

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, 13 February 2025 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: J Dunn (Chair) J Mounsey, R Bowser, S Clement-Jones, D Sutton, J Church, A Dimond, D Fisher, N Wright, D Nevett, A Sangar and C Gamble-Pugh.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

THURSDAY, 13 FEBRUARY 2025 AT 10.00 AM - OAKWELL HOUSE, 2 BEEVOR COURT, PONTEFRACT ROAD, BARNSELY, S71 1HG

Agenda: Reports attached unless stated otherwise

	Item	Pages
	Business Matters	
1.	Apologies	
2.	Questions from the public	
3.	Announcements	
4.	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.	
5.	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. (For items marked * the public and press may be excluded from the meeting.)	
6.	Declarations of Interest	
7.	Section 41 Feedback from District Councils	
8.	Minutes of the meeting held on 12.12.2024	5 - 12
	CORPORATE	
9.	Corporate Planning Framework 2025 - 2028	13 - 108
10.	Budget 2025/26	109 - 122
11.	Medium Term Financial Strategy 2025/26 - 2027/28	123 - 148
12.	Treasury Management Strategy 2025/26	149 - 164
13.	Pay Policy Statement	165 - 176
	PENSIONS ADMINISTRATION	
14.	Valuation 2025	177 - 184
	GOVERNANCE	
15.	Procurement Forward Plan	185 - 190

16.	Decisions Taken between meetings	191 - 192
17.	Independent Advisers' Objectives	193 - 196

SOUTH YORKSHIRE PENSIONS AUTHORITY**12 DECEMBER 2024**

PRESENT:

Councillor Jayne Dunn (Chair)

Councillors: Donna Sutton, Roy Bowser, Simon Clement-Jones, Neil Wright, Alexi Dimond, John Mounsey, David Nevett, Andrew Sangar and James Church

Non-Voting Co-Opted Members: Nicola Doolan-Hamer, Garry Warwick and Phil Boyes

Clerk: Rebecca Asquith (Service Director of Law & Governance, Barnsley Metropolitan Borough Council)

Local Pension Board Members: David Webster

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources & Chief Finance Officer), Debbie Sharp (Assistant Director – Pensions), Sharon Smith (Assistant Director – Investment Strategy), William Goddard (Head of Finance and Performance), Jo Stone (Head of Governance and Corporate Services), and Gina Mulderrig (Governance Officer)

Apologies for absence were received from: Councillor Craig Gamble Pugh and Councillor Neil Wright.

1 **WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

2 **APOLOGIES**

Apologies were noted as above.

3 **URGENT ITEMS**

None.

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

None.

5 **DECLARATIONS OF INTEREST**

The Director, George Graham, declared an interest in item 19 and resolved to leave the room for the duration of the item.

6 **SECTION 41 FEEDBACK FROM DISTRICT COUNCILS**

None.

7 MINUTES OF THE MEETING HELD ON 12.09.2024

RESOLVED: That the minutes as presented for the Authority Meeting held on 12 September 2024 are a true and accurate record.

8 QUESTIONS FROM THE PUBLIC

Questions were received from Ms J Cattell, Mr I Pearson, Mr F Cross and Mrs F Callow. 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 THE GOVERNMENT'S PENSIONS REVIEW

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

Members commented on the points raised by the consultation specifically concerning the future of local investment and the impact that pooling all assets would have on current fund specific plans and targets regarding natural capital and net zero goals.

The Director assured members that Border to Coast Pensions Partnership had already stated that they intended to proceed with local investment in a way that would not undermine the local investment already made by SYPA. The Chair added that this issue had been raised in a meeting with the Secretary of State for Housing, Communities and Local Government following the announcement of the Review and pensions funds had been reassured that local investment would remain at a local level. The Chair also added that SYPA was in very good position to make the pooling changes noted in the consultation given its current working relationship with Border to Coast Pensions Partnership and that this was in contrast to other funds who would need to implement more significant changes to meet the new requirements.

The Director explained that the review required all assets to be pooled by March 2026 and that Border to Coast Pensions Partnership would manage these investments but that this would be under an agreement with SYPA which, with intense planning at a detailed level, would give an opportunity for SYPA to be very clear on their investment beliefs including net zero goals and investment targets regarding natural capital and renewable energy.

Members expressed a concern that, when SYPA is only able to invest in pooled products, if its investment beliefs didn't align with those of the wider Partnership then it would be restricted in implementing its beliefs. The Director agreed that this was a concern and stressed the need to constantly monitor the progress of the Review and lead on discussions in order to mitigate this risk.

Members queried whether previous issues with discrepancies concerning Scottish Law and asset pooling would be resolved. The Director assented that this issue needed to be added to the response to the consultation for the Government's consideration.

Members queried whether there would be support from the Government were there a downturn in the market affecting investments following the enforcement of pooling.

The Director explained that the Government would not be responsible for advising on investment or bailing out pools or funds were there any issues. It was explained that instead SYPA and BCPP must continue to set long term investment strategies to weather all markets and limit the potential for losses. SYPA would need to set detailed investment strategy parameters for Border to Coast to implement and then hold them to account. The Independent Investment Adviser added that the goal would always be long term investment and maintaining a good financial buffer to weather any dips in the market.

Councillors expressed concern on the potential conflict of interest that existed in the concept in the consultation of pools providing investment advice on the investment strategies of its partner Administering Authorities. Some members also expressed the belief that pooling fundamentally undermines the democratic accountability of the LGPS and pools are too large to effectively represent members and employers and offer adequate accountability.

The Director accepted the concern regarding the potential conflict of interests but explained that with BCPP the advisory department and the investment department would be kept separate, and the advisory section would not be reporting to the Chief Investment Officer or monitoring performance. The Director agreed that the proposed move to a professional trustee mode would undermine democracy and had been clear on this in the draft response to the consultation and invited further discussion on this with the Government.

Councillors also gave the opinion that there was the potential for impact on equality not mentioned in the draft response notably younger members and members from global majority countries who may be affected by the potential impact of investment by the pools on climate change.

The Director and Chair welcomed ongoing input from all members.

RESOLVED: Members

- a. Noted the Government's proposals in relation to reform of the Local Government Pension Scheme.**
- b. Endorsed 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. Agreed the process for finalising the formal consultation response set out in paragraph 5.11.**

Councillor Dimond asked the record to reflect that he did not endorse resolution b. and did not agree with further pooling.

10 QUARTER 2 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources introduced the Corporate Performance Report which provided 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. The Head of Finance and Performance presented the quarter 2 forecast expenditure for the year and variance against the budget reporting an underspend of £164,000.

Members asked for further explanation of the status of the 'Progress the Authority's Net Zero Ambition' project and asked for further detail on the risk in the report titled 'Failure to mitigate the impact of climate change'.

The Director explained that the status of 'At risk but achievable' related to the underlying tasks associated with the Corporate Strategy, not the overall goal of achieving Net Zero by 2030. It was explained that decarbonisation of the portfolio was in progress and further understanding and better information on individual investments to achieve the goal was needed. The Director explained that the risk detail in the report comes from modelling that looks at the whole portfolio rather than detail on specific exposure relating to the risk but could assure members that the exposure of the property portfolio to direct climate change impacts was low as this was always considered when purchasing assets.

Members asked if there had been any analysis of the impact of the rise in National Insurance on the budget and the Assistant Director – Resources assured members that this work was ongoing and would be presented to the Authority at the next meeting in February 2025.

RESOLVED: Members noted the report.

11 APPROVAL OF THE LEVY 2025/26

The Head of Finance and Performance presented the report and asked members to approve the Levy for 2025/26 under the Levying Bodies (General) Regulations 1992.

RESOLVED: Members approved 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.

12 ADVISER MARKET COMMENTARY

The Independent Investment Adviser presented the Market Commentary Report for members to consider and note.

Members queried whether SYPA intended to consider investing in digital currency. The Independent Investment adviser explained that the Authority does not currently invest in digital currency but will continue to monitor its performance globally and review the position.

RESOLVED: Members thanked the adviser and noted the report.

13 QUARTER 2 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy presented the Q2 Investment Performance Report 2024/25 for members to note.

RESOLVED: Members noted the report.

14 QUARTER 2 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Assistant Director – Investment Strategy presented the Q2 Responsible Investment Update 2024/25.

Members praised the scope of the report and asked for further detail on any effect engagement has had with Shell and BP regarding their actions and asked for clarity on why SYPA invested in foreign government bonds that funded weapons.

The Assistant Director – Investment Strategy reiterated that SYPA believed in engagement over divestment but agreed there were limits to the influence of engagement on large companies and that the strategy needed to be continuously developed. The Director explained that there was a need to invest in foreign government bonds based on whether they would give returns not what the government used the investment for and that the principles of Responsible Investment regarding government bonds was yet to be developed but was in ongoing discussion.

RESOLVED: Members noted the activity undertaken in the quarter.

15 ANNUAL REVIEW OF BORDER TO COAST RESPONSIBLE INVESTMENT POLICIES

The Assistant Director – Investment Strategy presented the report to secure the Authority's endorsement of the revised Border to Coast Responsible Investment policies prior to the next voting season explaining that it was 'light touch' review as the new Head of Responsible Investment at BCPP, Tim Manuel, was new to the post.

The Director and Chair requested that any questions regarding the ongoing conflict in Israel and Palestine be submitted in writing following the meeting for consideration by BCPP.

Members noted that the policy did not reflect that the target regarding global temperature increase as set in The Paris Agreement (2015) had not been met and how this would affect the BCPP target of net zero by 2050.

The Director explained that SYPA would be reviewing its own Responsible Investment policies in March 2025 and that this would be an opportunity to reflect on the BCPP Responsible Investment policies and consider issues to feedback to BCPP for consideration when they next review their Responsible Investment policies once the Head of Responsible Investment has more experience in post.

RESOLVED: Members Endorse the various Border to Coast policies at Appendices A to C in the report.

Councillor Diamond asked that the record reflect that he did not endorse the resolution.

16 UPDATE ON PENSIONS ADMINISTRATION IMPROVEMENT PLAN

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

Members queried whether a media campaign would be launched informing the public of the introduction of the Pensions Dashboards.

The Director explained that there would be a media campaign when the Pensions Dashboards become available to the public and that SYPA intends to examine ways the campaign can be used to promote the use of the SYPA member portal.

Members asked for clarity on overtime and work being undertaken on a weekend and whether this need has reduced or will continue.

The Assistant Director – Pensions explained that an assessment of need, staff and budget for overtime was currently underway and would consider workload and staff welfare.

RESOLVED: Members noted and commented on the 2024/2025 plans for Administration improvement that are in place.

Councillor Sanger left the meeting and did not return.

17 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.

Members asked whether there was capacity for optional knowledge briefings prior to meetings.

The Head of Governance and Corporate Services agreed to consider the request and added that there had also been a request from the Audit and Governance Committee to provide summaries of training sessions which was being developed as a process.

RESOLVED: Members noted the updates included in this report.

18 INDEPENDENT GOVERNANCE REVIEW - ACTION PLAN FOR APPROVAL

The Assistant Director – Resources presented for approval the proposed action plan developed by the working group to address findings arising from the independent governance review undertaken by Aon.

The Chair thanked members of the working group for their contribution to the action plan.

RESOLVED: Members approved the Independent Governance Review Action Plan attached at Appendix A.

19 CLERK ARRANGEMENTS

The Director, George Graham, left the room.

The Assistant Director – Resources presented the report to consider the change of Clerk to South Yorkshire Pensions Authority. Barnsley Metropolitan Borough Council had previously acted as Monitoring Officer and Chief Finance Officer but these roles had since been brought in house. Members were asked to consider whether the role of Clerk to the Authority should also be brought in house.

Members queried whether there was any advantage to having an external Clerk.

The Assistant Director - Resources explained that there would be an increase in duties for the Director but that overall workload would be only minimally impacted.

RESOLVED: Members

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

b. Agreed to absorb the role of Clerk within the duties of the Director with effect from 1 April 2025.

The Director, George Graham, returned to the room.

20 GOVERNMENT CONSULTATION ON REMOTE ATTENDANCE AT LOCAL AUTHORITY MEETINGS

The Assistant Director – Resources presented the report 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.

Members commented to show support for the response and expressed the view that they would welcome the possibility of remote meeting attendance as this would facilitate a broader range of people joining the Authority encouraging diversity and aiding inclusivity. Members also noted the value of in-person meetings and that remote attendance should be reserved only for certain circumstances.

The Assistant Director – Resources explained that detailed attendance rules and ongoing monitoring would be necessary to ensure any agreed changes did not negatively impact meetings of the Authority.

Members requested that training and briefings outside of official Authority meetings be made accessible remotely to give members flexibility around other commitments.

The Head of Governance and Corporate Services agreed to ensure all training be remotely accessible where possible to ensure maximum attendance.

RESOLVED: Members

a. Considered 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. Approved the submission of the response, incorporating any changes agreed at this meeting, on behalf of the Authority.

21 DATA PROTECTION POLICY STATEMENT

The Head of Governance and Corporate Services presented the Data Protection Policy Statement for approval.

RESOLVED: Members

a. Approved the Data Protection Policy Statement attached at Appendix A; and

b. Delegated authority to the Director to approve the detailed policies and procedures that form the rest of the information governance framework.

22 ANTI-FRAUD POLICY AND WHISTLEBLOWING POLICY

The Head of Governance and Corporate Services presented the Anti-Fraud, Bribery and Corruption Policy and Whistleblowing Policy for approval.

RESOLVED: Members approved the Anti-Fraud, Bribery and Corruption Policy and the Whistleblowing Policy.

23 GOVERNANCE MEETINGS CALENDAR 2025/26

The Head of Governance and Corporate Services presented Members with the proposed 2025-26 Governance Meetings Calendar for review and approval.

RESOLVED: Members approved the 2025/26 Governance Meetings calendar and outline work programme attached at Appendix A.

CHAIR

Agenda Item

Subject	Corporate Planning Framework	Status	For Publication
Report to	Authority	Date	13/02/2025
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Gillian Taberner Assistant Director - Resources	Phone	01226 666420
E Mail	gtaberner@sypa.org.uk		

1 Purpose of the Report

- 1.1 To seek members' consideration and approval for the triennial detailed refresh and update of the complete corporate planning framework.
-

2 Recommendations

- 2.1 Members are recommended to:
- a. Approve the Corporate Strategy 2025 – 2028 at Appendix A**
 - b. Approved the supporting strategies 2025 – 2028 at Appendices B to D**
-

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of all seven corporate objectives set out below:

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

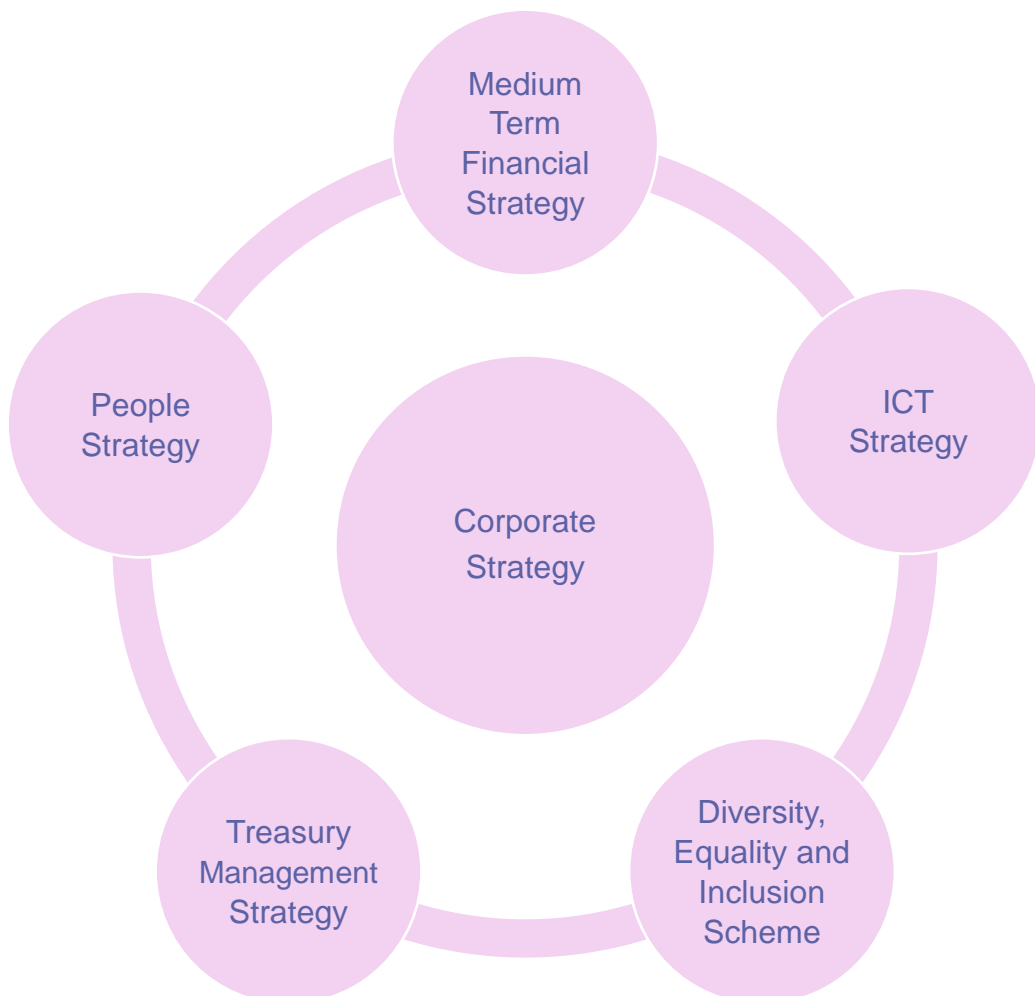
To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

4 Implications for the Corporate Risk Register

- 4.1 The actions set out in the corporate planning framework are designed to mitigate the major risks set out in the updated corporate risk register. Each of the items planned set out in the Corporate Strategy is explicitly linked to the relevant strategic risks.

