection training in roles and responsibilities for all staff, middle managers, and SMT Implement and embed the Information Governance action plan in collaboration with Internal Audit at each stage of review More detailed assessment of compliance with emerging regulatory requirements. TPR General Code with associated action plan and enhanced regular reporting

Target matrix and score:	 **Target Score = 8**	**Current matrix and score:**	 **Current Score = 12** **Trend**

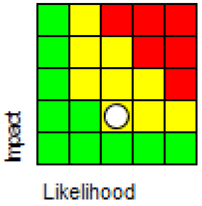
Commentary from latest review:	Progress is continuing to be made on all of the linked actions; however these have not yet reached a stage of completion that would justify a change to the risk score.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	PEO - 002 High level of vacancies within the organisation	Risk Owner:	Assistant Director – Resources
		Last Review:	30-Oct-2024
Risk effect:	Inability to deliver the service Negative impact on staff wellbeing Poor staff retention resulting in loss of specialist knowledge		

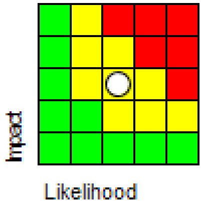
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Capacity planning to identify additional resources. Regular one to ones, review of workload and work life balance. Promotion of wellbeing initiatives. Provision of Counselling, Occupational Health and Employee Assistance Programme. Investment in training and development. Market supplements to secure specialist roles. Develop action plan following 2023 employee survey	Career grade scheme in place to develop in house specialists. Targeted advertising including using social media Introduction of hybrid working and existing flexi scheme. Increase in staffing following capacity planning outcomes.	Develop talent attraction via Employee Value Proposition

Target matrix and score:



Target Score = 6

Current matrix and score:



Current Score = 9

Trend

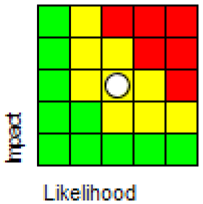
Commentary from latest review: No further change to the score is required from this review.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	**PEO - 003 Single person risk in specialist knowledge roles**	**Risk Owner:** Last Review:	**Assistant Director – Resources** 30-Oct-2024
Risk effect:	Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.		

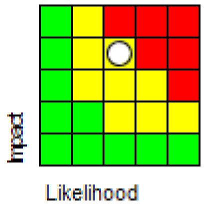
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Organisational Resilience Plan. Lessons learned to identify single points of failure. Ability to call on external third party support. Regular one to ones, review of workload and work life balance. Promotion of wellbeing initiatives. Provision of Counselling, Occupational Health and Employee Assistance Programme. Arrangements for third party support are in place where appropriate	Revised pay and benefits package Range of policies for supporting wellbeing Documented procedures and work instructions Learning and development plans and knowledge transfer	Identify Single Person Risk Knowledge Transfer Succession Planning

Target matrix and score:



Target Score = 9

Current matrix and score:



Current Score = 12 **Trend**

Commentary from latest review:

No significant changes or actions undertaken in this area during the last quarter. The mitigation action to ensure third party support available where required has been marked complete as sufficient arrangements are in place.

The next actions to be undertaken will focus on identification and management of single person risk in each of the service areas across the organisation.

No change to the score at this stage.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Approval of the Levy 2025/26**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Chief Finance Officer and Director		
Equality Impact Assessment	Not Required	Attached	N/a
Contact Officer	Will Goddard, Head of Finance and Performance	**Phone**	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

1.1 To approve the Levy for 2025/26 under the Levying Bodies (General) Regulations 1992.

2 Recommendations

2.1 Members are recommended to:

a. **Approve a total levy of £286,847.00 for 2025/26 in accordance with The Levying Bodies (General) Regulations 1992, to be allocated to the District Councils in proportion to their approved council tax base shares.**

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 approval of the Levy ensures the Authority demonstrates transparency and complies with regulations in the recovery of costs associated with the former South Yorkshire County Council and South Yorkshire Residuary Body.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report have no direct implications for the Corporate Risk Register.

5 Background and Options

5.1 Responsibility for early retirement compensation payments awarded by the former South Yorkshire County Council and South Yorkshire Residuary Body passed to the Pensions Authority when it was created in 1988. The statutory instrument under which the Authority was created (*The Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987*) made provision for the four District Councils to reimburse the Pensions Authority for the cost of those payments on a proportional basis according to the size of their population. The Levy is the mechanism by which that reimbursement is achieved.

5.2 The Levy is calculated in November each year based on an estimate of the costs of these payments in the following financial year less any balances owed to the councils. The total Levy amount is allocated to each district in proportion to their council tax base for the year.

5.3 The forecast outturn on the Levy account for 2024/25 is as follows.

Levy Account 2024/25	Balance Brought Forward 1 April 2024 £	Plus: 2024/25 Levy Income £	Plus: Nov 2024 Forecast of Costs 2024/25 £	= Forecast Balance Owed (To)/From Districts at 31 March 2025 £
Barnsley MBC	(8,341)	(51,351)	55,286	**(4,496)**
City of Doncaster Council	(10,883)	(66,733)	71,780	**(5,836)**
Rotherham MBC	(9,140)	(56,072)	60,309	**(4,903)**
Sheffield City Council	(18,921)	(112,636)	121,639	**(9,918)**
Total	**(47,375)**	**(286,792)**	**309,014**	**(25,153)**

5.4 The costs for 2025/26 have been estimated as £312,000; the estimation methodology takes account of actual movements in the costs during the current financial year and applies the inflationary increase expected to take effect in April 2025, which is forecast as 1.7% based on September 2024 CPI. Taking into account the estimated closing balance from 2024/25 of (£25,153) as per the table above, this results in a total Levy for 2025/26 of £286,847.

5.5 The estimated apportionment of the 2025/26 Levy, based on 2024/25 Council Tax Base shares, is shown in the table below. Please note the actual apportionment of the 2025/26 charges will be re-calculated to reflect the approved 2025/26 Council Tax Base figures for each district as soon as this information is available.

Levy 2025/26	Forecast Balance at 1 April 2025 £	Plus: Estimated 2025/26 Costs £	= Total Levy 2025/26 £	Proportion
Barnsley MBC	(4,496)	55,820	**51,324**	17.89%
City of Doncaster Council	(5,836)	72,473	**66,637**	23.23%
Rotherham MBC	(4,903)	60,892	**55,989**	19.52%
Sheffield City Council	(9,918)	122,815	**112,897**	39.36%
Total	**(25,153)**	**312,000**	**286,847**	**100.00%**

6 Implications

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

Financial	The issuing of the Levy to the four districts enables the Authority to recover costs relating to the former SYCC / Residuary Body.
Human Resources	None
ICT	None
Legal	The Levy approval as outlined in this report ensures that the Authority complies with The Levying Bodies (General) Regulations 1992.
Procurement	None

Gillian Taberner

Assistant Director – Resources & Chief Finance Officer

George Graham

Director

Background Papers	
Document	**Place of Inspection**
None	

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Tough Talk and Maximum Pressure: From Tariffs to Pensions

The verdict is in. In a year of global elections the incumbents have been ditched. Despite evidence of economic growth, even in the UK and Europe, and confirmation that inflation was in retreat, years of cumulative inflation took their toll – especially on the US voter. The comeback and re-election of President Donald Trump was the result of a quixotic coalition of billionaires and the working class and he was elected promising an agenda of mass deportations, tough tariffs, America first, government downsizing (DOGE) and a raft of further tax cuts. This America first agenda is boosting US markets and causing some handwringing among its trading partners.

Meanwhile, geopolitical fires continue to burn, but at the time of writing a ceasefire between Israel and Hamas had been floated. The conflict in Russia and Ukraine continues to intensify with the use of long-range US supplied missiles within Russia and dialed up nuclear sabre-rattling. In the UK the post budget analysis became eclipsed by pending pensions reform, and an accelerated response period and desire for bold action has created a scramble to respond among Pools and Administering Authorities alike. While equities globally remain sanguine, bonds have shown more volatility, and the beginning of the interest rate cut cycle has injected some support into markets that clearly needed a boost – particularly in Europe and the UK. As we round out the year, we are preparing for a new-ish world order as we watch the impact of Trump 2.0.

Key Developments since the last quarterly update:

- **Inflation stays in check, but fears remain.** UK and European inflation continued to stay range bound in recent months although the US number ticked up slightly at the last reading to 2.6%. While in the US food and energy stayed stable, there was a slight tick up in services inflation and the cost of labour . . this leads to some concern that the stickiest part is still remaining and, indeed, that the "last mile" of conquering inflation will be the hardest. This will especially be the case in the UK and Europe where energy costs are likely to rise going into the winter – this is less of a threat in the US which is now broadly energy independent.

- **Rates are coming down but where will they settle?** All three of the Bank of England, the ECB and the US Fed have now instituted a double set of rate cuts citing data dependency, confidence in the state of inflation and, in the case of the US Fed, a sense that a soft landing has been achieved. While the telegraphing from the institutions has been coolly executed and without surprises, bond markets have responded in a somewhat schizophrenic fashion. In the US, bonds initially rallied as rates were expected to fall steadily, while signs of economic strength led to a sell off and yields returned to a relatively high level. In the UK, similar volatility in UK Gilts was caused by a lack of confidence in government policy and post-budget wobbles. So far, the bond market has been a lot more volatile than equity markets, which could be a sign of cracks in the seemingly resilient economic state.
- **Testing the Limits of the Trump Trade.** Despite a nail-biting finish in the US Presidential election, President Trump executed his political comeback in a convincing fashion. This led to most of the Trump trade (see below on page 6) playing out as expected, and even the most destructive tactics, namely sizeable tariffs on imports, were shrugged off by markets at this stage. Market exuberance translated into a very strong run for US equity markets in the fourth quarter so far, with world markets also strong, albeit trailing.
- **Geopolitics heats up.** It has been a year of geopolitical turmoil and maybe because geopolitical developments seem to have lost their ability to really stop the wheels of commerce and shock markets, protagonists are upping the ante. As we write above, both conflicts in Russia and the Middle East were intensifying in recent weeks, while one may be closer to a resolution than the other.

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Current Macro Snapshot

Modest growth but markets demand more

The UK budget in October set the stage for a very measured recovery in economic growth – projecting 1.1% in 2024, 2.0% in 2025, 1.8% in 2026, 1.5% in 2027, 1.5% in 2028, and 1.6% in 2029. CPI inflation was forecast to average 2.5% this year, 2.6% in 2025, then 2.3% in 2026, 2.1% in 2027, 2.1% in 2028 and 2.0% in 2029. While last quarter we noted that Sterling hit a two year high against the USD, the “downcast” budget in terms of taxes and rates did not inspire confidence and the currency lost ground. The budget was designed to boost long-term growth, with a mantra of “invest, invest, invest” and set out a “modern industrial strategy" to set out the sectors with the "biggest growth potential" such as aerospace and automotive sectors as well as life sciences. Other investments were announced around green hydrogen and carbon capture in a program designed to restore stability and rebuild Britain.

Despite this ambitious language, the increase in taxes and business rates led markets to be unconvinced and UK Gilt yields rose indicating ongoing lack of confidence in the Britain's desired economic recovery.

Outside the UK economic growth remained anaemic in Europe (Spain being a notable exception) and was at modest levels in the US. This gave faith to the notion that the US economy at least could grow its way out of some of its problems (like its growing federal budget deficit). The resilience of the US consumer continues to be a phenomenon, and as the chart below shows, spending remains robust as we enter the festive spending season.

Inflation – looking back to look forward

All of the signals suggest that inflation is largely yesterday's problem, and now the devil is in the detail of conquering it in its last mile. Policy makers exude confidence (c.f. the budget projections issued in the UK above) and clearly are prepared to risk re-igniting it through interest rate cuts, shifting their focus to employment and economic activity. This chart mapping the inflation pattern in the US to that of the 1970s gives some pause though. While the drivers of inflation then (which included the oil crisis) and the drivers of the recent spikes (Covid dislocations followed by massive stimulus) were different, it is sobering to witness how inflation can behave.

The green line reflects current CPI in the US, while the blue line shows the shape of 1970s inflation.

Monetary easing is unleashed, but will it work?

The US Fed delivered according to expectations with two rate cuts – one of 50 bps in September and one of 25 bps in November, while the Bank of England delivered two consecutive 25 bps rate cuts bringing the base rate to 4.75% and the ECB did the same, bringing its base rate to 3.25%. It is worth pausing here to ask whether monetary easing will have the effect we think it will have?

We know that during the rate rise cycle the "transmission effect" was delayed as fewer consumers that expected were actually affected by rate rises, and some delayed remortgaging while some corporates had locked in favourable borrowing rates of their own and could delay refinancing. Lower rates will stimulate borrowing and may make business models make sense again, in places such as infrastructure, but can it change structural impediments to growth, particularly in Europe? Some of these include demographic changes, higher regulation and taxation, and a sluggish institutional investor base. This month former "lions" of Europe have come under the microscope with a slump in industrial profits in Germany – especially the auto industry, which has seen profits slump (WV 64%, Audi 91%, BMW 84% and Mercedes Benz 54%), and a crisis of confidence in France due to its political paralysis.

The European economy has failed to follow the trajectory of the US one over the past 15 years and as noted before the current set of rate cuts is expected to be a shallow set of cuts.

Talking Tariffs and Cabinet Picks

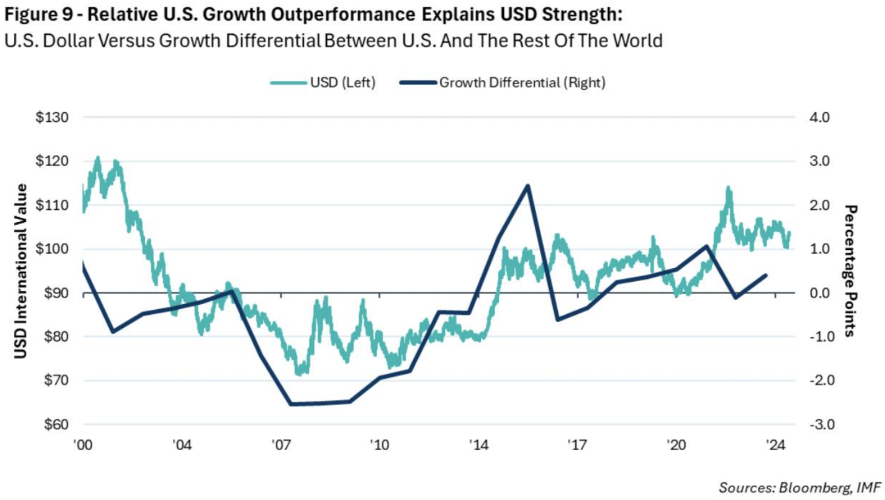
No stranger to "shock and awe" tactics, the incoming President Trump announced a catalogue of bold and disruptive cabinet picks, as well as forecasting sizeable (25%/35%) tariffs on imported goods from Mexico, Canada and China tied in certain cases to commitments re. immigration reform. It was staggering that these announcements did not have a stronger effect on markets given their obvious inflationary nature – perhaps markets were less focused on rhetoric and more on action, and certainly some sectors – such as financials, which are not dependent on imported goods – were relatively strong.

Outside trade policy, certain cabinet picks such as the known anti-vaccine advocate Robert F Kennedy Jr. for Health and Human Services Secretary did rock sectors such as pharma, but otherwise markets have been relatively sanguine.

Turning to digital assets, Trump ran on a campaign of aggressive deregulation and downsizing and the pending departure of SEC Commissioner and Bitcoin hawk Gary Gensler drove the price of Bitcoin to close to $100,000. In addition, many of the "picks and shovels" or supporting infrastructure stocks such as digital asset exchanges performed strongly.

It is exceptionally difficult to classify newer and emerging classes such as Bitcoin and other digital assets as it is impossible know how they will behave throughout market cycles. However, the current ascent of those assets indicates just how pro-cyclical they are but similarly could also represent a desire to hold an alternative asset to fiat currency if a debasement of that currency is expected. Debasements of currency can occur when confidence falters – c.f. the fall of Sterling after Brexit, the Gilt Crisis of late 2022 and again after this year's budget, and also when the government debt burden grows. So Bitcoin prices could be sending us a signal of a flight to safety in progress – this and the persistent strength in the price of gold:

Trump's fiscal policies are estimated to add over $7 trillion to the Federal Budget deficit, as revenue cuts stemming from tax and government spending cuts are offset by tariff revenue, but markets seen poised to ignore this – as they often do. Because growth is persistent – at least in the US, the consumer is strong and spending remains supported, a growing budget deficit recedes in its near-term impact. The problem with such a stance is when growth comes in short – as it has been doing in Europe and the UK.



The Trump Trade

While this chart is not new (from May 2024), it is worth revisiting the expected Trump trades from over six months ago, if only to validate them as they have largely played out exactly as expected.

Winners	**Losers**
Traditional energy	Renewable Energy/Solar
Gold	USD?
Bitcoin/Crypto Currency	Chip stocks?
Industrials	EV manufacturers
Deregulation	DEI
Inflation	Environmental Regulation
Tax cuts?	Big tech?
	Nato, Europe, Ukraine, Asian exporters
	Economic Growth
	US Fed independence
	China – now in contraction territory

Finally, we read this month that global private credit has now hit $3 trillion reflecting its affirmative move out of “shadow banking” and into the main stream. It remains relatively conservative at this juncture too – as leverage levels within funds are consistent at between 0.1x to 1.5x debt to equity while 31% of funds are unlevered. This suggests that the maturing asset class is in no way overstretched and is well established in the short to medium term.

Individual Asset Class Performance.

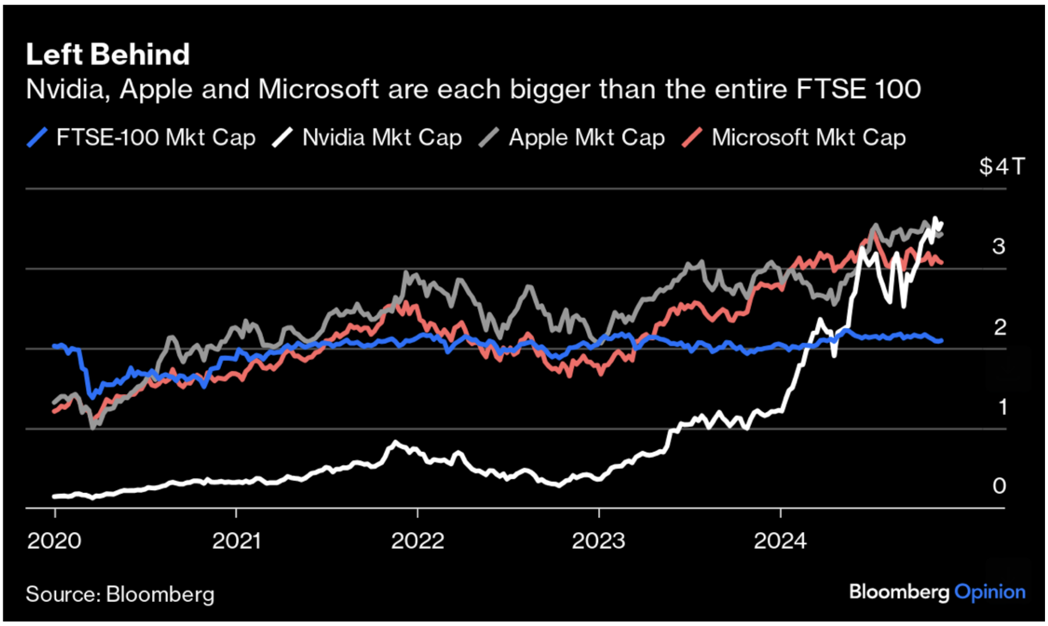
- Equities
- Fixed income
- Real Estate
- UK Pensions as outliers

The chart below shows recent performance in main equity indices (at November 28, 2024):

Equity Index	**Last 12 months**	**Year to date (November 28, 2024)**
FTSE 100	9.92%	7.02%
S&P 500	25.76%	31.82%
Nasdaq	26.97%	33.68%
Dax (Europe)	18.45%	15.94%
Hang Seng	13.94%	15.41%
Shanghai Comp	11.82%	9.72%
Nikkei 225	14.18%	14.29%

It can be seen that all global equity indices have had decent positive performance – in line with expected average equity returns - on a year-to-date basis albeit with marked dispersion between the tech-dominant Nasdaq and the more old-economy oriented FTSE 100.

The breakaway nature of certain stocks and the relative lag of European markets is indicated by the chart below, which illustrates how each of the three companies Nvidia, Apple and Microsoft is alone bigger than the entire FTSE 100.



As noted above, renewable energy stocks were particularly unpopular after President Trump's victory, and this manifested in sharp sell-offs as shown below.

Last quarter we showed a chart reflecting a broadening of market strength into sectors beyond tech, and in the last few months this breadth extended to include small and mid-cap sectors – typically sectors less affected by imports and a strong dollar and beneficiaries of an America First approach to purchasing.

Fixed Income: Where worry finds a home?

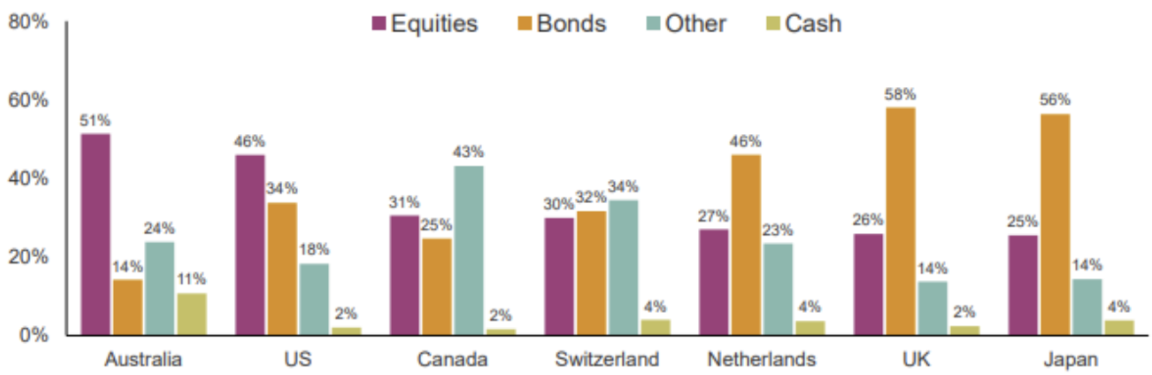
Bonds continue to display more volatility than equities at present, and, despite one jumbo rate cut and another of 25 bps fixed income yields in the US performed a full "round trip" – with bonds initially rallying in the expectation of more rate cuts, then essentially going right back to their starting position of 18 months earlier as it looked like the economy was stronger than thought. While this means that short term risk-free bonds – as well as cash – still produce decent returns, they will pale in comparison to the equity returns shown above, and any portfolio positioned for growth cannot have too much of an overweight there (c.f. the discussion on UK pension weightings below).

Real Estate

Green shoots are appearing in real estate – as mortgage rates finally start to reflect the start of a rate easing cycle and home sales have received a bit of a positive nudge. On an institutional level there is broad optimism regarding sectors such as residential, industrial and, for the first time in some time, retail, as experiential and premier mall sites enjoy heavy footfall from a resilient consumer and as falling rates look to boost transaction volumes and returns. In the UK one manager estimated a total return of 8.5% over the next 5 years, a very favourable one relative to recent history.

UK pensions in the cross-hairs

As the UK government consults on harnessing pension fund assets to inject growth into the UK market, an interesting study by Towers Watson's Thinking Ahead Institute revealed a major divergence between UK institutions and those in the rest of the world, particularly around the use of bonds. As the charts below show, UK institutions are an outlier in the high percentage owned in bonds - only Japan comes close – while other alternatives such as real estate and real assets also trail their global peers.



Thinking Ahead Institute

This is an intriguing difference in approach, which may be traced to the position of The Pensions Regulator, who has encouraged a resolute focus on funding level and a derisking with a glide path to buyout as pensions mature. There has been little appetite for the funding level volatility that a riskier asset allocation might entail and indeed the use of LDI and leveraged LDI products which has become pervasive among the DB pension community precluded much exposure to risk assets. Added to this, the recent Gilts crisis in the UK further undermined the use of risk assets by UK pension funds as their asset base shrank and their existing private allocations were found to be overweight and likely to remain so.

We might suggest that despite the government's current good intentions it could take decades to unwind a firm allocation bias which has taken root over the last 15-20 years, and the encouragement to invest "at home" may need to be accompanied by a lighter regulatory touch and more freedom of self-determination.

Outlook

In previous newsletters this year we spoke about economies and markets "in transition" – from high inflation to moderate, from high interest rates to falling ones, from incumbent governments to newly elected ones and from Covid excesses to the post Covid new normal. It seems that we should have finished that transition now. It seems that we have a new reality even if markets haven't yet figured out how to deal with it.

That reality is a world economy where a leader has pulled far, far in front, and is lapping some of the laggards, seemingly getting stronger at every lap. That growth surge is minimizing other factors – rising government debt, rising inequality, an affordability crisis – although those other factors continue to roil the other racers. All of the attention is on the leader – the elite runner – which means that policies that dominate there – downplaying sustainability factors and the energy transition, deregulation and low taxes – get disproportionate attention, and drown out alternative approaches.

With populations falling and growth stuck in a vice Europe will struggle to recover global attention and investor interest, while Emerging Markets are hardly visible under the pile of towels that have been thrown at them.

The incoming US administration promises to be as fascinating as it is impactful, and its policies – whether or not enacted – are likely to attract extensive media attention. For investment portfolios we will be watching in particular:

- **Equity markets beyond the US – how much do they matter?** Because the US has dominated equity market returns and now represents 75% of the MSCI World Index, it is tempted to think that non-US markets no longer are as relevant for portfolio construction. This is a rebuttable presumption – we will see if the months ahead rebut it.

- **Digital Assets – will we all want a piece of the action?** The increased attention on digital assets such as Bitcoin during the US election and now in its aftermath are likely to attract more and more institutional attention as equity markets seem to touch frothy levels and bonds fail to excite. A wave of deregulation will bring some casualties but it is worth watching how this industry continues to define its value proposition and mature.
- **The target and pace of rate cuts:** Now that the rate cut cycle has kicked off there is plenty of capacity to ease – although central banks are likely to be highly alert to the potential for overheating their economies as none could stomach the spectre of inflation in high single digits any time soon. We will be interested in this as a lever to propel growth but also to examine how effective monetary policy can be these days – a controversial topic.
- **The divergence between saying and doing.** President Trump and his team have been saying a lot, once inauguration day passes we can see what he actually "does". Already geopolitical alliances have been kickstarted by much of the strong rhetoric while markets seem to wait for the "proof of work". The quarter to come will allow that work to see the light of day.

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With best wishes for Christmas and the festive season and I wish you a Happy New Year 2025.

November 29, 2024

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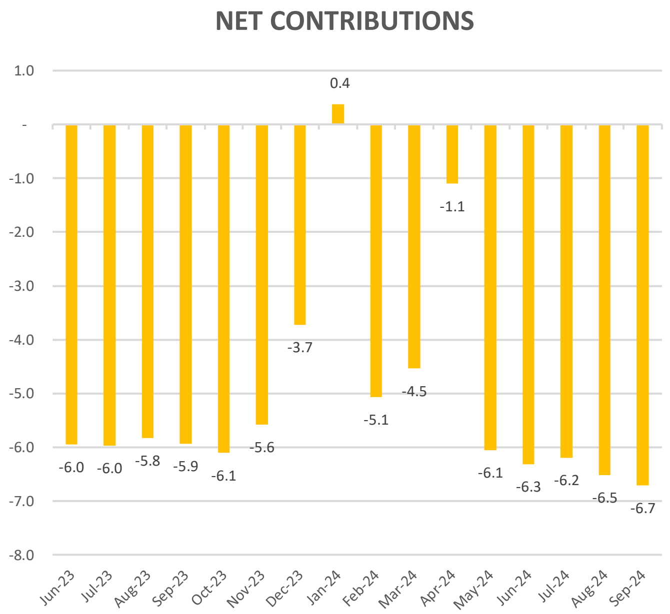
SOUTH YORKSHIRE
PENSIONS AUTHORITY

QUARTERLY REPORT
TO 30 SEPTEMBER 2024


NET CONTRIBUTIONS
1.0
-
-1.0
-2.0
-3.0
-4.0
-5.0
-6.0
-7.0
-8.0
0.4
-6.0
-6.0
-5.8
-5.9
-6.1
-5.6
-3.7
-5.1
-4.5
-1.1
-6.1
-6.3
-6.2
-6.5
-6.7
Jun-23
Jul-23
Aug-23
Sep-23
Oct-23
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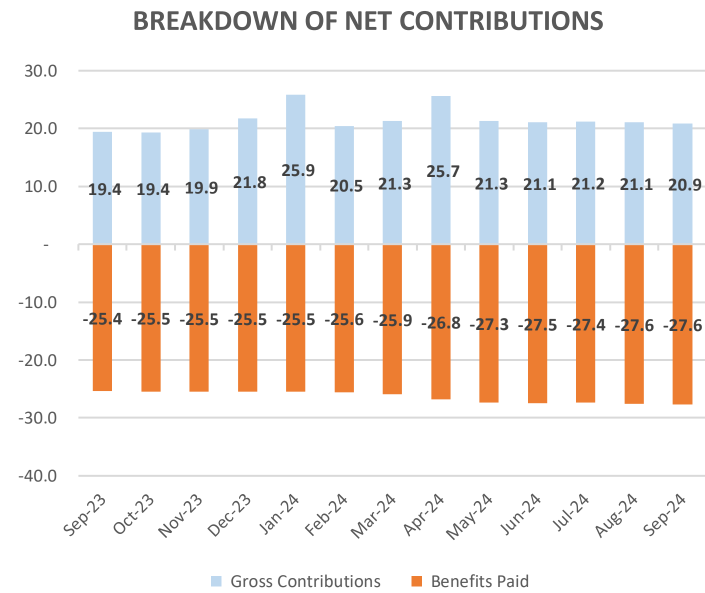
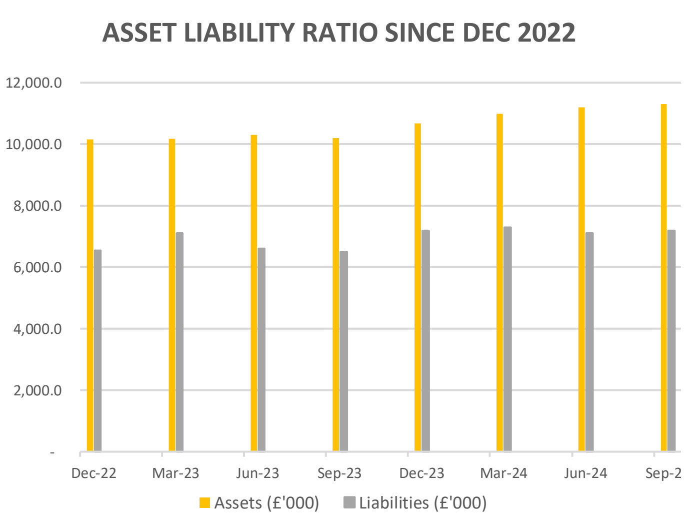
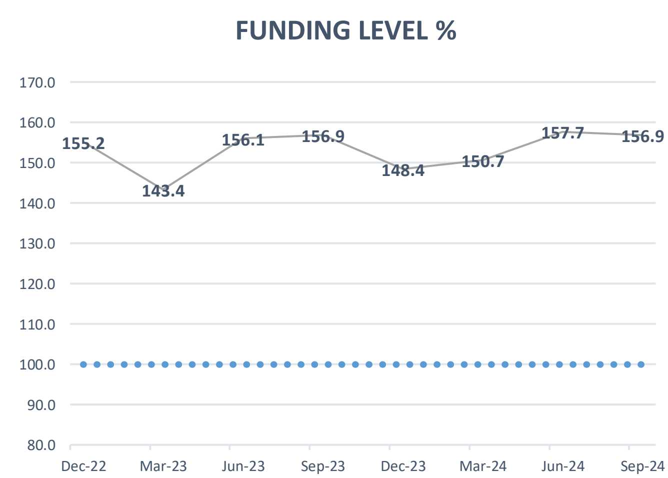
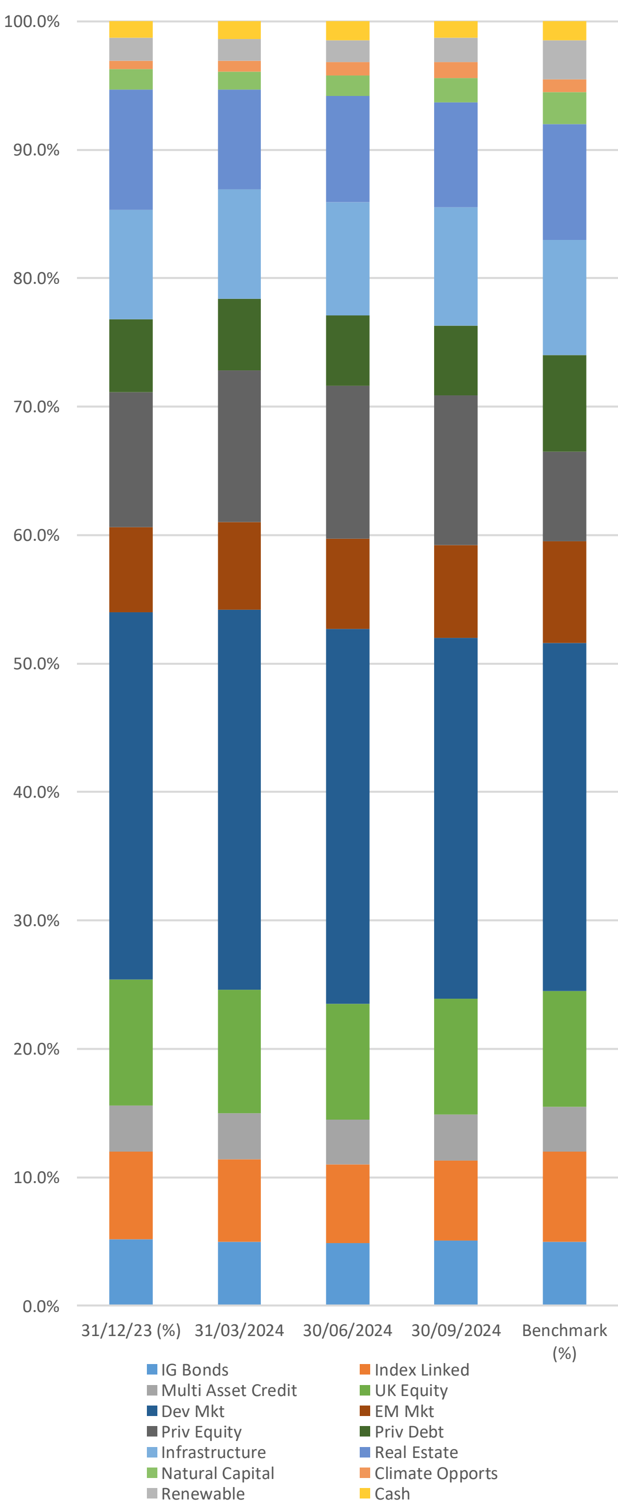
Jul-24
Aug-24
Sep-24


BREAKDOWN OF NET CONTRIBUTIONS
30.0
20.0
10.0
-
-10.0
-20.0
-30.0
-40.0
19.4
19.4
19.9
21.8
25.9
20.5
21.3
25.7
21.3
21.1
21.2
21.1
20.9
-25.4
-25.5
-25.5
-25.5
-25.5
-25.6
-25.9
-26.8
-27.3
-27.5
-27.4
-27.6
-27.6
Sep-23
Oct-23
Nov-23
Dec-23
Jan-24
Feb-24
Mar-24
Apr-24
May-24
Jun-24
Jul-24
Aug-24
Sep-24
Gross Contributions
Benefits Paid

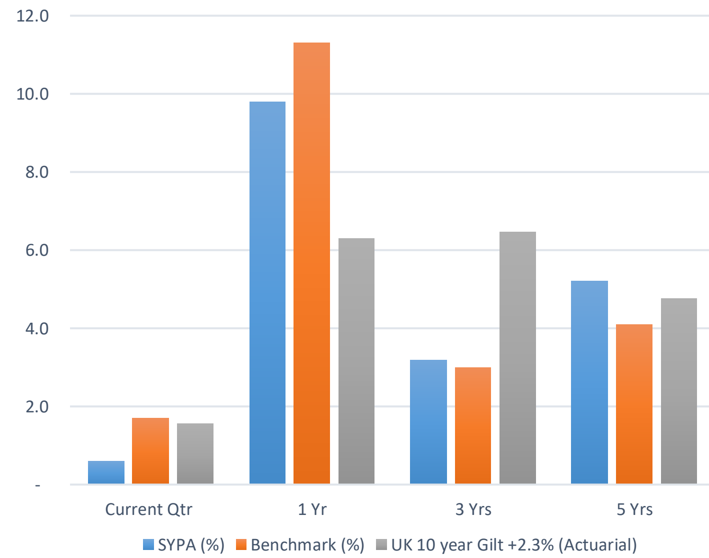

ASSET LIABILITY RATIO SINCE DEC 2022
12,000.0
10,000.0
8,000.0
6,000.0
4,000.0
2,000.0
-
Dec-22
Mar-23
Jun-23
Sep-23
Dec-23
Mar-24
Jun-24
Sep-2
Assets (£'000)
Liabilities (£'000)


FUNDING LEVEL %
170.0
160.0
150.0
140.0
130.0
120.0
110.0
100.0
90.0
80.0
155.2
143.4
156.1
156.9
148.4
150.7
157.7
156.9
Dec-22
Mar-23
Jun-23
Sep-23
Dec-23
Mar-24
Jun-24
Sep-24

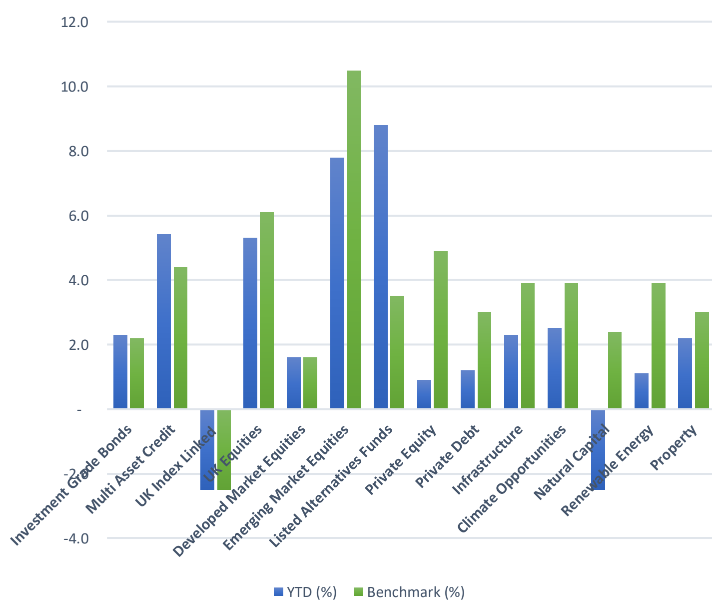
ASSET ALLOCATION



TOTAL FUND RETURN



ASSET PERFORMANCE BY TOTAL ASSET CLASS- YEAR TO DATE



Market background

Global equity markets experienced a volatile third quarter of the year, largely driven by macro-economic and geopolitical factors. A steep fall in valuations over the second half of July was followed by a recovery back to new highs by the end of September.

Despite the US reporting one of the lowest inflation rates since 2021 in July, the Federal Reserve elected not to cut interest rates at that time. This delay likely caused some concerns around economic growth and contributed to short-term volatility. By subsequently cutting interest rates by 0.5% in September, however, the Fed pointed towards further reductions over the next 18 months and helped to elevate the S&P 500 index. The drivers of this market rally were more widespread than has recently been the case, with outperformance coming from smaller US companies and interest rate sensitive sectors such as Real Estate and Utilities. The much vaunted Magnificent Seven struggled over the quarter, with elevated valuations and the necessity to continue investing in research & development to avoid being left behind.

The energy sector has also faced recent challenges due to falling oil prices (from a peak of $91 a barrel in April to below $70 in September). The risk of oil supply being impacted from the escalating conflict in the Middle East has been more than offset by consistently high production from the likes of US and Russia.

The slowdown in Chinese economic growth has additionally contributed to a reduction in energy demand - and also impacted its trading partners. Volkswagen is a key example of this - having sold 3 million cars in China last year the company has now announced layoffs and factory closures in Germany, contributing to a more pessimistic picture in Europe.

It remains to be seen whether the struggles of China's equity and property markets will be remedied by the state's recent stimulus package. There are certainly views that the scale of this intervention may not be sufficient - and question marks remain over whether necessary structural reform will be made to drive anything more than a temporary recovery.

Market background

Japanese companies experienced a bumpy quarter. The Nikkei 225 index reached a new peak in July, having risen by more than 50% over the previous 12 months. This had been driven by exporting companies benefitting from a weak Japanese Yen and western countries' apparent desire to buy fewer goods from China. The Nikkei's peak was followed by a 25% decline, with the US dollar depreciating against the Yen and some concern that many Japanese companies may be closely tied to the fortunes of US tech. The Japanese market rebounded later in quarter three, but this volatility has sounded a warning bell. Politics is also playing a part in Japan, with the replacement of Fumio Kishida by Shigeru Ishiba as the leader of the ruling Liberal Democratic Party.

Despite choppy markets, the value of the fund has remained above £11bn and there have not been any significant changes to asset allocation over the quarter.

Fund Valuation

as at 30 September 2024

	Jun-24		Quarterly Net	Sep-24		Benchmark	Range
	£m	%	Investment	£m	%	%	%
FIXED INTEREST							
Inv Grade Credit - BCPP	546.3	4.9	20.0	572.9	5.1	5	
UK ILGs - BCPP	675.4	6.1	0.0	685.7	6.2	7	
MAC - BCPP	388.9	3.5	-4.7	401.5	3.6	3.5	
TOTAL	**1610.6**	**14.5**	**15.3**	**1660.1**	**14.9**	**15.5**	**10.5 - 20.5**
UK EQUITIES	**998.7**	**9.0**	**-20.0**	**999.8**	**9.0**	**9**	**4.0 -14.0**
INTERNATIONAL EQUITIES							
Developed Market - BCPP	3246.2	29.2	-90.0	3131.9	28.1	27.125	
Emerging Market - BCPP	776.2	7.0	0.0	795.8	7.1	7.875	
Emerging Market - SYPA	0.7	0.0	0.0	0.7	0.0		
TOTAL	**4023.1**	**36.2**	**-90.0**	**3928.4**	**35.3**	**35**	**30 - 40**
LISTED ALTERNATIVES -BCPP	**155.4**	1.4	**0.0**	**166.4**	1.5	0	
PRIVATE EQUITY							
BCPP	372.0		12.1	387.4			
SYPA	793.4		-22.2	752.7			
TOTAL	**1165.4**	**10.5**	**-10.1**	**1140.1**	**10.2**	**7**	**5 - 9**
PRIVATE DEBT FUNDS							
BCPP	192.5		13.3	212.1			
SYPA	439.3		-23.7	405.1			
TOTAL	**631.8**	**5.7**	**-10.4**	**617.2**	**5.5**	**7.5**	**5.5 - 9.5**
INFRASTRUCTURE							
BCPP	507.0		47.8	563.5			
SYPA	450.8		-5.0	445.9			
TOTAL	**957.8**	**8.6**	**42.8**	**1009.4**	**9.1**	**9**	**6 - 12**
RENEWABLE ENERGY	**193.0**	**1.7**	**18.2**	**207.5**	**1.9**	**3**	**1 - 5**
CLIMATE OPPORTUNITIES	**110.7**	**1.0**	**21.7**	**133.9**	**1.2**	**1**	**0 - 3**
NATURAL CAPITAL	**194.4**	**1.7**	**29.6**	**218.5**	**2.0**	**2.5**	**0 - 3.5**
PROPERTY	**903.4**	**8.1**	**3.1**	**910.2**	**8.2**	**9**	**7 - 11**
CASH	**172.4**	**1.6**		**141.8**	**1.3**	**1.5**	**0 - 2.5**
TOTAL FUND	**11116.7**	**100.0**		**11133.3**	**100.0**	**100**	
COMMITTED FUNDS TO ALTERNATIVE INVESTMENTS	**1907.5**			**1968.5**			

Asset Allocation Summary

We continued to reduce our overweight position to listed equity funds to fund the investment into the alternative categories. In total, we sold £20m from UK equities and £90m from Overseas Developed equities, albeit £20m of these proceeds were rebalanced into Fixed Income to bring the allocation closer to target.

We had £22m drawdown into Climate Opportunity funds and £43m drawdown into infrastructure funds. We had net redemptions of £10m from private equity funds and also £10m net redemption from private debt funds as the redemptions from our legacy holdings was greater than the drawdowns into Border to Coast committed funds.

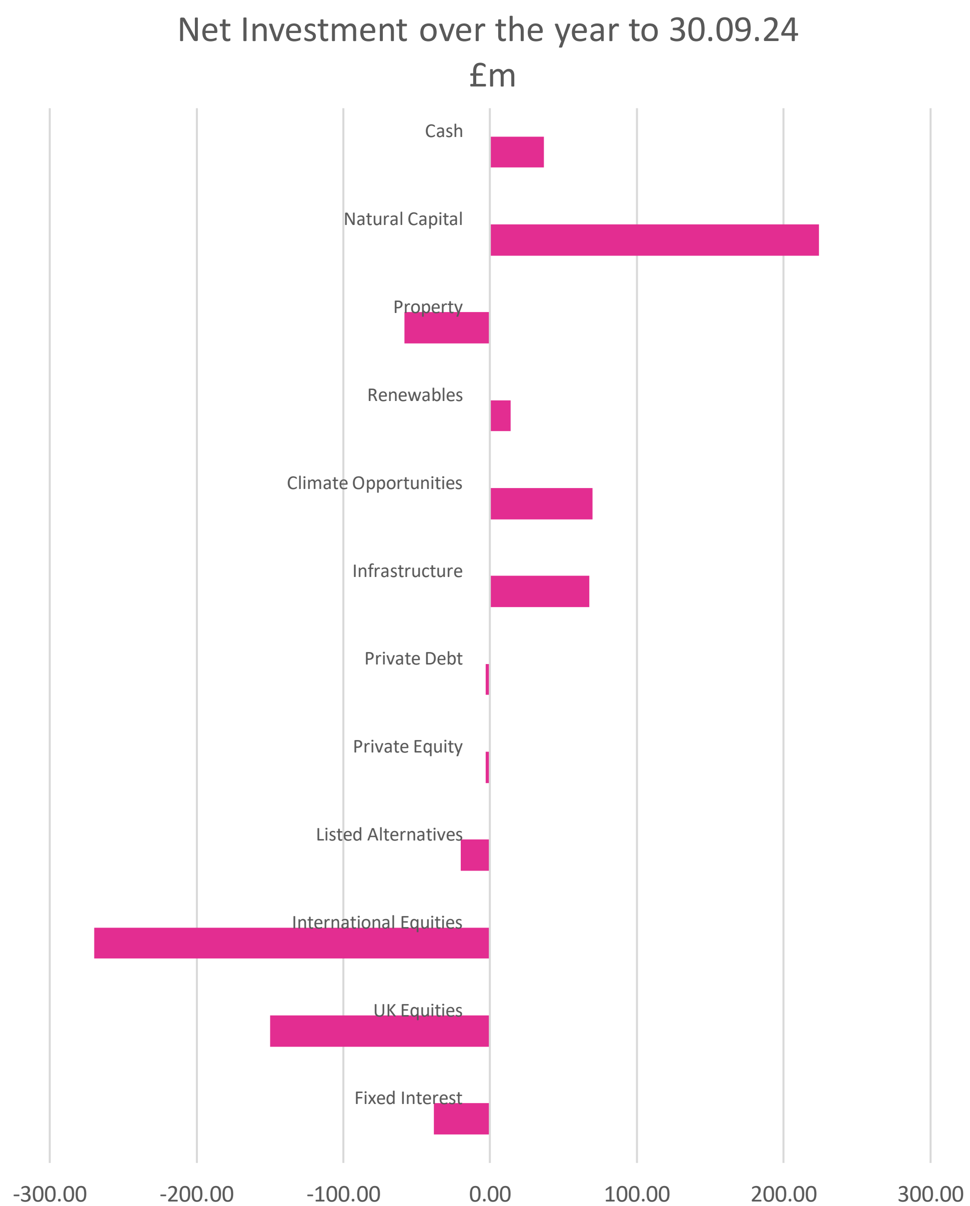
We have now fully funded our allocation to diversified forestry assets across two managers (£50m commitment to Gresham House Forestry fund, which is a diversified portfolio of UK assets, plus a $100m commitment to the Campbell Global Forestry and Climate Solutions Fund II). These are complementary strategies which support the Authority's Net Zero strategy.

Following the trades mentioned above there is only private equity which sits outside its tactical range, although private debt is now at its threshold.

The changes in net investment for the categories over the last year are also shown below. It shows that we have been de-risking the Fund in line with the strategic benchmark

The current Fund allocation can also be seen in the chart below.

Asset Allocation Summary



Asset Allocation Summary

Strategic vs Current Asset Allocation					
Asset Class	SAA Target	Range	Current Asset Allocation		
	%	%	£m	%	OW/UW
Index Linked Gilts	7	5 - 9	685.7	6.2	**-0.8**
Sterling Inv Grade Credit	5	4 - 6	572.9	5.1	**0.1**
Multi Asset Credit	3.5	1.5 - 5.5	401.5	3.6	**0.1**
UK Equities	9	4 - 14	999.8	9.0	**0.0**
Overseas Equities	35	30 - 40	3928.4	35.3	**0.3**
Private Equity	7	5 - 9	1140.1	10.2	**3.2**
Private Debt	7.5	5.5-9.5	617.2	5.5	**-2.0**
Infrastructure	9	6 - 12	1009.4	9.1	**0.1**
Renewables	3	1 - 5	207.5	1.9	**-1.1**
Listed Alternatives	0	0 - 2	166.4	1.5	**1.5**
Climate Opportunities	1	0 - 3	133.9	1.2	**0.2**
Natural Capital	2.5	0 - 3.5	218.5	2.0	**-0.5**
Property	9	7 - 11	910.2	8.2	**-0.8**
Cash	1.5	0.5 - 2.5	141.8	1.3	**-0.2**
Total	100		11133.3	100	

OW/UW 'RAG' ratings

Green ratings indicate that current asset allocation is within agreed tolerances

Amber ratings indicate that current asset allocation is beyond 70% of the difference between the maximum/minimum range and the strategic target allocation

Red ratings indicate that current asset allocation is out of range

Performance
as at 30 September 2024

	Qtrly Performance		Financial Y.T.D.	
	SYPA	Benchmark	SYPA	Benchmark
	%	%	%	%
FIXED INTEREST				
Investment Grade Credit - BCPP	2.3	2.3	2.3	2.2
UK ILGs	1.5	1.5	-2.5	-2.5
Multi Asset Credit - BCPP	4.5	2.1	5.4	4.4
UK EQUITIES	**2.1**	**2.3**	**5.3**	**6.1**
INTERNATIONAL EQUITIES				
Developed Market - BCPP	-0.8	0.3	1.6	1.6
Emerging Market - BCPP	2.5	4.6	7.9	10.5
TOTAL	**-0.1**	**1.3**	**2.8**	**3.6**
PRIVATE EQUITY	**-1.3**	**2.4**	**0.9**	**4.8**
PRIVATE DEBT FUNDS	**-0.5**	**1.5**	**1.2**	**3.0**
INFRASTRUCTURE	**1.0**	**1.9**	**2.3**	**3.9**
RENEWABLES	**-1.5**	**1.9**	**1.1**	**3.9**
CLIMATE OPPORTUNITIES	**1.4**	**1.9**	**2.5**	**3.9**
PROPERTY	**1.3**	**1.5**	**2.2**	**3.0**
NATURAL CAPITAL	**0.0**	**1.1**	**0.0**	**1.1**
CASH	**1.1**	**1.3**	**2.2**	**2.7**
TOTAL FUND	**0.6**	**1.7**	**2.3**	**3.3**

Performance Summary

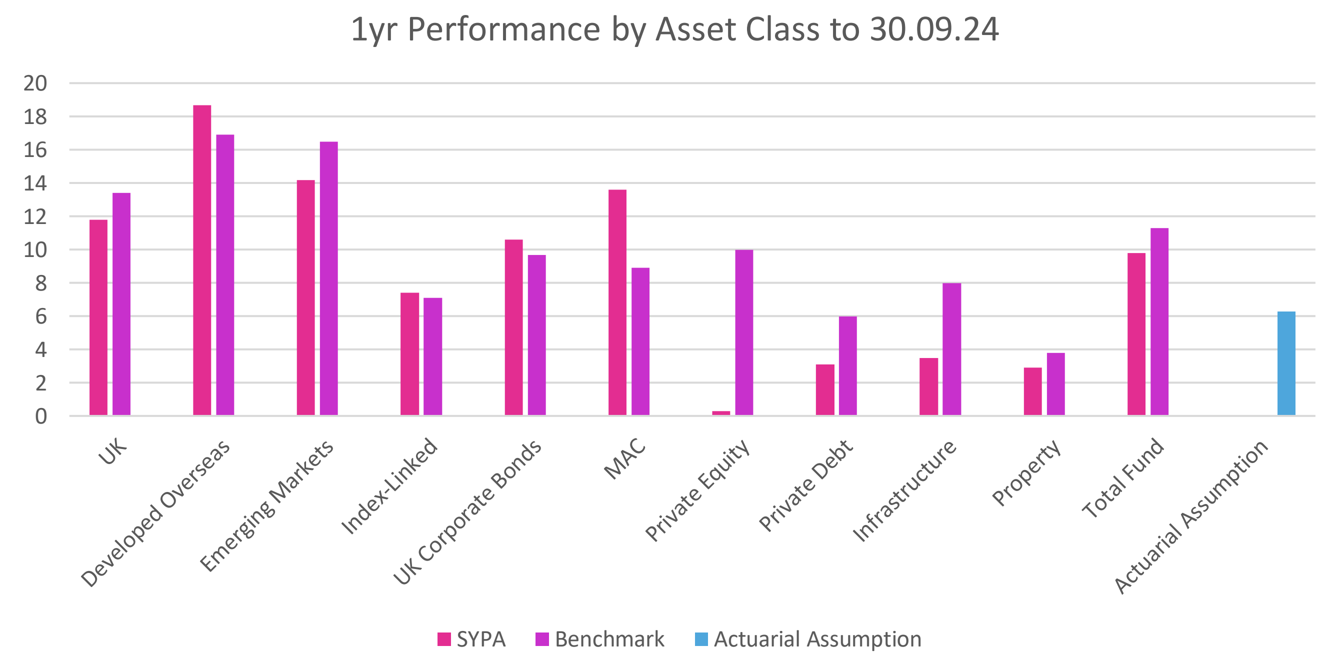
For the quarter to the end of September, the Fund returned 0.6% against the expected benchmark return of 1.7%.

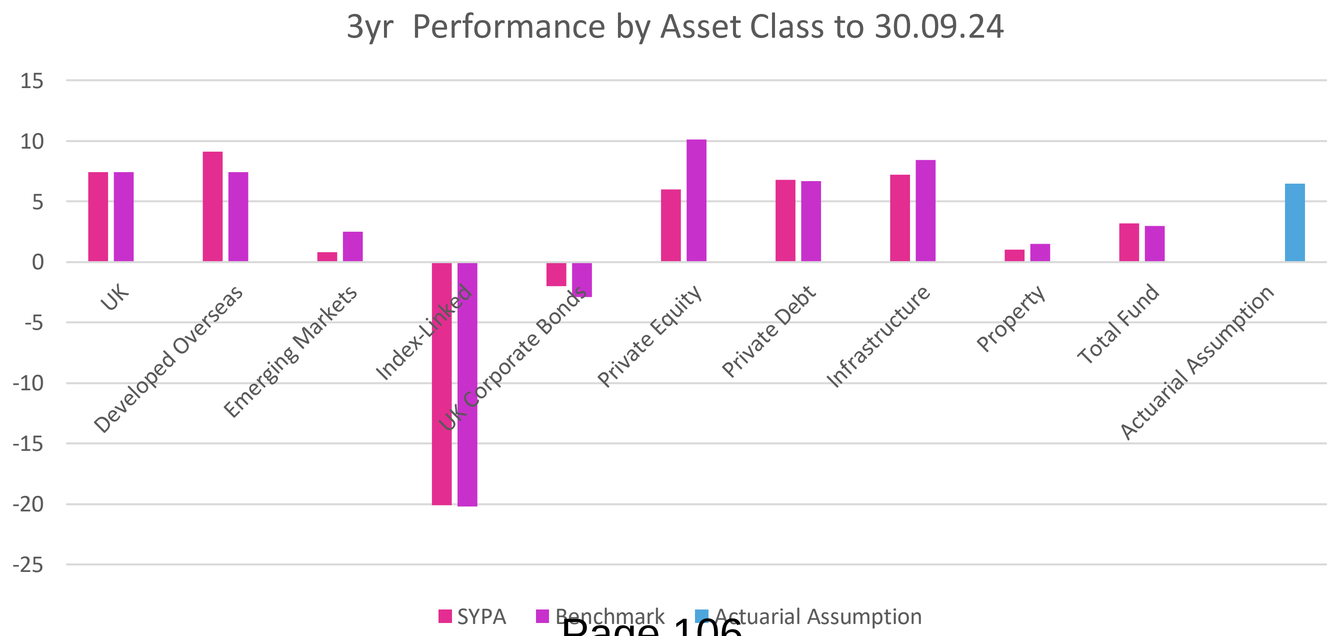
Asset allocation relative to benchmark made no material contribution to performance, with stock selection detracting just over 1.0% from performance.

The breakdown of the stock selection is as follows:-

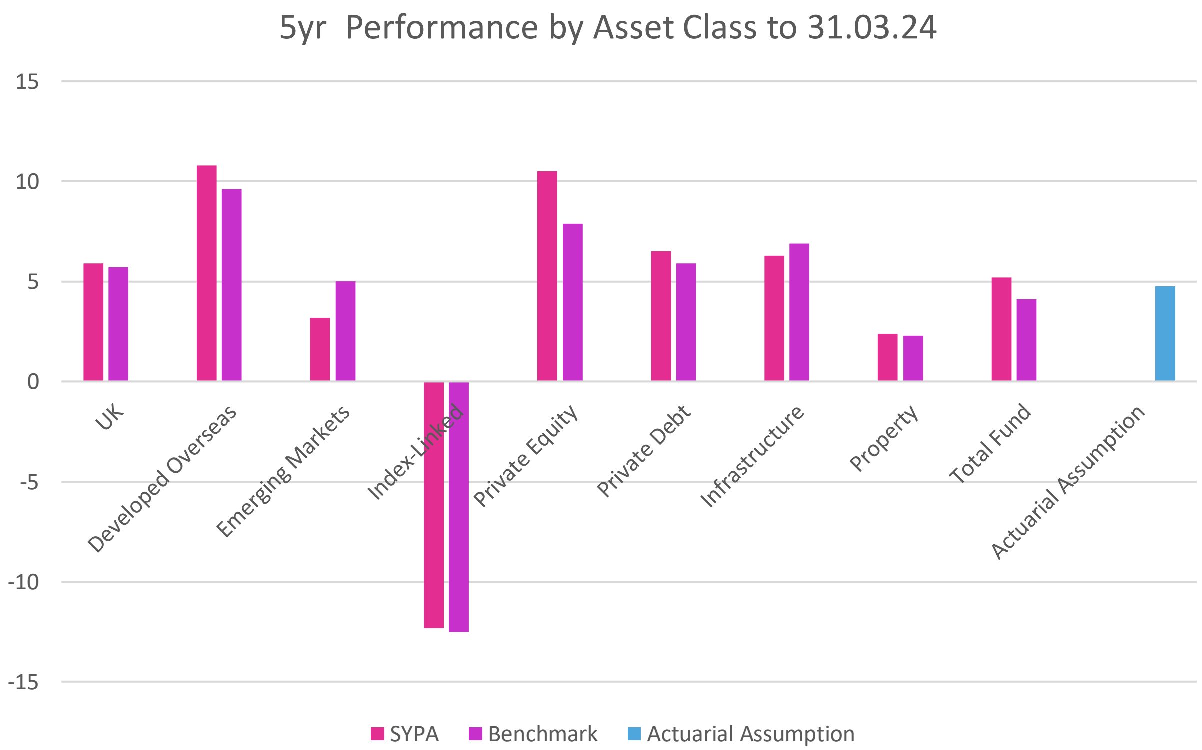
Overseas developed equities	-0.3%
Emerging market equities	-0.1%
Fixed income	+0.1%
Renewables	-0.1%
Private equity	-0.4%
Private debt	-0.1%
Infrastructure	-0.1%
Natural capital	-0.1%

Performance-Medium term





Performance-Medium term



Performance – Border to Coast Funds

The **UK Equity** fund underperformed its benchmark over the quarter, returning 2.10% against the benchmark return of 2.26%. Since inception the portfolio is only outperforming by 0.45%, below the target of 1% outperformance. The portfolio was impacted by stock selection decisions in common stock funds and the industrials and real estate sectors.

The **Overseas Developed Markets Equity** fund experienced a challenging quarter, underperforming in all four of its regional portfolios, with an overall performance of -0.75% compared to a benchmark return of 0.27%. Over the longer-term, the fund remains well ahead of its 1% outperformance target though.

The primary detractor from performance during the quarter was the fund's Japanese equity portfolio (2.72% below the benchmark return) with allocations to export-oriented companies and banks hindering relative performance. The Asia Pacific ex-Japan region was the best performing market over Q3, and the fund benefitted from its overweight position in Hong Kong following the announcement of a stimulus package in China.

At a sector level, healthcare proved the biggest detractor from performance over the quarter, closely followed by the technology and communication services. These had been some of the strongest performing sectors year-to-date.

The **Emerging Markets Equity** fund produced a return of 2.54% over the quarter, which was 2.1% below the benchmark. Longer-term, the fund’s relative performance remains negative over all time periods. During quarter three, the Chinese market posted a very strong return of 16.7%, which was driven by State-led stimulus measures announced towards the end of this period. Continued volatility is expected though.

Both China managers in the portfolio underperformed their benchmarks, with some underweight positions in strongly rallying technology companies contributing towards this. Border to Coast’s internally-managed Emerging Markets ex-China portfolio also underperformed its benchmark.

Performance – Border to Coast Funds

UK government bond yields decreased over the quarter, particularly for shorter-dated bonds, as the Bank of England began its rate-cutting cycle. This was accompanied by cooling inflation expectations. **The Sterling Index-Linked Bond** fund returned 1.5% over the quarter, in line with its benchmark. The positive contribution from an overweight position in ultra-long gilts was offset by the performance of corporate holdings, particularly in the water sector.

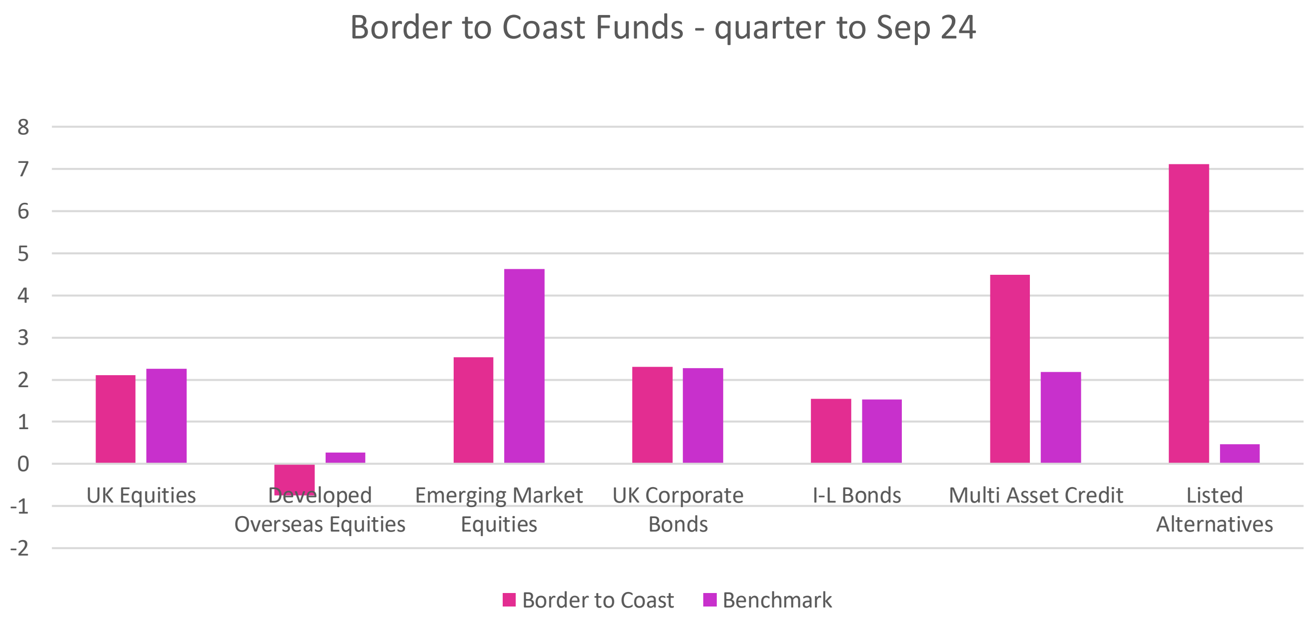
The **Sterling Investment Grade Credit** fund generated a return of 2.3% during the quarter, which was broadly in line with its benchmark return. RLAM outperformed the benchmark by +0.3%, M&G was flat and Insight underperformed by 0.2%. Longer-term, the fund is still comfortably ahead of its +0.5% relative performance target.

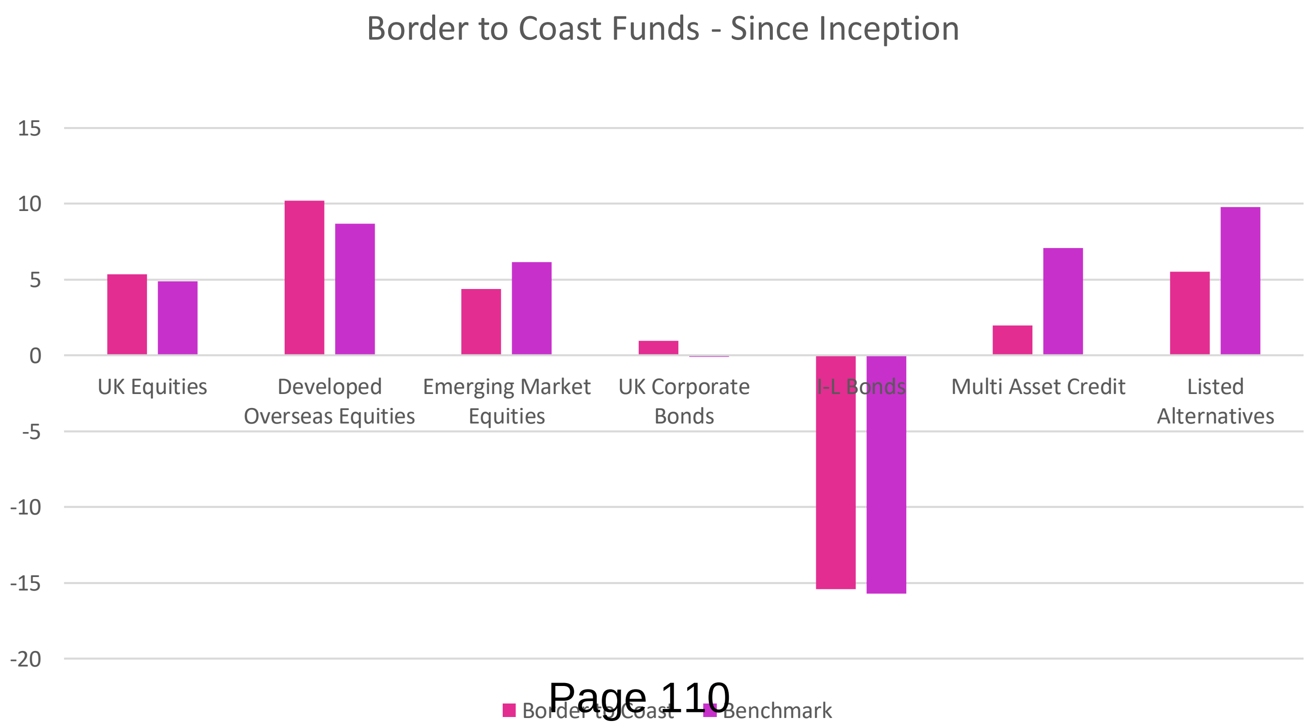
The **Multi-Asset Credit** fund gave a positive absolute return of 4.5% over the quarter, outperforming its cash+ benchmark by 2.3%. This brought its annual return to 13.7% which was 4.7% ahead of benchmark. PIMCO, Wellington, PGIM and Ashmore outperformed their benchmarks over the quarter. The fund is still behind target since inception but PIMCO, the internal team and Wellington are outperforming their benchmarks over this period.