5 Background and Options

- 5.1 The Authority's Corporate Planning Framework has a number of components, as shown below:



- 5.2 While elements of the framework are updated annually, the whole framework is subject to an in depth review every three years, immediately prior to the triennial valuation of the Fund. This review is the full and in depth revision and update, ahead of the 2025 triennial valuation.
- 5.3 The elements of the Framework that are attached to this report are as follows:
- a. Appendix A: Corporate Strategy 2025 – 2028
 - b. Appendix B: People Strategy 2025 – 2028
 - c. Appendix C: ICT Strategy 2025 – 2028
 - d. Appendix D: Diversity, Equality and Inclusion (DEI) Scheme 2025 – 2028

The Medium Term Financial Strategy and the Treasury Management Strategy are reported as separate items elsewhere on this agenda.

- 5.4 The Corporate Strategy has been developed collaboratively through review by the Leadership Team as a whole and with the input and engagement of Authority members in setting the overall priorities at a workshop session.
- 5.5 The document itself sets out the wider context in which the strategy has been planned this time – as this is of perhaps greater significance than it has been in previous planning cycles. The plan for the next three years is organised around six themes:
- Pensions Administration – with a focus on Backlogs, McCloud, Data Quality, Pensions Dashboards, the 2025 Valuation and the development of our system and optimising our use of this.
 - Investment Strategy – representing a continued focus on Place Based Impact Investment, the progress towards the Net Zero 2030 ambition, the 2026 Investment Strategy review, and making the transition of legacy assets to Border to Coast.
 - Corporate Organisation – which includes the continuation and full implementation of the new Performance Management Framework as well as plans to ensure the DEI Scheme is delivered, a new Media Strategy is developed, and work on developing an Environmental Sustainability plan for the organisation’s own operations.
 - Governance and Partnerships – this reflects a focus on building on the good progress already achieved with continuous improvement for governance arrangements and member knowledge and understanding as well as plans to ensure that the Authority is well-placed to deliver governance outcomes from the Fit for the Future Consultation and keep our level of influence within our key partnership of Border to Coast.
 - Our People and Information Technology are included in the corporate strategy as plans to deliver the separate strategies for both of these significant elements of our corporate framework.

- 5.6 The People Strategy 2025 – 2028 sets out an overall aim of achieving a sustainable and resilient workforce and to ensure we develop excellence in our leadership in order to develop, train and support our people to succeed in delivering on the corporate objectives. The document sets out the progress achieved in the last three years on the goals set out in the 2022 HR Strategy and this illustrates the impact of the significant amount of work that has been delivered in that period in our organisation development. The plans for the next three years are based around ensuring we build on this to drive forward to the next level.

- 5.7 The ICT Strategy 2025 – 2028 has the overall aim of providing infrastructure to drive and support innovation in our service delivery, whilst prioritising security and integrity of our data. Again, the progress over the last three years is documented within the strategy and reflects a substantial level of delivery and improvement being achieved. The plans to ensure we move forward from here are centred around ensuring the solutions we have in place are used to optimum effect across all of our service areas, and with a continued emphasis on always developing and evolving our Cyber Security arrangements.
- 5.8 The DEI Scheme 2025 – 2028 has a renewed profile and commitment to really drive progress over this forthcoming period. It is now allocated to a Senior Management Team owner – the Assistant Director – Investment Strategy – and was fully revised as a collaboration with the Service Manager – Customer Services and the HR Business Partner to represent the two main arms of the strategy in relation to the needs of our customers and those of our employees. The action plan included in the scheme covers a wide range of actions that have each been assigned to relevant responsible owners across the organisation and will be delivered as a collaborative effort over the next three years.
- 5.9 The Corporate Planning Framework has been developed holistically with each element forming a key pillar of the whole and all of these aligned to achieve success. The work to develop this has been done with a forward-looking view, taking account of the wider environment and potential changes that will affect the LGPS over the time horizon, but also with a continued emphasis on never losing sight of our core purpose of delivering for our scheme members.

6 Implications

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

Financial	The projects and other proposals outlined in the Corporate Planning Framework are reflected in both the budget and medium-term financial strategy.
Human Resources	There are no direct HR implications, however, the People Strategy is designed to ensure that the workforce is able to deliver the overall Corporate Strategy.
ICT	The overall strategy requires the delivery of ICT related projects, as well as the ongoing maintenance and upgrading of systems and infrastructure. This will continue to place a high level of demand on the resources of the ICT Team which may well require the allocation of additional resources in this area through the budget process.
Legal	None.
Procurement	The delivery of the Corporate Strategy will require a number of procurements which will be undertaken in line with the Authority's Contract Standing Orders and are set out in the Procurement Forward Plan.

George Graham

Director

Background Papers	
Document	Place of Inspection



2025 - 2028

Contents

Foreword	3
Our Organisation	4
What we are here for and what we need to do to achieve it	6
How we go about fulfilling our objectives	9
What we are going to do over the next three years.....	11
How we'll assess if what we've done has had an impact	21
What are the things that might stop us achieving our objectives?.....	25
What is it all going to cost?	28
What part will our people play?.....	32
Document Control Details.....	33

Foreword

South Yorkshire Pensions Authority exists solely to meet the needs of its customers, whether they are scheme members or scheme employers. The purpose of this corporate strategy is to set out how we are going to approach that task over the next three years.

This Strategy has been fully reviewed and updated as part of our triennial cycle of review of the Corporate Planning Framework, supported and underpinned by newly revised People and ICT Strategies, and Diversity, Equality and Inclusion Scheme.

This comes at a time of significant Government and wider public attention on the LGPS and how it operates, with the potential for some far reaching changes to be introduced. The Authority must clearly remain aware of and prepared for changes that this might bring, and we are taking a pro-active approach to providing our views and input to consultations and will continue to ensure our voice is heard as part of shaping the practical implementation of any new regulatory requirements in driving forward the Government agenda.

However, we will not lose sight of our core purpose and what we are here for – which is, as it always has been, to act as stewards of the pension savings of our scheme members. We remain as focussed as ever on this purpose and also on the importance of our connection and our role as part of the wider local government family of South Yorkshire. Similarly, we remain strongly committed to our role as one of the 11 partner funds and shareholders of the Border to Coast Pensions Partnership and ensuring that, through effective partnership working and robust governance and oversight arrangements, this delivers our desired outcomes for our scheme members.

This Corporate Strategy for the period 2025 to 2028 therefore represents a continuation of building on the progress made in the last year to achieve ongoing, continuous and lasting improvements across all our activities – to ensure we can meet the challenges and demands placed on us and deliver excellence for all of our customers.

Councillor Jayne Dunn
Chair
South Yorkshire Pensions Authority

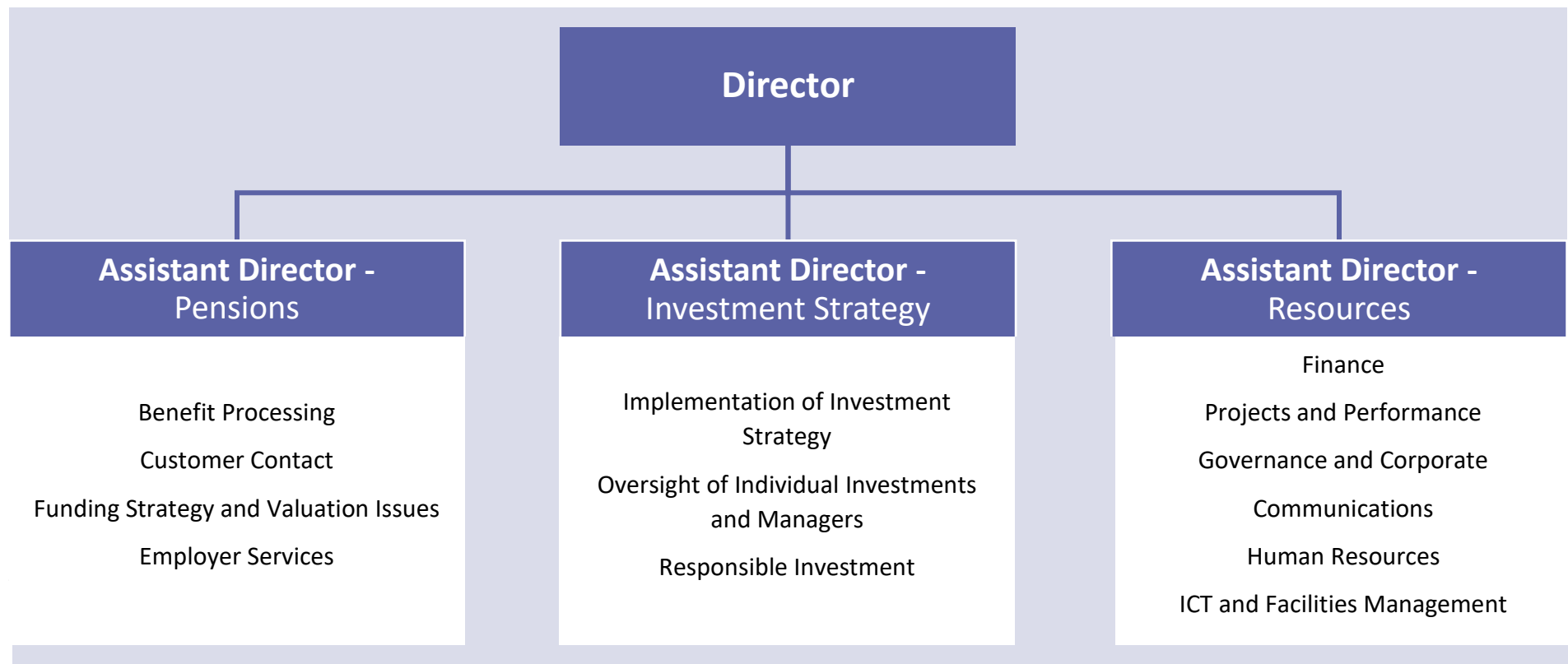
George Graham
Director
South Yorkshire Pensions Authority

Our Organisation

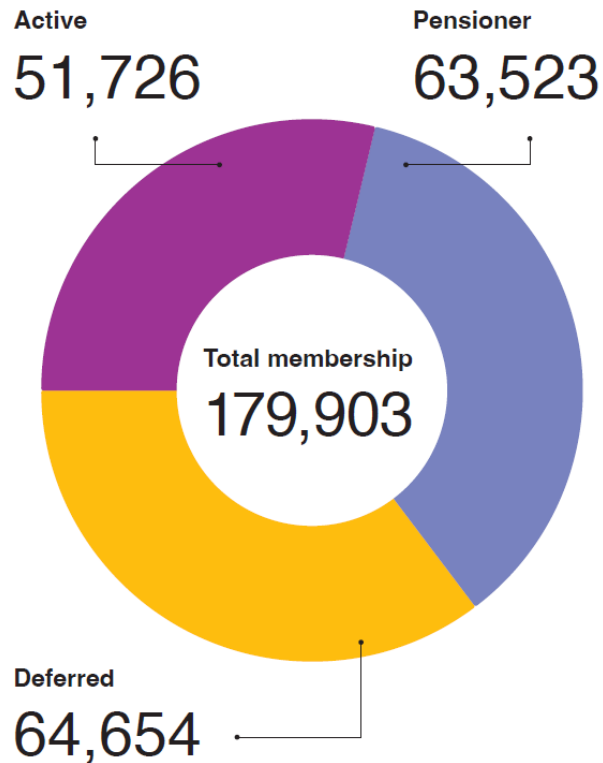
South Yorkshire Pensions Authority came into being on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. It is unique amongst the administering authorities in the local government pension scheme in that it is the only democratically accountable, free-standing pensions organisation in the UK. While a small number of other LGPS administering authorities are not councils, their “boards” include appointed experts rather than being entirely made up of councillors.

The Authority has 12 members drawn from the four South Yorkshire districts (Barnsley, City of Doncaster, Rotherham, and the City of Sheffield) roughly in proportion to their population. There also 3 non-voting members co-opted onto the Authority to represent scheme members – these are nominated by three trades unions – UNISON, GMB and Unite.

The Authority is organised conventionally for a pension fund as set out in the diagram below.



The following summary provides an indication of the size and scope of our operations.



**Scheme Employers
with active members**

548

**Assets Under
Management**

£10,965 million

**Net Investment
Income in 2023/24**

£72 million

**Total Contributions
Received in 2023/24**

£422 million

**Total Benefits Paid
in 2023/24**

£416 million

All figures shown are as at 31 March 2024 unless otherwise stated.

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

Our mission:

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

Our objectives – the things we must do in order to achieve our mission – are as follows:

To design our services around the needs of our customers (whether scheme members or employers):

Customer Focus

To ensure that stakeholders' views are heard within our decision making processes:

Listening to Stakeholders

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services:

Valuing Employees

To uphold effective governance, showing prudence and propriety at all times:

Effective Governance

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:

Investment Returns

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

Responsible Investment

To maintain a position of full funding (for the Fund as a whole) combined with stable and affordable employer contributions on an ongoing basis:

Scheme Funding

How we go about fulfilling our objectives

The way in which we act when carrying out our work is important. At the heart of how we operate and embedded throughout our organisation are our SYPA values and behaviours:

Values	Behaviours
Honest and Accountable	Telling it like it is and taking responsibility for our actions even when we have made a mistake.
Progressive	Welcoming of change, while taking sensible risks and learning from our mistakes and from others.
Professional	Being highly skilled and competent and managerially applying rationality to decision making processes.
Empowering	Providing the freedom for individuals to identify and implement solutions to problems.

In addition to these values and behaviours which apply to all our people, we have a range of management behaviours which support the values, and which set out how we want to manage the organisation to deliver its objectives:

Management Behaviours	Demonstrated by:
We model positive behaviours to each other and to all staff	<ul style="list-style-type: none"> • We consistently offer encouragement and praise for positive behaviours. • We challenge inappropriate and unacceptable behaviour. • We give and receive authentic feedback. • We hold staff to account for their performance.

Management Behaviours

Demonstrated by:

We take responsibility for improvement - within a clear framework

- We get on with making improvements and changes rather than wait for permission (within a clear advice frame that sets out what we can get on with and what we cannot).
- We trust people to do their job, we do not micromanage.
- We give a heads up when we plan something new, we speak up early when there is a problem or when things are not going well.
- When something does not go well, we look for what we can learn and what we can do differently next time.

We all get behind a common goal

- We have a clear vision that sets out our goals and clear priorities which set out what our most important changes are.
- We make the time to understand what we need to do to contribute to that vision.
- We work together across the organisation and contribute to the organisation as a whole.
- We challenge and question rumours and use discretion in sharing what gets discussed amongst managers.

We involve and engage people in decisions that will affect them

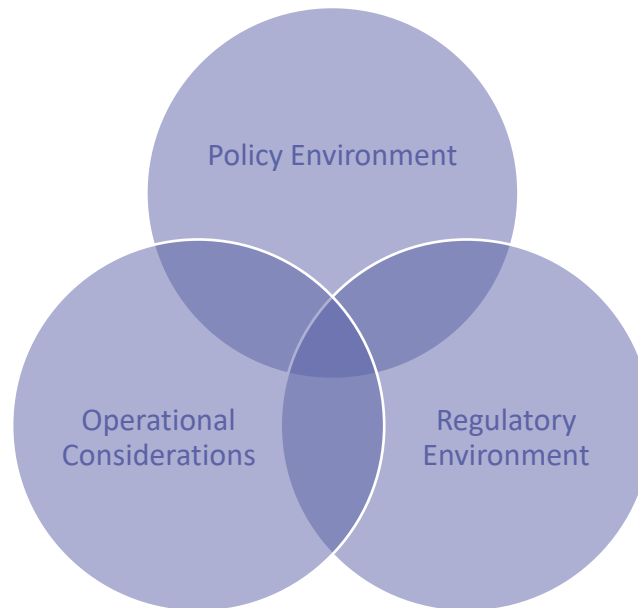
- We keep people in the loop about things that will affect them.
- We seek and value the opinion of the people we manage and of other teams.
- We take the time to set out plans, then listen to the concerns and recommendations of those involved as to how we can strengthen those plans.
- We communicate regularly and clearly to all staff.

What we are going to do over the next three years

The Planning Context

In setting out the plan below of our priorities and goals over the period of this strategy, it is important to explain the context in which the plans have been prepared and how this has informed those plans.

The Corporate Strategy is always influenced by a wider context, for example the need to implement changes in the regulations. However, the context for preparing this Corporate Strategy is perhaps of greater significance than in previous planning cycles.



Broadly, the context for developing the Corporate Strategy is defined by three things as shown in the diagram below:

The Policy Environment

The new Government elected in July 2024 launched a Pensions Review covering workplace defined contribution (DC) schemes and the LGPS. The government views the UK pensions system as having the potential to significantly enhance economic growth while increasing returns for

most savers whose pension is provided through DC schemes. For the LGPS there is a continuation of policy which looks to promote investment which will support UK growth together with a more explicit commitment to a wider set of changes presaged in the previous government's investment consultation. These were summarised as a commitment to focus the review for the LGPS on "how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation". In November 2024, following the first phase of the review, the Government launched their LGPS *Fit for the Future* consultation on their proposals to:

"Put the LGPS on a clearer, firmer trajectory to scale and consolidation, as well as measures to improve scheme governance and investment. Together these proposals seek to provide long-term clarity and sustainability, putting the scheme on the strongest possible footing for the future".

The commitment and direction reflected in the proposals clearly provides a different context within which the Authority must plan its work over the next three years.