The **Listed Alternatives** fund has a diversified portfolio which includes listed assets in infrastructure, specialist real estate, private equity and alternative credit. The fund achieved a return of 7.11% during the quarter. This was 6.64% above the fund's equity benchmark and 1.23% above the customised comparator which has been designed to give a more like-for-like indicator.

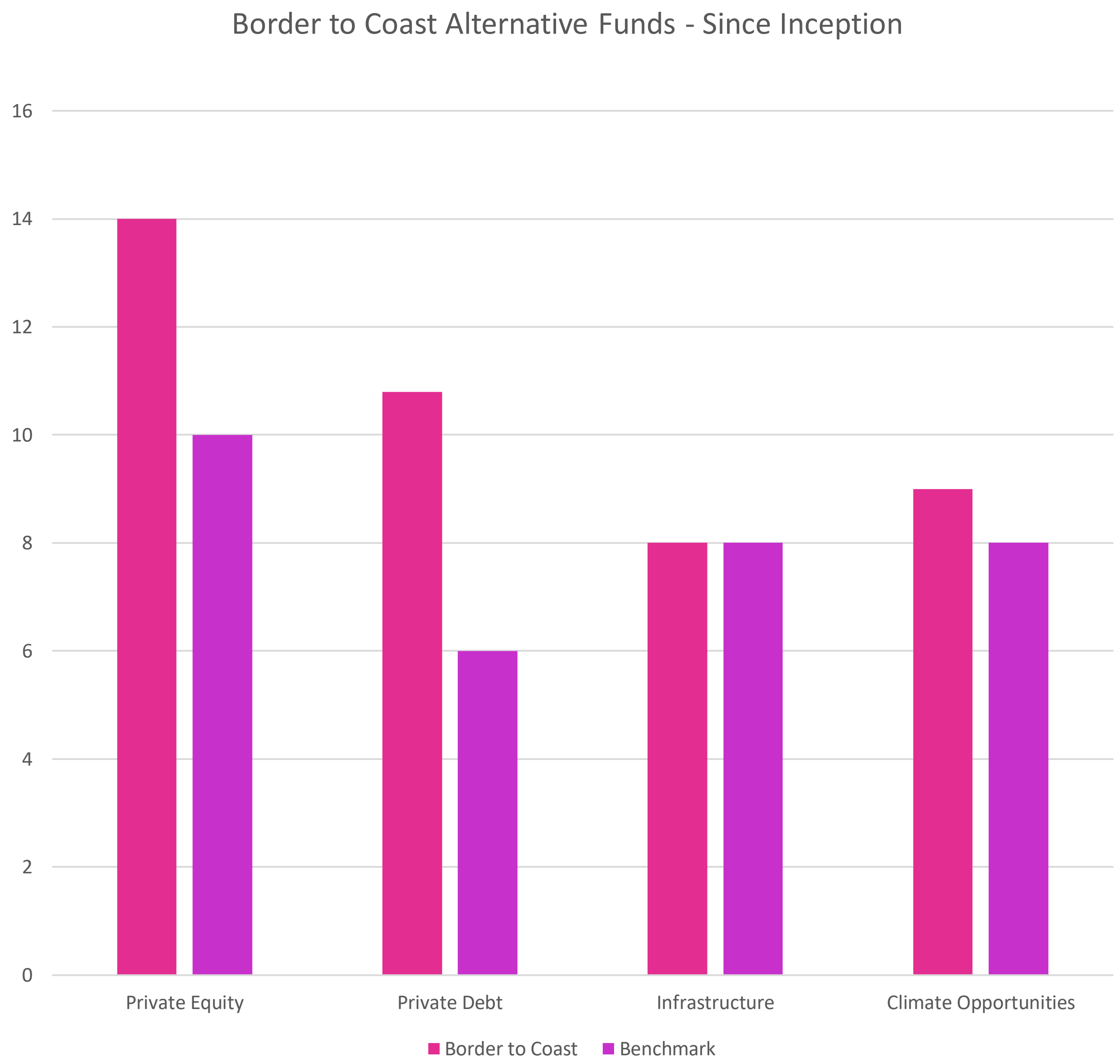
The charts below show quarterly returns but also the longer-term position of each of the Border to Coast funds that we hold.

Performance-Border to Coast Funds





Performance-Border to Coast Alternative Portfolios



Funding Level

The funding level as at 30 September 2024 is estimated to be c155%:

The breakdown is as follows:

Fund’s Assets at 30 September:	£11,133
Funds estimated Liabilities at 30 September:	£7,200

Caveat
This estimate is calculated on a roll-forward basis. This means that there is no allowance made for any actual member experience since the last formal valuation on 31 March 2022

SOUTH YORKSHIRE PENSIONS AUTHORITY

Outlook

Post the quarter end, we now know that the US has elected Donald Trump, with a clean sweep of the House of Representatives and the Senate providing broad powers to enact the incoming president's agenda. It remains to be seen which policies Mr Trump will ultimately implement - but his proposal of 60% tariffs on imports from China (with potential further tariffs to follow for other emerging market countries) is expected to lead to material inflation. We are also conscious of the potential for wider geopolitical volatility – and economic impacts - from Trump 2.0.

UK Equities

To help manoeuvre around the UK’s high debt-to-GDP ratio, Chancellor Rachel Reeves has amended the definition of debt used to incorporate all public sector net financial liabilities (including the LGPS's currently large surplus position). This is intended to free up additional billions of pounds of investment.

The UK equity market has been lagging other developed equity markets, although it has made up a little ground recently. Political stability feels more assured than in recent years, albeit markets have been concerned that additional government borrowing (£28m p.a. as announced in the 30 October Budget) has worsened the longer-term UK economic and interest rate outlook. We would like to have a neutral weighting.

Overseas equities

We would not be surprised to see volatile market conditions going forwards. The “Trump trade” has already boosted US financials and traditional energy companies, due to the incoming President’s deregulatory agenda (renewable energy has fared less well). The fundamentals for the US currently appear solid too. The Fed’s 0.5% interest rate cut in September has been followed by a further 0.25% cut post the election, GDP is positive, jobless claims are low and inflation seems to be behaving. However, some concerns remain over the cost of labour, and potentially whether the economy is overly reliant on consumer spending.

As noted above, there are potentially significant repercussions for international markets from an “America First” led trade war. We will look to continue rebalancing total overseas weighting towards neutral.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Outlook

Bonds

Inflation has continued to moderate in the likes of the UK and UK, allowing central banks to cut base interest rates. Potential volatility remains in bond yields, however, and a tariff-based trade war could certainly push inflation up. A comparatively healthier economy in the US suggests that the upside from here in US Treasuries is finely balanced. The UK and Europe look to offer more value and could lead to more recovery in these bond markets.

Real Estate

Immediately after quarter end, 25 of the 29 portfolio assets were transferred into Border to Coast's UK Real Estate Fund, with the others (including Scottish and Welsh properties) remaining with SYPA.

The prospects for UK real estate are improving compared to last year, with greater economic and political certainty.

The recommendation is to maintain the current position

Natural Capital

We have now funded our allocation to diversified forestry assets across two managers (£50m commitment to Gresham House Forestry fund which is a diversified portfolio of UK assets, plus a $100m commitment to the Campbell Global Forestry and Climate Solutions Fund II). These are complementary strategies which support the Authority's Net Zero strategy.

Alternatives

We are looking to add further investments into this asset class with the allocations being weighted more towards private credit and to infrastructure investments, to renewable energy funds that have secure income characteristics. We are also adding further to climate opportunity funds to further support the Authority's Net Zero Strategy, and further developing our local impact portfolios.

Outlook

Cash

The deployment to the alternative sectors has reduced cash to a level that further cash requirements would necessitate switching among the asset classes.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Responsible Investment Update Quarter 2 2024/25

December 2024

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Highlights and Recommendations

Highlights over the quarter to the end of September include:

- Following the passing of peak voting season there was a quarter-on-quarter decrease in the level of voting activity with 855 votes cast at 80 company meetings.
- The overall level of engagement activity was down following peak voting season last quarter.
- Continued focus on engaging with companies to provide clearer plans for the transition to Net Zero and their business strategies to achieve these plans.
- The overall performance of the listed asset portfolios with Border to Coast has continued to be strong and better than, or in line with, the respective benchmarks.
- Overall financed emissions of the Border to Coast invested assets fell modestly over the quarter with another positive quarter-on-quarter fall in reported emissions from the Sterling Investment Grade Credit Fund.
- Three of the five listed funds have all reached their interim 2025 financed carbon emission reduction targets.
- Carbon emissions coverage has plateaued over the last quarter, with a fall in the carbon coverage of the Listed Alternatives Fund, due to the change in strategy, the most significant detractor.

The Authority are recommended to note the activity undertaken in the quarter.

Background

The Authority has developed a statement which sets out what it believes Responsible Investment is and how it will go about implementing it within its overall approach to investment. This statement is set out in the Responsible Investment Policy which is available on the website here.

Our approach is largely delivered in collaboration with the other 10 funds involved in the Border to Coast pool. This report provides an update on activity in the last quarter covering:

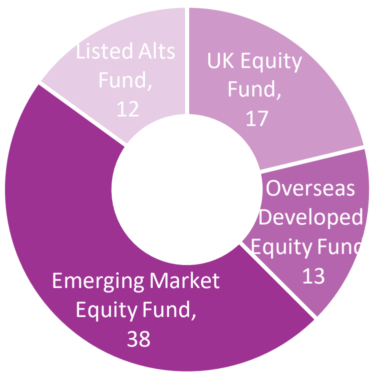
- Voting – Information on how the voting rights attached to shareholdings have been used over the period to influence the behaviour of companies to move in line with best practice.
- Engagement – Information on the volume and nature of work undertaken on the Authority's behalf to engage in dialogue with companies in order to influence their behaviour and also to understand their position on key issues.
- Portfolio ESG Performance – Monitoring the overall ESG performance of the various products in which the Authority is invested, and on the commercial property portfolio.
- Progress to Net Zero – Monitoring the carbon emissions of the various portfolios where data is available in order to identify further actions required to support progress to Net Zero.
- Stakeholder Interaction – There is considerable interaction between the Authority and stakeholders around responsible investment issues which is summarised for wider accountability purposes.
- Collaboration – Working with others to influence the behaviour of companies and improve stewardship more generally.

- Policy Development – An update on broader policy developments in the Responsible Investment space some of which directly involve the Authority and others which are of more general interest.

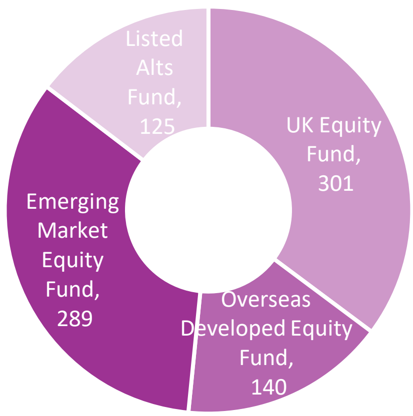
Voting Activity

This quarter saw an increase in both the number of meetings and votes cast as we approach peak voting season. Detailed reports setting out each vote are available on the Border to Coast website here. The charts below show a breakdown of the meetings and votes cast by Border to Coast on behalf of SYPA investments.

Number of Meetings Voted Jul - Sept 2024



Number of Votes Cast Jul - Sept 2024



Robeco highlighted the below in their Q2 2024/25 Active Ownership proxy voting report how the nature of engagement between companies and investors via the Annual General Meeting (AGM) has changed. An increasing part of the dialogue is focussed on sustainability and how well the company manages environmental, social and governance (ESG) risks and opportunities. Further detail is provided in the box below:

Say on Sustainability: Could it be an effective tool?

An increasing part of the AGM – is focused on sustainability performance and how well the company manages material environmental, social and governance (ESG) risks and opportunities. Yet, most AGM agendas seem disconnected from this new reality, as they fail to include a key item – a resolution to approve the company's sustainability reporting.

Investors are facing regulations that increasingly require ESG factors are integrated into investment and stewardship decisions, as well as in their reporting to clients and beneficiaries. Concurrently, other stakeholder groups such as customers, suppliers, nongovernmental organizations and civil society have an increasing interest in non-financial information.

Many jurisdictions have adopted mandatory requirements for companies to report sustainability information. For example, companies subject to the European Union's Corporate Reporting Sustainability Directive (CSRD) will have to soon file information according to European Sustainability reporting Standards (ESRS).

Despite these developments, giving shareholders a vote on the company's ESG reporting remains an exception rather than the rule. This is seen in Spain, where large companies have been required to include proposals to approve their 'non-financial' reporting on the agenda of their AGMs since 2019. More recently, Swiss listed companies were for the first time required to submit their 'non-financial' reporting for shareholder approval in 2024. Looking beyond these exceptions, however, most AGM agendas include no item to approve the company's sustainability report.

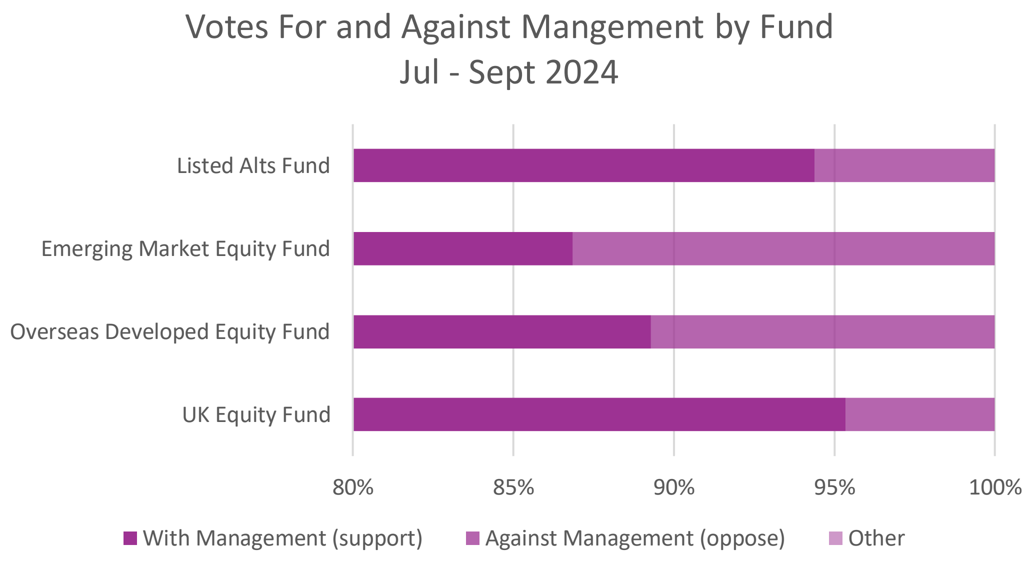
Companies and boards bear responsibility to shareholders for their sustainability performance in the same way as they do for their financial performance. A 'Say on Sustainability' vote would have the same effect as a 'Say on Pay' proposal – it would promote more accountability and greater transparency.

In the absence of a 'Say on Sustainability' proposal, shareholders are left with the option of signaling dissatisfaction with the sustainability strategy and performance by voting against the (re)election of directors or other agenda items deemed appropriate given the nature of the concern. But the 'appropriate' agenda item may differ according to each investor's policies, which often makes vote outcomes more difficult to interpret for companies.

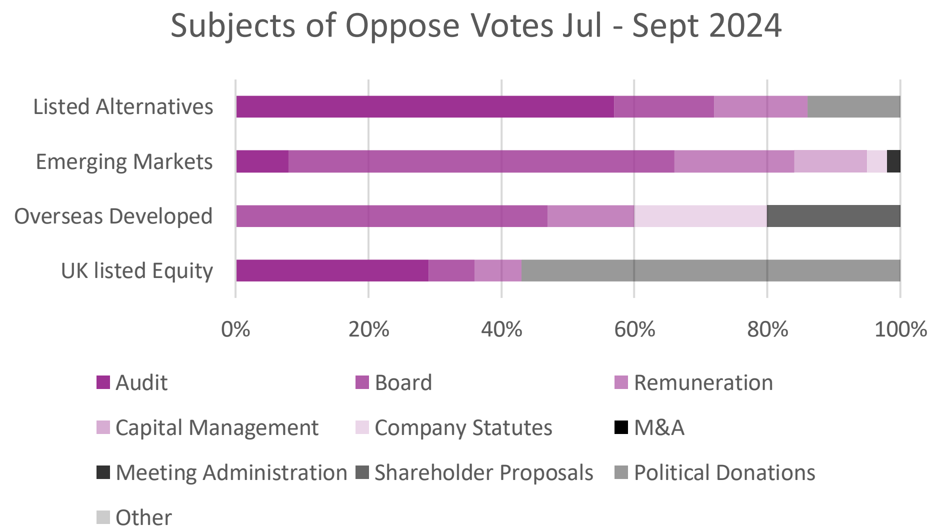
Having a 'Say on Sustainability' proposal would ensure that investors are able to convey their views on the company's sustainability strategy to the board and management through a clear For or Against vote. It would bring more clarity to the oftentimes heated debates that engulf AGMs – something not only shareholders but also companies need.

Robeco Active Ownership Report October 2024

The breakdown of support and oppose votes, which align with votes for or against management, is shown in the chart below.



The above graph shows the breakdown of votes cast for (in support of management) and against (in opposition to management) resolutions during the quarter. The proportion of votes against the line taken by company management dropped below 10%, with 8.7% of total votes cast against management, which was below the previous quarter. As voting season has passed, the absolute number of votes against significantly reduced from 757 to 74 across all publically listed funds.



The above graph indicates, and in part due to the lower absolute number of votes cast, that votes against management were much more condensed across topics this quarter compared to previous quarters. The three largest areas where we continue to oppose management relate to Audit, Board composition and remuneration As was the case last quarter, votes against political donations, in the UK Equity Fund, remained close to 60% of the votes made against management of UK listed companies. Further, it is worth reviewing the reasons why it is the case that votes are made against management.

- In the case of Board composition there are a number of things which under the voting guidelines automatically trigger an oppose vote. These include insufficient independence, insufficient diversity within the Board, and insufficient progress in terms of adapting the business to the risks posed by climate change.
- In the case of remuneration votes against, these are triggered by executive pay packages which are either excessive in absolute terms, where incentive packages are not aligned with shareholder interests,or the performance targets are poorly defined or too easily achieved.
- In the case of votes against political donations in the UK, this reflects the fact that in the UK donations must be put to a shareholder vote and the voting guidelines oppose any donations of this kind.
- Auditor appointments are automatically opposed if reappointment would result in an unduly long term which is viewed as compromising the independence of the Auditor.

Shareholder resolutions, as can be seen within the information on notable votes in these reports linked below, can cover a whole range of issues. Over the course of the last year the focus of shareholder resolutions, aside from climate issues, has tended to be on diversity and human rights issues, particularly for US companies. The voting policy does not automatically support such resolutions, rather analysis is undertaken on a case-by-case basis covering both the company's and proponent's positions before votes are decided by Border to Coast on the advice of Robeco.

Notable votes in the quarter are summarised below and further details on the voting undertaken for each of the funds can be found here.

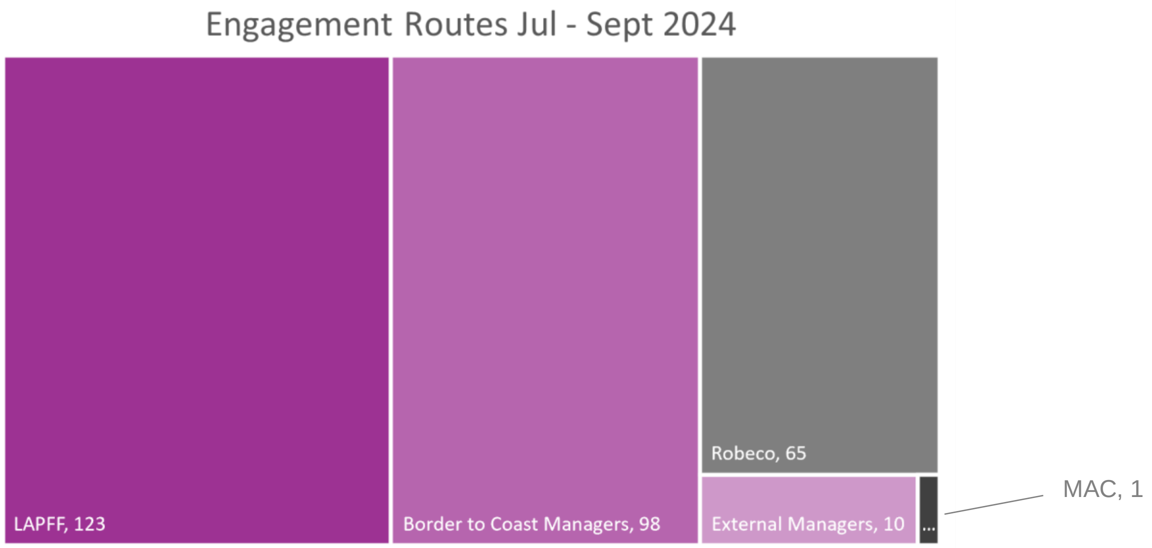
At **Electronic Arts**' 2024 AGM, shareholders discussed the company's executive compensation. Robeco assessed the proposal, finding that while high compensation can be justified, EA's approach did not align with best practices. Concerns included the lack of disclosure on some performance goals in the short-term incentive plan, and the absence of ESG metrics in the variable incentives. Additionally, two-thirds of the long-term incentive plan was based on a short, one-year performance period, while the only three-year metric was based on relative performance. Furthermore, the peer group included companies with much larger market capitalizations than EA. Robeco did not support the executive compensation proposal

McKesson Corp provides US and international healthcare services. At the 2024 AGM shareholders voted on director elections, executive compensation, and two shareholder proposals. Robeco assessed the board composition, which was independent but lacked sufficient gender diversity, an issue that can impact governance. Robeco voted against the re-election of the chair of the nomination committee for not ensuring appropriate board diversity. Additionally, Robeco supported a shareholder proposal to formalize the separation of the CEO and chair roles, believing it enhances management oversight. Although McKesson currently adheres to this practice, formalizing it in governance documents would strengthen the company's commitment to good governance.

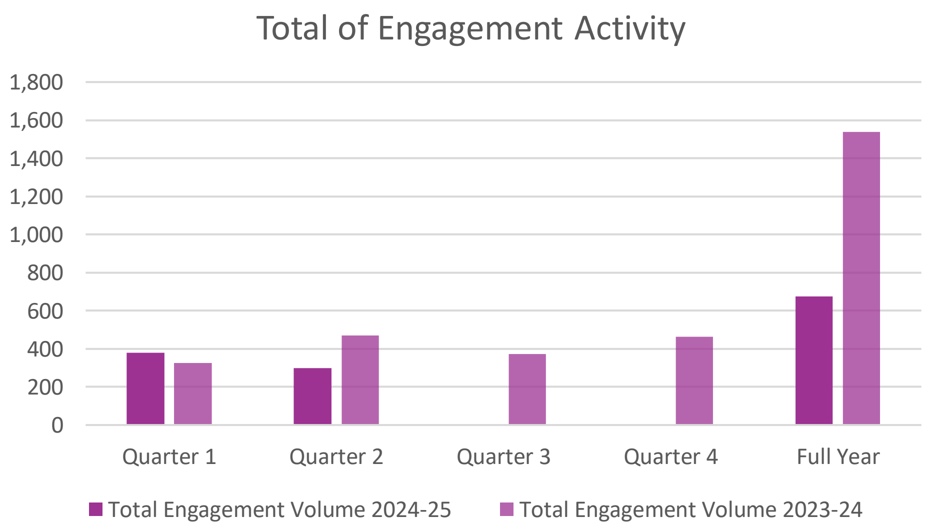
Naspers Ltd operates in the consumer internet industry globally across Africa, Asia, Europe, LATAM and North America. At the 2024 AGM shareholders scrutinized the company's remuneration implementation report and proposed remuneration policy. The report faced criticism for insufficient disclosures, particularly regarding the treatment of awards for the former CEO and questionable Long-Term Incentive (LTI) structures. The proposed policy raised concerns due to a potential $100 million award for the incoming CEO, in addition to ordinary grants up to $54 million. Given inadequate explanations and ongoing issues with incentive structures, Robeco voted against both proposals and against the Chair of the Compensation Committee for failing to implement acceptable practices.

Engagement Activity

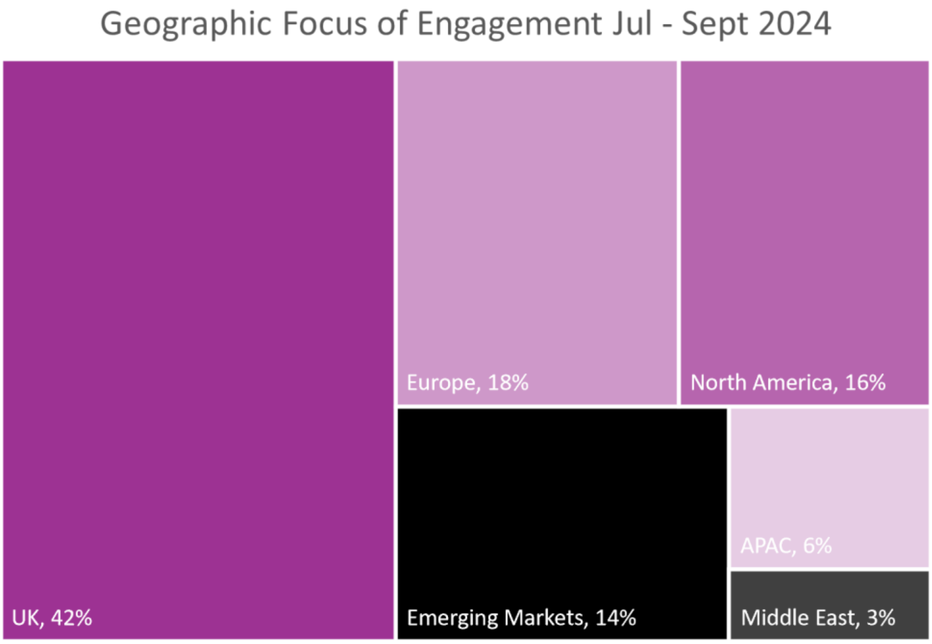
Engagement is the process by which the Authority, working together with other like-minded investors, seeks to influence the behaviour of companies on key issues. Engagement (in distinction to voting) is an ongoing process and is undertaken by those directly managing money for the Authority. This includes the investment team at Border to Coast and the external managers in the Investment Grade Credit fund together with Robeco who act on behalf of Border to Coast and the Local Authority Pension Fund Forum ("LAPFF") which acts on behalf of all its member funds. The graphs below illustrate the scale (in terms of the total number of pieces of engagement activity), the route for and the focus of engagement activity undertaken in the quarter, as well as the method of engagement undertaken.



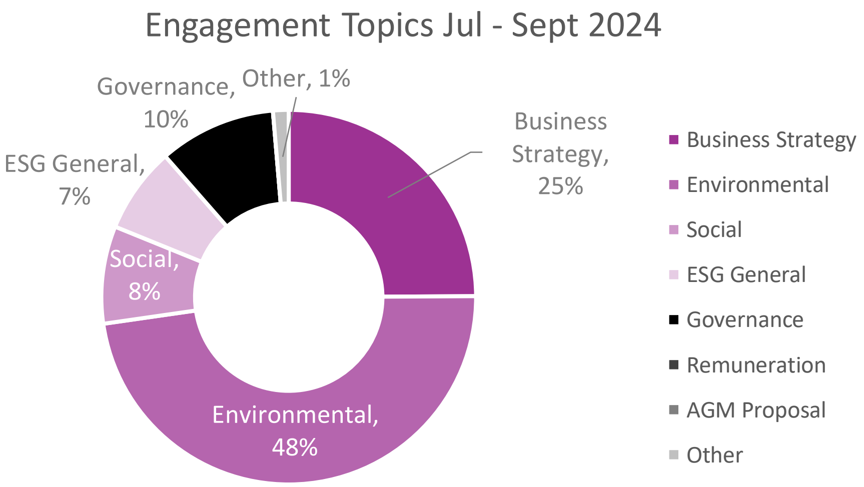
The graph below shows the overall level of engagement activity in the quarter is below the same quarter last year. The lower level of total engagement was due to a more targeted approach to engagement from LAPFF with over 100 less letters sent, whereas over 30 more meetings were held with companies this quarter compared to Q2 2023-2024. This is a positive outcome, given that meetings are not so easily dismissed as a letter and hold the potential for the highest level of impact from different engagement methods.



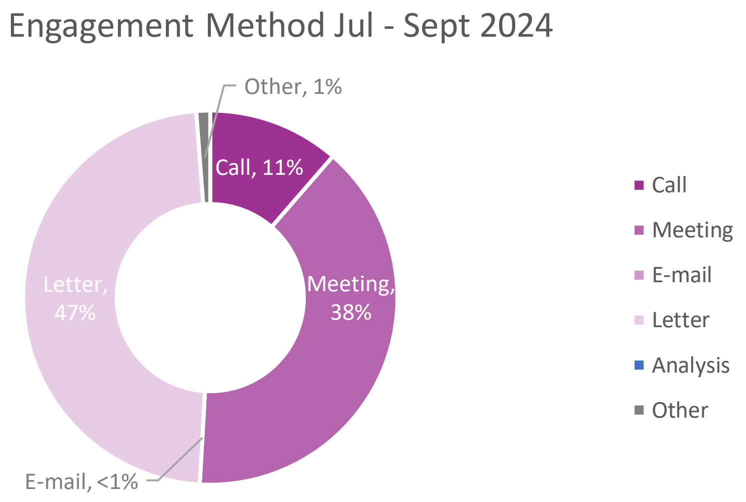
The chart below shows a breakdown of the geographic market focus in engagement over the last quarter. The weighting of engagement has shifted this quarter back to a focus on the UK, from a more even spread across regions last quarter. Following peak voting and AGM season in developed markets, the UK weighting is likely a reflection of a 'home market' bias.



The range of topics covered through engagement is set out in the chart below with a continuing strong focus on environmental and climate issues, which has continued to increase as a proportion of engagement compared to last quarter, along with the proportion of business strategy engagement which further increased on last quarter and also received a high degree of focus.



The method by which companies are engaged is important. Letters and emails are much more easily ignored or likely to generate a stock response from companies, whereas calls or meetings allow for more effective and genuine interaction with the company. The positive momentum seen over recent quarters in the proportion of engagement taking place via calls or meetings has been maintained (c.50% of all engagement this quarter).



More details of the engagement activities undertaken by Border to Coast and Robeco in the quarter are available here. Robeco provided updates on their engagement covering the following areas: Good governance; Labour practices; climate and nature transition of financials and SDG engagement. The highlights from Robeco's engagement report are summarised below.

Global Controversy Engagement – Turning controversies into opportunities for change

As geopolitical tensions and pressures on natural resources grow, Robeco is increasingly active in driving sustainable practices in companies with environmental, social, and governance (ESG) controversies. In 2022, Robeco enhanced its Global Controversy Engagement Program by establishing a Controversial Behavior Committee (CBC), composed of senior members from various departments, to improve governance and streamline decision-making in addressing corporate controversies. With structured escalation processes, Robeco has effectively pushed companies to remediate harm and prevent future issues.

The enhanced approach has led to positive outcomes in environmental cases, where companies adopted rigorous risk management practices validated by third-party reports. However, progress on human rights and labor issues has been slower, given the complexities tied to political and geopolitical factors. Robeco has built trust with these companies, fostering openness about their challenges in implementing human rights due diligence.

Additionally, Robeco developed an internal framework to assess controversies, evaluating over 1,200 companies based on impact severity, remediation, and prevention. This custom scoring system allows Robeco to respond faster to issues and tailor assessments on critical matters like forced labor, enhancing transparency and accountability amid rising global conflicts.

Sovereign Engagement – Engaging the government of Australia on ambitious climate targets

Robeco has actively engaged with the Australian government on climate policy, recognizing that national commitments, like Nationally Determined Contributions (NDCs), guide corporate climate strategies and affect long-term competitiveness. In 2023, Robeco co-led the "Collaborative Sovereign Engagement on Climate Change with Australia," conducting 36 meetings across federal, state, and regulatory levels, and establishing working groups for ongoing dialogue. This engagement builds as Australia prepares for its 2025 emissions targets, aiming for a 65-75% reduction by 2035.

During an August 2024 visit to Canberra, Robeco met with government leaders, including the Treasurer, advocating for ambitious climate targets. While domestic political dynamics may impact these commitments, Robeco emphasized the economic risks of insufficient climate action, noting the potential for a 10-15% GDP reduction by 2050 without substantial emissions cuts. In meetings with independent parliamentarians and other officials, Robeco underscored investor support for a strong NDC target and highlighted how Australia's comprehensive policy coordination, particularly Treasury-led efforts, signals robust climate governance. Through sustained dialogue, Robeco aims to influence Australia's policy alignment with climate goals critical to mitigating financial and environmental risks.

Hazardous Chemicals

Robeco launched a new engagement theme in Q3 2024 on the topic of 'Hazardous chemicals'. The engagement will focus on addressing the pollution caused by the production and use of per- and polyfluoroalkyl substances (PFAS) which are extremely hazardous for human health and stay in the biosphere forever.

Chemical production underpins 95% of manufactured goods, growing 50-fold since 1950 and projected to triple by 2050. With its vast economic impact, the industry is key to sustainable development yet poses serious health and environmental risks. The UN has called on the chemical sector to support Sustainable Development Goals, but concerns rise as chemical production has exceeded safe environmental limits. Robeco, committed to sustainable transitions, recognizes industry challenges and aims to mitigate risks, especially regarding PFAS—a persistent, hazardous "forever chemical" used in various products, from cookware to electronics.

PFAS, linked to cancers and infertility, pollutes food, water, and ecosystems. As part of its strategy, Robeco joined the Investor Initiative on Hazardous Chemicals (IIHC) in 2022, fostering a collective investor approach to transition chemical companies towards safer practices. Starting in 2024, Robeco's three-year engagement with select firms, identified via ChemScore, emphasizes transparency and reduction in PFAS usage. Robeco advocates for action plans to phase out PFAS and develop safer alternatives, aiming to reduce litigation risk and capitalize on regulatory shifts towards sustainable alternatives.

Border to Coast Engagement

Border to Coast produced their quarterly Stewardship report which outlined a number of their key engagement highlights during the quarter and can be viewed here. Overall, the last quarter was quieter for voting and engagement as the main AGM season has passed in most markets for 2024. Border to Coast continued to engage with investee companies, most notably with Shell, Yorkshire and Northumbrian Water, as well as a number of UK banks.

Divestment and engagement report
Border to Coast commissioned a report that examined the academic evidence for both divestment and engagement in the context of climate change. The report found that multiple studies show

engagement can have impact, acknowledging that there are limitations. It found there is little evidence that divestment can trigger significant change at companies.

The paper compared fossil fuel (FF) divestment and engagement, outlining the complexities and trade-offs of each approach. While some argue that FF companies face inevitable asset risks due to the energy transition, the current valuations do not decisively support divestment purely on financial grounds. The academic evidence suggests that divestment alone may lack impact on emissions and could diminish investors' influence over FF companies.

Divestment can serve as a moral stance, aiming to delegitimize FF companies and reduce their political power. However, this approach may not lead to real-world emissions reductions and could impact portfolio diversification, especially in regions with high FF sector exposure. Investors pursuing this path would need to accept the financial implications, including potentially losing out on returns if FF demand remains robust.

Alternatively, engagement allows investors to influence responsible practices within the FF sector. Engagement efforts could focus on reducing methane leakage, transitioning to cleaner fuels, and fostering responsible lobbying. However, such influence may be limited, as companies are unlikely to adopt strategies that undermine long-term profitability. Thus, engagement is more feasible for incremental improvements rather than major shifts.

Ultimately, the choice between divestment and engagement depends on the investor's mandate, beliefs about the effectiveness of systemic change, and the potential financial impacts. A clear, principles-based approach aligned with fiduciary duties can help investors manage the challenges associated with either path and align their strategies with client interests and values.

LAPFF Engagement

Local Authority Pension Fund Forum ("LAPFF") are another relevant organisation that SYPA are members of where LAPFF carry out activity and engagement with invested companies. A detailed report of the work undertaken by LAPFF in the quarter is available here. A selection of key issues worked on during the quarter are summarised below and include:

LAPFF continued engagement with Shell and BP to test their claims of decarbonisation with the aim of challenging the viability of their current business models.

Shell - In 2023, LAPFF engaged with Shell's new Chair, finding their approach to decarbonization more realistic, especially in reducing reliance on "nature-based solutions" like tree planting, which IPCC recommends for hard-to-abate sectors rather than fossil fuel companies. LAPFF supports recent changes at Shell, where the energy transition strategy now reports to the CFO, signalling better alignment with financial planning. While Shell has stated that renewables currently lack a strong investment case, LAPFF suggests that this could justify higher cash returns to shareholders. LAPFF is sceptical about Carbon Capture and Storage (CCS) as a viable business, noting its high costs and limited potential for actual emissions reduction, particularly when cheaper alternatives exist for sectors like power, heating, and steel production. The organization remains cautious, pointing out how CCS failed to sustain coal demand and sees a similar risk that gas investments may also fall short economically and environmentally.

BP - LAPFF notes that BP is pulling back from some 2023 carbon reduction targets despite commitments to renewable investments and electric vehicle (EV) power supply as growth areas. Concerns exist regarding BP's reliance on high-carbon products and a lack of clear cash return expectations for shareholders. In a meeting with BP's new CEO, Murray Auchincloss, BP outlined its transition strategy, including expanding hydrogen, wind, biofuel, and EV revenue streams, as well as a hydrogen and carbon capture and storage (CCS) hub in Teeside. BP's approach differs from

Shell's, focusing less on CCS and more on biofuels derived from bio-ethanol, fats, and oils, and prioritizing EV charging infrastructure. While BP projects a medium-term shift to low-carbon energy, LAPFF seeks more clarity on the long-term revenue potential and investor impacts as BP transitions from an "oil and gas" company to a broader "energy" company.

Drax - LAPFF has scrutinized Drax's business model due to the environmental and financial issues surrounding its carbon emissions, government subsidies, and wood pellet sourcing. Drax's power station in Yorkshire is the UK's largest carbon emitter and relies on an annual £500 million government subsidy, set to end in 2027. Drax seeks further funding for its BioEnergy Carbon Capture and Storage (BECCS) initiative, which would require long-term subsidies, yet concerns persist over the supply and sustainability of imported wood pellets and claims of carbon neutrality.

LAPFF research, supported by BBC findings, revealed Drax's controversial use of rare old-growth forest wood from Canada, impacting biodiversity and challenging Drax's claims of net-zero carbon emissions. Further scrutiny from Ofgem led to a £25 million fine after Drax misreported biomass data. LAPFF's investigations also questioned Drax's forest growth-offset claims, with findings suggesting reduced biodiversity due to monoculture pine replacements.

Challenges to Drax's BECCS model include wood pellet supply, ecological impacts, water use, and the need for toxic chemicals. High subsidy demands raise issues of nationalization, especially given questions about BECCS's actual emissions reduction capabilities. Meetings with Drax's CFO and other leaders are planned to address these concerns.

In addition to climate and energy, LAPFF continues to engage on other topics such as biodiversity, water stewardship, mining, human rights, diversity, and governance. LAPFF also continues to respond to consultation opportunities where it believes it can contribute helpfully with the aim of helping investors to understand the link between human rights and financial materiality.

Portfolio ESG Performance

Equity Portfolios

Each of the equity portfolios is monitored by Border to Coast in terms of its overall ESG performance with data reported quarterly. This section of the report provides a summary of performance and of changes over time. The full reports are available for Authority members in the on-line reading room, but this summary provides a high-level indication of the position of each of the listed funds.

Overseas Developed

- Weighted ESG Score 7.3
- 57.0% of portfolio ESG leaders v 53.2% in the benchmark.
- 1.6% of portfolio ESG laggards v 2.5% in the benchmark.
- 0.4% of portfolio not covered all of which are investment trusts etc higher than benchmark
- Lowest rated 5 companies 1.6% of portfolio
- Emissions below benchmark on all metrics.
- Weight of fossil fuel holdings greater than benchmark
- 5 top emitters rated on the Transition Pathway with 4 TPI scoring of 4 (the second highest score)
- 4 of 5 top emitters engaged through Climate Action 100+

United Kingdom

- Weighted ESG Score 7.8
- 68.8% of portfolio ESG leaders v 66.7% in the benchmark
- 0.2% of portfolio ESG laggards
- 2.3% of portfolio not covered, mainly investment trusts; less than benchmark
- Lowest rated 5 companies 14.9% of portfolio, 4 of 5 A rated by MSCI
- Financed emissions and carbon intensity metrics are below or inline with the benchmark
- Lower weight of fossil fuel holdings than in benchmark.
- 4 of 5 top emitters rated 4 or 4* (highest ratings) on the Transition Pathway, 4 of 5 engaged through Climate Action 100+

Emerging Markets

- Weighted ESG score 6.0
- 28.3% of portfolio ESG leaders v 25.6% in the benchmark
- 11.7% of portfolio ESG laggards v 11.7% in the benchmark
- 0.1% of portfolio not covered largely investment trusts etc
- Lowest rated 5 companies 2.8% of portfolio.
- Emissions materially below benchmark on all metrics
- Weight of oil and gas holdings inline with benchmark.
- 2 of the top 5 emitters engaged with the Transition Pathway with scores of 3
- 1 of top 5 emitters engaged through Climate Action 100+

Listed Alternatives

- Weighted ESG score 7.6
- 47.3% of portfolio ESG leaders v 44.7% in the benchmark
- 1.5% of portfolio ESG laggards v 3.0% in the benchmark
- 31.3% of portfolio not covered largely investment trusts etc
- Lowest rated 5 companies 9.7% of portfolio.
- Emissions below benchmark on 2 of 3 measures
- Materially lower weight of fossil fuel holdings than in benchmark.
- Top 5 emitters engaged with the Transition Pathway with four scoring TPI level 4 and another score of 3
- 3 of 5 top emitters engaged through Climate Action 100+

Overall, this shows a broadly positive picture, with all funds continuing to score better than, or in line with, the benchmark for the overall Weighted ESG Score. However, the overall trajectory of improvements within these funds continues to slow with progress on emissions metrics largely flat, or reflective of changes in proportion to the benchmark, during the quarter.

Each quarter Border to Coast's reporting on carbon emissions features particular stocks and their plans for decarbonisation. To increase the level of transparency on the engagement undertaken with companies and the assessment of their future decarbonisation plans, case studies for each listed fund are included below.

Overseas Developed Fund

Financed emissions saw a 16% decrease and 12% decrease in carbon intensity over the quarter.

Featured Stock: Kansai Electric Power Company

Japan's third largest power supplier, the Kansai Electric Power Company (KEPCO) generates and distributes electricity in western Honshu (the main island of Japan) to approximately 20 million inhabitants or 16% of the Japanese population. KEPCO has higher exposure to nuclear than competitors. The Fund invested in KEPCO as Japan is positioning nuclear as a core short- to medium-term energy solution.

KEPCO has a net-zero target of 2050 with an interim target of reducing CO2 emissions by 50% by 2026 (vs 2014 baseline). Targets are absolute and cover Scope 1-3 emissions, and KEPCO are on track with all metrics. MSCI reports strong management practices to address carbon emissions relative to peers, including evidence of investments in carbon capture and storage projects.

UK Listed Equity Fund

The Fund saw marginal changes across all emissions metrics. The Fund remains below benchmark for financed emissions. Larger positions in Rio Tinto and National Grid alongside an increase in Shell's carbon intensity raised the Fund's carbon intensity marginally above benchmark.

Featured Stock: BP

BP continues to transition from an international oil and gas company to an integrated energy company, although recently some alternative energy projects including biofuel refinery, clean hydrogen and carbon capture and storage projects have been dropped. Shareholder returns are being prioritized, with a total distribution yield of over 12% including quarterly share buybacks of $1.75bn, and renewed guidance for a further $14bn of buybacks over 2024-25. Gearing remains higher than peers and the elevated shareholder distributions appear less sustainable should energy prices continue to soften in the face of slowing demand. As such we have recently been reducing our holding in BP and ended the quarter with a larger underweight position relative to our benchmark.

BP continues to be one of the Fund's largest carbon emitters and therefore recent reports that it may be considering reducing its emission reduction ambitions are disappointing . At BP's AGM in 2022 shareholders gave an overwhelming mandate to target emission reductions of 35-40% by 2030. BP subsequently scaled this back to 25-30% in response to evolving global energy markets following Russia's invasion of Ukraine. The recent reports suggest BP may be reviewing its commitment once again, raising concerns the company may not be able to meet its medium-term emission reduction targets. BP is ESG A-rated by MSCI, a rating that has been stable since it was upgraded from BBB 3 years ago, with MSCI noting BP leads global peers on corporate governance.

Emerging Markets Equity Fund

The Fund saw a 7% increase in financed emissions driven by an increased position in Grasim Industries, the Fund's largest contributor to emissions, and a new position in Jindal Steel and Power. Jindal Steel and Power is now the Fund's second highest contributor to emissions.

Featured Stock: Jindal Steel and Power

Jindal Steel and Power (JSP) is the fourth largest crude steel producer in India. JSP achieves a similar EBITDA/tonne as Tata Steel, which is the largest and most profitable steel company in India, by having both a high proportion of value-added products in the sales mix and significant backward integration into coal, energy, and logistics. JSP's movement up the product value chain and backward integration is attractive as it drives further efficiencies, expand margins and return on capital. Steel in India is interesting with high consumption growth expected over the coming years. In turn the government of India has an active industrialisation policy in support of domestic production for domestic need. JSP is an attractive holding based on its' backwards integration, growing consumer demand and government market support.

JSP is targeting both a reduction in carbon emissions by 35% by 2030, via long-term renewable power contracts, and to reach net-zero by 2047. JSP has several capex projects to meet these targets including the development of a coal gasification plant in Angul. This is the largest in the world and provides a synthesis gas that consists of more than 50% hydrogen which reduces the fuel's carbon intensity. JSP are developing two additional gasification plants in addition to a heat recovery system to improve energy efficiency. JSP is exploring options to shift from coalbased power to renewable energy over the coming years.

Sterling Investment Grade Credit Fund

Similar information is now available for the Investment Grade Credit portfolio as is available for the equity portfolios. It is important to note that while the availability and quality of ESG data has been improving in recent years, there can still be material gaps across the fixed income market. This is particularly prevalent where a debt-issuing entity does not also issue publicly listed equity, which, in most cases, the fixed income issuer maps to. The highlights from this report are set out below:

Weighted ESG score 7.2 which is worse than benchmark at 7.5	43.7% of portfolio ESG leaders compared to 55.1% in the benchmark	0.7% of portfolio ESG laggards compared to 0.8% in the benchmark
20.6% of portfolio not covered compared to 8.7% in the benchmark	The 5 lowest rated issuers represent 1.6% of the portfolio	Emissions below benchmark on all three carbon emission and intensity metrics.
Materially below benchmark weight of companies with fossil fuel reserves.	2 of top 5 emitters being engaged by Climate Action 100+ and three rated 4 on the Transition Pathway	

The overall ESG rating of the Fund decreased over the quarter, further lagging the benchmark. The Fund continues to hold a large overweight position (5%) in UK Government Bonds, which negatively influences the Fund's ESG score relative to the benchmark.

During the quarter, the Fund's financed emissions decreased by approximately 20%. This was primarily driven by a decrease in emissions from the Fund's highest emitters Enel and Mobico which accounted for 23% and 18.8% of financed emissions respectively.

The Fund's underweight positions in high emitting sectors, materials, industrials, energy and utilities, continues to drive its relative position versus benchmark across all emissions metrics.

Commercial Property Portfolio

As reported last quarter, the overall ESG performance of the commercial property portfolio as measured by the GRESB (Global Real Estate Sustainability Benchmark) fell from 3 stars to two stars during 2024. The fall in rating was due to a change in the GRESB methodology with the largest dip in scoring due to building certifications as older certifications were not score so highly.

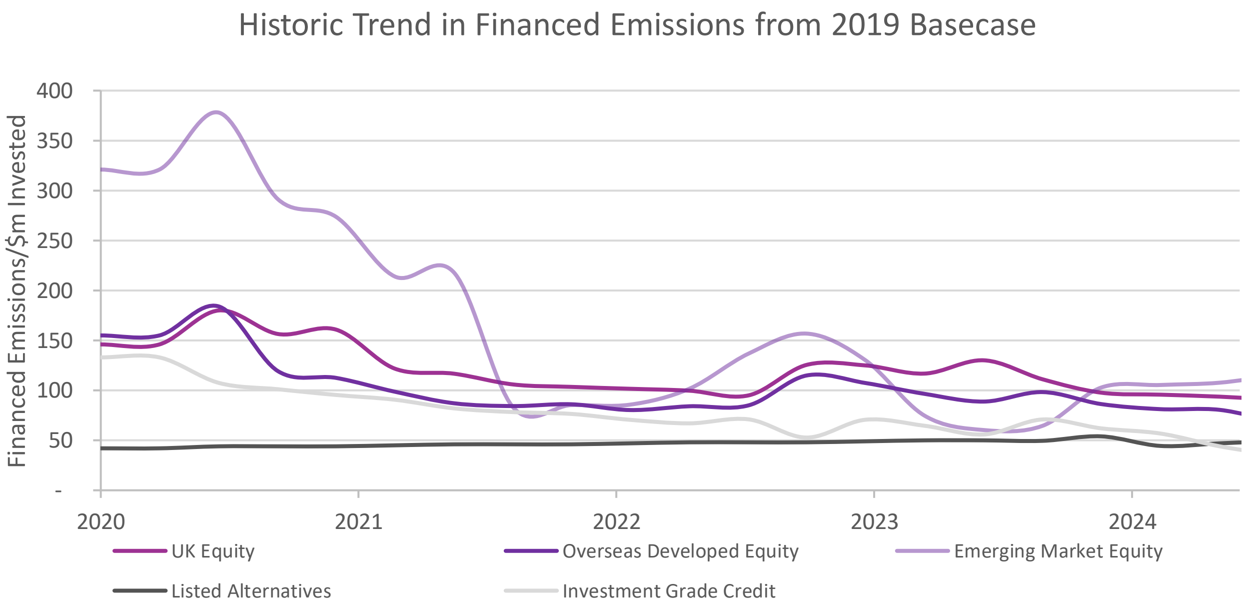
Like-for-like total emissions (scope 1 & 2) increased year-on-year by 8%. Scope 1 covers emissions from sources that an organisation owns or controls directly – for example from burning fuel in a fleet of vehicles (if they're not electrically-powered) and Scope 2 are emissions that a company causes indirectly and come from where the energy it purchases and uses is produced. For example, the emissions caused when generating the electricity that we use in our buildings would fall into this category.

The proportion of the portfolio AUM with sustainability Green Building Certification decreased year-on-year from 37% to 29% due to changing underlying asset values and estimated rental values (ERVs).

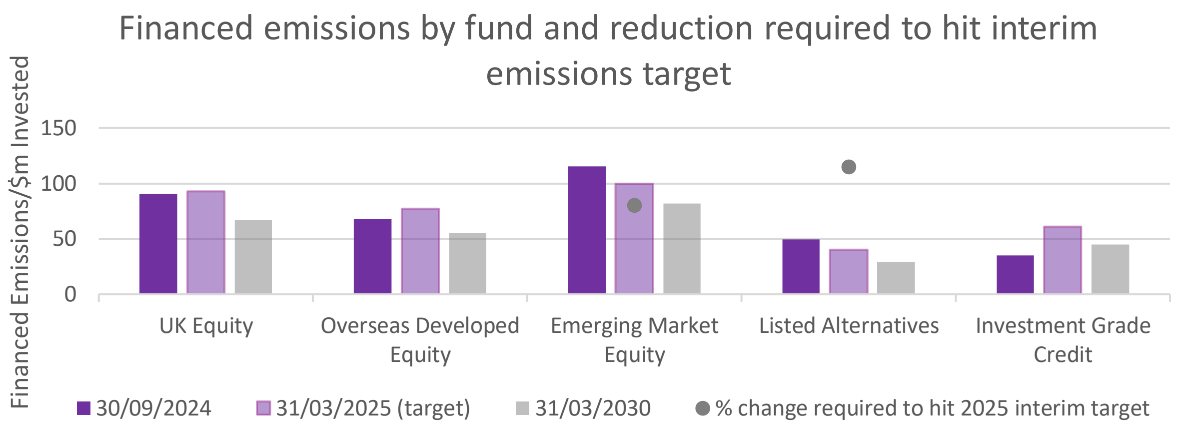
Progress to Net Zero

This section of the report considers progress towards Net Zero using the emissions data provided on a quarterly basis by Border to Coast. The graph below shows the historic trend for what is now termed financed emissions (i.e. absolute carbon emissions) which is the main indicator for which targets have to be set. This now includes emissions data for the Listed Alternatives fund, therefore covers five publicly traded funds held with Border to Coast for which carbon emissions data is available.

The below graph shows the movement of actual financed emissions of the listed funds held over time. It should be noted that some volatility in financed emissions quarter-on-quarter is to be expected. However, the financed emissions trend has been directionally reducing, albeit with some volatility and at a slowing rate over recent quarters.

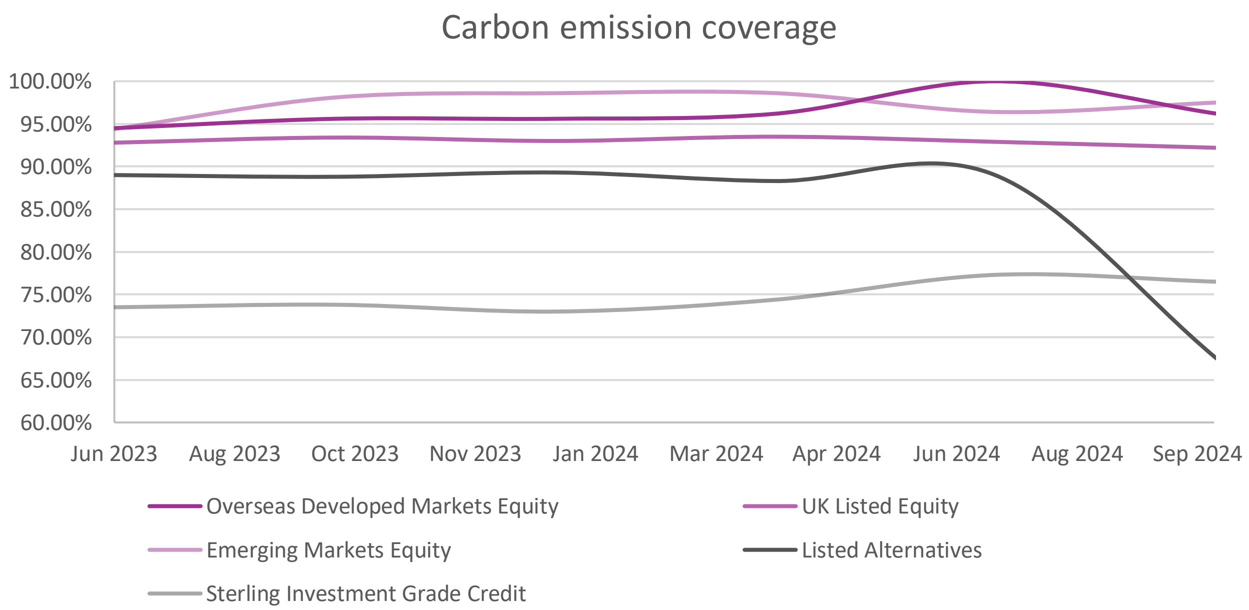


The below chart shows that the Overseas Developed Equity, UK Equity and Investment Grade Credit funds are currently below the interim 2025 financed emissions target to meet the net zero goal by 2030. The Emerging Market Equity and Listed Alternatives funds require reductions in financed emissions of 13.4% and 19.2% respectively by 31 March 2025 to hit their interim targets. When analysed alongside the historic trend graph above, it can be seen that the trend in the reduction of financed emissions in these two funds will have to speed up if the interim targets are to be met. It should also be noted that some level of volatility in financed emissions at a fund level can be expected, as firms report emissions annually and changes in overall market value will impact the reported metrics.



Coverage

The proportion of companies covered is an important metric when assessing the progress made to net zero. Without a high level of coverage, the emissions reduction picture will be incomplete and inaccurate. The graph below outlines how the level of coverage in the funds held with Border to Coast has developed over time. It can be seen that over time the % of the individual funds covered has in general improved. However, the progress has largely plateaued within the last year with a decrease in the coverage of assets in the Overseas Developed Markets Equity Fund. It should also be noted that, despite recent good progress, there are further improvements to be made on the Sterling Investment Grade Credit and the coverage of the Listed Alternatives Fund fell following a change in investment strategy to include fixed income assets.



As has been made clear previously, the forecast reduction in emissions shown is dependent upon Border to Coast delivering the targets set out in their own Net Zero Strategy. This further depends on changes within the investment process as well as on the actions of individual companies. Officers continue to engage with Border to Coast to further understand both the nature of the changes being made to the investment process and their likely impact.

Beyond this the current investment strategy, revised in 2023 and undergoing implementation, will result in changes to the mix of assets that reduce the level of emissions from the portfolio. However, this process is too early stage to determine the scale of any reduction. As has previously been reported there remains a very strong probability that the Net Zero Goal will be missed although there is a possibility, should all portfolios achieve the reductions targeted by fund managers, that a date earlier than 2050 could be achieved.

It should also be noted that while there is, rightly, a significant focus on emissions there is no credit in the calculations for the emissions avoided by the significant investment by the Authority in renewable energy, natural capital and other climate solutions and this is something that we are working with investment managers on and will look to begin reporting on in future.

Stakeholder Interaction

The Director has responded to stakeholder questions relating to questions on Palestine from Rotherham's Scrutiny Committee and for Sheffield's full council.

Collaborative Activity

This section focuses on the notable activity and developments during the quarter through the various collaborations in which the Authority is either directly involved or indirectly involved through Border to Coast.

LAPFF held a business meeting during the quarter which included member input into the draft workplan for the year 2024/2025

The business meeting considered the following topics:

- Transition vs Disruptive Replacement: Steel as an Example
  - It was suggested that LAPFF should also look into producing a report on cement and particularly the companies Cemex and Heidelberg which are widely held by LAPFF members.
  - It was also suggested that similarly other high emitting sectors be scrutinised with a view to carrying out similar reporting.
- LAPFF Voting Alerts and Pass-Through Voting (PTV) – recommendations and actions:
  - LAPFF Executive agreed the principle to providing support to members who want to vote in line with LAPFF voting alerts in pooled funds; subject to resource commitments being agreed at 4.8 below.
  - LAPFF's research and engagement partner's remit to provide LAPFF voting alerts includes the operationalisation of PTV, in line with LAPFF's policies.
  - LAPFF produce a short guide for members about PTV and LAPFF voting alerts.

Climate Action 100+, is the world's largest investor engagement initiative on climate change.

Further to the update in previous quarters, covering the notable withdrawal from Climate Action 100+ of JP Morgan Asset Management, State Street and PIMCO, with BlackRock changing participation from "BlackRock Inc" to "BlackRock International", and the subpoena requesting Ceres to produce documents related to Climate Action 100+ and set up an antitrust hearing:

- The Republican led House Judiciary Committee in the US sent letters to US-based members of Climate Action 100+ putting increased pressure on asset managers. The House asked for documentation on members' ESG goals and future engagement approach in Phase Two of the Climate Action 100+ strategy.

In the quarter, Goldman Sachs Asset Management became the latest US asset manager to leave Climate Action 100+. Despite recent departures of some US managers, the number of signatories has continued to grow. Since June 2023, 90 new entities joined Climate Action 100+. Fifty-two of the new signatories are European entities with only 5 new joiners from the US. Recent movements have seen the UK overtake the US with the most Climate Action 100+ signatories.

Policy Development and Industry Highlights

This section of the report highlights the key pieces of policy related activity which have taken place that will impact SYPA in the future.

Financial reporting standards

In May, the IFRS Foundation stated that over half of the global economy, including China, have announced plans to use or align with the International Sustainability Standards Board (ISSB) Reporting Standards. This is a significant step in ensuring companies across the globe provide investors with consistent and reliable information on sustainability risks and opportunities.

EU greenwashing mitigation

This quarter highlighted how the EU is seeking to address greenwashing risk in finance and industry. In May, the European Securities and Markets Authority (ESMA) released final guidelines for ESG and sustainable investment funds, including investment thresholds for inclusion of the terms ESG and sustainable. Outside of finance, the European Commission launched action in April against 20 airlines over misleading climate claims. Other regions could follow with their own measures as greenwashing risk becomes a global focus.

Sustainable finance market

Q1 2024 saw the largest issuance ($272.7bn) of green, social, sustainability, sustainability-linked and transition (GSS+) bonds on record. The issuance of green bonds increased by 43% over Q4 2023 and green bond issuance is expected to reach $1 trillion in 2024. This contrasts with the markets' appetite for labelled ESG Equity Funds, where it is reported by Barclays that investors have withdrawn $40 billion net so far in 2024.

Sustainable Investment Labels

In September the FCA announced a delay to the implementation of the naming and marketing requirements under SDR until April 2025. Whilst in Australia courts fined Mercer $7.4 million and Vanguard a record $12.9 million regarding misleading claims in their sustainable investing products.

UK Regulation

In August the UK government confirmed plans to regulate ESG ratings providers, placing them under the view of the FCA. The aim of the legislation is to improve the transparency of ESG ratings and the legislation is expected to be implemented in 2025.

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SOUTH YORKSHIRE
PENSIONS AUTHORITY

Agenda Item

Subject	**Annual Update of the Border to Coast Responsible Investment Policies**	**Status**	For Publication
Report to	Authority	**Date**	12th December 2024
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Assistant Director – Investment Strategy	**Phone**	01226 666463
E Mail	astone@sypa.org.uk		

1 Purpose of the Report

1.1 To secure the Authority's endorsement of the revised Border to Coast Responsible Investment policies prior to the next voting season.

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2 Recommendations

2.1 Members are recommended to:

a. Endorse the various Border to Coast policies at Appendices A to C.

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3 Link to Corporate Objectives

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

Responsible Investment

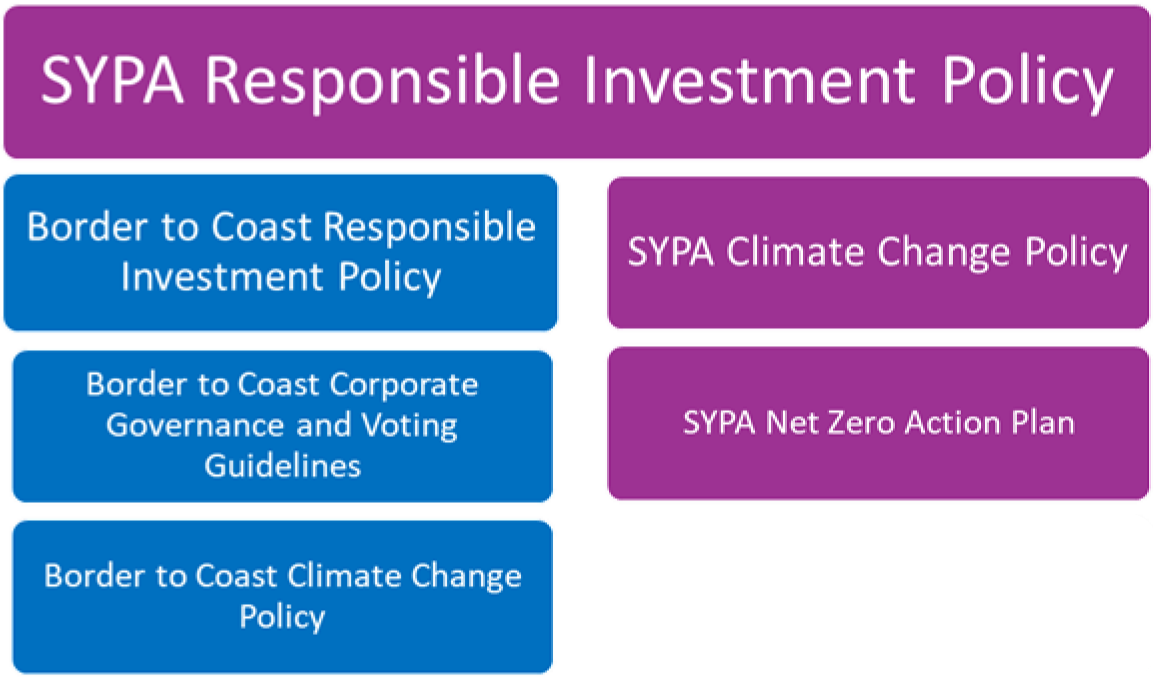
To develop our investment options within the context of a sustainable and responsible investment strategy.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report will directly impact on the Authority's ability to achieve the necessary mitigations identified in the corporate risk register related to climate change on the value of investment assets as well as the more general investment related risks that are mitigated by ensuring that effective stewardship arrangements are in place.

5 Background and Options

5.1 Each year Border to Coast conducts a review of its Responsible Investment Policy and Voting guidelines so that they can be updated for the following voting season. It is important to recognise that these are all collective documents which represent the company's position based on the consensus position of the Partner Funds. As such there is, inevitably, a degree of compromise in relation to the positions of the individual Partner Funds. The diagram below sets out the relationship between these documents and the Authority's own policy framework in this area. The documents themselves are attached at appendices B to C, while a table setting out the key changes as a result of the review is at appendix A.



5.2 The process of review is undertaken over the summer following peak voting season and involves looking at feedback from service providers such as Robeco (the voting and engagement partner) and input from partner funds as well as a review of general movements in industry practice. Recognising that this year the process was likely to be focussed on minimal changes, the focus for SYPA in the process has been to continue to emphasise the need for progress in areas of previous focus such as revenue thresholds for exclusion, rather than pushing for specific changes.

5.3 The 2024 policy review has been relatively light, given the recent retirement of Border to Coast's Head of Responsible Investment, Jane Firth. Tim Manuel has recently joined Border to Coast to take over Jane's responsibilities and, understandably, will benefit from taking some time to embed himself before making any material policy changes.

5.4 Most of the policy changes made this year are modest corrections and clarifications. The few, more material changes relate to deforestation risk and the broadening of the Border to Coast product range, as covered below:

Responsible Investment Policy

5.5 The policy has been updated to reference the launch of Border to Coast's UK and Global Real Estate funds. Specifically, this covers the development of a Responsible Investment framework to ensure the integration of ESG factors into the investment process of these funds. The launch of the Real Estate Fund and its inclusion in the Border to Coast policy also necessitates the retirement of the Authority's own policy in this area.

5.6 The policy update also includes a clarification that ESG risk categorically forms part of Border to Coast's risk management framework for Private Market assets.

Corporate Governance & Voting Guidelines

5.7 The Policy has been updated to state that Border to Coast will generally vote in favour of shareholder proposals which ask companies to mitigate deforestation risks. This will involve a "comply or explain" approach, with Border to Coast publicly disclosing their rationale should they vote against the proposal.