Government is intent on achieving consolidation within the LGPS both through reducing the number of funds and the number of investment pools. Responding to this both in the initial consultation phase and in any later implementation phase will require considerable senior level input from the Authority's officers as well as considerable member input and engagement with stakeholders.

New policy in relation to investment to support UK growth will require some work to review and adapt existing activity if required.

There are a range of longer-term trends in policy such as the definition and analysis of the gender pensions gap and a focus on pensions adequacy which are likely to develop over the planning period and which will likely require growing attention towards the end of the planning period.

There are significant risks for the Authority in this wider policy environment. SYPA is a unique institution which could make it a target in any consolidation debate because it is different; equally the SYPA model might be how wider consolidation could occur. Similarly, Border to Coast is a successful pool but consolidation could put this success at risk by changing the overall partnership dynamics. These issues are reflected in the updated risk register elsewhere in this Corporate Strategy.

The Regulatory Environment

There are two streams of work here:

1. External Regulation – The need to continue to demonstrate compliance with the Pensions Regulator's General Code of Practice and increasingly higher standards. This will require resources to be devoted both to regular assessment of compliance and to addressing areas

which require development. Implementing the Pensions Dashboard also falls into this category, and this will require significant work on both the technical side and in terms of member data.

2. Implementing Scheme Regulations – This includes member focused work such as McCloud which is already in progress but over the period we can expect further regulation in respect of equality issues within the regulations, the New Fair Deal (dealing with contractor staff), Climate reporting and Good Governance. All of these will require analysis and considerable resource to implement and, in some cases, additional ongoing compliance activity.

Operational Considerations

These are the things that the Authority feels it must do because they are of benefit to stakeholders or represent the adoption of good practice or improve efficiency, or because they are part of the normal business cycle, such as the valuation process. This includes key objectives around addressing backlogs and adopting new ways of communicating with scheme members. These tasks require the focused allocation of resources often in project teams to deliver specific pieces of activity.

The process of prioritisation undertaken to arrive at the areas of work included in the plan below has focused on dealing with the issues which deliver the most immediate impact on our corporate objectives rather than trying to anticipate how some of the issues in the wider environment will resolve themselves in the coming months and years. However, it is likely that a significant amount of senior management resource will need to be devoted to these wider issues over the course of the Corporate Strategy period.

The Plan

The corporate strategy plan set out in the table below therefore reflects a continued focus on completion and embedding of many of the improvements already in progress, as well as clear plans around priorities in the forthcoming three-year cycle of work and steps to drive forward new developments in ensuring we maintain our commitment to continuous improvement and to placing the organisation on a sound footing for the future, whatever that may bring.

The plan is organised around the following six themes.

1. Pension Administration
2. Investment Strategy
3. Corporate Organisation
4. Governance and Partnerships
5. Our People
6. Information Technology

Underpinning this Corporate Strategy are the other elements of the overall corporate planning framework – the Medium Term Financial Strategy, the People Strategy, the ICT Strategy and our Diversity, Equality and Inclusion Scheme. These each contain a range of specific plans and are referenced within the corporate plans below for delivery in the same three-year period.

Key to abbreviations in the table below:

AD = Assistant Director **SM** = Service Manager

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
Pension Administration				AD - Pensions		
PA1	Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing.	01/02/2024	31/12/2025	SM - Benefits	Customer Focus	ADM-002 Backlogs in workflows
PA2	Plan and deliver the Valuation 2025 , including increased engagement with employers.	01/09/2024	31/12/2025	SM – Technical Support and Training SM – Employer Services	Scheme Funding Listening to Stakeholders Customer Focus	IAF-004 Cashflows IAF-005 Employer contributions affordability
PA3	Implement the McCloud Remedy successfully.	01/04/2024	31/08/2025	AD – Pensions	Customer Focus Scheme Funding	ADM-003 Failure to deliver McCloud rectification ORG-004 Compliance with Regulations
PA4	Deliver the Data Quality Improvement Plan	01/04/2024	31/03/2026	SM – Technical Support and Training	Customer Focus Scheme Funding Effective Governance	ADM-001 Poor data quality ORG-004 Compliance with Regulations
PA5	Ensure Pensions Administration software system is developed, and its functionality used to optimal	01/04/2024	Over the course of the strategy	AD – Pensions and	Customer Focus Effective Governance	ADM-001 Poor data quality

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
	effect for achieving efficiencies, to the extent possible.			Head of ICT		ADM-002 Backlogs in workflows
PA6	Implement the Pensions Dashboards to required timescales.	01/09/2024	Connect by 31/10/2025	SM – Customer Services and Head of ICT	Customer Focus Effective Governance	ORG-004 Compliance with Regulations
Investment Strategy				AD – Investment Strategy		
IS1	Plan and deliver the 2026 Investment Strategy Statement review, including increased stakeholder consultation.	01/11/2024	31/03/2026	AD – Investment Strategy	Listening to Stakeholders Investment Returns Responsible Investment Scheme Funding	IAF-001 Market movements IAF-002 Climate Change IAF-003 B2C Strategic Plan IAF-004 Cashflows IAF-010 Policy environment
IS2	Continue to develop and deliver our Place Based Impact Investment approach.	Ongoing throughout 2025 to 2028		Investment Manager	Investment Returns Listening to stakeholders	IAF-001 Market movements IAF-004 Cashflows

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
IS3	Continue the progress towards the Authority's ambition of Net Zero 2030 .	Ongoing throughout 2025 to 2028		Investment Manager	Investment Returns Responsible Investment Listening to Stakeholders Scheme Funding	IAF-001 Market movements IAF-002 Climate Change
IS4	Undertake transition of legacy assets portfolio to Border to Coast .	01/04/2025	31/03/2026	AD – Investment Strategy	Investment Returns	IAF-003 B2C Strategic Plan IAF-010 Policy environment
Corporate Organisation				AD - Resources		
CO1	Develop and deliver an Environmental Sustainability plan for our operations.	01/01/2026	31/03/2027	Head of ICT / Operations Management Officer	Effective Governance	IAF-002 Climate Change GOV-003 Delivery of Corporate Strategy
CO2	Ensure the Diversity, Equality and Inclusion Scheme is delivered effectively.	01/04/2025	31/03/2028	AD – Investment Strategy	Customer Focus Valuing Employees Effective Governance	ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
CO3	Plan and implement a Media Strategy to ensure we communicate and promote the Authority's work and achievements.	01/04/2025	31/03/2026	Director and Communications Officer	Effective Governance Valuing Employees	GOV-003 Delivery of Corporate Strategy IAF-010 Policy environment PEO-002 Employee vacancy level
CO4	Embed the Performance Management Framework and use this to deliver improvements in reporting of management information.	01/04/2025	31/03/2026	Head of Finance & Performance and SM – Programmes & Performance	Effective Governance Customer Focus Valuing Employees	GOV-003 Delivery of Corporate Strategy ORG-004 Compliance with Regulations
Governance and Partnerships				Director and AD - Resources		
GP1	Implement the Good Governance outcomes arising from the Government's Fit for the Future consultation.	01/07/2025	31/03/2028	AD – Resources and Head of Governance & Corporate Services	Effective Governance	GOV-003 Delivery of Corporate Strategy IAF-010 Policy environment ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
GP2	Maintain Authority’s level of influence as a partner fund within Border to Coast – including input to the implementation of the 2030 Strategy.	Ongoing throughout each year of this strategy		Director	Effective Governance Listening to Stakeholders Investment Returns Responsible Investment	IAF-003 B2C Strategic Plan IAF-010 Policy environment ORG-004 Compliance with Regulations
GP3	Ensure continuous improvement of the Authority’s Governance arrangements to meet good practice – including compliance with TPR General Code.	Throughout each year of this strategy		AD – Resources and Head of Governance & Corporate Services	Effective Governance Listening to Stakeholders	IAF-010 Policy environment ORG-004 Compliance with Regulations
GP4	Support Authority and LPB members to develop the knowledge and skills required to perform their roles effectively.	Throughout each year of this strategy		Head of Governance & Corporate Services	Effective Governance	GOV-001 Member knowledge and understanding
Our People				AD- Resources		
OP1	Produce and implement a separate Workforce Plan to identify and plan how to meet future people resourcing needs, including succession planning.	01/07/2025	31/03/2026	AD – Resources and HR Business Partner	Valuing Employees Effective Governance	PEO-002 Employee vacancy level PEO-003 Single person risk

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
OP2	Ensure the effective delivery of Our People Strategy .	01/04/2025	31/03/2028	AD – Resources and HR Business Partner	Valuing Employees Effective Governance Listening to Stakeholders	PEO-002 Employee vacancy level PEO-003 Single person risk ORG-004 Compliance with Regulations
Information Technology				AD – Resources and Head of ICT		
IT1	Maintain and continually strengthen our cyber security defences – including development and implementation of an updated Cyber Security Strategy .	Throughout each year of this strategy		Head of ICT and SM – ICT Infrastructure	Effective Governance	ORG-002 Cyber security attack ORG-004 Compliance with Regulations
IT2	Ensure the effective delivery of the Technology Strategy .	01/04/2025	31/03/2028	Head of ICT and SM – ICT Infrastructure	Effective Governance Customer Focus Valuing Employees Listening to Stakeholders	GOV-003 Delivery of Corporate Strategy ORG-002 Cyber security attack ORG-004 Compliance with Regulations

How we'll assess if what we've done has had an impact

All the tasks that we need to undertake over the next three years are intended to make SYPA a better organisation and make us better at delivering our mission, but we need to know that doing these things has had an impact on our outcomes.

The progress against the objectives and plans set out in the table above will be reported on a quarterly basis to the Authority as part of the Corporate Performance Reporting process – these reports are also published separately on our website at: [Quarterly Corporate Performance Reports](#).

Over the coming year, the new performance management framework approved by the Authority in September 2024 will be implemented and this will further enhance the corporate performance reports with a wider range of performance indicators across our services and by using additional visualisation tools to present the information in dashboards that will assist in providing a clear view to enable and inform decision making and identification of areas where action is needed to improve.

The performance management work will also continue to be used in further developing the separate reports produced quarterly for the Authority and the Local Pension Board that provide a more in-depth and detailed progress review of Investment Performance and Pensions Administration Performance respectively.

The following section sets out a summary of the range of measures and sources of evidence that will be used to monitor and report back on progress within each of the 6 themes set out in the plan.

1. Pension Administration

Success in this area will be measured and evidenced through:

- ◆ The performance indicators, project updates and quantitative measures showing the reduction in backlogs included in quarterly reports to Local Pension Board and regular reports to the Authority.
- ◆ Valuation 2025 delivered on time with engagement of scheme employers evident in the process.
- ◆ Key projects for McCloud Remedy, Pensions Dashboards, System developments and Data Quality improvement plan – delivered to target timescales, with progress throughout being reported.

- ◆ Outcomes will be measured through:
 - ◇ Regular surveys of scheme membership.
 - ◇ Complaints – numbers received, resolved, amounts paid in customer compensation.
 - ◇ Numbers of breaches recorded and reported.
 - ◇ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

2. Investment Strategy

Success in this area will be measured and evidenced through:

- ◆ The performance indicators on investment returns set out in the quarterly investment performance reports, and in the annual report including:
 - ◇ Fund level investment returns compared to the benchmark and actuarial assumption.
 - ◇ The trend in investment income achieved compared to assets under management.
 - ◇ Investment returns by asset class and the asset specific benchmark.
- ◆ The percentage of assets held within pooled structures managed by Border to Coast.
- ◆ Indicators for success in responsible investment will include the trend in level of carbon emissions and in the ESG score from equity portfolios compared to benchmark indices.
- ◆ The goal of achieving Net Zero by 2030 will be monitored through regular progress updates reported to the Authority.
- ◆ Delivery of the Investment Strategy Statement 2026 to the planned timescale and with evidence of stakeholder consultation having been used as part of the review process.
- ◆ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

3. Corporate Organisation

Success in this area will be measured and evidenced through:

- ◆ The indicators and progress updates on the key projects for Environmental Sustainability and Performance Management Framework implementation as reported in the quarterly corporate performance reports.
- ◆ The range of measures set out in the separate Diversity, Equality and Inclusion Scheme 2025 – 2028.
- ◆ Outcomes reported each year in the Authority's Annual Report.

4. Governance and Partnerships

Success in this area will be measured and evidenced through:

- ◆ Progress updates and measures included in regular reporting on Governance and Regulatory matters to the Authority and the Local Pension Board.
- ◆ Assessment of compliance with the Pensions Regulator's General Code of Practice – reported on twice per year; to show delivery of actions planned and outcomes in the numbers of modules with a green rating.
- ◆ Results of biennial National Knowledge Assessment exercises provide an indication of member knowledge and understanding and the trend in this over time.
- ◆ Annual process of effectiveness reviews, internal audit programme of work, external audit, and assurance process for production of the Annual Governance Statement and the Governance Compliance Statement.
- ◆ Results and outcomes of Independent Governance Reviews undertaken once every two years.

5. Our People

Success in this area will be measured and evidenced through:

- ◆ The range of measures set out in the separate People Strategy 2025 – 2028.
- ◆ Outcomes reported each year in the Authority’s Annual Report.

6. Information Technology

Success in this area will be measured and evidenced through:

- ◆ The indicators and progress updates on the key projects as reported in the quarterly corporate performance reports.
- ◆ Assessment of compliance – including annual Cyber Essentials Plus accreditation.
- ◆ The range of measures set out in the separate ICT Strategy 2025 – 2028.

What are the things that might stop us achieving our objectives?

These are the risks that something might go wrong. The Authority manages risk in line with our risk management framework that is reviewed annually by the Audit and Governance Committee and published on our website. Risks are classified and scored on a matrix comprising the likelihood of the risk event to materialise and the anticipated impact of that risk event.

We use four categories to classify risks on the corporate risk register:

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

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

A summary of the register as at the latest review of the Authority in December 2024 is shown below. The first table lists each risk on the register, and this is followed by a summary matrix showing the relative scores and rating of each risk. The full risk register is available with the quarterly performance reports on the Authority’s website.

Risk Reference	Risk
ADM-001	Poor data quality
ADM-002	Backlogs in workflows
ADM-003	Failure to deliver McCloud rectification by required date
GOV-001	Insufficient knowledge and understanding of Authority and LPB Members
GOV-003	Failure to deliver key objectives in Corporate Strategy
GOV-004	Failure to apply data protection requirements
IAF-001	Material changes to the value of investment assets and/or liabilities
IAF-002	Failure to mitigate the impact of climate change
IAF-003	Failure to manage key risks in the Border to Coast Strategic Plan
IAF-004	Imbalance in cashflows
IAF-005	Employer contributions become unaffordable
IAF-010	Instability in policy environment (Pensions Review implications)
ORG-002	Cyber Security attack
ORG-004	Failure of the Authority to comply with relevant Regulations
PEO-002	High level of vacancies within the organisation
PEO-003	Single points of failure in specialist knowledge roles

Corporate Risk Register Matrix at December 2024

Impact	Likelihood				
	1 Very Low	2 Low	3 Medium	4 High	5 Very High
5 Very High	IAF-004			IAF-002	
4 High		GOV-003	ADM-001 GOV-004 IAF-010 ORG-004 PEO-003	ADM-002 ADM-003	
3 Medium		GOV-001 IAF-003	IAF-001 PEO-002	IAF-005 ORG-002	
2 Low					
1 Very Low					

What is it all going to cost?

SYPA's budget is not like that of a local authority in that it is not funded from council tax and business rates, and any costs that are incurred can be charged to the pension fund. However, that does not mean that we can work free of financial constraints, we have a responsibility to spend as little as we can to ensure that stakeholders benefit to the maximum degree possible from the performance of the pension fund.

Our medium-term financial strategy (available on our website), which has been produced alongside this corporate strategy, sets out our overall financial forecasts and a series of self-imposed rules which we will use to minimise the impact of our costs on the Fund. Equally, though we need to accept that to deliver some of the outcomes we want to see and to ensure we can meet regulatory requirements, we will need to invest up front in some projects.

Operating Budget

The Operating Budget is the cost of running the Authority's activities including Pension Administration, oversight of the Investment Strategy and the costs of governance. These costs, like a council budget, are controllable and the Director is accountable to the members of the Authority for spending within the budget. The table below gives a summary of the budget for 2025/26 and forecasts for future years.

The budget requirement in 2025/26 has increased by £0.779 million on the previous year. This reflects the impact in 2025/26 of some of the additional staffing growth that was approved for 2024/25 and was phased in with only a part-year cost in 2024/25 but a full-year cost in 2025/26. The total increase also includes the effect of the changes in the National Insurance rate and threshold for employers, increasing our employee costs budget fairly significantly. Around £0.550 million of the total increase in the budget for 2025/26 relates to the general increase in staffing and running costs based on assumptions around pay awards and contractual indexation alongside plans around the specific projects and work required to be delivered in the year. This equates to a 4.5% increase in cost per scheme member. More detail is available in the Medium-Term Financial Strategy and the Budget report presented to the February Authority meeting each year.

Operating Budget	2025/26 Budget	2026/27 Estimate	2027/28 Estimate
	£	£	£
Pensions Administration	3,961,370	4,075,110	4,192,170
Investment Strategy	666,630	683,920	701,680
Resources	1,585,950	1,633,020	1,681,490
ICT	1,785,060	1,830,970	1,878,270
Central Costs	855,370	870,390	885,660
Democratic Representation	156,100	160,400	164,810
Unfunded Liabilities	312,000	317,300	322,690
Subtotal Revenue Expenditure:	9,322,480	9,571,110	9,826,770
Capital Expenditure	135,000	60,000	60,000
Contribution to/from Reserves	(94,650)	60,000	60,000
Levy on District Councils	(312,000)	(317,300)	(322,690)
Total Charge to Pension Fund	9,050,830	9,373,810	9,624,080

Pension Fund Forecast

The table below sets out a financial forecast for the Pension Fund. This includes, within 'management expenses', the total of the operating budget above charged to the Fund, and all other costs incurred in the running of the Fund, such as investment management fees which are charged directly to the Fund.