5.8 Wording has also been included to confirm that Border to Coast expects companies with a high exposure to deforestation risk commodities (palm oil, soy, beef, and timber, paper and pulp) to address those risks within their operations and supply chains. Border to Coast will oppose the re-election of the Chair of the Sustainability Committee (as appropriate) where companies do not meet this requirement.

Climate Change Policy

5.9 Border to Coast has clarified its approach to engagement in relation to deforestation risks, consistent with paragraphs 5.7 and 5.8.

5.10 Other changes in the Policy are simply corrections relating to:

- the objective of the Paris agreement; and
- Border to Coast's commitment to a net zero carbon emissions target for assets under management by 2050, in order to align with efforts to limit temperature increases to 1.5ºC.

Conclusion

5.11 The changes and updates made to the various policies, although limited in scope, are welcomed from an SYPA point of view.

5.12 As per last year, there has been no specific policy progress in relation to human rights issues. However, we do acknowledge that this is a particularly difficult area, and on a case-by-case basis, the Company does act in the way we would expect and also encourages managers to do so. We recognise that the current geopolitical situation also complicates policy changes in this area.

5.13 As part of next year's review, we would also like consideration to be given to excluding more pure coal, tar sands and arms manufacturing companies from the Border to Coast portfolios through further changes to the revenue thresholds.

5.12 As Tim Manuel settles into his new role, we look forward to engaging with him and the wider team, working towards a more significant review of these policies next year.

6 Implications

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

Financial	None directly
Human Resources	None
ICT	None
Legal	None
Procurement	None

Andrew Stone

Assistant Director – Investment Strategy

Background Papers	
Document	**Place of Inspection**
SYPA Responsible Investment Policy	Policies (sypensions.org.uk)

Appendix 1 – Extracts showing proposed amendments

Responsible Investment Policy

5.2. Private markets

~~Border to Coast believes that~~ ESG risk forms an integral part of the overall risk management framework for private market investment.

5.4. Real Estate

Border to Coast ~~is preparing to launch funds to make~~manages Real Estate investments through both direct properties and indirect through investing in real estate funds. For real estate funds, a central component of the fund selection/screening process is an assessment of the General Partner and Fund/Investment Manager's Responsible Investment and ESG approach and policies.

A Responsible Investment framework has been developed for Real Estate to ensure the integration of ESG factors throughout the investment process. This covers the stages of selection, appointment and monitoring and a feedback loop to report performance and review processes. It includes pre-investment, post-acquisition and post-investment phases. An ESG scorecard ~~will be~~has been developed tailored to the direct or indirect property fund, monitoring key performance indicators such as energy performance measurement, flood risk and rating systems such as GRESB (formerly known as the Global Real Estate Sustainability Benchmark), and BREEAM (Building Research Establishment Environmental Assessment Method). For direct real estate, the RI Policy will be implemented through ESG strategies embedded into the asset management plans of individual properties; this is to ensure a perpetual cycle of review and improvement against measurable standards.

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Appendix 2 – Extracts showing proposed amendments

Corporate Governance & Voting Guidelines

Shareholder Proposals

We will assess shareholder proposals on a case-by-case basis. Consideration will be given as to whether the proposal reflects Border to Coast's Responsible Investment policy, is balanced and worded appropriately, and supports the long-term economic interests of shareholders.

Shareholder proposals are an important tool to improve transparency. Therefore, we will, when considered appropriate, support resolutions requesting additional reporting or reasonable action that is in shareholders' best interests on material business risk, ESG topics, climate risk and lobbying.

We will generally vote in favour of shareholder proposals that are aligned with the objectives of the Paris climate agreement, taking a 'comply or explain' approach, publicly disclosing our rationale if we vote against.

We will generally vote in favour of shareholder proposals that ask companies to mitigate deforestation risks, taking a 'comply or explain' approach, publicly disclosing our rationale if we vote against.

Climate change

Climate change is a systemic risk which poses significant investment risks, but also opportunities, with the potential to impact long-term shareholder value. We believe it is vital we fully understand how companies are dealing with this challenge, and feel it is our duty to hold the boards of our investee companies to account.

Our primary objective from climate related voting and engagement is to encourage companies to adapt their business strategy in order to align with a low carbon economy and reach net zero by 2050 or sooner. The areas we consider include climate governance; strategy and Paris alignment; command of the climate subject; board oversight and incentivisation; TCFD disclosures and scenario planning; scope 3 emissions and the supply chain; capital allocation alignment, climate accounting, a just transition and exposure to climate-stressed regions.

For companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, we will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Companies that are not making sufficient progress in mitigating climate risk are identified using recognised industry benchmarks including the Transition Pathway Initiative ('TPI'), the Climate Action 100+ ('CA100+') Net Zero Benchmark and the Urgewald Global Coal Exit List. We use TPI scores and will vote against the Chair (or relevant agenda item) where companies are scored 2 or lower, and for Oil and Gas companies scoring 3 or lower, unless more up to date information is available. Where a company covered by CA100+ Net Zero Benchmark fails indicators of the Benchmark, which includes a net zero by 2050 (or sooner) ambition, short, medium and long-term emission reduction targets, and decarbonisation strategy, we will also vote against the Chair of the Board.

Additionally, an internally developed framework is used to identify companies with insufficient progress on climate change and not covered by the industry benchmarks.

Where management put forward a 'Say on Climate' resolution, we will vote against the agenda item if, following our analysis, we believe it is not aligned with the Paris Agreement.

We expect companies that have high exposure to deforestation risk commodities (palm oil, soy, beef, and timber, paper and pulp) to take action to address those risks within their operations and supply chains. For companies that have such exposure, but either don't have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, we will oppose the re-election of the Chair of the Sustainability Committee (or most appropriate agenda item). Assessments of the quality of mitigating actions are based on external benchmarks such as the Forest500.

Banks will play a pivotal role in the transition to a low carbon economy, and we will therefore be including the sector when voting on climate-related issues. We will assess banks using the IIGCC/TPI framework and will vote against the Chair of the Sustainability Committee, or the agenda item most appropriate, in the case where we have significant concerns regarding the bank's transition plans to net zero.

We support a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. Therefore, in the interests of a just transition we will assess the implications when considering our voting decisions on a case-by-case basis.

Appendix 3 – Extracts showing proposed changes

Climate Change Policy

2.1 Our views and beliefs on climate change

Recognising the existential threat to society that unmitigated climate change represents, in 2015, the nations of the world came together in Paris and agreed to limit global warming to well below 2ºC and to pursue efforts to limit the temperature increase to 1.5ºC. A key part of the Paris Agreement was an objective to make finance flows consistent with a pathway towards low GHG emissions and climate resilience. This recognises the critical role asset owners and managers play, reinforcing the need for us and our peers to drive and support the pace and scale of change required.

3.1 Our ambition – Net Zero

Our climate change strategy recognises that there are financially material investment risks and opportunities associated with climate change which we need to manage across our investment portfolios. We have therefore committed to a net zero carbon emissions target by 2050 at the latest for our assets under management, in order to align with efforts to limit temperature increases to ~~under~~ 1.5ºC.

6.1 Our approach to engagement

In particular, we are currently focusing on the following actions:

- When exercising our voting rights for companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, we will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence. Companies that are not making sufficient progress in mitigating climate risk are identified using recognised industry benchmarks including the TPI, CA 100+ Net Zero Company Benchmark and the Urgewald Global Coal Exit List. Additionally, an internally developed framework is used to identify companies with insufficient progress on climate change. Our voting principles are outlined in our Corporate Governance & Voting Guidelines. We are also transparent with all our voting activity and publish our quarterly voting records on our website.

- We will generally vote in favour of shareholder resolutions that are aligned with the objectives of the Paris climate agreement, taking a ‘comply or explain’ approach, publicly disclosing our rationale if we vote against.

- We will vote against management ‘Say on Climate’ resolutions that are not aligned with the Paris climate agreement.

- For companies that have high exposure to deforestation risk commodities (palm oil, soy, beef, and timber, paper and pulp), but either don't have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, we will oppose the re-election of the Chair of the Sustainability Committee (or most appropriate agenda item). Assessments of the quality of mitigating actions are based on external benchmarks such as the Forest500.

- We will generally vote in favour of shareholder proposals that ask companies to mitigate deforestation risks, taking a 'comply or explain' approach, publicly disclosing our rationale if we vote against.

- We will co-file shareholder resolutions at company AGMs on climate risk disclosure, emission reduction targets, transition plans, and lobbying, after conducting due diligence, that we consider to be of institutional quality and consistent with our Climate Change Policy.

- Engage with companies in relation to business sustainability, disclosure of climate risk and to publish greenhouse gas emissions reduction targets in line with the TCFD recommendations.

- Engage with the largest emitters across our portfolios on transition plans and science aligned capital expenditure plans.

- Engage with the banking sector as it plays a pivotal role in the transition to a low-carbon economy.

- Engage with our largest portfolio emitters and all fossil fuel companies and banks subject to votes against management due to failure to meet our climate policies.

- Support a Just Transition through collaboration with other investors and consider in our engagement and voting.

- Work collaboratively with other asset owners in order to strengthen our voice and make a more lasting impact for positive change. Engagement is conducted directly, through our engagement partner and through our support of collaborations. We also expect our external asset managers to engage with companies on climate-related issues.

- Implementing our net zero stewardship strategy developed using IIGCC's Net Zero Stewardship Toolkit.

- Use carbon footprints, the TPI toolkit, CA100+ Net Zero Company Benchmark, SBTi along with other data sources to assess companies and inform our engagement and voting activity. This will enable us to prioritise shareholder engagement, set timeframes and monitor progress against our goals.

Subject	Update on Pensions Administration Improvement Plan	Status	For Publication
Report to	Authority	Date	12 December 2024
Report of	Assistant Director - Pensions		
Equality Impact Assessment	Not Required		
Contact Officer	Debbie Sharp, Assistant Director Pensions	Phone:	012260666480
E Mail:	dsharp@sypa.org.uk		

1 Purpose of the Report

1.1 To update the Board on the Pensions Administration Improvement Plan.

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2 Recommendations

2.1 Members are recommended to:

a. **Note and comment on the 2024/2025 plans for Administration improvement that are in place.**

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3 Link to Corporate Objectives

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

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. The report includes information about the engagement with the employers in the scheme and how SYPA can support them to complete their responsibilities.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times. The report includes detail on the overall administration performance to ensure Members are able to scrutinise the service being provided to our customers.

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.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report seek to address operational risks around data quality and backlogs in work (O2 and O6) and the people risks around vacancy levels and single points of failure (P1 and P2). The key mitigants of these risks identified are the plan to address backlogs on a systematic basis and the recruitment to new roles approved by the Authority which will increase the resilience of the team and ensure that there are sufficient resources to handle incoming work.

5 Executive Summary and highlights

5.1 Further work was undertaken on improving the Authority's pension administration service in the last quarter. This was as well as producing the Annual Benefit statements by 31 August and Pension Saving Statements by 6 October, the statutory deadlines, onboarding new employers and ceasing those that no longer have active members in the Fund and collecting monthly membership data.

5.2 RAG status for Administration improvement activities;

Corporate Action	Update	On Target
A1 – Improvements in Data Quality	Priority given to ensuring the GMP reconciliation and rectification project is completed by the end of the year	Yes
A2 – Recruit to the Pensions Administration structure	Completed	Completed
A3 – System Improvements	System Audit actions have slowed due to resource issues. Work almost complete on the first process improvement. The project is now on target to complete in December.	At Risk
A4 – Clear backlogs	47% of backlog cleared by 31 October 2024. New timescale for backlog completion is Q3 2024/2025 with a focus on case types that need completing for annual valuation.	At Risk
A5 – Implement the McCloud Remedy	Dependant on Software supplier developments. Delays for phase 2 developments.	No
A6 – Successfully link SYPA to the Pensions Dashboards	Project started.	Yes

5.2 The Authority has added the McCloud Risk to the corporate risk register. The Autumn software release for McCloud has been delayed.

6 Background and Options

6.1 The Corporate Plan introduced an Administration Improvement Plan. The Plan is a series of interlinked activities, intended to address long standing issues, which have affected the underlying performance of the administration service, and to place the service on a stable and sustainable basis.

The plan was influenced by;

- Changes in the nature of the scheme caused by regulatory changes which will require the recalculation of benefits in payment and entitlements for a sizeable proportion of scheme members.
- The need to address the long-standing backlogs and process issues within the administration service.
- Developments within the Local Government Pension Scheme and the wider pensions industry such as the Pensions Dashboard.
- Technological developments.
- Feedback from stakeholder groups, including scheme members, employers and our staff.

This programme of work incorporates the need also to address things over which the Authority has no choice, such as the need to implement the changes in the pension regulations arising from various legal challenges related to discrimination based on either age or gender. The improvement plan represents a significant volume of work for the team over a number of years and must not be underestimated.

6.2 The Administration Improvement Plan aims to deliver in six key areas:

A1 – Improvements in Data Quality

A2 – Recruit to the Pensions Administration structure approved at the end of 2023.

A3 – System Improvements to ensure that the Authority is making the best use of technology.

A4 – Clear backlogs

A5 – Implement the McCloud Remedy

A6 – Successfully link SYPA to the Pensions Dashboards

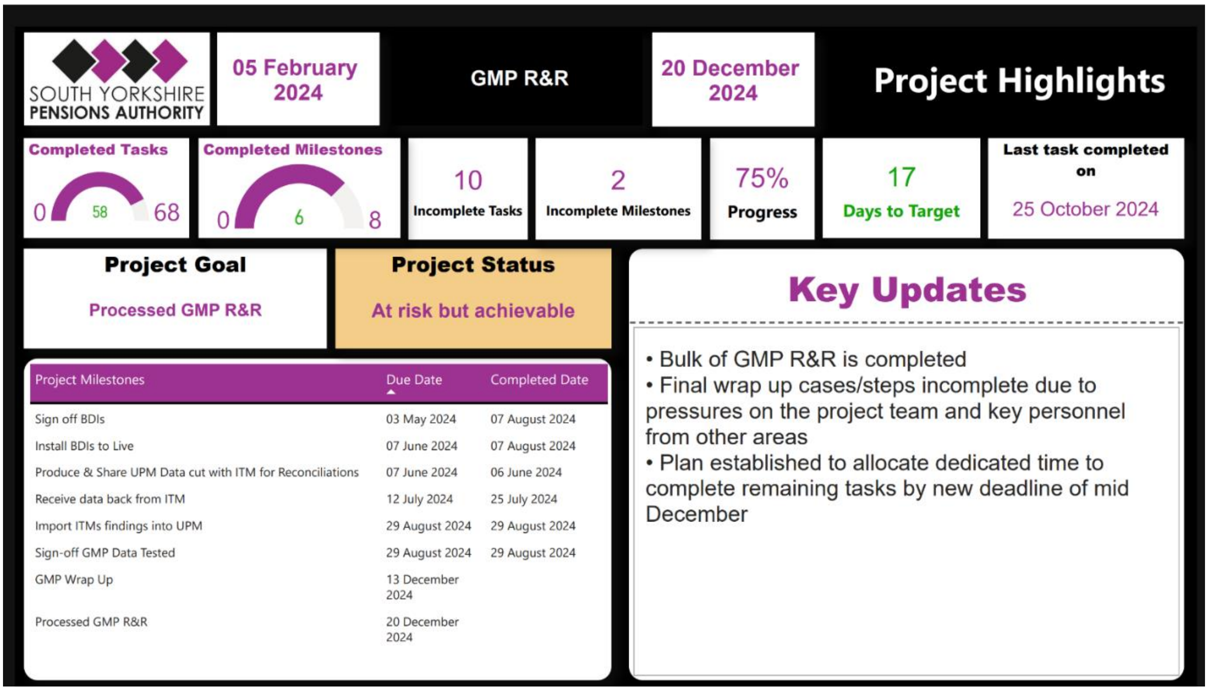
6.3 A1 - Improvements in Data Quality

A Data Improvement Strategy, part of which will be an annual improvement plan is to be drawn up in Qrt 4. This will focus on overall data improvements not just TPR scores. Investigations have highlighted historical data issues, some of which go back to when the software system was implemented in 2014. These data issues need to be understood and categorised into whether they affect benefit calculations, communications to members or are nice to have /insignificant. The recent recruitment exercise included a post that would contribute to work undertaken in this area. The data cleansing work carried out for the Annual Benefit Statement production, the Pension Regulator's annual return as well as early work on the 2025 Triennial Valuation is being captured and will be used to shape the Authority's data improvement strategy and then the improvement plan for 2025 / 2026 at least.

The current priority regarding improving data quality is still focused on completing the GMP reconciliation and rectification project. This project is nearing completion and is expected to be completed by the end of the year. The tidy up exercise has been affected by competing priorities.

A tidy up exercise will be completed in December dealing with 12 complex cases subject to extra adjustments.

GMP R&R Project - 31.10.2024 Highlight Report



6.4 <u>A2- Recruit to the Pensions Administration structure approved at the end of 2023</u>.

Technical Support and Training Team

The two newly created roles within this team have now been appointed to. The Data Analyst and Complaints Resolution Officer took up their new positions on 28 October and 11 November respectively.

The Data Analyst is working collaboratively across teams recording and implementing changes that have been identified as part of the Pension Regulators Annual Return. They have also started to investigate valuation data errors. This is early data cleansing work for the 2025 triennial Valuation.

The Complaints Resolution Officer is investigating the current complaints process and has been tasked to develop this into a robust process ensuring consistency across the pensions' teams in responding to complaints and supporting the Authority's staff to improve communication with members with the aim of reducing complaints.

As a result of the unsuccessful recruitment to the Technical Training Lead the Authority is now using an HR Consultant, to review the career grade posts across the Authority.

This action is now complete.

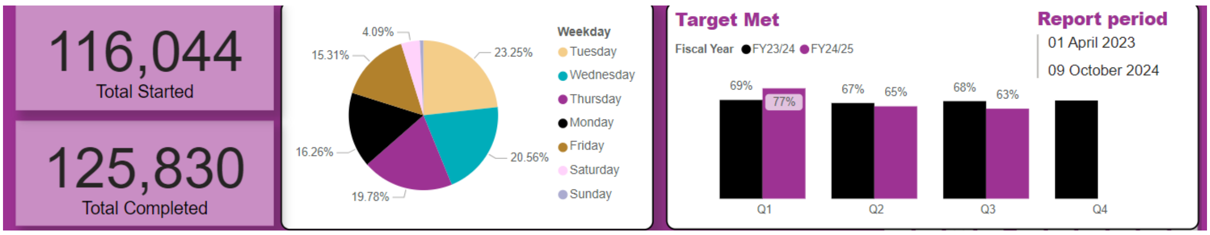
Service Area	Post	Recruited to Y/N	Internal/External
Employer Services	Service Manager	Y	Internal
	Engagement Team Leader	Y	Internal

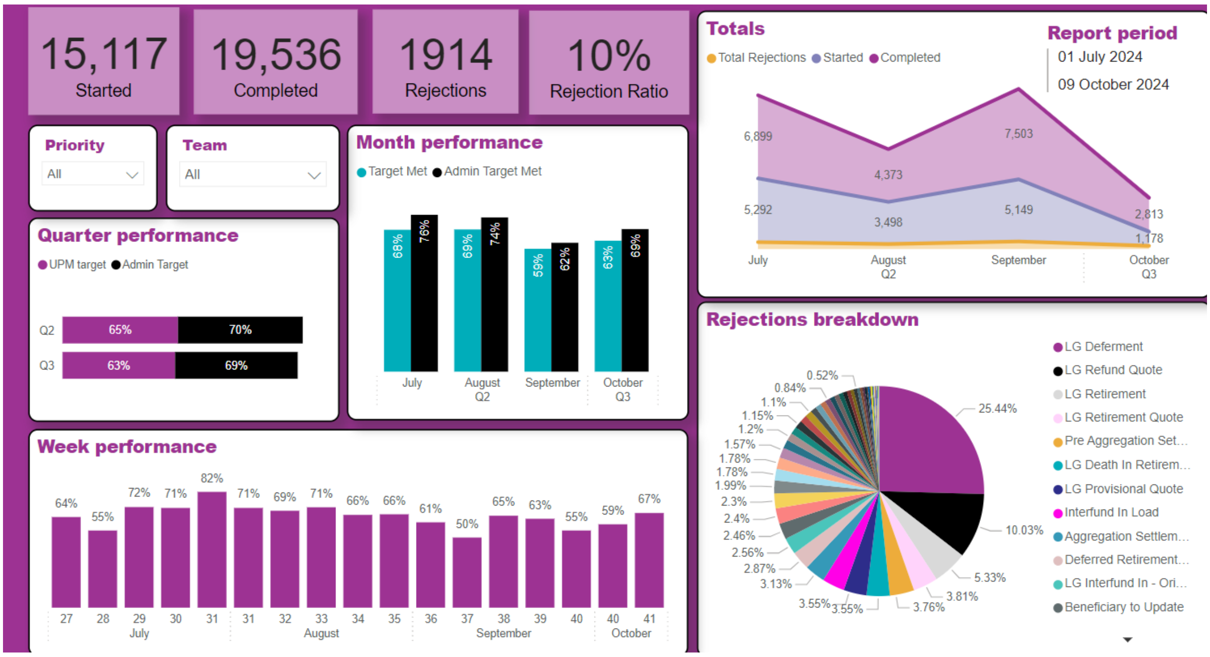
	Engagement Officer	Y	Internal
	Engagement Officer	Y	External
	Employer Service Officer	Y	Internal
	Employer Service Officer	Y	External
Technical & Training	Service Manager	Y	Internal
	Technical Specialist	Y	Internal
	Data Analyst	Y	Internal
	Customer Resolution Officer	Y	Internal
	Technical Team Leader temp	Y	External HR Consultant
Benefits	Team Leader x 2	Y	Internal x2
	Senior Practitioner x3	2 Y 1 Y	Internal x2 Internal 6 month secondment
	Pensions Officer x 8	8Y	Internal x3 External x5
Customer Services	Business Support Officer	Y	External
	Apprenticeships x2	2Y	External

6.5 A3 – System Improvements

The focus in this area is to ensure Authority is making the best use of technology, review the operational workflows and an overhaul of performance reporting.

- An audit of how the Authority uses the Civica, UPM Administration system was undertaken on 5 June 2024. A report was provided highlighting improvements that could be made by either Civica or the Authority. There was a plan for many quick wins to be implemented by 30 September. Due to staff issues and other project pressures this project is currently on hold.
- UPM Steering Group is meeting quarterly.
- Pensions' Team plan is now in place. Each of the 4 individual Teams now record and monitor work across their individual teams to ensure corporate improvements are delivered along with day-to-day workloads and other one-off projects. These are reported to the Assistant Director Pensions at least monthly.
- Performance reporting – Dashboards have been introduced that are helping the Pension Team understand the Team's performance, output and workloads. Dashboard examples.





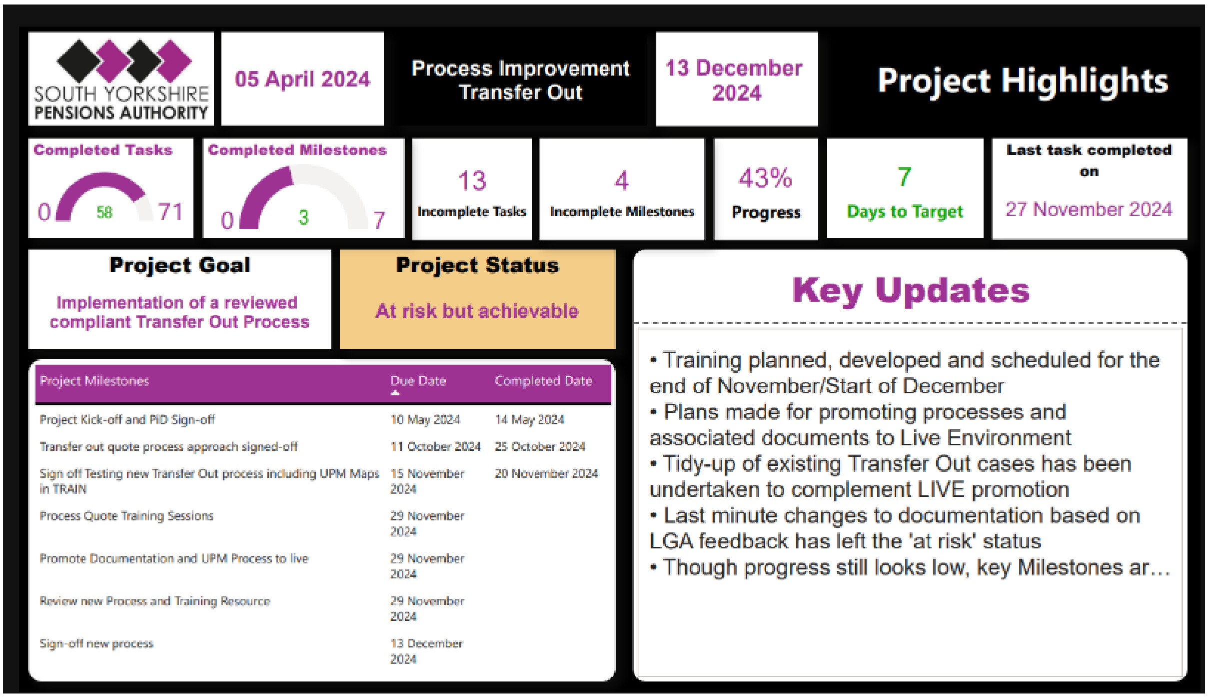
<u>Transfer Out Process Improvement Project</u>

Significant progress has been made on the Transfer Out Process Improvement project, to ensure compliance with overriding regulations and statutory guidance while enhancing the member experience. The revised process is scheduled to go live during the week commencing 2 December 2024. Key updates and improvements include:

- Updated Forms:
  - The team initially worked extensively to refine an early version of the LGA's revised transfer forms. The aim was to improve clarity and member understanding of risks.
  - Subsequently, the LGA provided a further revised version of their forms and visited the Authority to review our approach. They were pleased with many of the adjustments the Authority suggested and expressed interest in adopting some of these changes for the national rollout.
  - The final version of the forms are compliant with regulations and will be reviewed further to incorporate LGA feedback without delaying the go-live date.
- Streamlined Member Journey:
  - The revised quote process now requires deferred scheme members to answer a series of eligibility questions before a transfer-out quote is provided. This ensures members understand their eligibility and any associated costs, such as charges for a second quote within a 12-month period.
  - Staff feedback confirms this approach creates a smoother and more efficient experience for members while maintaining compliance.
- Proactive Form Distribution: The Authority will now send transfer-out forms directly to members, rather than directing them to source the forms independently from the website.
- Enhanced Transfer-Out Statement of Benefits:
  - Following guidance from the LGA, work was completed to include more detailed information in the transfer-out statement of benefits provided to members.

- During the LGA's visit, areas where additional information is still required were highlighted. A review of the statement will be undertaken to ensure all necessary details are included in line with the latest guidance.

This project represents a significant step forward in ensuring compliance, reducing risk, and improving the member experience. Collaboration with the LGA has provided valuable insight that will continue to shape the Authority's processes.



6.6 A4 – Clear backlogs.

Progress om addressing the backlog continues with several recent developments:

- New Recruits: The Pension Officers appointed in late August, because of the increased staffing resource, have been focusing on clearing entry-level work that accumulated since January 2024 due to the team being under resourced. Training continues to target deferment and leaver work to prevent new backlogs from forming.
- Aggregation Focus: There are very prescriptive complex regulations regarding what happens to pension accounts when a member leaves a job. Processes for handling all types of aggregation cases have been implemented. To support this in the short term, Aggregation Tuesdays have been introduced, dedicating focused time and resources to this area. Positive feedback has been received from the teams. The focus has helped embed the process.
- Overtime Updates: Overtime uptake continued to be limited earlier in the period and ended entirely at the end of October. A review is underway to assess how much progress has been made on clearing backlogs since overtime ceased. This is expected to also offer insight into current baseline productivity levels.

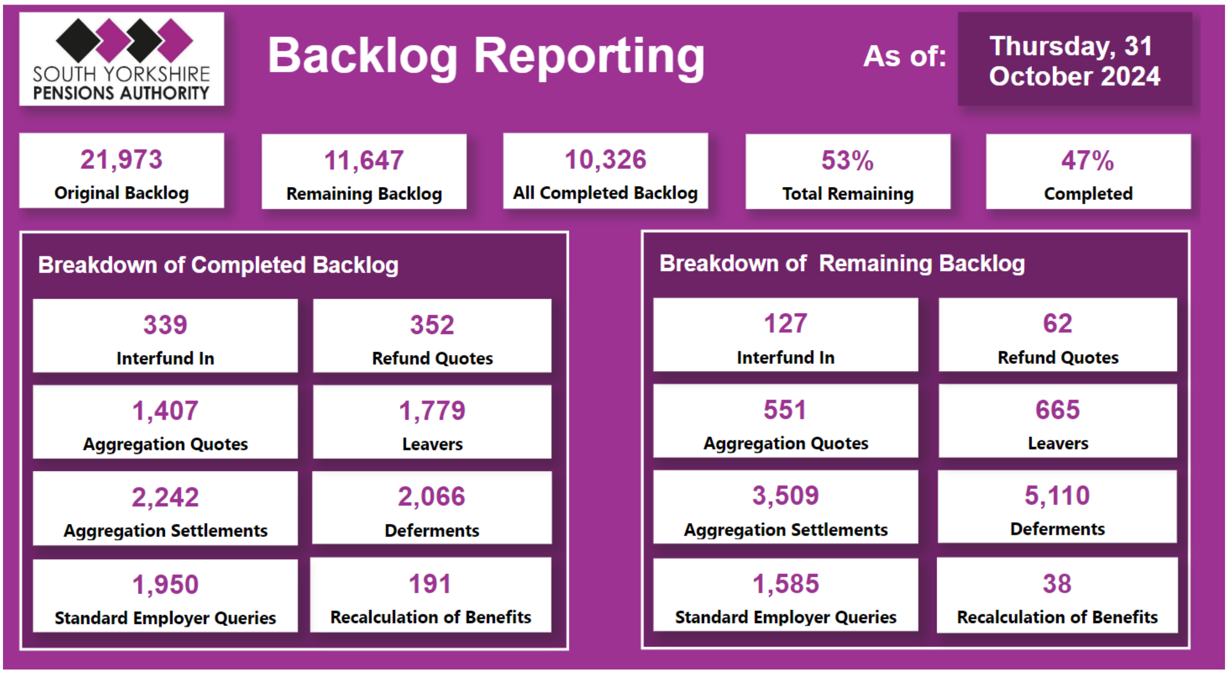
- Project Team: The Project Team has competing priorities. This team is used to focus on critical tasks. Despite this, the team have also made steady progress on backlog reduction where possible.

Next Steps

To accelerate progress further:

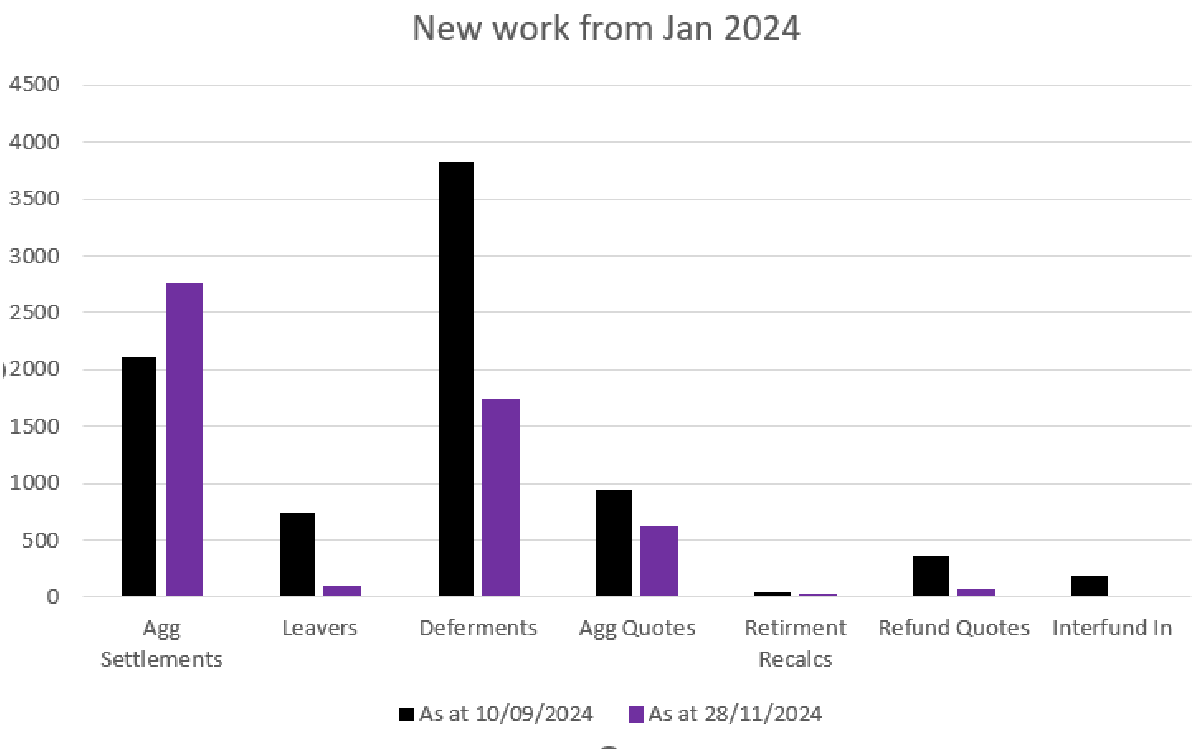
1. Dual-Approach Processing: Continue to address the backlog by working on older cases forwards and recent cases backwards, leveraging the mix of resources available. With an additional focus on clearing case work that improves Valuation outcomes for employers.
2. Resource Allocation: Senior resources freed from other priorities will focus on tackling more complex, older cases to ensure these are resolved effectively.
3. Review and Adjustments: A comprehensive review will be conducted to evaluate backlog reductions achieved during a 'normal month' without overtime by Mid-December, including a deeper analysis of process efficiencies and further opportunities for improvement.

The team remain committed to clearing the backlog, to reduce pressure on the team, and to improving workflows.



The chart below illustrates the volume of new work received since January 2024 (for the higher volume case types). This new work is not classified as part of the existing backlog and has been prioritised for resolution by the recently appointed team members.