Fund Financial Forecast	Actual 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m
<i>Dealings with members, employers and others directly involved in the scheme:</i>					
Contributions receivable & transfers in from other pension funds	-422	-283	-277	-286	-296
Benefits payable and payments to or on account of leavers	416	449	355	369	384
Net (additions) / withdrawals from dealings with members	-6	166	78	83	88
Management expenses	85	99	101	104	106
Net returns on investments	-861	-388	-673	-704	-733
Net (increase)/decrease in the Fund during the year	-782	-123	-494	-517	-539
Net Assets of the Fund at 1 April	-10,202	-10,984	-11,107	-11,601	-12,118
Net Assets of the Fund at 31 March	-10,984	-11,107	-11,601	-12,118	-12,657
Management Expenses as Percentage of Average Net Assets	0.77%	0.89%	0.87%	0.86%	0.84%

The above is a forecast only and is susceptible to wider variations and volatility than the operating budget due to the difficulty in predicting many of the drivers, such as the numbers of members retiring in any year, the number of deaths, etc. The forecast for returns on investments can be equally uncertain.

The important message in the above forecast, that we can be quite certain about, is that there is an anticipated net withdrawal from the Fund in each year for dealings with members, as a result of the fact that there is an imbalance between the contributions being paid in and the benefits being paid out each year going forward. This results in a significant increase in the requirement for the harvesting of investment income. This trend will be an ongoing challenge for the Fund now that we have matured, and it is not anticipated that this scenario will reverse.

The Medium Term Financial Strategy sets out further analysis of the forecast, including the key risks and uncertainties within it.

What part will our people play?

SYPA never loses sight of the fact that our people are our most valuable asset. The entirety of the plans in our Corporate Strategy and the underpinning strategies will simply not be achieved without their engagement and commitment.

We now employ just under 130 Full Time Equivalents (around 140 people) across our services as shown in the table below.

	2023/24 Establishment	2024/25 Establishment	2025/26 Establishment
	FTE	FTE	FTE
Pensions Administration	72.2	77.7	77.2
Investment Strategy	4.0	4.0	4.0
Resources (including ICT)	33.9	47.3	47.7
Central Costs	5.0	1.0	1.0
Total	115.1	130.0	129.9

Following proposals approved in 2023/24, we invested in significant growth in the establishment that was implemented in 2024/25. The plans for 2025/26 are therefore to maintain this level of staffing – and with a change in the focus from the recruiting and on-boarding of the newly added roles, to embedding, developing, training and maximising the potential of all of our people.

This is reflected in the plans in our People Strategy 2025 – 2028, which sets out our aim to ensure the organisation is equipped with a sustainable and resilient workforce of people who will be developed and supported through excellent leadership to succeed in delivering the Authority’s objectives.

There are great challenges ahead and equally great ambitions of the Authority as an organisation and of the people within it to rise to these successfully and continue to deliver on our core mission in all we do over the next three years and beyond.

Document Control Details

Publication	Corporate Strategy
Period covered	01 April 2025 to 31 March 2028
Owner	Director
Approved Date	<i>February 2025 - TBC</i>
Approved By	Full Authority
Next Review Date	February 2026

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2025 - 2028

Contents

Introduction.....	3
Our People.....	4
What we need our people to deliver	6
Progress made in the last three years	7
What we plan to do over the next three years.....	11
How we will measure our progress.....	14
Resourcing our people strategy	16
Document Control Details.....	17

Introduction

Our People Strategy forms part of South Yorkshire Pensions Authority's corporate planning framework, which is updated every three years in line with the triennial cycle of our funding valuations and investment strategy reviews. This People Strategy updates and replaces the HR Strategy 2022 to 2025, reflecting on the progress made against our objectives since then and setting out our ambitions for the next three years to 2028 in relation to how we'll develop our people to deliver the goals set out in our corporate plans.

Our people are central to our success as an organisation. This strategy reflects our recognition of this and our aims to build on the achievements of the last three years to make SYPA an employer of choice and to provide a working environment that supports people to build a career with us, supported by a culture of development and continuous improvement.

The plans in this strategy focus on how we will:

- ◆ Recruit and retain a workforce fit to meet the needs of the organisation now and in the future.
- ◆ Invest in and support the development of our people in line with our core values to be Professional, Progressive and Empowering.
- ◆ Ensure that the leadership and management at all levels of the organisation is the best that it can be.
- ◆ Embed our culture of a positive, forward-thinking, supportive and collaborative workplace where people feel valued, motivated and engaged.

Our People

South Yorkshire Pensions Authority is responsible for the administration of an £11 billion pension fund, serving a scheme membership of around 180,000 individuals. Our mission as an organisation is to deliver for our members and employers, doing so with high levels of customer service. This a big task and yet our workforce size is relatively small, at 130 full-time equivalents – so we strive to ensure that the impact we achieve collectively is greater than the sum of our parts.

Our workforce is made up as follows – figures presented are at 31 March 2024 with comparators at 2023 shown in brackets.

Proportion of Staff

Female

66.4% (67.3%)



Male

33.6% (32.7%)



Proportion of Staff with a disability

14.7% (10.6%)

Compared to South Yorkshire
(2021 Census)

20.5% (20.5%)



Proportion of non-white Staff

2.6% (3.8%)

Compared to South Yorkshire
(2021 Census)

12.3% (12.3%)



Average length of service



10.8
(11.5)

Average age of a member of Staff



41
(42)

Proportion of top 25% of earners by gender

Female

51.7% (53.8%)



Male

48.3% (46.2%)



Days lost through sickness per FTE member of Staff

8.24 (8.47)

Number of Staff with no sickness absence

43 (42)

In the last three years, we have undertaken a significant amount of work on reviewing and assessing the resourcing requirements to ensure the organisation is resilient and well equipped to deliver on our corporate objectives and to meet increasing demands. This has resulted in growth in our staffing establishment as well as some changes to how we structure our teams in order to work in the most effective way to deliver our services.

The establishment as at 1 April 2024 is shown below.

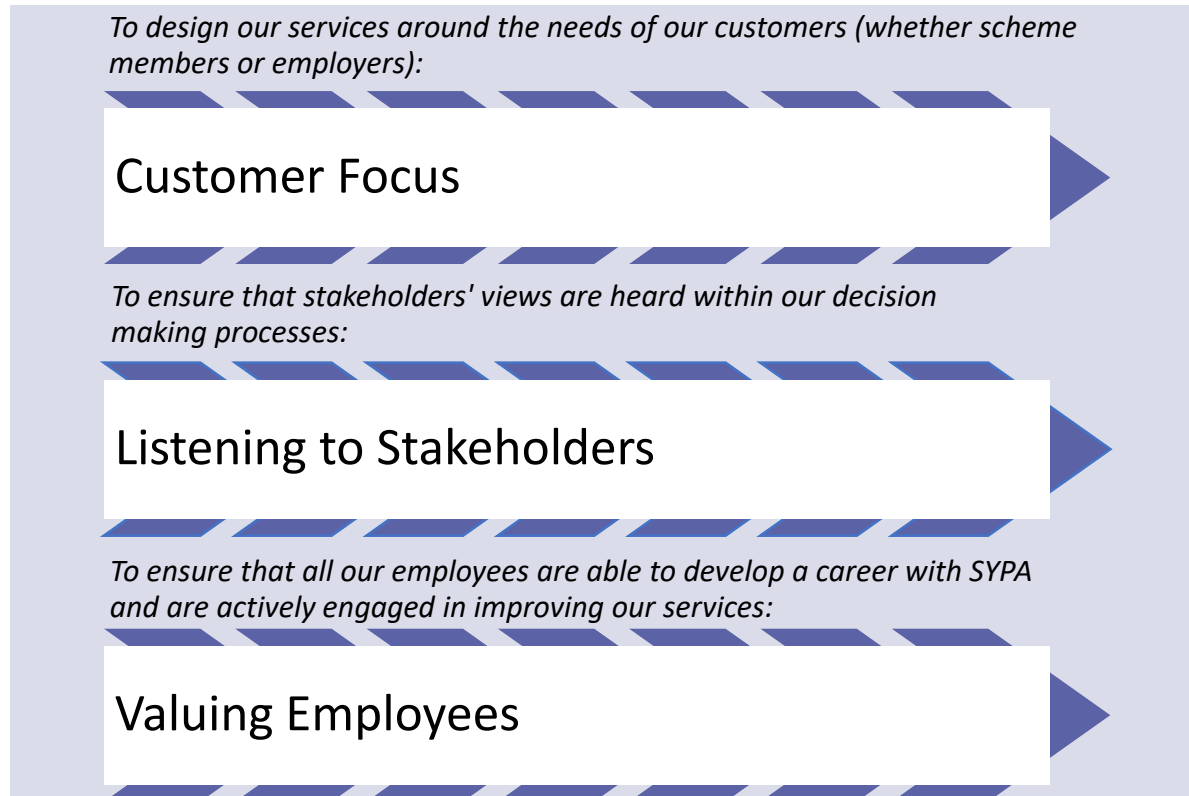
	FTE
Senior Management Team	4.0
Investment Strategy	3.0
Pensions Administration	
Benefits Team	42.6
Customer Services	14.0
Employer Services	12.4
Technical Support & Training	7.7
	76.7
Resources	
Finance & Performance	16.2
Governance & Corporate Services	8.0
Human Resources	2.8
ICT and Operations Management	19.3
	46.3
Total Establishment	130.0

What we need our people to deliver

The Authority's Corporate Strategy sets out our objectives for the next three years and forms an ambitious and challenging agenda that can only be achieved through the success of our people. Therefore, the overall aim of this strategy is:

To provide the organisation with a sustainable and resilient workforce made up of people who will be suitably developed, supported and led to succeed in delivering the objectives set out in the Corporate Strategy.

The work of our people clearly has an impact across all of the Authority’s corporate objectives, although this strategy supports the following ones in particular.



Page 57

Progress made in the last three years

Achievements against the aims of the 2022 – 2025 Strategy

Developing the current workforce to meet the needs of the organisation

The plan to procure and implement a new HR Information and Staff Payroll System was not delivered to the timescale that we aimed for in the last strategy due to lack of capacity and the need to concentrate resources on other corporate priorities. However, the work on this is now under way with market engagement and it is anticipated that the new system will be procured by April 2025 with implementation taking place over a period of approximately 3 months from then.

We have embedded the LinkedIn Learning platform across the organisation and have dedicated resources to ensuring that the majority of our training activity is driven from this central source so that we can record and monitor learning and development by individuals, teams and the organisation. We have created our own learning pathways on the platform for employee induction, technical development and to support our wellbeing agenda.

In order to ensure the skills and knowledge of our people meet our organisational needs, we have strengthened our arrangements for planning and delivery of learning and development opportunities, including creating a new post in the HR team specifically to support this and providing dedicated budgets to resource a wide range of activity including professional qualifications.

Since 2024 we have introduced a corporate training plan which identifies those areas of learning and development that are required across the organisation and all activity identified for 2024/25 has been delivered.

We have delivered briefing sessions and produced manager guides to support the annual process of conducting appraisals and learning and development plans.

During 2024 we commissioned the delivery of a specialised and bespoke 6-month development programme for new and aspiring managers. The programme's aims were to provide the participants with an understanding of our expectations of the 'SYPA Manager' in line with our values and behaviours and to equip them with a range of practical management skills including engaging and motivating people, managing performance, managing teams, personal effectiveness and consideration of DEI issues. This was delivered in two cohorts, with appropriate tailoring to each, for new managers – including those who had been recently promoted to a management role and more experienced managers who were new to SYPA – and for aspiring managers, targeted at our senior practitioners who are aiming to develop their skills and readiness for a management role in future.

Recruiting a workforce for the future

We have continued to develop our approach to recruitment, using a specialist provider to ensure we access a wider range of platforms in which to reach potential applicants. Supported by our communications team, we have also maximised our use of social media channels and developed the 'Work for Us' area of our website to promote SYPA as an employer of choice and to publicise our career opportunities.

Our customer services team continues to offer an apprenticeship route into the organisation – with several individuals coming through this route and being successful in obtaining permanent roles in different services following completion of their apprenticeship.

We have ensured that our expected management behaviours are fully incorporated into role profiles for all roles with people management responsibilities. There are plans to take this further by developing a set of management standards as one of the outcomes from the management development programme delivered in 2024/25.

We have forged a successful partnership with a local authority provider of executive recruitment consultancy, which has been used to great success in recruiting to key management roles at leadership team and senior management team levels – ensuring a robust and values-based process that is focussed not just on technical abilities but also on managerial skills and behaviours that align with SYPA’s approach.

Retaining a high-quality workforce

We have made significant progress over the last three years and continue to do so in relation to adopting modern HR policies and practices. We regularly review and update our policies to ensure they are compliant with legislative changes and best practice.

Our Hybrid working policy was reviewed and updated during 2023/24 – conducted collaboratively through staff and management groups to encompass a wide range of views and suggestions from across the organisation. As a result of this, the updated policy is now supplemented with a ‘Hybrid Working and Our Culture’ guide to provide additional guidance on how we will apply hybrid working arrangements to support and balance the flexibility offered and to optimise the benefits of both office and home working for individuals, teams and the organisation as a whole.

We have ensured our staff are healthy and safe in the workplace by formalising all our arrangements for managing workplace health and safety and have refreshed the associated policies.

We continue to promote health and wellbeing activities and training opportunities and have now secured our own contracts for counselling and occupational health services – that were previously provided indirectly through access to contracts of Barnsley MBC.

During 2022 and 2023, we undertook a major project to firstly review and benchmark our pay and benefits offering, with support from external consultants to bring independent expertise, and then to develop a package of proposals based on the findings. The proposals arising from this piece of work were approved by the Authority's Staffing Committee in October 2023 and implemented thereafter. The range of enhancements introduced were carefully planned to achieve the aim of improving retention and increasing our attractiveness in the wider employment market, whilst supporting flexibility and family-friendly policies. The key improvements introduced were:

- Fully revised grading structure – resulting in incremental pay rises for the majority of staff
- Reduction of weekly working hours from 37 to 35
- Family leave policy enhancements – full pay for 26 weeks' on maternity / adoption leave, and 6 weeks' paternity leave on full pay
- New Loyal Service Scheme providing recognition and financial rewards for service of 10, 20, 30 and 40 years' service
- New Employer Supported Volunteering Scheme providing up to 3 days' leave per year for volunteering in the community
- Salary Sacrifice Schemes for Additional Voluntary Contributions (AVCs) to pensions, Car lease scheme for electric and ultra-low emission vehicles, and Cycle to Work scheme.

We have developed a wider range of channels of communication with our employees to enable them to raise any issues, concerns, make suggestions and ask questions. These include bi-annual SMT Question Time events, a 'Have your Say' page on our intranet site and surveys. All channels have the option to raise issues anonymously.

We have held two highly successful all staff 'Away Days' – in July 2022 and September 2023 and will continue to hold these once every two years in future.

We continue to place a high value on the involvement and contribution of our recognised trade union and hold monthly Trade Union liaison meetings where employee relations matters are discussed in an open and transparent way, and we continue to build on the positive partnership we have engendered with trade union colleagues.

We conducted our Staff Survey in late 2023 – the results of which provided evidence of the successful progress being made on our HR strategy objectives in that the overall engagement index – the 'Net Promoter Score' – had improved from -10 in 2020 to a positive score of 7 in 2023. The survey results also showed marked improvements across all four measures of engagement over that period.

What we plan to do over the next three years

The above section illustrates that an enormous amount of progress has been achieved over the last three years in providing the Authority with a workforce capable of ensuring the delivery of the corporate strategic objectives.

The plans for the next three years are focussed on building out from this strong foundation, and 'raising the bar' for ourselves to drive further strong improvement in developing and supporting our people to succeed. The plans are organised around the following four themes.

- 1. Recruit and retain a workforce fit to meet the needs of the organisation now and in the future.**
- 2. Invest in and support the development of our people in line with our core values to be Professional, Progressive and Empowering.**
- 3. Ensure that the leadership and management at all levels of the organisation is the best that it can be.**
- 4. Embed our culture of a positive, forward-thinking, supportive and collaborative workplace where people feel valued, motivated and engaged.**

Ref	Strategic Action	Timescale	
		From	To
1. Recruit and retain a workforce fit to meet the needs of the organisation now and in the future.			
RR1	Develop and implement a workforce plan.	April 2025	September 2026
RR2	Provide recruitment and selection training to all managers and others involved in making recruitment decisions.	February 2025	July 2025
RR3	Ensure recruitment practices and procedures are updated to use a broad range of advertising methods and to ensure the process is inclusive to attract a diverse pool of potential candidates.	April 2025	December 2025
RR4	Provide a welcoming, positive and well administered on-boarding experience for all those starting their employment journey with SYPA.	Ongoing throughout the strategy period.	
RR5	Undertake regular benchmarking of our pay and benefits (once every 3 years) to ensure we remain aware of our position within the employment market.	October 2026	June 2027
2. Invest in and support the development of our people.			
PD1	Develop and deliver a Learning and Development Strategy – that will set out how we’ll provide career paths for people, including apprenticeships, a career progression scheme applied to various roles across SYPA, and strategic planning of training to equip individuals with the knowledge and skills needed to achieve our goals.	April 2025	April 2026 and ongoing
PD2	Review and update the existing annual appraisal process to ensure it is fit for purpose in providing the framework in which to set objectives, reflect on performance and support personal and professional development goals.	July 2025	December 2025

Ref	Strategic Action	Timescale	
		From	To
3. Ensure that leadership and management at all levels of the organisation is the best that it can be.			
LM1	Develop a framework of skills and expected standards of the “SYPA Manager” supported by appropriate training and development.	July 2025	June 2026
LM2	Develop and implement a new manager induction programme.	July 2025	June 2026
LM3	Explore the possibility of introducing a mentoring scheme for those in or aspiring to a management role.	During the 2025/26 financial year.	
LM4	Introduce a 360-degree feedback process to be incorporated into the annual appraisal of all employees with line management responsibilities.	To be phased in over the period covered by this strategy.	
4. Embed our culture of a positive, forward-thinking, supportive and collaborative workplace where people feel valued, motivated and engaged.			
PC1	Develop and implement a Health and Wellbeing Strategy.	April 2025	February 2026
PC2	Undertake a project to define and promote our ‘Employee Value Proposition’.	September 2025	September 2026
PC3	Continue to build on and further develop the range of internal communication and engagement routes for all our people – including biennial away days, SMT Question Time, Have Your Say, and others.	Ongoing throughout the strategy period.	