Notably, the volume of aggregation cases has increased because of the completion of deferment cases. Training on aggregation processing is planned for the new recruits, which is expected to contribute to a reduction in these volumes soon.



6.7 A5 – Implement the McCloud Remedy.

Risk of Authority not being able to implement the McCloud remedy within timescales laid down in statutory guidance due to delays in software developments has been added to the corporate risk register.

No further update.

6.8 A6 - Successfully link SYPA to the Pensions Dashboards.

The Authority will connect to the Pension Dashboards ecosystem via a third party - an integrated service provider (ISP).

The ISP will use their processes to meet the data standards. However, as the standards apply to administering authorities, the Authority will remain responsible for compliance. A project team has been set up and is considering providers at present. Authority Officers are due to make decisions on an ISP by the end of the year. The project team will ensure the Authority complies with its connection deadline, which is 31 October 2025.

Training on Pensions Dashboards was covered on the Members training day on 28 November.

There is a considerable amount of work to be completed for the Authority to prepare for dashboards, both for the initial connection to the dashboards and the ongoing business as usual once the dashboards are live. A project team has being set up to comply with this obligation.

7 Implications

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

Financial	The costs from the improvements being implement have been included in the Authority's approved budget. The cost of overtime is being monitored on a monthly basis within an agreed budget. Procuring an ISP to connect SYPA to Pensions Dashboards will increase annual costs and will be reflected in future year's budgets.
Human Resources	The recruitment to the agreed revised structure may lead to further recruitment requirements due to the cascade effect of internal promotions. All new recruits will also require training.
ICT	None
Legal	None
Procurement	An ISP provider will need to be procured to connect to the Pensions Dashboards programme.

Debbie Sharp
Assistant Director Pensions

Background papers	
Document	**Place of Inspection**
None	

SOUTH YORKSHIRE PENSIONS AUTHORITY

Subject	**Governance, Regulatory and Policy Update**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance & Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

1.1 To provide Authority members with an update on current governance related activity and regulatory matters.

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2 Recommendations

2.1 Board Members are recommended to:

a. Note the updates included in this report.

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3 Link to Corporate Objectives

3.1 This report links to the delivery of the following corporate objective:

Effective and Transparent Governance

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

3.2 The contents of this report are part of the arrangements in place to ensure good governance.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

5 Background and Options

This report provides updates on current activities and regulatory matters relevant to the Authority's overall governance framework.

Member Training and Development

5.1. Members across the Authority and the LPB have all successfully completed the core training on the LOLA platform. In addition, the Independent Member of the Audit and Governance Committee has also completed all core training requirements. A huge thank you to all members for their support in completion of the core training requirements.

5.2. Members have been advised that a 10-minute video has been added to the current issues module on LOLA. We requested that members complete this by mid-November. A minority of members have completed this additional requirement, but the majority still need to complete it and we would request this is actioned before the Christmas break, please.

5.3. Members have been participating in the national knowledge assessment during October 2024 and officers are in progress with reviewing the full results report from Hymans Robertson. The results from the assessment will inform the Member L&D Strategy for 2025/26, including the overall training programme as well as individual training plans. A further report on this will be presented to the March Authority meeting.

5.4. Our second Member Development Away Day took place on Thursday 28 November 2024 with a range of topics covered, including investment beliefs, cyber security, governance, and pensions dashboards.

5.5. The 12-month induction programme is currently being embedded with new members who have joined since June 2024, and this has been well received.

5.6. Work continues to develop individual learning and development plans and a skills matrix for Authority and LPB members. The process and the format of these documents will be presented to the LPB for their review in February and to the Authority for approval in March. The aim will be to launch the individual learning and development plans towards the end of March / early April 2025.

Annual Governance Statement – Action Plan Progress Update

5.7. The Annual Governance Statement is reviewed annually, and a copy of the action plan for 2024/25 that was approved in June, is attached at Appendix B. Actions are progressing well at this mid-point of the 2024/25 year. Updates are summarised below:

5.8. Regulatory Breaches – the new process is currently in development; initial training has been delivered to staff and the updated recording system is expected to be in place by the end of this year. Member training on roles and requirements in relation to breaches is scheduled for March 2025.

5.9. Anti-fraud, Bribery and Corruption Policy and Whistleblowing Policies have been reviewed and the updated policies are elsewhere on this agenda.

5.10. Work on the Equality, Diversity, and Inclusion (EDI) Scheme is to be taken forward with two streams of activity – one relating to our customers, i.e., scheme members and employers, and one relating to our employees and Authority and LPB membership. The SMT sponsor for this work will be the Assistant Director – Investment Strategy and the new EDI scheme will be presented to the Authority in February 2025 as part of the suite of corporate planning framework documents for 2025/26 to 2027/28.

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6 **Implications**

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

Financial	There are no direct financial implications arising from this report.
Human Resources	None.
ICT	None.
Legal	None.
Procurement	None.

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	**Place of Inspection**

Subject	**Independent Governance Review – Action Plan**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Assistant Director – Resources		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance & Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

1.1 To present for approval the proposed action plan developed by the working group to address findings arising from the independent governance review undertaken by Aon.

2 Recommendations

2.1 Members are recommended to:

a. **Approve the Independent Governance Review Action Plan attached at Appendix A.**

3 Link to Corporate Objectives

3.1 This report links to the delivery of the following corporate objective:

Effective and Transparent Governance

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

3.2 The contents of this report are part of the arrangements in place to ensure good governance.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

5 Background and Options

5.1 We have previously reported to Members on the independent governance review (IGR) that was carried out by Aon between February and June 2024. This is something that will be required for all LGPS funds to carry out every two years when the Scheme Advisory Board's good governance proposals are implemented.

5.2 As previously reported, a small working group, comprising both Authority and Local Pension Board members alongside officers, collaborated on the creation of an action plan to address the findings and recommendations arising from the review report.

5.3 The working group members were as follows.

Authority and LPB Members:	Officers:
Councillor James Church	Gillian Taberner, Assistant Director – Resources
Councillor David Fisher	Jo Stone, Head of Governance & Corporate Services
Councillor David Nevett	Annie Palmer, Governance Team Leader
Nicola Gregory	
David Webster	

5.4 The group met on 12 July and on 23 August to discuss the findings from the report and discuss and agree upon the actions to be planned to address these. The output from the working group is the IGR Draft Action Plan attached at Appendix A.

5.5 This draft action plan has been structured around 12 'headline' action targets, each with one or more sub-actions, designed to address all the detailed recommendations and findings from the full Aon report – with an identified Owner and Target Completion Date for each one. The plan also includes cross-referencing of individual actions to other plans, such as the Annual Governance Statement action plan and the Corporate Strategy, where appropriate.

5.6 It should be noted that many of the actions arising from the findings, particularly those that had previously been identified and agreed already in other plans, have continued to be progressed whilst this work has been undertaken.

5.7 The final column on the IGR Draft Action Plan contains the reference number used by the working group in their more detailed consideration of each item taken from the Aon report so that this can be traced through from the action plan to the full detail in the original report. The working document used by the group to do this, containing each finding or recommendation and a summary of the group's discussion of these, is attached for reference at Appendix B.

5.8 The draft action plan was presented to the Local Pension Board in November 2024 and the Board recommended the action plan to the Authority for approval.

5.9 Once approved, the action plan will be monitored and regular updates on progress will be presented to the Authority and to the Local Pension Board.

6 Implications

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

Financial	There are no direct financial implications arising from this report. The costs of the Governance Review were included in the budget.
Human Resources	None.
ICT	None.
Legal	No direct implications.
Procurement	None.

Gillian Taberner

Assistant Director – Resources

Background Papers	
Document	**Place of Inspection**
None	

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Appendix A - Independent Governance Review (IGR) Action Plan

No.	Actions	Target Date	Owner	Cross Ref to IGR Working Group Review Document
1	**Regulatory Breaches**	**December 2024**	**Assistant Director - Pensions**	
	New / updated procedure and log for ensuring all breaches are recorded, whether material / reportable or not. (This is in addition to continuing to ensure that all material breaches are also reported).	*Note - this action is also part of the Annual Governance Statement action plan.*		DIR9
	Aon suggests that information in the breaches log should include all expected areas such as RAG status			DIR10
	Training for both staff and members Staff: Some training given in Oct 2024 with further guidance on the new procedure to be delivered before end of December 2024. Members: Session scheduled for March 2025			DIR10
2	**Review and update both the Authority and the LPB Constitutions**	**April 2025 LPB Meeting followed by June 2025 Authority Meeting**	**Head of Governance & Corporate Services**	
	Prohibit dual membership			DEC8
	Quoracy for Authority meetings - Increase to 4.			DEC4
	Add further details on Investment Advisory Panel, including Terms of Reference			DEC1
	Conflict of Interests Policies - to be reviewed and combined into one policy that will apply to both.			DIR6
	Add cross-referencing to the Conflicts of Interest Policy in the various Constitutional documents (including Codes) where Local Authority requirements relating to interests are being referenced. This would remind members and officers that the SYPA has a policy that goes beyond Local Authority requirements.			DIR6
	Clarify in Authority Constitution that LPB members can observe, including private papers (with certain exceptions)			DEC9
	Clarify LPB member role re: Breaches of Law and check timescales for reporting breaches			DIR10
	Add detail in LPB Constitution on role of Independent Adviser			DEC6
	Create a separate roles and responsibilities matrix (to meet Good Governance requirements)			DIR11
	Other textual updates and clarifications			DEC3 & DEC5
	Governance Map - idea suggested by Aon of creating an overview map with links to various documents in place for Governance	*We will consider this when reviewing the Constitutions*		DEC14
3	**Pensions Administration Strategy Review**	**September 2025**	**Assistant Director - Pensions**	**DIR4**
	Undertake a full and comprehensive review for the next update of this strategy.			
	Set the review cycle to once every three years.			
4	**Investment Strategy Statement and Stewardship Code**	**As below**	**Assistant Director - Investment Strategy**	
	Arrange for wider consultation and document this in next ISS Review	March 2026		DIR1
	Consider requirements around investment and funding risk modelling (stress test, scenario test) as part of the ISS review	March 2026		DEL3
	Update information on website about Stewardship Code	March 2025		DIR1

Appendix A

Appendix A - Independent Governance Review (IGR) Action Plan

SOUTH YORKSHIRE PENSIONS AUTHORITY

No.	Actions	Target Date	Owner	Cross Ref to IGR Working Group Review Document
5	**Document Updates when next reviewed (Specific textual amendments / other updates or additions as recommended in Aon's report)**	**As below**	**As below**	
	Corporate Strategy - include all Policy / Strategy review dates (i.e. Policy Tracker) and the Procurement Forward Plan as Appendices	February 2025	Assistant Director - Resources & Team Leader Governance	DEL1
	Governance Compliance Statement (Additionally - ensure a further, thorough review of this statement is carried out against the SAB Good Governance requirements whenever the new guidance is released).	February 2025	Head of Governance & Corporate Services	DIR2
	Administering Authority Discretions Policy Statement	June 2025	Assistant Director - Pensions & Team Leader Governance	DIR3
6	**Risk Register**	**Completed August 2024**	**Team Leader - Governance**	
	Remove category of 'operational' and use Pensions Admin and Organisational instead as relevant.			DEL3
	Consider if sufficient detail covered on single person risk (AD-IS and IIAs) and on Authority/LPB member knowledge.			DEC15
7	**Consistency and templates for reports and policy documents**	**September 2025**	**Assistant Director - Resources**	
	Project to create / review document templates for policies, procedures, strategies and reports - ensuring key details included as per Aon findings.			DIR7
	Arrange report writing training as part of this.			DEC11
	Consider issue of ensuring a covering report on all Authority / LPB / Committee papers addressing executive summary issue also highlighted in Aon findings.			DEC11
	Note - all reviews of policies or new policies created in the meantime, we will ensure the key details are included. This will be monitored through the action tracker.	*Ongoing*	*Team Leader - Governance*	*DIR7*
8	**Democratic Support - Various:**	**As below**	**As below**	
	<u>Member Turnover / Succession Planning</u>			<u>DEC7</u>
	Discussion with Chief Executives of the Councils with most turnover - to seek views on aiming to limit changes in Authority / LPB Membership to those required by changes in electoral outcomes. Director will discuss with SYPA's Clerk and BMBC CE, Sarah Norman, at their next meeting.	By February 2025	Director	
	LPB - advertising further in advance (now in place) and seek to stagger terms of office.	Completed		
	LPB - explore idea of giving an observer seat to a MAT employer as part of succession planning for Nicola Gregory	November 2024 to August 2025	Head of Governance & Corporate Services	
	<u>Relationship between Authority & LPB:</u>			<u>DEC9</u>
	Ensuring more pre-legislative scrutiny by LPB prior to approval by Authority	Ongoing	Director and Head of Governance & Corporate Services	
	Discuss with both Chairs encouragement for LPB members to attend Authority meetings as observers	November 2024 Joint Meeting	Head of Governance & Corporate Services	
	Explore further with the respective Chairs and Vice Chairs on any more actions to consider for raising the profile of LPB with the Authority.	February 2025	Head of Governance & Corporate Services	
	Now publishing Authority private packs in reading room with email to LPB members at same time - where we'll include a reminder that LPB members are welcome to attend or watch the webcast (we'll include link)	Completed September 2024	Head of Governance & Corporate Services	

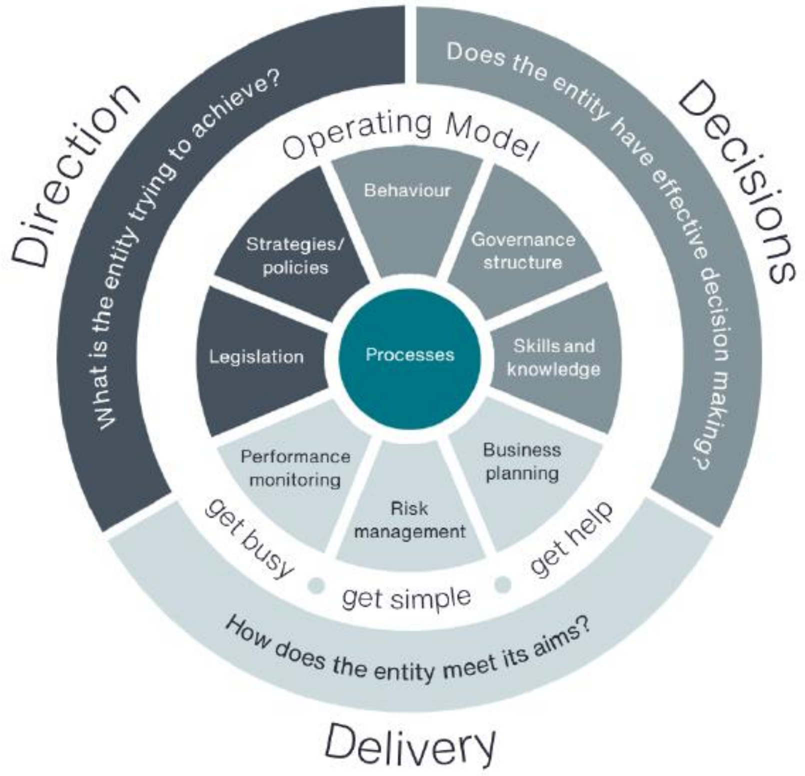
No.	Actions	Target Date	Owner	Cross Ref to IGR Working Group Review Document
	Authority to conduct annual effectiveness review. First one scheduled for February 2025.	February 2025	Head of Governance & Corporate Services	DEC10
	Guidance will be given to those presenting papers to use pack page numbers when introducing reports and pause as needed to help members follow.	September 2024 onwards	Team Leader - Governance	DEC12
	Consider scope for having report packs on screen in the meetings to help members follow when officers talking through them	Will investigate if this would be possible over next few months to February 2025.	Assistant Director - Resources	DEC12
	Not directly from review but from working group - action to update website regarding public attendance at meetings / asking questions	31 December 2024	Team Leader - Governance	DIR2
	Reading room to be re-organised to make more user-friendly. (This work is now in progress)	31 December 2024	Assistant Director - Resources	-
9	**Member Knowledge & Skills**	**As below**	**As below**	**DEC9 & DEC13**
	Develop individual training plans. (Including consideration of how to promote / encourage LPB members attending or viewing Authority meetings).	April 2025	Head of Governance & Corporate Services	
	Provide chairing skills training for the Chairs / Vice Chairs	Completed - Sept 2024	Governance Officer	
	Plan for above training and other support for next Authority Vice Chair / LPB	April 2025	Head of Governance & Corporate Services	
	Address concerns about knowledge assessment - providing member feedback to Hymans in advance of this year's National Knowledge Assessment	Feedback was provided prior to the NKA in October 2024.	Head of Governance & Corporate Services	
	Promote / strongly encourage attendance at external events. Officers to consider how to achieve this and build into the individual training plans and the Member L&D Strategy for 2025/26	March 2025	Head of Governance & Corporate Services	
10	**Delegated Decisions Process**	**June 2025**	**Assistant Director - Resources**	**DEC2**
	Review the process, forms and produce internal guidance as well as clarity on which decisions published on website - complete review alongside the updating of Constitutions.			
11	**Carry forward in TPR Code Compliance Action Plan**	***Cross-reference to separate plans:***	**Assistant Director – Resources and Head of ICT**	**DIR8**
	Cybercrime risk – implement actions identified in the TPR Code Compliance tool. Including actions to ensure these points identified in Aon's review are addressed: a. Develop a wider Cyber Security Risk policy and cyber security hygiene guidance. b. Review data and asset mapping to identify the potential magnitude of cyber security risks from third party providers. c. Carry out a programme of ongoing specialist assessments against suppliers and providers (prioritised relative to the potential risk) d. Assess against TPR principles set out in their cyber guidance and also complete the cyber scorecard tool available from Aon.	*Code Compliance Action Plan*		
	Business continuity strategy	*Corporate Strategy* *Annual Governance Statement*		
12	**Performance Management Framework**	***Cross-reference to separate plan:***		**DEL2**
	Framework already in development - to ensure measures for all Authority objectives and achieve better consistency in reporting	*Corporate Strategy* *Annual Governance Statement*		

SOUTH YORKSHIRE PENSIONS AUTHORITY

Independent Governance Review

Working Document – Findings and Action Planning

The report provided by Aon is structured around their model of a governance framework as follows:



Direction – What is the Fund trying to achieve?

- Legislation
- Strategies and Policies

Delivery – How does the Fund meet its aims?

- Business Planning
- Performance Measurement/Monitoring
- Risk Management

Decisions – Does the Fund have effective decision making?

- Governance Structure
- Behaviour
- Pensions Skills and Knowledge

The tables below set out a collated summary of the findings and recommendations taken from the full report provided by Aon, alongside an indicative RAG rating to indicate the level of relative significance and priority of each area and provide a note of the commentary from the working group's discussion of each item and how that resulted in the proposed actions agreed by the group for inclusion in the draft action plan.

Direction – What is the Fund trying to achieve?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
Strategies and Policies Table on pages 14 - 17	DIR 1	Investment Strategy Statement: It is not completely clear if and how consultation on the ISS has taken place – LGPS Investment Regulations include a requirement to 'consult with persons it considers appropriate'. We would recommend updating the website, perhaps including the outcome, Financial Reporting Council feedback and the SYPA's ambitions in relation to the Stewardship Code.		The review of the Investment Strategy takes place every 3 years and is due for review in March 2026. It was discussed that consultation should be wider if possible. The comments in the report were around achieving stewardship status – information in relation to this does already exist on our website.
	DIR 2	Governance Policy Statement / Governance Compliance Statement (GCS) The GCS provides the information that is required by the LGPS Regulations 2013 in relation to compliance with the Secretary of State's guidance. However, we note there is no reference to delegations to officers nor the Border to Coast Pensions Partnership Joint Committee, which is expected under regulation 55(1)(a). We suggest it would be helpful to SYPA's stakeholders to provide more information on the Authority's functions in the initial section (perhaps by cross referring to the Constitution). When the SAB's Good Governance new guidance is released, the existing compliance statement will require a thorough review to ensure its alignment with the updated requirements.		This will be straightforward to implement in the next annual update of the GCS – in Jan to Mar 2025. The GCS will be fully reviewed against the requirements in any new guidance issued from the SAB's Good Governance review whenever this is implemented. The working group suggested that guidance regarding attendance to ask questions at meetings and conduct be reviewed following public disruption at the last meeting. The information on the website is under review and will be updated to ensure clarity for members of the public wanting to attend/ask questions.

Direction – What is the Fund trying to achieve?

Cross-reference to main report	Our Ref.	Finding / Recommendation	RAG Rating	Comments
	DIR 3	<u>Administering Authority Discretion Policy</u> The Policy Statement is clear in its layout but may benefit from a contextual introduction.		Straightforward action to update the policy and add a contextual introduction.
	DIR 4	<u>Administration Strategy</u> We would suggest that this Strategy is reviewed every three years (rather than five years) given the challenges of administration, such as timely service delivery, complexity of benefits and employer data transmission. Although the current Strategy includes a wealth of information, we believe it would benefit from a major review when next being considered to make it more intuitive and user friendly (and as mentioned later in this report, the service standards should be reviewed).		It seems sensible to bring this in line with the three-year review of the Investment Strategy. The AD – Pensions has already recognised that the strategy requires a full review. The working group discussed the timescales and if three years was too long a period when changes to systems can happen in a short space of time. The general review cycle would be 3 years minimum, but that doesn't preclude review and update earlier than this if required to respond to changes – this is the case for all policies / strategies.
	DIR 5	<u>Knowledge & Skills Strategy – i.e., Member Learning & Development Strategy</u> The document is dated June 2023, but there did not appear to be an effective from or review date.		The 2023 document has subsequently been replaced by the 2024/25 Member Learning and Development Strategy which makes clear the period it is effective for is the 2024/25 municipal year.
	DIR 6	<u>Conflicts of Interest Policy</u> The Authority could consider an overarching Fund-wide policy that includes both Authority and Local Pension Board members and provides greater consistency. We would also recommend cross referring to the SYPA's Conflicts of Interest Policy in the various Constitutional documents (including Codes) where Local Authority requirements relating to interests are being referenced. This would remind members and		We currently have separate (but very similar) Conflicts of Interest policies for the Authority in the Constitution and for the Local Pension Board in the LPB Constitution. Although separate documents, it is a similar policy that applies to both – a discussion took place around the LPB and Authority having different remits. Ensure this is considered when carrying out the work to combine into one.

Direction – What is the Fund trying to achieve?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		officers that the SYPA has a policy that goes beyond Local Authority requirements. The need for training in this area should be regularly reviewed.		
Page 18	DIR 7	Document Structure / Key Contents During our review we noticed some inconsistencies in the presentation of effective and approval dates, consulted parties (or not), and review schedules, with some of this information missing from some documents. To address this, we recommend ensuring you incorporate your Document Control Information table and Version History schedule into all policies and strategies, as well as using the list above as a check list of other areas to incorporate. This will ensure uniformity and clarity across all policies and strategies, both current and future ones.		New policy tracker will ensure that standard template will be applied.
Evaluation Against the New Code Pages 19 - 20	DIR 8	Cybercrime Risk Key areas identified include: • Developing a (wider) Cyber Security Risk Policy • Developing cyber security hygiene guidance • Reviewing data and asset mapping to identify the potential magnitude of cyber security risks from third party suppliers/providers and • Carrying out a programme of ongoing specialist assessments against suppliers and providers (which can be prioritised relating to the potential risk). • We would recommend a more detailed review against the Pensions Regulator's Cyber Guidance given the potential impact of a cyber-attack.		The evaluation of compliance with the General Code is a separate project – a report on which was brought to both the Board and the Authority in August and September respectively. However, this issue is such a key area that it is also highlighted by Aon in the main governance review. Actions are being planned to address these points as part of the General Code Compliance action plan. The IGR action plan will cross-refer.

Direction – What is the Fund trying to achieve?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
Monitoring Compliance Against Legal Requirements Page 21	DIR 9	<u>Breach Reporting</u> Whilst there is a Breach Reporting Policy and Procedure and log in place, there did not appear to be records of all breaches we would expect. Not all legal deadlines are being monitored, particularly relating to administration procedures. We recommend this is incorporated, noting this should be focussed on legal requirements, regardless of whether data has been received. We understand this was an area that had already been identified by the officers and improved performance measures are being developed.		This had been previously identified as a required improvement and an action is included in the Annual Governance Statement (AGS) Action Plan to address this. Procedures on the ground meant that only material breaches were being noted but we should be recording and tracking all breaches.
	DIR 10	<u>Breach Reporting – Additional Recommendations</u> The information contained within the breaches log relating to each breach should be expanded as it does not quite cover all areas expected such as a RAG status to understand severity of breach and dates of actions taken/updates. Reviewing clause 3 of the Pension Board Constitution regarding powers and the explanation of breaches of the law processes to ensure it is consistent with (a) the SYPA Breaches procedure and (b) doesn't restrict, or imply to restrict, the personal requirement to report breaches of the law that could be considered significant to the Pensions Regulator. As part of this review, we would also suggest checking quoted timescales. These should be short enough to avoid missing strict deadlines for reporting significant breaches. Further training on monitoring and responsibilities across all Authority areas relating to breaches of law requirements, as during our review we did observe		This action will be incorporated on the AGS action plan around breach reporting and will include further staff training. It was agreed by the group that members would benefit from additional training in relation to breach reporting.

Direction – What is the Fund trying to achieve?

Cross-reference to main report	Our Ref.	Finding / Recommendation	RAG Rating	Comments
		some lack of awareness amongst both officers and Authority and Local Pension Board members.		
Good Governance Recommendations Page 22	DIR 11	<u>Roles and Responsibilities Matrix</u> Partially compliant – we know the Authority has well defined roles and responsibilities and delegations within its Constitution. However, these would need to be amalgamated into a separate matrix.		It was agreed that a separate matrix that sets out all roles – Officers, Authority, LPB etc. would be useful

Delivery – How does the Fund meet its aims?

Cross-ref to main report	Our Ref.	Finding / Recommendation	RAG Rating	Comments
Business Planning Page 24	DEL 1	<u>Policy and Strategy Reviews</u> Some other specific areas we would expect to see (or linked to) within the Corporate Strategy include a detailed breakdown of all policy and strategy reviews (when they are individually due for review and delegation) – it includes some but not all; and key tender exercises due to take place within the planning period (or the procurement forward plan included as an appendix).		Aligns with work already in progress on a 'policy tracker' – this could be included in the Corporate Strategy as an appendix. The Procurement Forward Plan was produced for approval a month after the Corporate Strategy last year. In 2025, it will be taken to the February Authority alongside the Corporate Strategy and could be inserted as an Appendix. (Although we would continue to publish it as a separate document on our website in addition).
Performance Measurement Pages 25 - 26	DEL 2	<u>Performance Management Framework</u> It is important that any objectives and specific measures set out in strategies and policies are continually monitored to ensure the Authority's aims are being met, and this happens across all policy/strategy areas.		As noted in Aon's report, work is already underway on developing a framework and the recommendations noted here will be taken into account. There is an action on this already included in the AGS Action Plan.

Delivery – How does the Fund meet its aims?				
Cross-ref to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		As part of the Performance Management Framework review work that is planned for this year, we would therefore recommend that further measures are developed that align with the Authority's agreed objectives, and as part of this, aiming to develop some consistency in the format of reporting to provide more 'joined up' presentation and understandable information.		
Risk Management Pages 26 - 27	DEL 3	Risk Management – Matters to Consider - Within the risk register, the term "operational" could cause confusion as this could mean Fund administration and communication matters or SYPA organisational operations. We suggest having a specific risk category for Fund specific administration and communications, to differentiate from SYPA organisational operational matters.		This is already being looked at and will change moving forward – completed as part of the September review.
Risk Management Pages 26 - 27	DEL 3 (cont.)	Risk Management – Matters to Consider Whether (a) the governance risk relating to lack of continuity of Authority (and Board) members, and (b) risk inherent with the level of change expected relating to key investment officers and advisers, are sufficiently covered within the risks on the register. - From the assessment against the TPR General Code requirements, it was noted that risk modelling of investment and funding monitoring information was light. The Regulator suggests that analysis of monitoring information includes a stress test, scenario test, or other risk assessment information.		There are risks in place for these areas already. There may be a need to have a separate risk for the AD - Investment role but this has largely been mitigated now by successful recruitment of appropriately experienced individual (previously worked at Border to Coast) who will join on 7 Oct and have a handover period with the current AD. On the second point, there would be associated costs with engaging a specialist to carry out a review and the risk modelling work outlined is undertaken when carrying out the investment strategy review.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
Authority Constitution Pages 30 - 31	DEC 1	Investment Advisory Panel The Authority Constitution, Part 2, provides the provision for the Director to Chair meetings of an Investment Advisory Panel, but this is the first time the Panel is mentioned. We therefore suggest that the Constitution is clearer what the Panel is, who its members are and its terms of reference, and how decisions and advice are documented.		This will be actioned as part of updates to the Constitution. The Terms of Reference for the Panel will be documented – the new Assistant Director – Investment Strategy will lead on this when in post from October.
	DEC 2	Delegated Decision Making In relation to delegated decision making, we did find that the published decisions on the website appeared quite light in some areas and during our review we became aware of some decisions being dealt with in a slightly less formal/less documented manner (albeit the substance of those decisions isn't in question). We recommend officers review how all decisions are being made across all areas including: • Ensuring a clear process with a template form outlining the delegation and decision making • Reviewing which decisions should be published on the website.		There is already a process in place for publishing officer decisions. The process can be reviewed can discuss any particular issues with Aon. This will need to link to what is set out within the Constitution. The review of the publishing process will need to cover all stakeholders and also what is published to members.
	DEC 3	Reference to Roles and Responsibilities The Authority Constitution, Part 1 (page 6) states "The Authority has a fiduciary duty to the contributors and beneficiaries of the Fund to ensure contributions are collected, that benefits are calculated correctly and paid promptly, and that any surplus monies are properly invested." This is not reflected in Part 4.1 relating to the Authority's roles and responsibilities, and we think it is important to be included within that.		This is a relatively minor textual update to the Constitution.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
	DEC 4	Quorum for Authority meetings The Quorum for the Authority is only three (out of 12) as per Part 4 of Constitution, paragraph 5. We were advised that the current quorum is the statutory minimum. From a best practice perspective, and particularly having regard to the size of the Fund, and the number of stakeholders decisions can impact, this quorum seems low, and we would suggest increasing to a third which is generally considered as a good practice minimum for many public bodies. We do recognise that in a voting situation where this was tied, it could result in the Chair being provided with the casting vote, so that should be considered in any review.		Working group members agreed that, based on Authority attendance records, an increase to the quorum should not be an issue. Aon suggests that 4 out of 12 would be best practice – with the caveat of considering that a casting vote by the Chair would be needed if vote was tied. It was confirmed that virtual attendance was not currently an option for Authority meetings under the legislation.
Local Pension Board Constitution Pages 31 - 32	DEC 5	Textual Amendments and References - Section 2.1 (Purpose and Role) should be reviewed to ensure it is consistent with the responsibilities outlined in the Public Service Pensions Act clause 5. - Reference to the "Code of Practice on the Governance and Administration of Public Service Pensions Schemes" (2.1.3) will now need to be updated in line with the Pensions Regulator General Code or kept more general as per the legislation. - In Leaving the Board (7.1.6) we would suggest that the reference to a conflict of interest occurring should be updated to read potential conflict. As drafted, the implication is that potential conflicts cannot be managed to avoid them becoming actual conflicts. - In 5.1.3 relating to membership, there is not much detail on how membership is agreed (i.e. nominations and application processes). We would suggest including more detail, for example, this could be by stating this is		These are all corrections and clarifications that can be incorporated – and some of which were already identified in the most recent update to the Governance Compliance Statement. These will be straightforward to amend and bring back to the Board for review and to Authority for approval as part of the next scheduled review of the LPB Constitution.

Decisions – Does the Fund have effective decision making?