How we will measure our progress

The following section sets out the different measures and sources of evidence that will be used to monitor and report back on progress against the objectives and actions planned.

1. Recruit and retain a workforce fit to meet the needs of the organisation now and in the future.

Success in this area will be measured and evidenced through:

- ◆ Workforce Plan in place.
- ◆ Training on Recruitment and Selection delivered.
- ◆ Data on overall application numbers for recruitment exercises, including diversity statistics where available.
- ◆ Feedback from new joiners on their experience of on-boarding and induction.
- ◆ Benchmarking review results.
- ◆ Employee turnover rates.
- ◆ Employee diversity statistics.
- ◆ Vacancy levels.
- ◆ Exit survey and exit interview data.

2. Invest in and support the development of our people.

The indicators that will be used to measure progress against this objective include:

- ◆ Learning and Development Strategy in place.
- ◆ New process for annual appraisal and development reviews implemented.
- ◆ Number of employees with professional qualifications and numbers being supported by SYPA to achieve them.
- ◆ Data on successful apprenticeship completions and career paths followed.

- ◆ Data on training and development activities delivered annually.
- ◆ Feedback from training course evaluation surveys.

3. Ensure that leadership and management at all levels of the organisation is the best that it can be.

Success in this area will be illustrated by:

- ◆ Framework of SYPA Management Standards and Expectations in place.
- ◆ New Manager induction programme implemented.
- ◆ 360 degree feedback process being used as part of annual reviews for all managers.
- ◆ Outcomes from biennial staff surveys.
- ◆ Results of corporate assurance / internal audit reviews of HR policy and procedures application.

4. Embed our culture of a positive, forward-thinking, supportive and collaborative workplace where people feel valued, motivated and engaged.

The indicators that will be used to measure progress against this objective include:

- ◆ Health and Wellbeing Strategy in place.
- ◆ Employee sickness absence monitoring.
- ◆ Employee Value Proposition defined and communicated.
- ◆ Outcomes from biennial staff surveys.
- ◆ Feedback from a wide range of employee engagement channels – including SMT Question Time events, internal communication surveys, staff away days.
- ◆ Data from exit surveys and interviews.

Resourcing our people strategy

The resources planned within the medium term financial strategy to support delivery of this People Strategy are as follows.

Planned Budgets	2025/26 £	2026/27 £	2027/28 £
Human Resources Team (including SLA with BMBC for HR Business Partner)	145,980	150,360	154,870
Recruitment	10,500	10,710	10,930
Training and Development	134,560	137,250	140,000
Health, Safety and Wellbeing (including Occupational Health)	21,650	22,100	22,530
Total	312,690	320,420	328,330

The resources available represent the continuing investment in our people, with the training and development budgets available representing over 2% of the total employee costs budget.

Document Control Details

Publication	People Strategy
Period covered	01 April 2025 to 31 March 2028
Owners	Assistant Director – Resources and HR Business Partner
Approved Date	<i>February 2025 - TBC</i>
Approved By	Full Authority
Next Review Date	February 2028

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**SOUTH YORKSHIRE
PENSIONS AUTHORITY**

ICT STRATEGY

Page 69



2025 - 2028

Appendix C

Contents

Introduction.....	3
Our Current ICT Infrastructure.....	4
What we need our technology to deliver.....	6
Progress made in the last three years.....	7
What we plan to do over the next three years.....	11
How we will measure our progress.....	15
Resourcing our ICT Strategy.....	17
Document Control Details.....	19

Introduction

Access to effective ICT systems and infrastructure is crucial to SYPA's ability to deliver its services successfully and to achieve improvements in the efficiency of our operations, whether that is in the administration of pension benefits, the investment of the Fund's money or the corporate infrastructure required to run the organisation.

This strategy sets out what we will do over the next three years to maintain and continue to improve our technological base in a way that will support the delivery of the objectives set out in the Corporate Strategy.

Delivering for our customers is the focus of SYPA's mission statement and the focus of this strategy is about how we use technology to do that, whether that be through:

- The networks and hardware we use
- The applications and software we use and develop

This strategy is constructed around 4 themes:

- Infrastructure and Agility
- Customer Access
- Business Processes
- Information Governance and Security

Achieving the objectives set in each area will contribute to achieving the improvements in service to our customers which we wish to see.

Our Current ICT Infrastructure

The Authority's current ICT infrastructure is based on a resilient, secure, and efficient 'on premise' datacentre comprising:

- A 1Gbps client / server hard wired network infrastructure.
- Server virtualisation technology enabling server consolidation and providing improved resilience and efficiency savings.
- An enterprise storage solution delivering data resilience, high performance, and encryption.
- The Mimecast Cloud Service is used for Unified Email Management and Egress Switch provides email encryption and data loss prevention.
- Security of the Infrastructure and data is paramount and performed in accordance with ISO 27002 best practices, with assurance provided by annual IT Health Checks and Cyber Essentials Plus certification. A Managed Detection and Response (MDR) service monitors, investigates and responds to threats 24/7.
- An online backup and integrated disaster recovery solution.

End user computing is provided through:

- All staff being provided with a laptop enabled for agile working with a minimum of a two-screen set up when in the office.
- The suite of Microsoft 365 applications and tools
- Agile working provided through Wi-Fi connectivity at Oakwell House, remote VPN access using multi-factor authentication together with Microsoft 365 applications for mobile devices
- A cloud-based telephone system which incorporates MS Teams integration and a unified contact centre solution

ICT services are largely provided in house with specialist services bought in as required.

The Authority's key information system is the Civica UPM Pensions Administration system which is complemented by internally developed software: DART which assists in data cleansing and EPIC which provides a comprehensive employer portal.

Back office systems for finance and investment accounting are both external, cloud-based solutions while those for payroll and the management of attendance are externally supplied and hosted locally. There is no comprehensive HR system in place.

The Authority's main web presence (www.sypensions.org.uk), provides comprehensive information about the organisation including details of board members, committee meetings and decisions. Access is provided to two integrated online portals:

- *Mypension* – for scheme members
- *EmployerHub* – for scheme employers

A fully integrated SharePoint, Teams and OneDrive solution provides a collaboration hub in Microsoft 365 and a secure place to store, organise, share, and access information from any approved device.

What we need our technology to deliver

The Authority's Corporate Strategy sets out our objectives for the next three years and forms an ambitious and challenging agenda that requires us to equip the organisation with the technological capability that will enable us to achieve our aims effectively and efficiently. Therefore, the overall aim of this strategy is:

To provide the organisation with the technology infrastructure required to drive and support innovation in our service delivery to achieve the objectives set out in the Corporate Strategy, whilst ensuring the integrity and security of our systems and data are prioritised.

The ICT infrastructure clearly has an impact across all of the Authority's corporate objectives, although this strategy supports the following ones in particular.



Progress made in the last three years

The progress achieved against each of the aims of the 2022 to 2025 strategy are set out below.

Strategic Action	Progress
<i>Developing and maintaining our ICT infrastructure to meet the needs of an increasingly agile organisation</i>	

Review and implement the hardware replacement strategy to reflect the fundamental changes in the hardware estate brought about by the move to agile working.

- A new Hardware Replacement Policy created.
- Implemented Microsoft Windows Server and Client upgrades.
- Delivered on replacement programme of hardware (e.g. laptops) in accordance with the policy.
- Replaced Network storage infrastructure providing significant performance improvements, security enhancements (encryption) and increased capacity.

Complete the roll out of Microsoft 365 to support the Authority's core desktop requirements including integration with telephony.

- All user and group mailboxes migrated to Microsoft Exchange online.
- Transition of all documents from Microsoft OneDrive 'on-premise' to OneDrive online completed.

Maintain fully compliant Microsoft licensing.

- Carried out procurement for new Microsoft 365 enterprise license renewal for 3 years.
- Reviewed Microsoft SQL server licensing options and incorporated into the enterprise agreement.

Conduct a rolling review of ICT policies in the light of changing needs of the organisation, initially prioritising password management.

- Password management controls updated and strong passwords guidance regularly promoted to all staff.
- Procured a third-party resource, providing access to a suite of ICT Policy templates and reports.
- Commenced the review of policies.

Using technology to support a step change in the way customers access our services

Deployment of the *MyPension* dynamic homepage and improvements to the user registration and log on experience.

- Dynamic Homepage now in operation for important announcements.
- Various service enhancements delivered, including the secure upload of documents, address lookup tool and improvements for mobile devices.

Deliver improvements to the employer experience.

Increasing the number of transactions that scheme members and employers can complete online and working to eliminate the need for paper.

- Implemented new portal (*EmployerHub*) to provide numerous improvements including additional functionality and security.
- There has been some limited progress on this action – including the ongoing promotion and increasing numbers registered for *MyPension* – but there will be further work needed on this in the next strategy period.

Using technology to deliver efficient business processes

Transfer existing SharePoint site to the 365 platform and further development and exploitation of capabilities.

Implementation of Power BI and other reporting tools to provide more accessible management reporting across all aspects of the organisation.

Continuing to develop for our own use and sell to other LGPS funds our in house developed software suite.

- Developed and implemented a new SharePoint Online portal, providing users with a secure collaboration space, with full integration to the Microsoft 365 suite of applications. All relevant content and processes migrated.
- Developed new Reporting Dashboards to complement the improvements made to several key processes (e.g. Monthly Data Collection and the production of Annual Benefit Statements).
- Established integration between M365 Power BI and on-premise SQL Server via a secure Data Gateway.
- Sale of EPIC (*Employer Pension Information Centre*) application to Leicestershire Pension Fund completed in the period.
- We have continued to develop the DART (*Data Analysis & Reporting Tool*) and EPIC applications, including the creation of new workflow functionality and additional data cleansing reports.

Keeping data safe and secure

Continuing to build and strengthen our cyber/information security capabilities, for example through annual IT Health Checks, training for IT staff, and the promotion of user awareness through mandatory training.

- Implemented cloud AI solution to aid in the detection of sophisticated phishing and impersonation email attacks.
- Completed an M365 Security Assessment and implemented actions to address all of the key recommendations.
- Introduced periodic Phishing exercises and regular Cyber Awareness training for all users.
- Annual Disaster Recovery testing undertaken with full replication of the ICT environment.
- Cyber Security presentations delivered to the Local Pension Board and Pensions Authority members.
- Procured and implemented a comprehensive Managed Detection and Response (MDR) service with 24/7 monitoring.

Obtaining formal certification for our management arrangements in this area (e.g. ITIL and Cyber Essentials Plus).

- Annual attainment of the Cyber Security Essentials Plus certification. The certification demonstrates that we work to Government defined Cyber Security standards and assures customers and partners that we work to industry best practice.

Demonstrating compliance with the new TPR Single Code of Practice in relation to Maintenance of IT Systems and Cyber Controls.

- Following the publication of the new TPR General Code of Practice in March 2024, we reviewed our compliance with the requirements and planned any actions required for improvements.

What we plan to do over the next three years

As illustrated above, the last three years has seen huge steps forward in the technological capability of the organisation and how this is harnessed effectively to meet our objectives.

The plans for the next three years will be focussed around ensuring the solutions in place are used to optimum effect across all functions of the organisation. The plans are organised around the following four themes.

- 1. Maintaining and developing our ICT Infrastructure to meet current and future organisational needs.**
- 2. Using technology to support innovation and digital inclusion in how customers can access our services.**
- 3. Using technology to deliver efficient business processes.**
- 4. Keeping our data safe and secure.**

Ref	Strategic Action	Timescale	
		From	To
<i>Maintain and develop our ICT Infrastructure to meet current and future organisational needs</i>			
ICT1-A	Deliver improvements and upgrades to the Authority's ICT infrastructure	Ongoing throughout the strategy period	
ICT1-B	Procure and implement a next generation ICT helpdesk system	01/11/2025	28/02/2026
ICT1-C	Develop a fully revised and updated Business Continuity Strategy for ICT related functions	01/01/2025	30/06/2025
ICT1-D	Deploy the Microsoft 365 E5 stack (compliance and security tools) to maximise return on investment and to reduce associated costs.	Ongoing throughout the strategy period	
<i>Using technology to support innovation and digital inclusion in how customers can access our services</i>			
ICT2-A	Deliver improvements to the scheme member online portal (<i>MyPension</i>) by simplifying registration, improving security, and increasing functionality.	01/04/2025	30/06/2025
ICT2-B	Deliver improvements to the employer online portal (<i>EmployerHub</i>) by increasing functionality and reporting.	01/05/2025	31/07/2025
ICT2-C	Review the existing technology in the Oakwell House Events Room and implement upgrades to facilitate hybrid meetings and improved broadcasting of Authority meetings.	01/04/2025	30/06/2026
ICT2-D	Support the implementation of the Pensions Dashboard to required timescales.	01/09/2024	Connect by 31/10/2025
<i>Using technology to deliver efficient business processes</i>			
ICT3-A	Continue the implementation of Power BI to provide more accessible management information and reporting across the organisation.	Ongoing throughout the strategy period	

Ref	Strategic Action	Timescale	
		From	To
ICT3-B	Support the implementation of an integrated HR, Staff Payroll and Time and Attendance system.	01/04/2025	31/12/2025
ICT3-C	Ensure the contract for the Pensions Administration software system is managed effectively and that procurement activity and decisions are undertaken in good time ahead of the end of the existing contract.	01/07/2025	30/09/2026
ICT3-D	Support the development of the Pensions Administration software system and investigate the utilisation of Automation tools to achieve maximum efficiencies.	01/04/2025	30/09/2026
ICT3-E	Investigate the future possibility of how Artificial Intelligence (AI) tools might be used by the organisation – including assessment of potential benefits as well as the need for additional and robust governance and controls requirements.	01/04/2025	31/12/2025
<i>Keeping our data safe and secure</i>			
ICT4-A	Maintain and continually strengthen our cyber security defences – including as part of this, developing and implementing an updated, internal-facing Cyber Security Strategy.	Ongoing throughout the strategy period – with the Cyber Security Strategy in place by September 2025.	
ICT4-B	Ensure that our cyber and information security capabilities are thoroughly embedded and tested – through activities including (but not limited to) annual IT Health Checks, ensuring continued Cyber Essentials Plus accreditation, specialist training and CPD for all IT staff, promotion of user awareness through regular and frequent training and exercises.	Ongoing throughout the strategy period	
ICT4-C	Demonstrate compliance with the TPR General Code of Practice in relation to Maintenance of IT Systems and Cyber Controls	01/04/2025	31/08/2025

Ref	Strategic Action	Timescale	
		From	To
ICT4-D	Support the work to improve data security aspects of Information Governance including the update and implementation of revised data classification, retention, encryption and minimisation policies and procedures.	01/02/2025	31/03/2026 and ongoing thereafter
ICT4-E	Continue the rolling programme of review of all ICT Policies to ensure these are current, sufficient, and fit for purpose.	01/10/2024	31/10/2025 and ongoing thereafter

How we will measure our progress

The following section sets out the different measures and sources of evidence that will be used to monitor and report back on progress against the objectives and actions planned.

1. Maintaining and developing our ICT Infrastructure to meet current and future organisational needs

Success in this area will be measured and evidenced through:

- ◆ Availability (uptime), performance and capacity of the Corporate Network Infrastructure and key systems/applications.
- ◆ Availability (uptime), and performance of Cloud based services and applications.
- ◆ Helpdesk and ICT support metrics; the number of requests and incidents logged.
- ◆ User feedback, and satisfaction levels determined by surveys.
- ◆ The completion of specific projects (e.g. implementation of a new ICT Helpdesk system).
- ◆ The results of annual ICT disaster recovery rehearsals.
- ◆ A reduction in overall costs by the consolidation and exploitation of the M365 E5 stack.

2. Using technology to support innovation and digital inclusion in how customers can access our services

The overall measure of success in this area will be determined by member and employer satisfaction levels. Other indicators include:

- ◆ An increase in the types of transactions that can be completed online.
- ◆ For scheme members, simplified registration to reduce the volume of support calls to the Customer Services Team.
- ◆ For employers, improved self-service reporting functionality.
- ◆ The completion of specific projects (e.g. implementation of Pensions Dashboard).

3. Using technology to deliver efficient business processes

Success in this area will be measured through:

- ◆ Improvements in the quality-of-service provision from the external software provider.
- ◆ The completion of specific projects (e.g. development of Automation and the assessment of AI tools).

4. Keeping our data safe and secure

The overall measure of success in this area will ultimately be determined by the number and severity of any identified data/security breaches.

Other indicators include:

- ◆ Achievement and maintenance of the relevant accreditations.
- ◆ The completion of specific projects (e.g. implementation of a data classification scheme, and adherence to data/document retention policies).
- ◆ Number of incidents (breaches, phishing attacks, malware infections) including those reported by the Managed Detection and Response (MDR) system.
- ◆ The detection and timely rectification of vulnerabilities.
- ◆ Effectiveness of User Awareness Training; assessment of user performance and the company / individual user risk scores, phishing test success rate.
- ◆ Audit findings; the number and severity of non-compliance issues.

Resourcing our ICT Strategy

The resources planned within the medium term financial strategy to support delivery of this ICT Strategy are as follows.

Planned Budgets	2025/26 £	2026/27 £	2027/28 £
ICT Team - including Systems team	943,110	971,400	1,000,540
ICT Infrastructure - including Cyber Security	289,290	293,810	299,330
Pensions Administration System (including additional consultancy budget)	336,000	342,720	349,570
Back office systems - Finance, HR & Staff Payroll, Risk Management, Procurement platform, etc.	86,820	45,350	46,360
ICT Capital Expenditure	60,000	60,000	60,000
Income from sales of DART and EPIC	(16,530)	(16,810)	(17,100)
Total	1,698,690	1,696,470	1,738,700

The resourcing available reflects the significance of this strategy and our ICT infrastructure and cyber security to the achievement of all aspects of our corporate strategic objectives and services.

The budget for back office systems includes an additional amount in 2025/26 to fund implementation costs of the new HR and Staff Payroll system.

The budget for the pensions administration system now includes resources for the commissioning of additional specialist consultancy services when required to support us in developing the system and our use of it to support the goals around automation, data quality and the user experience included in this strategy.

Document Control Details

Publication	ICT Strategy
Period covered	01 April 2025 to 31 March 2028
Owner	Head of ICT
Approved Date	<i>February 2025 - TBC</i>
Approved By	Full Authority
Next Review Date	February 2028

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2025 - 2028

Contents

Introduction.....	3
Development of the Scheme	5
Governance of the Scheme	5
The Authority’s vision in relation to Diversity, Equality and Inclusion.....	6
Progress made in the last three years.....	9
What we plan to do over the next three years.....	12
How we will measure our progress.....	15
Having your say and raising issues	17
Document Control Details.....	20

Introduction

Our Diversity, Equality and Inclusion (DEI) Scheme forms part of South Yorkshire Pensions Authority's corporate planning framework, which is updated every three years in line with the triennial cycle of our funding valuations and investment strategy reviews. This Scheme updates and replaces the EDI Scheme 2022 to 2025, reflecting on the progress made against our objectives since then and setting out our ambitions for the next three years to 2028 in relation to how we'll continue our development towards making the organisation inclusive and ensuring that equality and diversity remain central to how we deliver better, more customer focussed services to the people we serve.

The Authority's policy position in relation to Diversity, Equality and Inclusion is set out in this Scheme.

The Authority is not identified as within the scope of the Public Sector Equality Duty ("the duty") within the Equality Act 2010. However, as a public body, the Authority acts as though the Equality Duty fully applies to it.

The duty requires public authorities, in the exercise of their functions, to have due regard to the need to:

- ◆ eliminate unlawful discrimination, harassment, victimisation and any other unlawful conduct prohibited by the act
- ◆ advance equality of opportunity between people who share and people who do not share a relevant protected characteristic
- ◆ foster good relations between people who share and people who do not share a relevant protected characteristic

The relevant protected characteristics are:

- age
- disability
- gender reassignment
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

The Authority is committed to compliance with the duty and to have due regard to the three aims set out above when making decisions.

The guidance for public authorities explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their relevant protected characteristics.

- Taking steps to meet the needs of people who share a relevant protected characteristic.
- Encouraging participation in public life or any other activity by under-represented groups.
- Taking steps to meet the different needs of disabled persons.

The guidance outlines that fostering good relations means having regard to the need to deal with prejudice and support understanding.

These equality duty aims and activities have informed the development of our objectives and associated action plans set out in this scheme.

The Authority is committed to:

- ◆ Promoting equality of opportunity.
- ◆ Eliminating discrimination.
- ◆ Integrating equal opportunities into all aspects of the Pensions Authority's activities.
- ◆ Ensuring that equality operates in the Authority's employment practices.
- ◆ Ensuring that equality operates in the Authority's provision of services.

All these commitments are reflected in the objectives and actions set out in this scheme.

Fundamentally, the Authority believes that no one who comes into contact with it, for whatever reason, should have cause to feel that they have received less than an appropriate and professional service. Consequently, we will ensure that our systems and processes, and attitudes and behaviours do not result in discrimination against any individual or group of individuals.

This DEI Scheme is focussed around the Authority as a service provider to our customers (scheme members and scheme employers), the Authority as an employer, and as an elected body and decision maker in our governance arrangements. The scheme does not cover the Authority's investment activities which are instead dealt with through the separate Responsible Investment Policy which addresses issues of equality and diversity in the context of the Authority's broader approach to addressing Environmental, Social and Governance risks in relation to assets in which the Authority is invested.

Development of the Scheme

This scheme has been developed to support the process of refreshing the Corporate Strategy.

The process has involved the development of a number of objectives which align with the Authority's corporate strategy, the refresh of which has taken into account both information around changes in the membership of the Pension Fund and key data on the composition of the Authority's workforce and has involved engagement with a wider range of stakeholders.

As a result of aligning the two processes it has been possible to reflect the views of stakeholders in both this scheme and the corporate strategy.

It is accepted that there are limitations to this approach and consequently one of the actions identified in this scheme is the need to develop means of actively engaging with both scheme members and groups in the wider community to ensure that the services we deliver and the way in which we operate do not discriminate in any way.

Governance of the Scheme

As this scheme is a major policy document, responsibility for approving it lies with the full Authority. It is aligned with and considered for approval as a key part of the triennial review of the overall corporate planning framework.

Overall responsibility for the delivery of the scheme has been allocated to the Assistant Director – Investment Strategy as the Senior Management Champion for Diversity, Equality & Inclusion. They will be supported by workstream leads for Customer Services and Human Resources who will draw together relevant small teams of staff to deliver pieces of work.

Given that the Scheme commits the Authority to a range of actions it is important that progress on these actions is reported on a regular basis. Regular reports will be provided to the Senior Management Team and the Authority on the implementation of the Corporate Strategy, and these will include progress on the issues identified in this Scheme. Progress will also be included in the Annual Report which is addressed to a much wider group of stakeholders.

The Authority's vision in relation to Diversity, Equality and Inclusion

The Authority has developed the following statement which summarises the vision and overall aims in relation to diversity, equality and inclusion.

South Yorkshire Pensions Authority aims to reflect the diverse communities we serve in all areas of our work and will strive to achieve a workforce that reflects this diversity. In delivering our services and managing our organisation, we aim to ensure every person is treated fairly and equitably, within an inclusive environment and a sense of belonging as central to our overall mission.

These aims are at the heart of supporting all of the Authority's corporate objectives, although this DEI Scheme supports the following ones in particular.

To uphold effective governance, showing prudence and propriety at all times:

Effective and Transparent Governance

To design our services around the needs of our customers (whether scheme members or employers):

Customer Focus

To ensure that stakeholders' views are heard within our decision making processes:

Listening to Stakeholders

To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services:

Valuing Employees

The current make-up of our workforce (based on employee data at 31 March 2024) and how this compares to the population of Barnsley, where we are located, and South Yorkshire, the area we serve, is shown below.

Characteristic	SYPA %	Barnsley* %	South Yorkshire* %
Gender			
Female	66%	51%	51%
Male	34%	49%	49%
Ethnicity			
Non-white	2.6%	3.1%	12.3%
White	97.4%	96.9%	87.7%
Disability			
Disability	14.7%	22.0%	20.5%
No Disability	85.3%	78.0%	79.5%
Age			
0-19	0.9%	22.2%	24.3%
20-29	17.5%	12.1%	14.4%
30-39	26.3%	11.9%	12.3%
40-49	26.3%	15.6%	14.6%
50-59	25.4%	13.2%	12.1%
60-69	3.5%	11.7%	10.7%
70+	0.0%	11.9%	11.7%

* Data taken from the Office of National Statistics' 2021 Census data:
[2021 Census Profile for areas in England and Wales - Nomis \(nomisweb.co.uk\)](https://www.nomisweb.co.uk)

Progress made in the last three years

Achievements against the aims of the 2022 – 2025 Strategy

To make our services more accessible to disabled customers.

We currently offer a range of accessibility options – large print, Braille, audio CDs, BSL interpreters, as well as the usual letter format, email, live chat (web chat), and social media channels.

We now offer video appointments, text messages, face to face appointments, group presentations in person and online, website and telephone appointments.

An assessment of our Oakwell House office for accessibility adjustments was implemented in 2022 and this is regularly reviewed.

Through our engagement activity with scheme members and employers to promote equality and inclusion, and to help bring people from different backgrounds together

We have undertaken data gathering processes with larger employers in 2022 and 2023.

We targeted female members in the latest 2024 Pension Planning Newsletter with an article on the Gender Pensions Gap and how to increase benefits.

An article on Sharia Law & The LGPS was included in our November 2024 Active & Deferred newsletter.

We targeted members who have opted out with an article on re-joining the scheme in our Deferred Newsletter 2024.

We run 3 separate Focus Groups, made up of active, deferred and pensioner members.

Our Focus Groups help us understand what our members want and how we can sustainably match their needs, ensuring our services are accessible to all. Members participating in a focus group and communicating their thoughts with us are helping us by providing a valuable insight to ensure we get things right.

We ran a recruitment campaign for additional Focus Group members in October 2023.

To ensure decision-making in the Authority is informed by a robust and clear impact assessment of how people with protected characteristics will be affected, taking action to reduce any inequalities where appropriate

The planned objective to produce and implement a policy and procedure for Equality Impact Assessments was not achieved in the target timescale. However, each report to the Authority, its Committees or to the Local Pension Board, includes a requirement to consider if an EIA is relevant for the decision and to provide one where this is the case.

During the period 2022 – 2025, EIAs were undertaken whenever relevant for decision-making – for example for the Pay and Benefits review outcomes, relevant HR policies and procurement decisions.

To ensure the workforce's diversity reflects that of the customers we serve.

We have expanded the variety of recruitment methods used to reach a wide audience for job advertisements.

We conducted an employee DEI survey, with new questions concerning caring responsibilities, in January 2024.

Our updated online Induction process captures employee equality information at point of entry.

To ensure the workforce culture, environment, policies and practices are safe, accessible, and inclusive for people with protected characteristics.

The staff survey conducted in 2023 showed an increase in overall employee engagement and we added a specific question to measure the extent to which employees feel able to express their authentic selves at work, which scored positively at 3.82 out of 5. We aim to achieve an increase in this score when the survey is run again in 2025.

We introduced a Senior Management Team Question Time event where staff can raise any questions or concerns directly. This is held twice a year. Actions arising from this and other engagement routes are now a standard item in the Senior Management Team workplan.

Mandatory training in Diversity, Equality & Inclusion was refreshed and updated as part of our Corporate Training plan for 2024/25

Diversity, Equality & Inclusion awareness is now part of our online induction process.

Monthly Trade Union Liaison meetings continue to be held where concerns can be raised and addressed.

Our Dignity at Work policy has been reviewed and related processes put in place.

Where statistically possible, to identify and reduce any pay gaps that exist associated with gender, disability or ethnicity.

A Pay and Benefits review was undertaken in 2023, with a range of enhancements implemented fully with effect from 1 April 2024. This included a fully revised grading structure, a reduction in standard weekly working hours from 37 to 35, and improved family leave policies, providing 26 weeks' maternity / adoption leave on full pay, and 6 weeks' paternity leave on full pay.

We invested in a 3-month group coaching programme for 10 female employees during 2023/24 to support them in learning more about the importance of visibility and self-promotion for women's career progression and help them identify their own unique ways to raise their profile to achieve their goals. The programme resulted in a range of successful outcomes, including two internal promotions.

Our gender pay gap is measured and reported annually in our annual report and accounts. This has reduced over the period of the last strategy. The median gap reduced from 17.1% at March 2022 to 16.6% at March 2024, and the mean gap reduced from 19.4% at March 2022 to 13.5% at March 2024.

What we plan to do over the next three years

Ref	Strategic Action	Timescale	Responsible Owner
1. Make our services more accessible to disabled customers			
DE1-A	Continue to develop communications channels where necessary to enable customers to contact us in ways that are accessible to them.	Ongoing throughout 2025-2028	Service Manager – Customer Services
DE1-B	Publicise the opportunity to receive information in accessible formats for customers.	Ongoing throughout 2025-2028	Service Manager – Customer Services
DE1-C	Accessibility audit of website to be undertaken.	March 2026	Service Manager – Customer Services
DE1-D	Ensure public areas of our office at Oakwell House are accessible to disabled customers.	Ongoing throughout 2025-2028	Operations Management Officer
DE1-E	Ensure when we use other venues for events that these are fully accessible.	As required.	Operations Management Officer
DE1-F	Ensure disabled customers are fully aware of our disability access initiatives and how to request or participate in these if needed.	March 2028	Service Manager – Customer Services
2. Through engagement with scheme members and employers, promote equality and inclusion, and help bring people from different backgrounds together			
DE2-A	Identify whether any group with protected characteristics is underrepresented in the membership of the Pension Fund when compared to their representation within the employer’s workforce.	April 2026	Assistant Director – Pensions
DE2-B	Identify potential causes of any underrepresentation and design and implement a communications strategy to address it.	September 2026	Assistant Director – Pensions supported by Communications Officer

Ref	Strategic Action	Timescale	Responsible Owner
DE2-C	Establish an internal group to ensure all accessibility issues are considered and improved or changes implemented on a regular basis. To include representatives from Customer Services, Communications, ICT and Operations. Meetings to be held every 6 months.	September 2025	Assistant Director – Pensions and Service Manager – Customer Services
3. Ensure decision-making in the Authority is informed by a robust and clear impact assessment of how people with protected characteristics will be affected, taking action to reduce any inequalities where appropriate.			
DE3-A	Develop an Equality Impact Assessment process for all new or revised policies or services. This should enable robust, timely and proportionate EIAs to be developed and reported to decision-makers.	December 2025	Head of Governance & Corporate Services
DE3-B	Provide appropriate employees with the necessary training and support to undertake the EIA process.	March 2026	Head of Governance & Corporate Services
DE3-C	Provide elected members with appropriate training and awareness in all matters pertaining to diversity, equality and inclusion to ensure robust decision making.	June 2026	Head of Governance & Corporate Services
4. Ensure the diversity of our workforce reflects that of the customers we serve.			
DE4-A	Continue to monitor and report on workforce diversity, including annual reporting & identify areas of under-representation and develop plans to address these. (Part of the People Strategy).	March 2027	Assistant Director – Resources and HR Business Partner
DE4-B	Provide Recruitment and Selection, including Unconscious Bias, training to all recruiting managers.	June 2025	HR Business Partner

Ref	Strategic Action	Timescale	Responsible Owner
DE4-C	Include above training in induction process for all newly appointed managers.	December 2025	HR Business Partner
5. <i>Ensure the workforce culture, environment, policies, and practices are safe, accessible, and inclusive for people with protected characteristics.</i>			
DE5-A	Consult with employees to better understand their experience of working for the Authority.	March 2026	Assistant Director – Resources and HR Business Partner
DE5-B	Establish a Working Group which reflects the workforce to champion DEI issues within SYPA.	December 2025	Assistant Director – Investment Strategy
DE5-C	Ensure all employees are fully aware of expectations with regards equality and diversity and how to report any concerns, through induction and training programmes and that these issues are reflected in the appraisal process.	Ongoing throughout 2025-2028	Assistant Director – Resources and HR Business Partner
6. <i>Identify and reduce, where statistically possible, any pay gaps that exist associated with gender, disability or ethnicity.</i>			
DE6-A	Monitor and report on the gender pay gap annually.	Annually in 2025 - 2028	Assistant Director – Resources
DE6-B	Explore the possibility of introducing statistical measures in relation to disability and ethnicity in the context of our small size.	March 2027	Assistant Director – Resources and HR Business Partner
DE6-C	Deliver group coaching programme for female employees once every two years.	June 2026	Assistant Director – Resources and HR Business Partner

How we will measure our progress

The following section sets out the different measures and sources of evidence that will be used to monitor and report back on progress against the objectives and actions planned.

1. Make our services more accessible to disabled customers

Success in this area will be measured and evidenced through:

- ◆ The number of communication channels available to disabled customers.
- ◆ The number of disabled customers who have opted to use each communication channel or have received / downloaded information in accessible formats.
- ◆ The level of accessibility of our office building.
- ◆ The number of reports/complaints concerning accessibility for our disabled customers.
- ◆ Data from customer research: Testing our services with customers with disabilities and provide easy ways for them to tell us about any barriers they face.

2. Through engagement with scheme members and employers, promote equality and inclusion, and help bring people from different backgrounds together

The overall success of this objective will be measured through data on the balance of scheme membership in the Fund being compared to the balance of employers' workforce.

3. Ensure decision-making in the Authority is informed by a robust and clear impact assessment of how people with protected characteristics will be affected, taking action to reduce any inequalities where appropriate.

Success in this area will be measured and evidenced through:

- ◆ Equality Impact Assessment (EIA) policy and procedure in place and up to date.
- ◆ Staff awareness and training sessions on conducting EIAs delivered.

- ◆ DEI coverage included in the Member Learning and Development Strategy and training programme.

4. Ensure the diversity of our workforce reflects that of the customers we serve.

Measures that will be relevant for monitoring progress on this objective include:

- ◆ Percentage of employees who have protected characteristics.
- ◆ Number of job applications received from underrepresented groups.
- ◆ Number of candidates appointed from underrepresented groups.

5. Ensure the workforce culture, environment, policies, and practices are safe, accessible, and inclusive for people with protected characteristics.

Indicators for this objective will include:

- ◆ Percentage of employees who have received induction and training in diversity and equality issues.
- ◆ Number of reports / complaints raised concerning equality and diversity issues through internal channels or under HR formal policies including Dignity at Work and Grievances.
- ◆ Results of biennial staff surveys in relation to the working environment and the specific measure on the question – ‘I feel comfortable expressing my authentic self at work’.
- ◆ Qualitative feedback through the staff survey and other communication channels for employees.