Cross-reference to main report	Our Ref.	Finding / Recommendation	RAG Rating	Comments
		by process agreed between the Chair of the Board, the Director and the independent adviser. - Under Variations (15) there is reference to "scheme manager" for this purpose (i.e. changing the Constitution). "Authority" is a defined term, but Scheme Manager is not so this should be reviewed.		
	DEC 6	<u>Independent Adviser</u> The independent adviser role on the Pension Board appears to have been a strong addition, example of best practice and has worked well for the Board and Authority. However, the Local Pension Board Constitution does not mention the role of Independent Adviser. *We would recommend keeping the option of whether to have an Independent Chair (rather than an Independent Adviser) under review, as while the current Chair's experience and background has been very beneficial, Chair expertise is a risk due to the reasonably regular changes in that role. Given that, we suggest an amendment to the Constitution that allows for either an Independent Adviser or Independent Chair*		The Board's Constitution can be updated to refer to the role of Independent Adviser. The issue of an Independent Chair has previously been fully considered and debated and the model decided upon for the Authority's and Board's circumstances is to retain an Independent Adviser, not an independent chair. Therefore, this suggestion of allowing for either will not be taken forward. Discussion took place around the potential of not needing an Independent Adviser in the future. Concern raised that if contained within the Constitution then we may not have the option to change the position in future – however the Board's constitution is reviewed annually by the Board providing an opportunity for consideration of any changes such as this and can make associated recommendations to the Authority for approval.
Membership and Succession Planning Pages 32 - 33	DEC 7	<u>Possible Suggestions to Consider</u> - Appoint senior officers rather than elected members for some or all existing local authority councillor positions. - Councillor members could be increased from one term up to two terms for each appointment to allow each individual to have at least three years but up to a maximum of six years or eight years relating to that appointment (assuming re-elected/allowed to stay on by		Continuity of membership is a recognised challenge, and we will consider potential further mitigation actions. The suggestions in Aon's report as stated are not necessarily achievable / practically feasible in our circumstances but officers will also bring further suggestions to the group to discuss. Bullet 1 – This is not likely to be deemed acceptable by the councils.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		the district council). However, the practicalities of this will need to be considered given the different election dates and terms, including when (on early termination) it would result in the appointment moving to another Council. - To help with continuity, you could consider allowing the other councils observer seats whilst not being actual members. This would allow them to feel more involved and help with succession planning.		Bullet 2 – This is not considered practically feasible – the terms were increased from 2 to 3 years in the last review and any further extension to this is not achievable unfortunately – out of our control and subject to electoral cycles that differ in each of the constituent councils. We will continue to encourage as little change as possible as part of succession planning. All agreed that turnover will be inevitable. The skills matrix currently being worked on will help to strengthen future planning. It was noted that in relation to political balance, proportionality can change mid-term with by-elections, again not something we can control. Multi academy trusts would benefit from continuity, and it might be more feasible to implement the observer / shadowing suggestion – this could be explored further in consultation with Nicola Gregory as the current employer rep from a MAT.
Overlap in Authority & LPB Membership Pages 33 - 34	DEC 8	Overlap in Authority & LPB Membership We became aware during this review that two of the three co-opted members on the Authority are also Local Pension Board members. Neither the Authority nor the Local Pension Board Constitutions highlight the possibility of overlap in membership. This is an unusual situation and not something we are aware of that is replicated elsewhere in the LGPS. We believe this is not a situation that should continue.		This part of the report contains a detailed consideration of this issue which sets out the reasons why an overlap of membership on Authority and Local Pension Board should be prohibited in the Constitution. The practical issue has since been resolved as terms on the Board of the Union representatives came to an end – meaning that there is now no actual overlap of membership.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		We do not think it is appropriate for there to be overlapping membership between the Authority (including its committees) and the Local Pension Board and we strongly recommend that the Authority should update the Constitution to prohibit this from taking place and take steps to ensure members of the Authority are not on the Pension Board.		Therefore, implementing this recommendation would now simply require updating the Authority Constitution to prohibit this going forward.
Authority and LPB Inter-Relationship Pages 34 - 35	DEC 9	Authority and LPB Inter-Relationship Good relations between the two bodies were observed. However, we believe this could be improved further. Some suggestions: - Ensuring that all Authority and Committee papers, including part 2 exempt papers, are issued to the Board as the same time as Authority members. - We would also highly recommend Local Pension Board members are strongly urged to attend Authority meetings, in person or virtually, or view recordings. This could be made a clear requirement in relation to their role, for example attending a minimum number of meetings a year. The Chair of the Authority/Committee should be open to welcoming comments by the Board during the meeting (whilst noting that Board members would need to recognise, they are not members of the Authority/Committee and the Chair would need to manage this if participation was too frequent, hence holding up business). By participating in meetings and discussions, and seeing governance in action, Board members will be able to add more value. - Ensuring that the Authority's Constitution clarifies that Local Pension Board members can remain as observers in Authority and Committee meetings during any items that are exempt from press and public (obviously		Bullet 1 – Options are being reviewed to enable secure sharing of the Authority papers. We were trying to use Mod.Gov in order to have everything together on same system – but this proved unachievable, therefore the papers will be published in the online reading room at the time of publishing the Authority agenda and an alert email sent to LPB members. Bullet 2 – Some LPB members have already attended Authority meetings. We will look at how to encourage / support this further. It was also suggested that the Authority would benefit from having a better understanding of the LPB role. It would need to be clear that observers do not have voting rights. Joint Chair and Vice Chair meetings should encourage sharing of knowledge – the Members update will share discussion topics of the joint chair & vice chair meetings. It was suggested that the links to the live streams and recordings could be shared prior to the meetings. Discussion took place on how to measure challenge in meetings – qualitative rather than quantitative.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		recognising that in exceptional circumstances this may not be appropriate). - Board members had good awareness of strategies and policies, access to them and involvement in wider stakeholder consultation. However, we believe it could add value to the SYPA if the Board were involved as part of their meetings in considering more of these prior to them being presented to the Authority. For example, by including the Local Pension Board at an earlier stage in drafting the Corporate Strategy (business plan).		
Ongoing Consideration of Effectiveness Page 36	DEC 10	Effectiveness Surveys / Reviews This is something we think the Authority could also benefit from on a regular basis.		The Audit & Governance Committee and LPB both carry out annually, but the Authority as a whole does not currently do this. The group agreed that the Authority would benefit from this and agreed an action to implement.
Focus of Meetings & Structure of Reports Pages 36 - 37	DEC 11	Focus of Meetings & Structure of Reports We would recommend the SYPA review and develop their reporting - including: Developing a template for all "quarterly update" reports which should be used across all Fund areas (administration, communications, investments, funding, governance) which covers: - Update against the Corporate Strategy - Risk - Performance measures against objectives - Other SYPA matters relating to that area including implementation and monitoring of policies/strategies and also operational matters such as recruitment. - Other non-SYPA specific developments – such as national consultations and developments.		The report includes further detail on Aon's observations that resulted in these suggestions. The group agreed that reports can sometimes be lengthy and too wordy. It was discussed if a high-level briefing would be useful but considered in context that this creates additional work and may risk a focus on that rather than the papers themselves. The group agreed the action should simply be to ensure that covering reports include the key points that need highlighting and to have consistent reporting templates as recommended. Members have found the pre meets with the Independent Adviser useful.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		Ensuring all reports on the agenda have a covering report, even if it is very brief. Ensuring all covering reports quite clearly set out the key points in the "purpose". Considering that the officers prepare and issue a high-level briefing update (maximum two pages) that is sent round to Authority / Committee / Board members when the meeting pack is published highlighting the key items on the agenda, with a very brief summary in relation to each agenda item. This will assist members to understand what they should particularly focus on in their preparation for the meeting.		
	DEC 12	<u>Presentation of Papers at Meetings</u> One final bit of feedback we received was in relation to the presentation of papers at meetings. Some members highlighted they would benefit from information being shared on the main screen. Others mentioned they sometimes struggled to follow where in the pack officers were referring to (not necessarily from lack of signposting). You could consider greater use of the large screen and / or software that follows presenters' screens on connected devices.		The group agreed that the reference to pages can be confusing.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
Knowledge and Skills Policy, training and regular assessments Pages 39 - 40	DEC 13	Knowledge and skills – suggestions for further enhancements Continue to look for opportunities where joint sessions could be rolled out further to Authority members if or when specific training sessions are held exclusively for the Board members (or vice versa). While training is recorded at individual level and a SYPA level training plan is in place, we are aware of intentions, as per the Pensions Regulator's General Code, to develop individual training plans.		Will continue to provide opportunities for joint sessions. Work is already in progress to develop individual training plans for members – ongoing during 2024/25.
Knowledge and Skills Policy, training and regular assessments Pages 39 - 40	DEC 13 (cont.)	Attendance at external events provide an element of knowledge which provides much greater ability to understand and discuss key issues, including alternative approaches which other Funds may be pursuing. We would recommend introducing a target number of days/hours at external events to enhance wider knowledge. In addition, further clarity on which conferences, seminars and events are essential/desirable for Authority/Local Pension Board members would be welcome.		We'll encourage more attendance at external events where possible – this is subject to member willingness / availability. We do this already but when preparing monthly member updates during the year and the L&D programme for next year, will consider how to make the target audience and essential / desirable categories even clearer.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
Knowledge and Skills Policy, training and regular assessments Pages 39 - 40	DEC 13 (cont.)	Feedback on training also alerted us to concern that the training needs assessment might not give a true reflection on knowledge as some prefer or perform better in test environment than others. Furthermore, the assessment is quite limited in relation to what it covers. We suggest that you continue to look for further ways to help identify training needs including an evaluation of understanding of papers, effectiveness reviews at an individual level, and ensuring feedback after meetings and training sessions. Consider providing training for new chairs, both on soft skills and specifically for Authority meetings (rather than more general local authority meetings).		We will once again provide the feedback to Hymans regarding the assessment in LOLA and we will further evaluate when undertaking the national knowledge assessment this year. In addition, will consider ways to incorporate more tailored assessment as part of work on individual training plans and skills matrix. Individual training plans and skills matrix are in development and Chair and Vice Chair training has been identified. Hybrid support is offered for the Hymans modules. It was noted that the Reading Room still not working well – this is under review.
	DEC 14	<u>Governance Map</u> Developing a governance manual that considers the various documents in place as an overview 'map' with hyperlinks could be incorporated into Governance Policy or as an appendix/separate document.		A version of this is currently being developed for operating procedures for governance. Would need further consideration as to potential for developing something that would work as an overview.
Expert Knowledge Page 40	DEC 15	<u>Risk from Loss of Advisers and Assistant Director – Investment Strategy</u> The timing of this review has highlighted a key risk in relation to senior officers and advisers. The Authority has appointed two Independent Investment Advisers to advise on investment matters. Both these advisers are leaving during 2024. Furthermore, the Assistant Director – Investment Strategy is also due to retire soon. Even though there is a long-term plan to ensure early recruitment to this post, and a transitional arrangement where the Director will		Issues around potential single points of failure are already reflected in the risk register – although this will be reviewed to consider if a more specific risk and mitigation actions relating to the turnover in investment officers / adviser panel would be appropriate. Events have developed since the time of the review – one of the two investment advisers is now remaining in role which mitigates a great deal of this risk.

Decisions – Does the Fund have effective decision making?				
Cross-reference to main report	**Our Ref.**	**Finding / Recommendation**	**RAG Rating**	**Comments**
		cover and assist with this post as necessary, we believe this is a massive loss to, and risk for, the SYPA. We believe that the Authority could benefit from reviewing the Investment Advisory Panel – and investment governance - more holistically.		Aon's recommended solution of a retained consultant is not in line with the Authority's approach to the use of investment consultants.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Changes to the Arrangements for the Clerk to the Authority**	**Status**	For Publication
Report to	Authority	**Date**	13th December 2024
Report of	Assistant Director - Resources		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Gillian Taberner Assistant Director - Resources Andrew Perriman Deputy Clerk	**Phone**	01226 666420 01226 774068
E Mail	gtaberner@sypa.org.uk andrewperriman@barnsley.gov.uk		

1 Purpose of the Report

1.1 To consider the change of Clerk of South Yorkshire Pensions Authority

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2 Recommendations

2.1 Members are recommended to:

a. **Approve the changes to the arrangements for the position of Clerk to South Yorkshire Pensions Authority set out in the body of this report.**

b. **To absorb the role of Clerk within the duties of the Director with effect from 1st April 2025**

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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.

Reviewing the arrangements for the provision of any service on a periodic basis is good practice and this report addresses an area which has not been addressed for some considerable time.

4 Implications for the Corporate Risk Register

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

5 Background and Options

Clerk to South Yorkshire Pension Authority

5.1 South Yorkshire Pensions Authority currently appoints the Chief Executive of Barnsley Metropolitan Borough Council (BMBC) as the Clerk to the Authority due to the provisions set down in **s.34(8) Local Government Act 1985**, which sets out that:

Each joint authority shall appoint a person to be the clerk to the authority and in making the appointment the authority shall have regard to the desirability of that person being the chief officer of a constituent council of the authority.

5.2 Members will note that the legislation sets out a *desirability* criterion and further note that the legislation was introduced in 1985, which, following the introduction of the South Yorkshire Pensions Authority, would have been in its infancy. South Yorkshire Pensions Authority pays for the services of a clerk from BMBC. The role of the Clerk is also not further defined but is taken to be largely concerned with aspects of the democratic process such as the formal calling of meetings and proper officer functions in relation to the appointment and resignation of members.

5.3 South Yorkshire Pensions Authority is now well established as a functioning authority with oversight from members from each of the constituent authorities as members of the Authority. Whilst there is a desirability for the person appointed as Clerk being the Chief Officer of a constituent council, there is not a requirement in law that it **must** be.

5.4 Therefore, following a suggestion from BMBC and discussion with the current Clerk and the Authority's Director it is proposed that South Yorkshire Pensions Authority terminates the existing Clerk arrangement with BMBC to enable the role to be brought in-house with the associated cost saving achieved, with effect from 1st April 2025. BMBC are agreeable and accept the proposal considering the established nature of South Yorkshire Pensions Authority, therefore Members are asked to approve the removal of the Chief Executive of BMBC as Clerk to the Authority and approve the addition of the formal responsibilities of Clerk to the Director's role as Head of Paid Service. This is in line with the arrangements that exist in most local authorities where the Chief Executive is formally the "Clerk to the Council". There would be no impact on pay and grading.

5.5 It will be necessary to bring forward a number of changes to the Scheme of Delegation within the Constitution in order to facilitate this change and these will be brought to the March meeting of the Authority. These will principally involve the transfer of certain functions either to the Director or to the Head of Governance and Corporate Services as the Monitoring Officer.

5.6 With the transfer of the Clerk role "in house" it will be necessary to make appropriate arrangements for handling HR issues related to the role of Director, and particularly the facilitation of the annual appraisal. This can either be handled through a small amendment to the Service Level Agreement with BMBC for HR advice or through accessing services from an external provider such as Yorkshire and Humber Employers. The cost of such services is currently unknown but is unlikely to be significant given the saving identified in relation to the Clerk role.

5.7 The Clerk also has a formal role in facilitating liaison for the Authority with the constituent authorities which will be lost if these changes are introduced. It is increasingly important that the Authority remains connected to the "local government family" in South Yorkshire, so if the Clerk role is brought in-house, it is vital that arrangements are put in place to address this gap. It is proposed that this be achieved through a significant formalisation and strengthening of the current position, elements of which have fallen into abeyance following the pandemic. This would include:

- Annual Attendance by the Director and the Chair at the South Yorkshire Leaders Meeting to present on the work of the Authority (in essence an annual report).
- Twice yearly attendance by officers at meetings of South Yorkshire Finance Directors.
- Continued circulation of the twice-yearly *Pensions Perspectives* Newsletter to political and managerial leaders across the constituent councils.

5.8 In addition, a review of the information on investment performance sent to Leaders and Chief Executives on a quarterly basis will be undertaken to determine whether it remains relevant.

5.9 These proposals represent the logical culmination of a process that has been going on since the abolition of the Joint Secretariat in 2014 of the Authority becoming gradually more and more self-sufficient in relation to its corporate and governance functions.

6 <u>Implications</u>

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

Financial	The proposed changes will generate a gross saving of around £11,550 per annum, although there may be some small additional costs in relation to arrangements for the appraisal of the Director which are currently not known.
Human Resources	The proposal will require a change to the arrangements for provision of HR in relation to the Director, including facilitation of annual appraisal. This will be possible through an amendment to the existing HR Service Level Agreement with BMBC or through commissioning from an external provider.
ICT	None
Legal	It is within the powers of the Authority to move this function "in house" and a number of other Joint Authorities have done so.
Procurement	None

Gillian Taberner

Assistant Director - Resources

Background Papers	
Document	**Place of Inspection**
Local Government Act 1985 s 34	Local Government Act 1985

SOUTH YORKSHIRE PENSIONS AUTHORITY

Subject	**Consultation on Remote Attendance and Proxy Voting at Local Authority Meetings**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Monitoring Officer		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance & Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

1.1 To seek Authority Members' views and approval for a response to the Government's consultation "Enabling remote attendance and proxy voting at local authority meetings" as set out at Appendix A.

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2 Recommendations

2.1 Members are recommended to:

a. **Consider the consultation questions and provide views on any changes to be made or additional comments to add to the response drafted at Appendix A; and**

b. **Approve the submission of the response, incorporating any changes agreed at this meeting, on behalf of the Authoriy.**

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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 subject matter of the Government's consultation is central to the effectiveness and transparency of the arrangements in place for the democratic process in the governance of the Authority.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report do not have direct implications for specific risks in the register but some of the factors considered in drafting a response are informed by the risks around member knowledge and skills.

5 Background and Options

5.1 The Government has launched a short consultation to seek views on the detail and practical implications of allowing remote and hybrid attendance and proxy voting at local authority meetings in England. The consulation opened on 24 October, running for 8 weeks and will close on 19 December 2024.

5.2 The ministerial foreword to the consultation sets out the aim to support the local government sector to modernise democratic engagement and remove unnecessary barriers to this. It recognises that attendance of elected members at local authority meetings is a core part of the democratic process and the importance of opportunities for local residents to engage directly with the people they have elected to take key decisions on their behalf; whilst also recognising that it may not always be possible for members to attend local authority meetings in person.

5.3 The Government therefore intends to amend the law to introduce provisions for remote attendance at local authority meetings.

5.4 The stated intent is that this increased flexibility will strike the balance between the principle that significant in-person engagement remains vitally important, and a recognition that there will sometimes be a need to accommodate members' requirements to attend meetings remotely. It is hoped that this will encourage a wider diversity of people willing and able to stand and actively participate in local democracy by creating improved conditions where meetings are accessible and inclusive.

5.5 In addition, the Government is seeking views on the possible introduction of proxy voting for those occasions when an elected member, due to personal circumstances, may be unable to attend even remotely, for example during maternity, paternity or adoption leave.

5.6 The consultation is an open one and responses are invited from local authority elected members, all types and tiers of authorities, and local authority sector representative organisations.

5.7 Authority members may wish to respond to the consultation themselves of course and may also be aware of any responses to be submitted by the Councils in South Yorkshire.

5.8 This report sets out a proposal to submit a response on behalf of the Pensions Authority. An initial draft response is attached at Appendix A.

Remote Attendance at Local Authority Meetings

5.9 Members will be aware that during the COVID-19 pandemic in 2020, the Government introduced temporary national regulations enabling local authority meetings to be conducted virtually, safeguarding public health while ensuring local governance could continue. Under these regulations, the Authority conducted its meetings remotely via Microsoft Teams until the regulations were repealed in May 2021.

5.10 Whilst this was not an optimal circumstance, it nevertheless was managed effectively and there were benefits gained from the additional flexibility.

5.11 In the Authority's own context, the factors that need to be considered in relation to enabling remote attendance at meetings include:

a. The benefits that this would bring in relation to greater flexibility for members that might enable attendance at a meeting remotely as an alternative to having to send apologies and miss a meeting altogether when circumstances prevent travelling to the meeting in-person.

b. The importance of the quality of interaction and debate when present at meetings in person, particularly considering the highly technical and complex issues dealt with by Members at Authority meetings.

c. The vital aspect of training and seminars and how these are delivered alongside the formal meetings – whilst the aim is to provide a hybrid option for these wherever possible, it is again important to recognise the benefits of having some in-person presence for such events to aid the quality of the learning experience.

d. If following the consultation, the Government legislate as intended to allow remote attendance at local authority meetings, prior to being able to implement this, the Authority will need to review the technological infrastructure provision at Oakwell House to ensure it is sufficient and suitable to support this effectively alongside in-person attendance and the live-streaming of meetings.

5.12 Based on these considerations, a potential response has been drafted that is broadly supportive of the principle of granting powers to local authorities to allow remote attendance at meetings, but in a controlled and balanced way that would require at least some in-person presence at all formal meetings and to require certain controls and procedural measures to ensure that standard constitutional arrangements are followed.

5.13 Question 9 on the consultation seeks views on whether the proposal would particularly benefit or disadvantage individuals with protected characteristics such as disabilities or caring responsibilities. Members' views on this would be welcome as it could be considered in both ways:

a. Benefiting such individuals by enabling attendance without having to travel and by providing flexibility and ability to use technology available to participate;

b. Potentially disadvantaging individuals if they are unable to benefit from the additional support available in person at meetings.

Proxy Voting

5.14 Proxy voting is a form of voting whereby a member of a decision-making body may delegate their voting power to another representative to enable a vote in their absence.

5.15 The Government's consultation sets out that it is possible that some members may find that, due to their personal circumstances, they are temporarily unable to participate in meetings even if remote attendance provisions are in place. It is suggested that provisions for proxy voting could provide additional flexibility to those who really need it on a time-limited basis, allowing affected members to indirectly exercise their democratic duty, participate in their local authority's governance, and ensure that their views are taken into consideration. In the context of local authorities, the representative would have to be another elected member of the local authority.

5.16 Given the technical nature of the decisions required for the Authority and the nature of its representation, we are suggesting that our response does not support the introduction of proxy voting as it would not be appropriate, nor particularly beneficial, in our context.

Consultation Response

5.17 The draft response is attached at Appendix A. Members are asked to consider the questions in the consultation and provide views on any of the proposed answers in the document and any further comments or considerations they wish to be included in the response.

6 Implications

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

Financial	None directly.
Human Resources	None directly.
ICT	None directly
Legal	The outcome of the consultation may lead to a change in legislation that may require changes to be made accordingly in the Authority's Constitution.
Procurement	None directly

Jo Stone

Head of Governance & Corporate Services – and Monitoring Officer

Background Papers	
Document	**Place of Inspection**
Government Consultation – Enabling Remote Attendance and Proxy Voting at Local Authority Meetings	Enabling remote attendance and proxy voting at local authority meetings - GOV.UK

Appendix A - Draft Response to Government Consultation on Remote Attendance and Proxy Voting at Council Meetings

About you

1. In what capacity are you responding to this consultation?

- ○ An elected member of a council body
- ○ A council body
- ○ A member of the public
- ◉ A local government sector body

Local government sector body

Please state which organisation this is a response from:

Organisation

South Yorkshire Pensions Authority

Remote Attendance

2. Do you agree with the broad principle of granting local authorities powers to allow remote attendance at formal meetings?

- ◉ Yes
- ○ No

If you answered 'No' to question 2, select 'Continue' and go directly to question 4.

3. If you answered 'Yes' to question 2, do you think that there should be specific limitations on remote attendance?

Please tick all the options below that correspond with your view and use the free text box for any other comments.

- [x] Any formal meeting allowing remote attendance should have at least two thirds of members in physical attendance
- [ ] Members should only be able to attend council meetings remotely in exceptional circumstances, such as those who are medically or physically unable to attend, or for reasons of local or national emergencies
- [ ] There should be no limitations placed upon councils with regard to setting arrangements for remote attendance of council meetings, up to and including full remote attendance

Add any further comments

As a Pensions Authority, the knowledge and understanding requirements for Authority members attending meetings and making decisions are such that it is considered that some in-person attendance is essential in order to ensure the required quality of interaction as part of the meeting itself as well as with the advisers and officers and associated training arrangements.

However, this alongside the flexibility of allowing some remote attendance when required would achieve an appropriate balance.

4. If you are an elected member, can you anticipate that you personally may seek to attend some of your council meetings remotely?

- ○ Yes
- ○ No
- ◉ I am not an elected member

4a. If you answered 'No' to question 4, please explain your answer below:

Explain your answer

4b. If you answered 'Yes' to question 4, please indicate below which of the following options best describes your likely pattern of attending meetings remotely:

- ○ Very occasionally
- ○ From time to time
- ○ Regularly but not always
- ○ All the time

5. If you are responding to this consultation on behalf of a council as a whole, what proportion of the council's current elected members are likely to seek to attend council meetings remotely over the course of a year?

- ○ Less than 10%
- ◉ More than 10% but less than 50%
- ○ More than 50% but less than 90%
- ○ Most of them 90% to 100%

6. The government recognises that there may be cases in which it is necessary for councils to hold meetings fully remotely. Do you think there should be limitations placed on the number of fully remote meetings councils should be able to hold?

- ○ Councils should be able to allow full remote attendance at up to half of council meetings within a 12-month calendar period
- ○ Councils should only have the flexibility to change a meeting from in-person to online, or vice versa, due to unforeseen and exceptional circumstances
- ◉ Councils should not have the flexibility to conduct fully remote meetings to ensure there is always an in-person presence

Add any other comments that you have

Answering this question from the perspective of a Pensions Authority, the quality of interaction required and the complexity of the matters being discussed at these meetings means that it is considered essential to ensure there is always an in-person presence - whilst introducing the flexibility that enables individuals to attend remotely on occasion.

7. Do you think there are there any necessary procedural measures that would help to ensure a remote or hybrid attendance policy is workable and efficient?

Tick all the options that correspond with your view and use the free text box for any other comments.

- [ ] Councils should be required to publish a list of attendees joining the meeting remotely and give notice if a meeting is being held with full remote attendance
- [x] Councils should be required to ensure that standard constitutional arrangements are followed for hybrid and fully remote meetings
- [x] Councils should be required to make arrangements to ensure restricted items (where a council decision is taken in private to protect confidentiality) are managed appropriately and to require remotely attending members to join from a private location

Add any other comments that you have

8. Do you think legislative change to allow councillors to attend local authority meetings remotely should or should not be considered for the following reasons?

Tick all the statements below that apply to your point of view.

Should be considered because:

- [x] It is a positive modernising measure
- [x] It would likely increase the diversity of people willing and able to stand for election in their local area, making councils more representative of the communities they serve
- [x] Councils would be more resilient in the event of local or national emergencies which prevent in-person attendance

Add any other reasons that it should be considered

Should not be considered because:

- [ ] Councillors should be physically present at all formal meetings
- [ ] It could lead to a significant number of councillors habitually attending remotely and ultimately reduce the effectiveness of councils
- [ ] It would be more difficult for councillors to build personal working relationships with colleagues, and engage with members of the public in attendance at meetings

Add any other reasons that it should be considered

9. In your view, would allowing councillors to attend formal local authority meetings remotely according to their needs particularly benefit or disadvantage individuals with protected characteristics? For example, those with disabilities or caring responsibilities.

- ○ It would benefit members
- ○ It would disadvantage members
- ○ Neither

Add any further comments you have on this question

Proxy Voting

10. In addition to provisions allowing for remote attendance, do you consider that it would be helpful to introduce proxy voting?

- ○ Yes
- ◉ No
- ○ Unsure

11. If yes, for which of the following reasons which may prohibit a member's participation in council meetings do you consider it would be appropriate?

Please select all that apply:

- ☐ Physical or medical conditions
- ☐ Caring responsibilities
- ☐ Parental leave or other responsibilities

Add any other reasons

12. Are there circumstances in which you feel proxy voting would not be appropriate?

Add your comments

We believe that proxy voting is not appropriate for the following reasons.
The debate that takes place during the meeting and the qualitative discussion and further context given to the issues plays a key role in the decisions to be made. This is particularly important in the context of the Pensions Authority given the complexity of the matters being dealt with.
There is also a risk of reduction in the level of participation / engagement in the meetings if proxy voting is permitted.

13. If you think proxy voting is appropriate, are there any limitations you think should be placed upon it?

Add your comments

Subject	**Data Protection Policy Statement**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	Na
Contact Officer	Annie Palmer Team Leader – Governance	**Phone**	01226 666404
E Mail	APalmer@sypa.org.uk		

1 Purpose of the Report

1.1 To present the Data Protection Policy Statement for approval.

2 Recommendations

2.1 Members are recommended to:

a. **Approve the Data Protection Policy Statement attached at Appendix A; and**

b. **Delegate authority to the Director to approve the detailed policies and procedures that form the rest of the information governance framework.**

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 review of information governance policies contributes to effective and transparent governance.

4 Implications for the Corporate Risk Register

4.1 This report addresses the specific corporate risk in relation to compliance with data protection regulations.

5 Background and Options

5.1 Data Protection policies used in the management of the Authority's personal and sensitive data must comply with Data Protection Legislation (The UK General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018).

5.2 The Data Protection Policy Statement attached at Appendix A follows the requirements and guidance set out in Data Protection Legislation and is tailored as appropriate to the circumstances of the Authority, to include reference to how data is handled and protected - including the data held in respect of scheme members and data held in respect of employees and Authority and LPB members.

5.3 The draft Data Protection Policy Statement was presented to the Audit & Governance Committee in September and the Committee have recommended it to the Authority for approval.

5.4 The policy forms part of the Authority's Information Governance Framework and is supported by a number of more detailed policies and procedures, including:

- Employee Privacy Notice
- Scheme Member Privacy Notice
- Data Retention Policy
- Data Breach Procedure
- Data Protection Impact Assessment (DPIA) Procedure
- Information Security Policy

5.5 Work is in progress on review and update of these supporting policies and procedures. Members are requested to delegate authority to the Director to approve these documents when complete.

5.6 The policy will be reviewed every 2 years as a minimum, or sooner if required in the event of legislative or other substantive changes. Any material changes will be brought to the Audit & Governance Committee for review and to the Authority for approval.

6 Implications

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

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jo Stone

Head of Governance and Corporate Services

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

SOUTH YORKSHIRE PENSIONS AUTHORITY

Data Protection Policy Statement

December 2024

Document Control Information	
Document title	Data Protection Policy Statement
Version	V1
Status	Draft for Authority Approval
Owner	Head of Governance and Corporate Services
Department	Resources
Publication date	
Approved by	
Next review date	December 2026

Version History			
Version	**Date**	**Detail**	**Authors**

DATA PROTECTION POLICY STATEMENT

1. Introduction

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 UK General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018 (together referred to as Data Protection Legislation or DPL) regulate the processing of personal data and protect the rights of the data subject.

As the Authority processes personal data, we are registered as a Data Controller (Registration Number Z4920231) with the Information Commissioner's Office (ICO), which means we are responsible for deciding how the data we hold is processed and protecting it from harm.

The Authority regards the lawful and appropriate treatment of personal information as very important to its successful operations and essential to maintaining confidence between the Authority, its employees and its scheme members. The Authority therefore fully endorses and adheres to the principles of the Data Protection Legislation.

2. Purpose and Scope

The purpose of this policy statement is to set out the Authority's commitment to fulfilling its responsibilities to comply with DPL, including how we will apply the seven key principles of data protection and follow good practice in protecting the rights of data subjects.

This document outlines the key roles and responsibilities held within the Authority and the expectations placed on all employees in relation to data protection. It also sets out how this policy statement fits within our Information Governance Framework.

The scope of this Policy Statement applies to:

a. all substantive and temporary employees of South Yorkshire Pensions Authority;
b. any individual including contractors, students / work experience placements and others who work on behalf of the Authority; and
c. elected and co-opted members of the Authority, members of the Local Pension Board and their independent members and advisers.

3. Policy Framework

This policy forms part of the Authority's Information Governance Framework and should be read in conjunction with:

a. Employee Privacy Notice
b. Scheme Member Privacy Notice
c. Data Retention Policy
d. Data Breach Procedure
e. Data Protection Impact Assessment (DPIA) Procedure
f. Information Security Policy

g. Freedom of Information Policy

This policy will be reviewed at least every 2 years or on an ad hoc basis as required in the event of legislative or other changes.

4. Definitions

There are a number of key definitions used within DPL that are relevant to understanding this Policy and the Authority's obligations set out in this policy statement.

Data – means information held in an electronic form (eg. computers, personal organisers, laptops) or information held manually or in paper form as part of a filing system.

A **filing system** means any structured set of personal data which are accessible according to specific criteria, whether centralised, decentralised or dispersed on a functional or geographical basis.

Data controller – means the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data.

Data processor – means a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller.

Data protection legislation (DPL) – means the UK General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018.

Data protection officer (DPO) - the individual whose primary role is to ensure that their organisation processes the personal data of its employees, customers, providers or any other data subjects in compliance with the applicable Data Protection Legislation.

Data subject – means an identified or identifiable natural person. Data subjects may include employees, contractors, customers, job applicants, candidates and suppliers; and the data processed may relate to present, past and prospective data subjects.

Personal data – means any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person. Examples of personal data include name, telephone number, age, qualifications and employment history.

Processing – means any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction. Process and processed will be construed accordingly.

Special category data – means racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation.

5. Data Protection Principles

Article 5 of the DPL sets out seven key principles which lie at the heart of the UK's general data protection regime and to which the Authority is fully committed as part of our approach to processing personal data. These principles in summary are:

a. Lawfulness, fairness and transparency
b. Purpose limitation
c. Data minimisation
d. Accuracy
e. Storage limitation
f. Integrity and confidentiality (security)
g. Accountability

The detail of what these principles require and how the Authority approaches meeting these requirements is set out in the table below.

Principles **Personal Data shall be:**	**The Authority's Approach**
a. Processed lawfully, fairly and in a transparent manner in relation to individuals.	**Lawfulness** We have identified an appropriate lawful basis (or bases) for our processing. If we are processing special category data or criminal offence data, we have identified a condition for processing this type of data. We don't do anything generally unlawful with personal data. **Fairness** We have considered how the processing may affect the individuals concerned and can justify any adverse impact. We only handle people's data in ways they would reasonably expect, or we can explain why any unexpected processing is justified. We do not deceive or mislead people when we collect their personal data. **Transparency** We are open and honest, and we comply with the transparency obligations of the right to be informed.

Principles Personal Data shall be:	The Authority's Approach
b. Collected for specific, explicit, and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historic research purposes or statistical purposes shall not be considered incompatible with the initial purpose.	We have clearly identified and documented our purpose or purposes for processing. We include details of our purposes in our privacy notices for individuals. We regularly review our processing and, where necessary, update our documentation and our privacy notices. If we plan to use personal data for a new purpose other than a legal obligation or function set out in law, we will check that this is compatible with our original purpose, or we will get specific consent for the new purpose.
c. Adequate, relevant, and limited to what is necessary in relation to the purposes for which it is processed.	We only collect personal data that we need for our specified purposes. We have sufficient personal data to properly fulfil those purposes. We periodically review the data we hold and delete anything we don't need.
d. Accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that is inaccurate, having regard to the purposes for which they are processed, is erased, or rectified without delay.	We ensure the accuracy of any personal data we create. We have appropriate processes in place to check the accuracy of the data we collect, and we record the source of that data. We have a process in place to identify when we need to keep the data updated to properly fulfil our purpose, and we update it as necessary. If we need to keep a record of a mistake, we clearly identify it as a mistake. We comply with the individual's right to rectification and carefully consider any challenges to the accuracy of the personal data. As a matter of good practice, we keep a note of any challenges to the accuracy of the personal data.

Principles Personal Data shall be:	The Authority's Approach
e. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data is processed; personal data may be stored for longer periods in so far as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals.	We know what personal data we hold and why we need it. We carefully consider and can justify how long we keep personal data. We have a data retention policy with standard retention periods where possible, in line with documentation obligations. We regularly review our information and erase or anonymise personal data when we no longer need it. We have appropriate processes in place to comply with individuals' requests for erasure under 'the right to be forgotten'.
f. Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction, or damage, using appropriate technical or organisational measures.	We have appropriate security measures in place to protect the personal data we hold.
g. The Accountability principle: The Controller shall be responsible for and able to demonstrate compliance with DPL.	We take responsibility for how we handle and process personal data, we ensure that roles and responsibilities are clearly defined and we have arrangements in place to demonstrate our legislative compliance.

6. Roles and Responsibilities

The principal roles and responsibilities in relation to data protection are set out below. Contact details where relevant are included at the end of this policy statement.