6. Identify and reduce, where statistically possible, any pay gaps that exist associated with gender, disability or ethnicity.

Progress on this objective will be measured through results for the pay gaps themselves but bearing in mind that the size of our workforce makes drawing meaningful and statistically sound conclusions difficult, this will be supplemented by qualitative analysis of feedback received through formal staff surveys, evaluation surveys following training and development events / programmes, and from leaver exit questionnaire and interview data.

Having your say and raising issues

Improving the way in which we as an organisation engage with and seek to understand people with protected characteristics is a key objective of this scheme. In the meantime, we are happy to receive any feedback about this Diversity, Equality and Inclusion Scheme whether from pension scheme members, employers, or members of the wider community.

Any feedback can be sent to:

Director
South Yorkshire Pensions Authority
Oakwell House
2 Beevor Court
Pontefract Road
Barnsley
S71 1HG

E-mail: FundDirector@sypa.org.uk

Anyone who feels we have not lived up to the aspirations within this Scheme in terms of treating them fairly has a right to make a complaint. This can be formally addressed by:

Informing the Chair of the Pensions Authority

The Chair
South Yorkshire Pensions Authority
Oakwell House
2 Beevor Court
Pontefract Road
Barnsley
S71 1HG

E-mail: GovernanceTeam@sypa.org.uk

Web: <https://www.sypensions.org.uk/Contact/Complaints>

Informing the Equality and Human Rights Commission

Phone: 0161 829 8100

Email: correspondence@equalityhumanrights.com

Post:

Correspondence Unit
Equality and Human Rights Commission
Arndale House
The Arndale Centre
Manchester M4 3AQ

Web: [Homepage](#) | [EHRC](#)

Right of Appeal

We administer the scheme in accordance with the Local Government Pension Scheme Regulations and other legislation and guidance issued by Government Departments.

If you disagree with any decision made by us, and wish to dispute it, then you must do so within 6 months of the date you were notified of that decision. To help you there is a formal Scheme Internal Dispute Resolution Procedure (IDRP) that you can follow. More information can be found on our website here <https://www.sypensions.org.uk/Contact/Complaints>

However, in the first instance you should contact our customer services team. They may be able to help you by explaining how your case has been dealt with and perhaps resolve any misunderstanding, query, or concern that you may have at that point.

Email: CustomerServices@sypa.org.uk

Telephone: 0300 303 6160

South Yorkshire Pensions Authority

Oakwell House

2 Beever Court

Pontefract Road

Barnsley

S71 1HG

Getting Outside Help

MoneyHelper - is a free service provided by the Money and Pensions Service to offer free and impartial money and pensions guidance. The Money and Pensions Service is an arm's-length body of HM Government, sponsored by the Department for Work and Pensions. It has a joint commitment to ensure that people throughout the UK have free access to the information and guidance they need to make effective financial decisions over their lifetime.

You can access this service at the MoneyHelper website: [Free and impartial help with money, backed by the government | MoneyHelper](#)

The Pensions Ombudsman - is an independent organisation set up by law to investigate complaints or disputes about pension schemes. The Ombudsman can investigate any type of dispute about your pension, but you must first have been through Stages 1 and 2 of the dispute rules. You can, however, complain to the Ombudsman about the way any of the adjudicators have handled your case and do not have to wait until your case has been completed.

You can find out more at: [About us | The Pensions Ombudsman](#) and you can contact them by calling **0800 917 4487** or by email to: enquiries@pensions-ombudsman.org.uk

More information on where to go for independent and impartial advice can be found on our website here: <https://www.sypensions.org.uk/Contact/Complaints/idrp>

Document Control Details

Publication	Diversity, Equality and Inclusion Scheme
Period covered	01 April 2025 to 31 March 2028
Owner	Assistant Director – Investment Strategy
Approved Date	<i>February 2025 - TBC</i>
Approved By	Full Authority
Next Review Date	February 2028

South Yorkshire Pensions Authority
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Agenda Item

Subject	Pensions Authority Budget 2025/26	Status	For Publication
Report to	Authority	Date	13 February 2025
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Will Goddard Head of Finance & Performance	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

- 1.1 To present the Authority budget proposals for 2025/26 for approval.

2 Recommendations

- 2.1 Members are recommended to:
- a. Approve the 2025/26 budget for the Authority, a total of £9,050,830.**

3 Link to Corporate Objectives

- 3.1 This report sets out the budget for 2025/26 and the proposals are prepared on the basis of providing sufficient resources to support the delivery of all the corporate objectives set out below.
- 3.2 The budget preparation and approval process itself links to the 'Effective and Transparent Governance' objective by ensuring that the financial plans are transparent, are subject to proper scrutiny and oversight, and that the Authority is accountable for its use of resources.

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.

4 Implications for the Corporate Risk Register

- 4.1 The budget proposals outlined in this report have been prepared with the aim of ensuring that the Authority will have sufficient resources to meet its obligations and to support the risk mitigation actions being taken as set out in the Corporate Risk Register.

5 Background and Options

- 5.1 The overall aim of the budget process is to ensure that the organisation's financial resources and allocations support the achievement of the corporate aims and objectives set out in the Authority's Corporate Strategy. Therefore, the proposals set out in this report have been shaped by the overall context and strategic direction of the organisation.

Financial Context

- 5.2 The running costs of the Authority are met from the Pension Fund in accordance with regulations and do not therefore fall on Council Tax, nor is the Authority reliant upon Government grant funding. As such, the Authority is less exposed to the wider constraints on the public sector financial environment than our colleagues in the major employing organisations within the Pension Fund. There is, however, an imperative to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund.
- 5.3 The table on the following page shows the proposed budget for 2025/26 and the main changes within this when compared to the budget for the 2024/25 year.

Table 1: South Yorkshire Pensions Authority – Operating Budget 2025/26

Operational Budget	2024/25 Budget	Transfers Between Budget Heads	Salaries Budget Movement	Other Budget Movements	2025/26 Budget for Approval
Cost of Services					
1) Pensions Administration	3,646,910	64,000	370,040	(119,580)	3,961,370
2) Investment Strategy	656,400	0	(13,880)	24,110	666,630
3) Resources	1,434,760	(64,000)	192,310	22,880	1,585,950
4) ICT	1,495,590	0	179,970	109,500	1,785,060
5) Central Costs	840,180	0	(11,400)	26,590	855,370
6) Democratic Representation	127,060	0	0	29,040	156,100
Residual Unfunded Liabilities of South Yorkshire County Council	332,000	0	0	(20,000)	312,000
Subtotal Revenue Expenditure	8,532,900	0	717,040	72,540	9,322,480
Capital Expenditure	98,500	0	0	36,500	135,000
Levy on District Councils for Residual Liabilities	(332,000)	0	0	20,000	(312,000)
Subtotal before transfers to / (from) reserves	8,299,400	0	717,040	129,040	9,145,480
Appropriations to / (from) Reserves Total	(28,000)	0	0	(66,650)	(94,650)
Grand Total	8,271,400	0	717,040	62,390	9,050,830

2024/25 Budget £	Total Charge to the Pension Fund comprises:	2025/26 Budget £
5,960,900	Administration Expenses	6,462,580
616,820	Investment Management Expenses	838,890
1,693,680	Oversight & Governance Expenses	1,749,360
8,271,400		9,050,830

- 5.4 The overall budget requirement is for a total of £9,050,830 representing a total increase of £779,430 on the previous annual budget of £8,271,400. This overall increase on the budget includes the impact in 2025/26 of budget growth previously approved by the Authority in February 2024, and the impact of National Insurance changes announced by Government in the autumn budget.
- 5.5 The National Insurance changes that will take effect from April 2025:
- Increase the secondary rate (employer's rate) from 13.8% to 15%
 - Reduce the secondary threshold, the level at which an employer becomes liable to pay NICs on a given employment, from £9,100 to £5,000 – this threshold remaining in effect until 5 April 2028, after which it will increase in line with CPI.
- 5.6 The combined effect of these measures results in a fairly significant increase to employment costs for the Authority.
- 5.7 The table below shows the total budget increase of £779,430 analysed to show the increase arising from changes previously approved, the increase for National Insurance costs, and the remaining balance of the annual increase to the Authority's operating budget.

	Approved in:	2025/26 Budget Impact £
Senior Management Succession Arrangements	Feb-24	13,000
Finance Service Resourcing	Feb-24	37,130
Subtotal Budgetary Impact of Growth Items Previously Approved		50,130
Budgetary Increase on National Insurance Costs		183,760
Remaining Annual Budget Increase - Fully detailed in this report		545,540
Total Increase in 2025/26 Budget Compared to Prior Year		779,430

- 5.8 The total proposed increase in the budget for 2025/26 and how this translates into Cost Per Member, split by the elements comprising the budget uplift shown above, is analysed in the tables below.

Budget Increase	2024/25	2025/26	Increase
Budget Total	£8,271,400	£9,050,830	£779,430
	Estimated 31/03/2025	Estimated 31/03/2026	Increase
Membership Totals	183,570	187,170	3,670
Total Cost Per Member	£45.06	£48.36	£3.28
Increase as %			7.3%

Increase Analysed:	Increase in Cost Per Member	Increase as a Percentage
Changes Previously Approved of £50,130	£0.27	0.6%
National Insurance Costs Increase of £183,760	£0.98	2.2%
Remaining Annual Budget Increase of £545,540	£2.03	4.5%
Total Increase	£3.28	7.3%

- 5.9 The table above shows that the increase in the proposed budget for 2025/26 – after the effects of budget growth previously approved and the NI changes – is equivalent to a 4.5% increase in cost per member. The cash limit for the budget increase – based on our own self-imposed guideline (set out in the Medium Term Financial Strategy) of the weighted average of pay inflation (at 4% for 2025/26) and CPI inflation (at 2.6% in November 2024) – would equate to 3.6%. Therefore, the increase proposed within this budget is above the guideline by 0.9% or, in cash terms, £75k.
- 5.10 This amount in excess of our self-imposed guideline is primarily driven by an estimate of the cost of works required to the Events Room at Oakwell House to improve its ability to host and stream effective hybrid meetings. This is a non-recurrent item. It is not anticipated that there will be any issues with the Authority meeting the budgetary limit guidance in the Medium Term Financial Strategy in future years.

Salaries Budget Movement

- 5.11 The total increase of £717,040 on salaries budgets is analysed in the table below:

Employee Budget (Salary + On-costs)	Budget £
2024/25 Employee Budget	5,725,820
2025/26 Impact of Previously Approved Growth (February 2024 Authority Meeting)	50,130
2025/26 Increase in National Insurance Costs	183,760
Pay award inflation estimated at 4%	251,040
Addition of 1.0 FTE Business Intelligence Analyst (Fixed term contract)	49,500
Other Changes (E.g. Career grade progression, incremental progression, hours changes, etc.)	43,660
2025/26 Increase in Pension Contributions	56,770
Decrease in Vacancy Allowance	82,180
Total Movement	717,040
2025/26 Employee Budget	6,442,860

- 5.12 An assumption of 4% has been used for pay inflation. No formal offer from the employer side of the NJC has yet been made. This assumption of 4% is deemed to be

a prudent estimate taking into account that pay awards agreed in recent years have been set at a fixed cash amount, which results in weighting with higher percentage increases at the lower end of the pay scale.

- 5.13 An addition of a 12-month fixed term contract for a full-time Business Intelligence Analyst is proposed and this is further explained at paragraph 5.18 below.
- 5.14 2025/26 is the third year of the pensions contribution rates set at the last triennial valuation. The employer contribution rate for the Authority remains at 14.4% net, which comprises 19% primary contribution rate and -4.6% secondary rate. The increase in the estimated costs for this in 2025/26 arises from the effects of the increase in the employee salaries base budget.
- 5.15 The Authority sets a vacancy allowance when preparing the budget to allow for the effects of staff turnover and time taken to recruit which can result in periods of posts being vacant. This allowance was set at -2.5% of the total salaries budget in the last couple of years due to the extent of staffing growth and recruitment activity taking place. As we move into 2025/26, this has now stabilised, with the majority of roles filled and therefore it is proposed to reduce the vacancy allowance to -1.0%. This has the effect of increasing the budget required by £82k.

Workforce and Pay Policy

- 5.16 Having invested in a substantial amount of growth in the overall staffing establishment over the course of the last two years, the plan for the year ahead does not include any proposals for further increases in the total establishment. The table below shows the impact of individual movements proposed.

	2024/25 Establishment	Minor Changes	Growth	2025/26 Establishment
	FTE	FTE	FTE	FTE
Pensions Administration	77.7	-0.5	0.0	77.2
Investment Strategy	4.0	0.0	0.0	4.0
Resources	28.0	-0.6	1.0	28.4
ICT	19.3	0.0	0.0	19.3
Central Costs	1.0	0.0	0.0	1.0
Total	130.0	-1.1	1.0	129.9

- 5.17 The minor changes column shows the net impact of amendments approved during the course of 2024/25 to individual roles.
 - a. The net reduction of 0.5 FTE in Pensions Administration comprises:
 - Removal of 1.0 FTE Temporary Technical Training Lead role – this had been planned as a two-year fixed term contract, but we were unable to recruit, and the budget was instead used to commission consultancy to deliver the work required.
 - Addition of 0.5 FTE Benefits Team Leader role – following the retirement of a Benefits Team Leader at 0.5 FTE, in order to recruit a replacement, it was necessary to convert this to a full-time post.
 - b. The reduction of 0.6 FTE in Resources is the total effect of permanent reductions in working hours to two roles that was possible to absorb within service efficiencies.

- 5.18 As shown in the table, there is one item of growth proposed in Resources – this is the addition of 1.0 FTE Business Intelligence Analyst role to the Programmes and Performance team. This is proposed as a 12-month fixed term contract to provide additional support as we drive forward work on developing our data insights through the use of Power BI to support management monitoring and reporting of performance. We will use the period of having the post in place to assess the impact and whether there is a need for a permanent resource.
- 5.19 The Authority produces a Pay Policy Statement which sets out its arrangements for pay and reward. The updated Pay Policy Statement for 2025 is elsewhere on this agenda.

Other Budget Movements

- 5.20 Table 1 at paragraph 5.4 sets out the net budget impact of various specific changes to individual budget items within running costs. The total shown (before transfers to / from reserves) in this column of £129,040 is analysed with explanations for the budget movements in the following table.

Item of Expense	Detail	Total £
Pensions Administration		(119,580)
Removal of Overtime Budget	The budget for 2024/25 included provision for staff overtime as part of the backlog clearance plans. This was a one-off measure pending recruitment and on-boarding of additional pensions officers in the year. Therefore, there is no budget for overtime in 2025/26.	(70,000)
Loyal Service Award	The introduction of the new loyal service award scheme in 2024/25 required additional budget as a one-off to provide for the initial 'catch-up' payments in April 2024. From 2025/26, this scheme is now in a steady state with only a small number of awards required each year, resulting in a saving on this budget line.	(13,700)
Professional Training	Professional Training courses available in Pensions Administration have previously been limited due to lack of availability of suitable courses tailored to LGPS requirements. The LGA have worked with partners to create new qualifications that are suitable for LGPS, which we were involved with through a pilot scheme during 2024/25. This budget increase will now support provision of this training for a bigger cohort of Pensions Administration staff, with a robust plan in place to manage and support trainees through the qualifications - an entry level award and a Level 3 award.	17,000
Professional Consultancy Fees	The GMP reconciliation project came to a close in 2024, resulting in a reduction in the required budget for consultancy in 2025/26.	(10,000)
Other Professional Services	The Authority has historically paid for the costs associated with Ill Health Reports when required for scheme members, however this is something that should actually be an employer cost. Therefore, advance notice has now been provided to scheme employers that from 1 April 2025, the IRMP (Independent Registered Medical Practitioners) will charge the fees for ill health reports directly to them when required. This results in a saving for the Authority on professional fees.	(45,000)
Miscellaneous	Net total increase on other budget lines driven by increasing Benchmarking costs and Conferences requirements, offset by reducing usage for items such as recruitment advertising and address tracing.	2,120

Item of Expense	Detail	Total £
Investment Strategy		24,110
Retention Scheme	There are no longer any staff retention incentives required under this scheme.	(15,240)
Recruitment Agency	The Assistant Director – Investment Strategy transition arrangements required this budget for specialist recruitment as a one-off in the prior year and is no longer required in 2025/26.	(11,000)
Consultancy Fees	The Investment Strategy Statement is reviewed triennially alongside the valuation process, with the support of external consultants. The budget required is smoothed by the use of reserves built up over the three year period.	50,000
Miscellaneous	Net total increase on other budget lines due to investment adviser fees, professional and corporate subscriptions, offset by a reduction in the number of software licences required.	350
Resources		22,880
Loyal Service Award	The introduction of the new loyal service award scheme in 2024/25 required additional budget as a one-off to provide for the initial 'catch-up' payments in April 2024. From 2025/26, this scheme is now in a steady state with only a small number of awards required each year, resulting in a saving on this budget line.	(1,820)
Other Professional Services	This budget has been increased to provide for: - Costs associated with using professional graphic design services for a small number of key publications, including the annual report. - Non-recurrent costs for additional consultancy to support work being done by the Governance team on making greater use of available functionality in the democratic reporting system (Mod.gov) to improve efficiency and effectiveness.	18,000
Professional Training	This budget has been increased to support professionally accredited training in key areas of procurement, contract management, and management support. Additionally, the budget for short courses has been increased in order to ensure CPD requirements are met across the department.	6,700
ICT		109,500
Loyal Service Award	The introduction of the new loyal service award scheme in 2024/25 required additional budget as a one-off to provide for the initial 'catch-up' payments in April 2024. From 2025/26, this scheme is now in a steady state with only a small number of awards required each year, resulting in a saving on this budget line.	(3,000)
Pensions Administration System	The majority of the increase to the pensions system budget for 2025/26 is to meet the costs of the Pensions Dashboard service as our ISP. This is to meet our statutory requirement to connect by 31 October 2025. The budgetary increase also includes contractual indexation at 2.6% for 2025/26, and provision for improvements including automation of processing, data quality checks and communications.	51,000