Data Protection Officer (DPO)

The DPO:

a. Informs and advises the Authority on its data protection obligations.
b. Monitors the Authority's compliance.

c. Acts as a contact point for data subjects and the ICO.

The DPO has expert knowledge of data protection law and practices and is given sufficient resources and independence to perform their responsibilities effectively.

The role of DPO for the Authority is undertaken by an officer of Barnsley Metropolitan Borough Council (BMBC) under a service level agreement. The officer who fulfils this role is BMBC's Service Director for Customer, Information and Digital Services.

Senior Information Risk Owner (SIRO)

The SIRO is accountable and responsible for information risk across the Authority, and they ensure that everyone is aware of their personal responsibility to exercise good judgement, and to safeguard and share information appropriately.

The SIRO additionally acts as an advocate for information governance and assurance with the Senior Management Team and across the organisation, provides reports to the Authority and to the Local Pension Board relating to information governance and ensures that information risk is taken seriously and actively managed.

The role of SIRO is undertaken by the Authority's Head of Governance & Corporate Services and Monitoring Officer.

Senior Management Team (SMT)

SMT comprises the Director and the Assistant Directors and they are responsible for providing leadership and oversight of the Authority's data protection arrangements. They are responsible for ensuring that a DPO and SIRO are appointed, sufficient resources allocated and that clear responsibilities are identified at a strategic and operational level. They lead by example to promote an organised, proactive and positive approach to data protection that underpins our work.

All Managers and others in a supervisory role

Managers and supervisors are responsible for ensuring that staff in their teams who process personal data in any way:

a. Are made aware of their personal obligations and responsibilities under the current data protection legislation.
b. Receive appropriate training.
c. Are made aware of the Authority's policies and procedures relating to personal information.

All Individuals who have access to Authority data

Individuals who have access to Authority data are responsible for:

a. Complying with the Authority's policies and procedures.
b. Ensuring good data protection and privacy practices are followed at all times.
c. Seeking advice, assistance and training when required.

7. Staff Awareness and Training

Training on data protection is provided to all employees on commencement of employment and the Authority's policies and procedures on data protection are explained as part of the induction process for all new employees during their first month of employment.

Data protection training and awareness of policies and procedures is refreshed for all employees on an annual basis.

The Authority ensures that all policies and procedures relating to information governance are readily available to all staff on the organisation's intranet and that all staff are aware of how to seek further guidance and know when and how to report any actual or suspected data breach.

8. Further Information

Further information regarding our obligations and the rights of our data subjects under Data Protection Legislation is available from the website of the Information Commissioner's Office (ICO) at: Information Commissioner's Office (ICO)

9. Contact Details

Role	Contact Details
Data Protection Officer (DPO) BMBC Service Director for Customer, Information and Digital Services	dpo@barnsley.gov.uk
Senior Information Risk Owner (SIRO) Head of Governance & Corporate Services and Monitoring Officer	informationgovernance@sypa.org.uk

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Subject	**Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Head of Governance and Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance and Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 **Purpose of the Report**

1.1 To present for approval the Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy.

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2 **Recommendations**

2.1 Members are recommended to:

a. **Approve the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.**

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3 **Link to Corporate Objectives**

3.1 This report links to the delivery of the following corporate objective:

Effective and Transparent Governance

To uphold effective governance always showing prudence and propriety.

3.2 The contents of this report are part of the arrangements in place to ensure good governance and a suitable framework for the prevention and detection of fraud, and reporting of concerns.

4 **Implications for the Corporate Risk Register**

4.1 The contents of this report will contribute to addressing overall risk to the Authority's funds and reputation.

5 **Background and Options**

5.1 The action plan arising from the Annual Governance Statement approved by the Authority in June 2024 included an action to review and update the organisation's policies on Anti-Fraud, Bribery & Corruption and Whistleblowing (or Confidential

Reporting Procedure). The policies were overdue for review, having last been updated in 2019.

5.2 Both policies form part of the Authority's arrangements for ensuring and demonstrating that we meet the principles of good governance set out in the CIPFA/SOLACE framework. These policies relate to Principle A – behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. The two policies have been reviewed and fully updated.

5.3 **Appendix A - Anti-Fraud, Bribery and Corruption Policy** – This policy sets out the objectives, including the promotion of an anti-corruption culture and zero tolerance of fraud and corruption. The document provides details of the Authority's approach to achieving this, the roles and responsibilities of different stakeholders and actions that will be taken for preventing, deterring and detecting fraudulent activity or corruption. The policy also sets out a clear commitment to taking all necessary actions to pursue recovery of any losses and impose sanctions in the event of fraud or corruption being found.

5.4 **Appendix B – Whistleblowing Policy -** This policy makes it clear that any referral can be made without fear of victimisation, subsequent discrimination, or disadvantage. The policy is intended to encourage and enable employees to raise serious concerns within the Authority rather than overlooking a problem or 'blowing the whistle' outside.

5.5 Both policies were presented to the Audit & Governance Committee who have recommended them for approval to the Authority.

5.6 The policies will be reviewed every 2 years as a minimum, or sooner if required in the event of legislative or other substantive changes. Any material changes will be taken to the Audit & Governance Committee for review and to the Authority for approval.

6 Implications

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

Financial	No direct implications.
Human Resources	No direct implications.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	**Place of Inspection**

SOUTH YORKSHIRE PENSIONS AUTHORITY

Anti-Fraud, Bribery and Corruption Policy

December 2024

Document Control Information	
Document title	Anti-Fraud, Bribery and Corruption Policy
Version	V2 - December 2024
Status	Draft for Authority Approval
Owner	Head of Governance & Corporate Services
Department	Resources
Publication date	
Approved by	
Next review date	

Version History			
Version	**Date**	**Detail**	**Author**
1	September 2019	Original Policy	Fund Director
2	December 2024	Full review and revision.	Head of Governance and Corporate Services

1. Introduction

1.1 South Yorkshire Pensions Authority is responsible for the stewardship of the pensions savings of a large number of individuals. These funds have largely been derived from the public purse and consequently the Authority aims to operate with the highest standards of probity in relation to these funds.

1.2 The Authority is committed to protecting the funds it administers and consequently will not tolerate any form of abuse. The Authority is determined to pursue, deter, and detect all forms of fraud, bribery and corruption committed against it, whether that be internally or from outside the organisation.

1.3 The Authority is determined that the culture and tone of the organisation should be one of honesty and rigorous opposition to fraud, bribery, and corruption. Thus, the Authority is committed to ensuring all its business is conducted in an open, honest, equitable and fair manner and that it is accountable to all stakeholders (scheme members and scheme employers).

1.4 The Authority will not tolerate fraud, bribery, or corruption committed or attempted by its members, employees, suppliers, contractors, scheme employers or scheme members and will take all necessary steps to investigate allegations of fraud, bribery or corruption and pursue the sanctions available in each case, in particular the recovery of the Authority's assets or funds.

1.5 **Definitions**

- **Fraud** - any irregularity or illegal act characterised by intentional deception with the intent to make a personal gain, or to cause loss, or to expose another to the risk of loss.

  The term fraud is used to describe many acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, the concealment of material facts and collusion.
- **Bribery -** an inducement or reward offered, promised, or provided to gain personal, commercial, regulatory or contractual advantage. Bribery may take the form of:
  - Active bribery: Promising or giving a financial or other advantage.
  - Passive bribery: Agreeing to receiver or accepting a financial or other advantage.
- **Corruption -** Dishonest or fraudulent conduct by those in power, typically involving bribery. It has also been described as dishonesty and illegal behaviour by people in positions of authority or power.

  Corruption is the deliberate misuse of your position for direct or indirect personal gain. It includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else.

All are criminal offences under various pieces of legislation.

2. Policy Objectives

2.1 The Authority is committed to promoting an environment that actively encourages the highest principles of honesty and integrity. It is committed to implementing and enforcing effective systems to counter fraud, bribery and corruption.

2.2 The objectives of the Authority's policy are to:

i. Limit the Authority's exposure to fraud and corruption, and to minimise financial loss and the potential adverse effects of such loss.

ii. Create and promote an anti-fraud culture and zero tolerance of fraud, bribery, corruption and theft.

iii. Understand the fraud risks facing the Authority and implement measures to deter, prevent and detect fraud.

iv. Promptly and professionally investigate alleged or suspected fraud or corruption and impose appropriate sanctions where proven.

v. Provide appropriate training and development to employees to support the aims of this policy.

3. Scope

3.1 This policy applies to:

i. All Authority employees.
ii. Members of the Authority and of the Local Pension Board
iii. Third party service providers to the Authority / Fund – including custodian, fund and investment managers.
iv. Professional advisers
v. Authority / Fund suppliers, contractors and consultants.
vi. Scheme Employers and Scheme Members of the South Yorkshire Pension Fund

4. Culture

4.1 Responsibility for an anti-fraud culture is the joint duty of all those involved in giving strategic direction, determining policy, and management. The policy should be directed against fraud and corruption whether it is attempted against the Authority from outside or from within its own workforce.

4.2 The prevention and detection of fraud/corruption and the protection of public funds are everyone's responsibility. The Authority expects that members and officers at all levels will lead by example in ensuring adherence to legal requirements, Contract Standing Orders, Financial Procedure Rules, Codes of Conduct and best (professional) practice.

4.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

i. A criminal offence
ii. A failure to comply with a statutory or legal obligation.
iii. Improper, unauthorised use of public or other funds
iv. A miscarriage of justice
v. Maladministration, misconduct, or malpractice
vi. Deliberate concealment of any of the above.

4.4 The Authority expects all its employees (whether permanent or temporary), members, and all its contractors and suppliers to:

- Act honestly and with integrity at all times and to safeguard those assets of the Authority for which they are responsible.
- Comply with the spirit as well as the letter of the law and regulations in respect of the lawful and responsible conduct of business.
- Ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and followed up promptly.

4.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the Authority will ensure the appropriate improvements are implemented to prevent reoccurrence.

5. Roles and Responsibilities

5.1 Everyone within the scope of this Policy has a general responsibility for the prevention of fraud and corruption. This section sets out the specific roles and responsibilities.

5.2 **Director (Head of Paid Service)** – Overall responsibility for the management and co-ordination of employees, accountable for the effectiveness of the Authority's arrangements for countering fraud and corruption.

5.3 **Assistant Director – Resources (Chief Finance Officer)** – Statutory responsibility for the proper administration of the Authority's financial affairs and responsible for the development and maintenance of an anti-fraud and corruption strategy.

5.4 **Head of Governance and Corporate Services (Monitoring Officer)** – Statutory responsibility to ensure that the Authority operates within the law. Responsible for the Members Code of Conduct and the maintenance and operation of the confidential reporting procedure for employees (i.e., Whistleblowing Policy).

5.5 **Audit and Governance Committee** – Monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.

5.6 **Authority and Local Pension Board Members** – Comply with the Members Code of Conduct, be aware of the possibility of fraud, corruption, bribery and theft, and report any genuine concerns accordingly.

5.7 **External Audit** – Obtain reasonable assurance that the Authority has appropriate controls in place to prevent, detect and investigate fraud and corruption and the financial statements are free of material misstatement or irregularity whether caused by fraud or error.

5.8 **Internal Audit** – Carry out audit reviews to provide assurance on the Authority's system of internal control. Support the Authority in carrying out investigations where required.

5.9 **Assistant Directors, Heads of Service, Service Managers** – Promote staff awareness and ensure that all suspected or reported irregularities are immediately referred as per the Authority's procedures. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.

5.10 **Employees –** Comply with the Authority's policies and procedures, including the Employee Code of Conduct, be aware of the possibility of fraud, corruption, bribery and theft, and report any genuine concerns to management, the Monitoring Officer or to Internal Audit, or via the Whistleblowing procedure.

5.11 All others within the scope of this policy are responsible for reporting any genuine concerns or suspicions in accordance with the Authority's complaints procedure.

6. Deterrence, Risk Management and Loss Mitigation

6.1 The publication of this Anti-Fraud, Bribery and Corruption Policy and regular reinforcement that the Authority operates a zero-tolerance approach will help deter those considering fraudulent activity.

6.2 Where any loss is incurred due to fraud and corruption, the Authority will take action to recover monies owed.

6.3 Managers are expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.

6.4 The Authority's Audit and Governance Committee receive regular reports on Internal Audit activity, and these will include summary details of investigations into allegations of fraud and financial impropriety where relevant.

6.5 The Audit and Governance Committee may make recommendations to the Authority for any change in its arrangements for dealing with fraud, bribery and corruption identified as necessary at any time.

6.6 Sanctions will be applied where fraud and corruption are proven to exist. This will be done in a comprehensive, consistent, and proportionate manner whereby all possible and relevant sanctions – disciplinary, civil and/or criminal - are considered. For elected members this will include consideration of the sanctions available for breaches of the Member's Code of Conduct alongside any relevant criminal or civil action.

7. Detection and Prevention Controls

7.1 The table below sets out a range of controls in place for the detection and prevention of fraud and corruption – note, this list is not exhaustive:

Activity	Detail of activity
National Fraud Initiative	The Authority participates in the biennial National Fraud Initiative (NFI) exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud. All exchanges of information are carried out in full compliance with Data Protection Legislation and with the codes of practice for the National Fraud Initiative data matching exercises and includes provision of information to other agencies for data matching purposes.
Tell Us Once	A Government service helps to notify most government departments and local authorities know when someone dies.
Mortality Screening	The Authority subscribes to a mortality screening service in order to prevent overpayment of pension in the event of a pensioner death.
Overseas members	The Authority carries out annual 'proof of existence' checks for pensioner members residing overseas.
Address tracing	The Authority uses an address tracing provider in order to trace scheme members resident in the UK with whom contact has been lost.
Contract Standing Orders	The Authority's Constitution includes Contract Standing Orders that comply with relevant procurement legislation and the Governance team are responsible for ensuring that procurement procedures and controls are in place and for providing guidance on their application for employees carrying out procurement activity.
Financial System of Controls	The Finance team ensure that a full suite of protocols and procedures are in place and followed to ensure that the risks of fraud, bribery and corruption are prevented and mitigated. This includes separation of duties and authorisation procedures in all areas, with particular focus at the critical areas of risk including Treasury Management, Accounts Payable and Pensions/Staff Payroll. Additionally, the Authority ensures that CPD is kept up to date for finance staff and circulate all the most recent developments in relation to fraud, bribery and corruption. A risk-based programme of internal audit reviews is undertaken annually to provide assurance that controls are applied and operating effectively.
Investment Processes	Controls to prevent fraud, corruption and bribery in investment dealing include a segregation of duties to prevent any single individual from having excessive control over transactions. There is a strict authorisation procedure in place and a further separation of duties is provided through the finance section being responsible for processing of the payments following documented internal procedures. Internal audit reviews are conducted regularly to provide assurance that controls in this respect are applied and operating effectively.

8. Reporting and Investigation

8.1 The Authority encourages and expects its members and employees, as well as scheme members and scheme employers, to report incidents of suspected fraud, bribery, and corruption.

8.2 Employees may report issues to their line manager, to the Assistant Director – Resources, the Head of Governance & Corporate Services, HR, internal audit or use the whistleblowing procedure as appropriate.

8.3 Members may report issues to the Head of Governance & Corporate Services, Assistant Director – Resources, internal audit or use the whistleblowing procedure as appropriate.

8.4 The public are able to use the organisation's complaints procedure in order to raise any concerns of this nature.

8.5 Any reported or suspected fraud or corruption must be brought to the attention of the Head of Corporate Assurance (as the Authority's Head of Internal Audit) if not reported directly to internal audit in the first instance.

8.6 In normal cases the Authority's Internal Audit Service will undertake, or direct, the investigation of fraud, bribery, or corruption allegations. Matters of a criminal nature will be referred to the Police. The Internal Audit Service has a reporting and liaison protocol in place with South Yorkshire Police.

9. Sanctions

9.1 Fraud must not pay; where fraud or corruption is discovered and proven, the full range of sanctions will be deployed, including civil, disciplinary, and criminal action, and referring cases to other law and enforcement organisations.

9.2 The Authority will apply realistic and effective sanctions for individuals or organisations where investigation reveals fraud and corruption. This may include legal action, criminal and/or disciplinary action. For elected members this will include consideration of the sanctions available for breaches of the Member's Code of Conduct alongside any relevant criminal or civil action.

9.3 A crucial element of the Authority's response to tackling fraud is recovering any monies or assets lost through fraud – this will therefore be rigorously pursued wherever possible. Where money has been lost due to fraudulent activity, the Authority will always seek to recover the money along with any penalties that may have been imposed.

10. Overlap with Other Policies

10.1 This policy statement overlaps with several other policies:

i. The responsibilities of individual employees and Authority members are set out in the relevant **Codes of Conduct**.

ii. The responsibilities of elected members set out in the **Conflicts of Interest Policy** within the Authority's Constitution.

iii. The responsibilities of scheme employers are set out in the **Pensions Administration Strategy**.

iv. The Authority's **Contract Standing Orders** and associated terms of business set out the expectations on suppliers and contractors and the arrangements applying to employees involved in carrying out procurement activity.

v. The Authority has a specific procedure in relation to the receipt of **Gifts and Hospitality** which must be adhered to by all Authority Members and employees.

10.2 This policy does not override the detailed requirements set out in the above policy documents.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Whistleblowing Policy

December 2024

Document Control Information	
Document title	Whistleblowing Policy
Version	V2 - December 2024
Status	Draft for Authority Approval
Owner	Head of Governance & Corporate Services
Department	Resources
Publication date	
Approved by	
Next review date	

Version History			
Version	**Date**	**Detail**	**Author**
1	September 2019	Original Policy	Fund Director
2	December 2024	Full review and revision.	Head of Governance and Corporate Services

1. Introduction

1.1 South Yorkshire Pensions Authority (the Authority) is committed to the highest possible standards of honesty, openness, probity, and accountability. It seeks to conduct its affairs in a responsible manner, to ensure that all the Authority's activities are open and effectively managed, and that the Authority's integrity and principles of public interest disclosure are sustained.

1.2 In line with that commitment, we encourage, and indeed expect, employees, those working on behalf of the Authority and others that we deal with, who have serious concerns about any aspect of the Authority's work to come forward and voice those concerns. Any matters raised will be treated in strict confidence and anybody who raises legitimate concerns can be assured that there will be no reprisals.

1.3 Employees working for the Authority are often the first to realise that there may be something seriously wrong. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Authority. They may also fear harassment or victimisation. Each person working for the Authority needs to realise that they not only have the right, but also a duty, to report any improper actions or omissions.

1.4 The Authority also recognises and appreciates that employees who raise concerns regarding malpractice or wrongdoing are an asset to the Authority, and not a threat. This Whistleblowing policy is intended to encourage and enable staff to raise serious concerns.

1.5 This policy makes it clear that any referral can be made without fear of victimisation, subsequent discrimination, or disadvantage. It is intended to encourage and enable employees to raise serious concerns within the Authority rather than overlooking a problem or 'blowing the whistle' outside.

1.6 These procedures are in addition to the Authority's complaints procedures.

1.7 You may also wish to refer to the Public Disclosure Act 1998 when considering this policy.

2. Policy Objectives

2.1 This policy aims to:

i. Promote a culture of openness in order to protect the ethical reputation of the Authority.
ii. Provide safeguards to enable individuals to raise genuine concerns in confidence and without fear of repercussions.
iii. Provide avenues to raise those concerns and receive feedback on any action taken.

iv. Ensure that staff receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied.

3. Scope

3.1 There are existing procedures in place to enable employees to lodge a grievance relating to their own employment. This Whistleblowing (Confidential Reporting) Policy is intended to cover major concerns that fall outside the scope of other procedures. Examples of concerns covered by this policy include:

- Conduct which is an offence or a breach of law.
- Health and safety risks, including risks to the public as well as other employees.
- Damage to the environment.
- The unauthorised use of public funds.
- Possible fraud and corruption.
- Breaches of the Authority's Code of Conduct and other personnel policies.
- Other unethical conduct.

3.2 In other words, any serious concerns that you have about any aspect of service provision or the conduct of officers or members of the Authority or others acting on behalf of the Authority can be reported under the Whistleblowing Policy. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience, or the standards you believe the Authority subscribes to.
- is against the Authority's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

4. Safeguards

Harassment or Victimisation

4.1 The Authority is committed to good practice, high standards and to supporting its employees.

4.2 The Authority recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear. You will be doing your duty to your employer and those to whom you are providing a service.

4.3 The Authority will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern.

4.4 If you are already the subject of other employment procedures e.g., disciplinary or redundancy, those procedures will not be halted or suspended.

Confidentiality

4.5 All concerns will be treated in confidence and if you don't want your identity revealed, every effort will be made to ensure that it isn't. However, it must be understood that in the interests of natural justice, any investigation process is likely to reveal the source of the information and a statement by you is likely to be required as part of the evidence.

Anonymous Allegations

4.6 Notwithstanding the above commitment, the Authority will encourage you to put your name to your allegation whenever possible because concerns expressed anonymously are much less powerful. Nevertheless, anonymous referrals will be considered at the discretion of the Authority.

4.7 In exercising this discretion, the factors to be considered would include:

- the seriousness of the issues raised.
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

Unfounded / Untrue Allegations

4.8 The Authority's intention in this policy is to encourage employees to raise legitimate concerns. A disclosure or allegation made in good faith which is not confirmed by subsequent investigation will not lead to any action against the person making it. However, individuals making allegations which are found by subsequent investigation to be malicious and/or vexatious may be subject to disciplinary or other appropriate action.

5. How to raise a concern

5.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that line management is involved, you should approach the Director, the Head of Governance & Corporate Services (who is the Authority's Monitoring Officer), or Internal Audit.

5.2 Concerns may be raised verbally or in writing. Employees who wish to make a written report are invited to use the following format:

- The background and history of the concern (giving relevant dates).
- The reasons why you are particularly concerned about the situation.

5.3 The earlier you express the concern, the easier it is to act. Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

5.4 Advice and/or guidance on how to pursue matters of concern may be obtained from the Director, the Head of Governance & Corporate Services or from the Governance team or HR team – whose contact details are all available through the Authority's SharePoint system. The Authority's internal audit service is provided by BMBC's Corporate Assurance team – whose contact details are as follows:

Head of Corporate Assurance – SharonBradley@barnsley.gov.uk

Corporate Assurance Manager – CarolineHollins@barnsley.gov.uk

5.5 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

5.6 If the issue you want to raise concerns about relates to fraud or misuse of public money, you may wish to contact the Authority's external auditor directly. Their contact details are available from the Authority's finance team or can be obtained from Public Sector Audit Appointments Ltd at the following link: Auditor appointments - PSAA

5.7 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

6. How the Authority will respond

6.1 The Authority will respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

6.2 Where appropriate matters raised may be:

i. Investigated by management, internal audit, or through the disciplinary process.

ii. Referred to the Police.

iii. Referred to the external auditor.

iv. Form the subject of an independent enquiry.

6.3 To protect those accused of misdeeds, or possible malpractice, initial enquiries will be made to establish whether an investigation is appropriate and, if so, what form it should take. In reaching that decision, the Authority will always consider what is in the public interest. Concerns or allegations which fall within the scope of specific procedures (for example harassment or discrimination issues) will normally be referred for consideration under those procedures.

6.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

6.5 Within 15 working days of a concern being raised the Director will write to you:

- Acknowledging that the concern has been received.
- Indicating how we propose to deal with the matter.
- Giving an estimate of how long it will take to provide a final response.
- Telling you whether any initial enquiries have been made.
- Supplying you with information on staff support mechanisms.
- Telling you whether further investigations will take place and if not, why not.

6.6 The amount of contact with you that will be made by the officers considering the issues will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, the Authority will seek further information from you.

6.7 Where any meeting is arranged, this will be off-site if you so wish, and you can be accompanied by a union or professional association representative or a work colleague.

6.8 The Authority will take steps to minimise any difficulties which you may experience because of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Authority will arrange for you to receive advice about the procedure.

6.9 The Authority accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

7. Responsible Officer

7.1 The Director has overall responsibility for the maintenance and operation of this policy.

8. External contacts / sources of guidance

8.1 The Authority hopes that this policy gives you the reassurance to raise matters internally within the organisation. Whilst we would prefer you to raise your concern internally, we do recognise that there may be circumstances where you may wish to raise matters with outside organisations or regulators. In fact, we would rather you raised a matter with an appropriate outside organisation or regulator than not raise it at all.

8.2 If you are unsure whether to use this policy or you want confidential advice at any stage, the independent charity **Protect** provides free, confidential advice for employees on whistleblowing. Contact via:

- Telephone: 020 3117 2520
- Webform: Contact Our Advisors
- or via: Protect - Speak up stop harm - Whistleblowing Homepage

8.3 Employees also have access to free and confidential advice through the

Employee Assistance Programme – details are available through the Authority’s internal SharePoint system.

8.4 Other possible contacts external to the organisation include:

- The Pensions Regulator
- The Health and Safety Executive
- Authority’s external auditor (details provided in section 5 of this policy).
- Your trade union.
- Relevant professional bodies or regulatory organisations.
- Your local Citizens Advice Bureau.
- the Police.

9. Monitoring

9.1 Internal audit will maintain a register of all whistleblowing referrals under this policy and monitor the outcome of these cases. The contact point or initial contact must ensure that details of any allegation should be reported to internal audit.

9.2 The Head of Governance & Corporate Services, as the Authority’s Monitoring Officer, will ensure that a report is provided to the Audit & Governance Committee and/or the Authority on activity carried out under this policy as required – the report will not identify individuals, only the nature of the concerns raised.

9.3 The Director retains responsibility for ensuring the maintenance and implementation of the Authority’s Whistleblowing Policy and process. The Audit & Governance Committee retain oversight of the effectiveness of these arrangements.

Subject	**Governance Meetings Calendar 2025-26**	**Status**	For Publication
Report to	Authority	**Date**	12 December 2024
Report of	Monitoring Officer		
Equality Impact Assessment	Not Required	Attached	Na
Contact Officer	Annie Palmer Team Leader Governance	**Phone**	01226 666404
E Mail	apalmer@sypa.org.uk		

1 Purpose of the Report

1.1 To present Members with the proposed 2025-26 Governance Meetings Calendar for review and approval.

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2 Recommendations

2.1 Members are recommended to:

a. **Approve the 2025/26 Governance Meetings calendar and outline work programme attached at Appendix A.**

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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.

3.2 To uphold effective governance always showing prudence and propriety.

3.3 The planned programme of meetings supports the operation of effective and transparent governance arrangements.

4 Implications for the Corporate Risk Register

4.1 There are no direct implications for specific risks on the register.

5 Background and Options

5.1 Attached at Appendix A is a schedule of meeting dates and outline work programme for meetings of the Authority and its Committees for the 2025/26 municipal year.

5.2 Dates and a full annual programme for training and development for 2025/26 will be circulated in early 2025, following a full review and assessment of the outcomes from the National Knowledge Assessment and preparation of proposed update to the Member Learning and Development Strategy.

5.2 The Appendix contains a front-page summary of the scheduled meeting dates for the Authority and its Committees. A separate page for the Authority and for the Audit & Governance Committee is also included setting out an outline of their draft work programmes for the 2025/26 year.

5.3 A full review has been undertaken and meeting dates have, where possible, been checked against the meeting calendars of the four district councils, known dates of external conferences, and school-term dates, to attempt to avoid any clashes.

5.4 Members are however asked to note that not all of the district councils have finalised their meeting calendars for 2025/26 at the time of this report and therefore it has been necessary to prepare the proposed calendar attached with reference to provisional dates only for the districts based on the previous year's meeting dates. Should any clashes arise following confirmation of dates from district councils, we will consult members as to any changes deemed necessary at the earliest opportunity.

5.4 Members are asked to consider and approve the schedule of meeting dates for 2025/26 shown 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	None
Procurement	None

Jo Stone

Head of Governance & Corporate Services and Monitoring Officer

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

SOUTH YORKSHIRE PENSIONS AUTHORITY

Authority Meeting Dates 2025/26		
Date of Meeting	**Time**	**Venue**
Thursday 05 June 2025	13:00 - 15:30	Oakwell House
Thursday 11 September 2025	10:00 - 12:30	Oakwell House
Thursday 18 December 2025	10:00 - 12:30	Oakwell House
Thursday 12 February 2026	10:00 - 12:30	Oakwell House
Thursday 12 February 2026 Effectiveness Review	13:00- 15:00	Oakwell House
Thursday 12 March 2026	10:00 - 12:30	Oakwell House

Audit & Governance Committee Meeting Dates 2025/26		
Date of Meeting	**Time**	**Venue**
Thursday 17 July 2025	10:00 - 12:00	Oakwell House
Thursday 2 October 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025: Effectiveness Review	12:30 - 13:30	Oakwell House
Thursday 05 March 2026	10:00 - 12:00	Oakwell House

Appointments and Appeals Committee Meeting Dates 2025/26		
Date of Meeting	**Time**	**Venue**
Thursday 17 July 2025	10:00 - 12:00	Oakwell House

Staffing Committee Meeting Dates 2025/26
To be arranged as required.

Authority Meeting Dates and Outline Work Programme 2025/26		
Date of Meeting	**Time**	**Venue**
Thursday 05 June 2025	13:00 - 15:30	Oakwell House
Thursday 11 September 2025	10:00 - 12:30	Oakwell House
Thursday 18 December 2025	10:00 - 12:30	Oakwell House
Thursday 12 February 2026	10:00 - 12:30	Oakwell House
Thursday 12 February 2026 Effectiveness Review	13:00 - 15:00	Oakwell House
Thursday 12 March 2026	10:00 - 12:30	Oakwell House

June 2025 Meeting
Membership, Political Balance & Appointments to Committees
Pensions Review Update
2024/25 Quarter 4 Corporate Performance Report
2024/25 Quarter 4 Investment Performance Report (Incl. Advisers' Commentary)
2024/25 Quarter 4 Responsible Investment Update
Pensions Administration Improvement Plan Update
Governance, Regulatory and Policy Update
Members' Learning and Development Strategy 2025/26
Audit & Governance Committee Annual Report 2024/25
Annual Report of Local Pension Board 2024/25
Annual Governance Statement 2024/25
Decisions taken between meetings

September 2025 Meeting
Pensions Review Update
2025/26 Quarter 1 Corporate Performance Report
2025/26 Quarter 1 Investment Performance Report (Incl. Advisers' Commentary)
2025/26 Quarter 1 Responsible Investment Update
Pensions Administration Improvement Plan Update
Governance, Regulatory and Policy Update
Decisions taken between meetings
Border to Coast Annual Review

December 2025 Meeting
Pensions Review Update
2025/26 Quarter 2 Corporate Performance Report
Approval of the Levy 2026/27
2025/26 Quarter 2 Investment Performance Report (Incl. Advisers' Commentary)
2025/26 Quarter 2 Responsible Investment Update
Annual Review of Border to Coast Responsible Investment Policies
Pensions Administration Improvement Plan Update
Governance, Regulatory and Policy Update
Governance Meetings and Training Calendar 2026/27
Decisions taken between meetings
Valuation 2025 Results
Independent Advisers' Appraisal

February 2026 Meeting
Pensions Review Update
Corporate Strategy 2026/27 to 2028/29
Procurement Forward Plan 2026/27 to 2028/29
Budget 2026/27
Medium Term Financial Strategy 2026/27 to 2028/29
Treasury Management Strategy 2026/27
Pay Policy Statement
Decisions taken between meetings
Debt Write Offs

February 2026 Effectiveness Review Meeting
Authority Effectiveness Review 2025/26

March 2026 Meeting
Pensions Review Update
2025/26 Quarter 3 Corporate Performance Report
2025/26 Quarter 3 Investment Performance Report (Incl. Advisers' Commentary)
2025/26 Quarter 3 Responsible Investment Update
SYPA Responsible Investment Policies Annual Review & Net Zero Action Plan Update
Pensions Administration Improvement Plan Update
Member Learning and Development Strategy
Governance, Regulatory and Policy Update
Decisions taken between meetings
Director's Appraisal

SOUTH YORKSHIRE PENSIONS AUTHORITY

Audit & Governance Committee Meeting Dates and Outline Work Programme 2025/26		
Date of Meeting	**Time**	**Venue**
Thursday 17 July 2025	10:00 - 12:00	Oakwell House
Thursday 02 October 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025	10:00 - 12:00	Oakwell House
Thursday 04 December 2025: Effectiveness Review	12:30 - 13:30	Oakwell House
Thursday 05 March 2026	10:00 - 12:00	Oakwell House

July 2025 Meeting
Internal Audit Annual Report 2024/25
2025/26 Quarter 1 Internal Audit Progress Report
Internal Audit Charter 2024 to 2027
External Auditors - Progress Update on Audit of 2024/25
Draft Statement of Accounts 2024/25
Progress on Agreed Management Actions
Annual Review of Members Register of Interests and Gifts and Hospitality

October 2025 Meeting
2025/26 Quarter 2 Internal Audit Progress Report
Internal Audit Effectiveness Report
External Auditor's Report on the 2024/25 Audit - Pension Fund
External Auditor's Report on the 2024/25 Audit - Pensions Authority
Approval of the Statement of Accounts 2024/25
Letter of Representation 2024/25
2024/25 Authority Annual Report
Progress on Agreed Management Actions

December 2025 Meeting
2025/26 Quarter 3 Internal Audit Progress Report
Internal Audit 2026-27 Plan Consultation Paper
External Auditor's Annual Report 2024/25
Annual Review of Risk Management Framework
Progress on Agreed Management Actions
Progress on Annual Governance Statement Action Plan

December 2025 Effectiveness Review Meeting
Audit & Governance Committee Effectiveness Review

March 2026 Meeting
2025/26 Quarter 4 Internal Audit Progress Report
Internal Audit Plan 2025/26
External Audit Plan - Audit of Pension Fund Year Ending 31 March 2026
External Audit Plan - Audit of Pensions Authority Year Ending 31 March 2026
Accounting Policies for Year Ending 31 March 2026
Progress on Agreed Management Actions
Draft Annual Governance Statement 2025/26
Annual Review of Governance Compliance Statement 2025/26
Audit & Governance Committee Annual Report 2025/26
Audit & Governance Committee Effectiveness Review Report 2025/26

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