Item of Expense	Detail	Total £
Cyber Security	The Authority continues to place a strong emphasis on continually enhancing our Cyber Security defences. The budget for cyber security has therefore been increased to fund further identified measures in 2025/26 to add to our existing protection in line with our ICT Strategy.	49,500
Warranties	The warranties for ICT audio visual equipment Oakwell House were prepaid for 5 years. A review of the prepayments identified an error in the amount prepaid in the initial year, necessitating a budget adjustment for 2025/26. Moving forward the budget for this line is set at the correct amount.	17,500
Hardware	The hardware needs for 2025/26 are lower than in 2024/25, leading to a decrease in this budget.	(11,500)
Consultancy Fees	A consultancy budget was established in 2024/25 for costs relating to external support on the Pensions Administration System to ensure that developments could be progressed using funds that were available from vacancies in the team that could not be recruited. For 2025/26, it is planned to review and revise a recruitment strategy for the vacancies, so this budget has been transferred back into the salaries budget.	(55,000)
Contractual Income	The ICT team provided various services under a Service Level Agreement to the Office of the Police and Crime Commissioner. Following the merger of the oPCC into South Yorkshire Mayoral Combined Authority, this service was no longer required and the SLA ended in February 2025. This has resulted in a loss of income on this budget. (Although there are equivalent gains in terms of reduced network costs and re-direction of staff time for Authority work and developments).	61,000
Central Costs		26,590
Premises	Significant net reduction in expenditure driven by a new facilities management contract reducing the budget requirement. The reduction is offset by an increase in costs in relation to planned programmes of repairs and maintenance works.	(40,060)
External Audit	Public Sector Audit Appointments Ltd (PSAA) have confirmed the audit contract scale fees for 2024/25, and this has been used to estimate the 2025/26 budget requirement. The scale fees include provisions for additional audit work required as a result of changes to auditing standards, and inflationary uplifts.	18,850
Corporate Contingency	A corporate contingency budget is proposed to meet potential costs in relation to plans around workforce resilience, succession and sustainability for the organisation in 2025/26.	56,000
Service Level Agreements	This budget line is for the costs of services provided under SLAs from Barnsley MBC. There is a saving on this budget in 2025/26 due to the removal of the Clerk arrangement as approved by the Authority at their December meeting. The remaining budget is for HR and Internal Audit SLAs.	(5,900)
Professional Fees	The 2024/25 budget included costs for the independent governance review undertaken in that year. The next review will be due in 2026/27, therefore there is a reduction in 2025/26.	(15,000)
Miscellaneous	Net total increase on other budget lines due to contractual inflation, plus other minor changes, following a review of a number of budgets for items such as the apprenticeship levy, conferences, public transport, corporate subscriptions and health, safety and wellbeing.	12,700

Item of Expense	Detail	Total £
Democratic Representation		29,040
Authority and Committees	Net total increase due to inflation, plus other minor changes, following a review of a number of budgets for items including allowances, training, professional fees and other minor running costs.	16,240
LPB	Net total increase due to inflation, plus other minor changes, including on allowances, adviser fees, training and other minor running costs.	12,800
Capital Expenditure		36,500
ICT Hardware	It is planned to investigate options and undertake works to improve the technological capabilities in the Events Room at Oakwell House to provide better facilities for the hosting and streaming of public meetings held as hybrid events. This would ensure the Authority is well-placed to introduce any changes that might arise if the Government changes legislation to permit remote attendance at local authority meetings, as well as providing increased options for flexibility for scheme member training and events. At this stage, before options are identified, it is not known what the costs are likely to be, but the budget has been increased by £75k. These additional costs have been offset by savings from the removal of non-recurrent costs that were required in 2024/25.	36,500
Total Other Budget Movements		129,040

Reserves

5.21 The movement and estimated balances on the Authority's earmarked reserves arising from the budget proposals are as follows.

Reserve	Forecast Balance 1 April 2025	Contributions to Reserves £	Contributions from Reserves £	Estimated Balance 31 March 2026
Corporate Strategy Reserve	135,985	0	(57,000)	78,985
ICT Reserve	68,030	10,000	(27,650)	50,380
Capital Projects Reserve	74,290	0	(20,000)	54,290
Total Earmarked Reserves	278,305	10,000	(104,650)	183,655
Net total transfer (from) reserves:			(94,650)	

5.22 The Corporate Strategy reserve is held for providing additional funds required for one-off corporate plan projects and to mitigate risk. The planned transfer from this reserve in 2025/26 relates to a draw down for the triennial investment strategy review taking place in the year.

- 5.23 The ICT reserve holds funds from the income generated from the sales of internally developed software to other pension funds. The reserve is used to provide funding for the enhancement of ICT systems and infrastructure as required to support the delivery of corporate objectives. The planned transfer to this reserve in 2025/26 is from proprietary software income. The planned transfers from this reserve in 2025/26 will include funding one-off costs associated with developments on the pensions administration system in relation to data quality enhancements and automation.
- 5.24 The Capital Projects reserve holds funds required for one-off costs of large capital projects. The plans for this reserve relate to setting aside and drawing down of funds as appropriate for meeting future costs of various ICT Hardware replacement and purchasing programmes, as well as for larger maintenance and/or upgrade projects that may be required in future years on the Oakwell House office. The planned transfers from this reserve in 2025/26 will include laptop purchase and LAN Switch replacements.

Local Pension Board

- 5.25 Included within the Democratic Representation budget shown above is the budget for the Local Pension Board, a total of £51,000.
- 5.26 A draft budget for the Board totalling £51,000 was considered at their meeting on 9 November 2024 and the Board recommended this to the Authority for approval.

Report Under Section 25 of the Local Government Act 2003

- 5.27 Part 2 of the Local Government Act 2003 contains a series of duties and powers that give statutory support to aspects of good financial management within local government.
- 5.28 Section 25 requires the statutory chief finance officer to report to an Authority on the robustness of the estimates included in the budget and the adequacy of the proposed reserves when it is making its decision on determining the council tax. Whilst the Pensions Authority budget does not have any direct impact on council tax, it is nevertheless good practice to apply the same requirement here.
- 5.29 In considering the robustness of any estimates, the following issues are taken into account:
- a. The reasonableness of the underlying budget assumptions.
 - b. The extent to which known costs and pressures have been recognised in the proposed budget.
 - c. A review of risks associated with the budget.
 - d. The alignment of resources with the Authority's service and organisational priorities.
 - e. The strength of financial management and reporting arrangements.
- 5.30 The preparation of the 2025/26 budget reflects the embedding of improvements and benefits realisation following the investment in staffing growth seen in recent years through various corporate resourcing and resilience projects. As well as the continued review of the Authority's needs relating to delivery of day-to-day operations and the planned requirements for delivering the corporate plan and addressing the risks facing the organisation as detailed in the corporate risk register. Detailed budget monitoring is carried out throughout the year and reported on quarterly. This ensures that budgeted resources going forward are determined and allocated to reflect the actual needs of the organisation.
- 5.31 Employee costs make up approximately 71% of the overall budget. The budget estimates for employee costs have been prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental

progression, and the estimates include additional costs arising on employers' national insurance as set out in the relevant section above.

- 5.32 As outlined in the table and explanations at paras 5.11 to 5.12 above, an assumption of 4% has been used for estimating pay award inflation. The actual pay award is not yet known and will be determined by the National Joint Council for Local Government Services. We have not received any indication of what the employer side will offer. In 2024/25 the pay award was based on adding £1,290 to each spinal column point up to and including point 43, above which 2.50% was applied, representing an average increase of 3.40%. The assumption of 4% for the 2025/26 budget is considered to be appropriate and prudent based on the best information available at this time and taking account of the potential for the award to be set using a fixed cash amount again. In light of the wider public sector pay policy constraints and the pressures on Local Government finances, the risk that the pay award will be higher than the 4% assumption used is considered to be minimal. There is a risk that it could be lower, in which case this would result in an under-spend.
- 5.33 The budget estimates have been developed specifically to align with the Authority's corporate strategy and priorities.
- 5.34 The budget is monitored regularly throughout the year and forecast outturn and variances reported to the Authority every quarter. During 2024/25, the finance team have commenced preparatory work to enable further involvement and ownership of budget responsibility by budget holders in other departments planned for 2025/26. This will be further bolstered by the addition of a Senior Finance Business Partner role and other resourcing changes in the finance team.
- 5.35 The Chief Finance Officer therefore considers that the estimates included in the budget are robust.
- 5.36 The reserves held by the Authority are required to fund specific expenditure in future years or are required to provide risk finance. As set out in the Medium Term Financial Strategy, our policy is to limit the total amount held in the revenue earmarked reserves to no more than 10% of the total budget.
- 5.37 The proposed reserves total of £184k forecast at 31 March 2026, as set out in the table at 5.21 above, represents 2% of the total budget for 2025/26 and is therefore well below our self-imposed limit. The reserves have been utilised over the last two years for budget smoothing as the organisation has experienced significant growth. The proposal for 2025/26 is for a net draw down once again but at a smaller amount than has been required in recent years, and with the plan for this to change to a net transfer into reserves from 2026/27.
- 5.38 As Chief Finance Officer, I consider the balance on reserves forecast at 31 March 2026 to be at a level that remains modest but that I judge to be adequate for the Authority's needs for the year ahead and within the context that these will be further increased once again from 1 April 2026.
- 5.39 In practice, as the Authority's expenditure is almost entirely funded by the Pensions Fund which has an asset value of over £11 billion, there is little risk associated with the balance of reserves. Nevertheless, the required budgetary control is applied, and the aim is to ensure that the Authority's reserves are adequate to meet the organisation's needs and manage risk without the need to request any further resourcing from the Fund beyond the proposals in this report.

Conclusion

- 5.40 The budget proposals outlined in this report are based on a continued approach of comprehensively reviewing the resource needs in the context of the Authority's current and future requirements. The areas suggested for additional investment have been

carefully identified to link to and support the achievement of the Corporate Strategy objectives.

6 Implications

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

Financial	As set out in the body of the report.
Human Resources	The budget proposals include the addition of staff resources in certain areas as set out in the tables at paragraph 5.18.
ICT	The budget proposals include specific resources for the development of the ICT infrastructure and systems available as set out in the main body of the report.
Legal	The setting and monitoring of the budget requirement ensures that the Authority complies with the Local Government Act 2003.
Procurement	The budget proposals include resources to support any procurement activity that will need to be undertaken. The procurement forward plan is elsewhere on this agenda for approval.

Gillian Taberner

Assistant Director – Resources & Chief Finance Officer

Background Papers	
Document	Place of Inspection
Budget working papers	Oakwell House, 2 Beavor Court, Pontefract Road, Barnsley, S71 1HG

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Agenda Item

Subject	Medium Term Financial Strategy 2025/26 to 2027/28	Status	For Publication
Report to	Authority	Date	13 February 2025
Report of	Chief Finance Officer Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Will Goddard Head of Finance & Performance	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

- 1.1 To present the Authority's Medium Term Financial Strategy 2025/26 to 2027/28 for consideration and approval.

2 Recommendations

- 2.1 Members are recommended to:
- a. Approve the Medium Term Financial Strategy 2025/26 to 2027/28**

3 Link to Corporate Objectives

- 3.1 The attached Medium Term Financial Strategy (MTFS) sets out the forecast for the running costs of the Authority and for the estimated income and expenditure of the Fund over the next three years and sets the Authority's financial objectives for the period. The strategy is framed in terms of providing sufficient resources to support the delivery of all the corporate objectives set out below.
- 3.2 The MTFS preparation and approval process itself links to the 'Effective and Transparent Governance' objective by ensuring that the financial plans are transparent, are subject to proper scrutiny and oversight, and that the Authority is accountable for its use of resources.

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.

4 Implications for the Corporate Risk Register

- 4.1 The financial objectives and forecasts outlined in the MTFS are designed to support strong financial management and ensure that sufficient resources are available for the risk mitigation actions being taken as set out in the Corporate Risk Register.

5 Background and Options

- 5.1 The attached MTFS presents the financial forecasts for the Authority and for the Fund. The financial strategy is designed to support the delivery of the policy position and objectives set out in the Corporate Strategy and is updated annually at the same time as that strategy so that the financial objectives align with the corporate objectives.
- 5.2 The MTFS also provides a framework of rules within which the Authority will determine the resources available to fulfil its functions. In the updated MTFS attached, this framework remains in place and the specific measurable financial objectives and limits within it have been updated as appropriate to meet the needs and circumstances of the Authority over the next three years.

6 Implications

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

Financial	As set out in the MTFS attached.
Human Resources	The Authority operational budget includes an assumption of a pay award of 4% for 2025/26 and 3% p.a. over the remaining period of the MTFS; the actual pay award will be determined by the National Joint Council for Local Government Services.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

Gillian Taberner
Assistant Director – Resources
& Chief Finance Officer

George Graham
Director

Background Papers	
Document	Place of Inspection
Budget and MTFS working papers	Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG

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2025 - 2028

Contents

1. Foreword	3
2. Setting the context for the medium term financial strategy.....	4
3. Financial objectives	6
4. Financial forecasts.....	15
5. Policy on reserves	20

1. Foreword

1.1 Foreword to the Medium-Term Financial Strategy 2025/26 to 2027/28

- 1.1.1 This Medium-Term Financial Strategy (MTFS) has been produced by the South Yorkshire Pensions Authority to cover the period from April 2025 to March 2028. This period will see the continued emphasis on supporting the overall Corporate Strategy in building on the continuing improvement journey for the organisation, as well as completing the transition of the Authority's remaining investment assets into the pooling structures provided by the Border to Coast Pensions Partnership.
- 1.1.2 The strategy covers both the costs of running the Authority's operations and the income and expenditure of the pension fund, although this is significantly more difficult to forecast than routine running costs such as staff salaries.
- 1.1.3 Any financial strategy is based on a series of key assumptions and throughout this document these assumptions are identified and are subject to ongoing review as part of the process of regular budget monitoring and producing updates to this strategy.
- 1.1.4 The financial strategy (and the budget which is the annual expression of the strategy) is, put simply, the financial expression of the policy position set out in the corporate strategy. Hence this strategy is updated each year as the Corporate Strategy is updated to reflect changed circumstances.
- 1.1.5 While SYPA is less exposed to the wider constraints on the public sector financial environment than our colleagues in the major employing organisations within the Pension Fund, we still have a responsibility to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund. This strategy sets out how we aim to achieve this in as transparent a way as possible.

2. Setting the context for the medium term financial strategy

2.1 Public Sector Finance

- 2.1.1 The public sector financial environment is probably the most significant factor defining the context in which this strategy is developed. Key issues, like the level of pay awards, have an impact both on some aspects of the Fund's liabilities as well as upon elements of the Authority's cost base.
- 2.1.2 Local government finance decisions have an impact on both the Authority and the Fund. In general terms, growth in local government spending tends to lag growth in the generality of government spending, although pay tends to mirror the headline change in public sector pay.
- 2.1.3 The effects of inflation and other demand pressures remain hugely significant issues for Local Government. The financial settlement includes funding for Councils for costs arising from this, as well as additional funding for social care. However, a substantial proportion of this additional funding is dependent on increases to council tax, and it remains the case that the overall context is that local government finances are under increasing pressure.
- 2.1.4 The national pay award for 2024/25 was agreed in October 2024 at a level of £1,290.00 added to each scale point to point 43, and 2.50% to all scale points above this level. This increase is smaller than the previous pay award, but still higher than the sector had been used to over the medium to long term and these pay awards have led to further pressure on Local Government Budgets. Combined with the inflationary economic environment, it looks like this level of pay awards are here for the short to medium term.
- 2.1.5 With the previous three pay awards being proportionally greater than prior increases, our assessment is that it is likely that headline pay increases in the medium term will now be around, or quite possibly just below, the level of 4%, and that major employers (and probably schools and colleges as well) will continue to need to identify significant year on year savings. This has wider effects on a number of areas, including the affordability of contribution rates, the balance of membership between active, deferred and pensioner members, and the number of early retirements on grounds of redundancy. These factors will influence the value of benefits in payment, the average lifetime in retirement and the value of lump sum "strain" payments into the Fund. All of these factors will need to be reflected in forecasts of income and expenditure and in the debate over contribution rates at each valuation.

2.2 The Pensions Sector

- 2.2.1 What is happening in the wider pensions sector impacts the Authority and the Fund in a less direct way, although no less significantly. For example, a significant change in the funding level of the remaining private sector defined benefit schemes could change the value of certain assets classes used to address the results of the change (e.g., a search for index linked gilts if funding levels increased). This could impact on the potential rate of growth in the value of the Fund or could make it harder to deploy capital into specific types of asset if other funds take up the supply of assets.
- 2.2.2 In addition, trends in the wider pensions sector tend, over time, to influence developments within LGPS and in the public sector pensions' space. These trends may arise from regulatory emphasis, such as the continuing focus on data quality, or from changes in technology such as the growing emphasis on various forms of e-communication, and methods of engaging with scheme members.
- 2.2.3 Within the LGPS the current funding positions have consistently moved to being in significant surplus', at the Fund level, rather than deficit. This presents new challenges for Funds in trying to maintain high funding levels, but it can allow a more flexible approach to work with employers and the actuary. As we work the through 2025 triennial valuation, maintaining

stable and affordable contributions whilst in surplus, will be the key points of discussions for key stakeholders.

2.2.4 In November 2024 the Government launched their *LGPS Fit For the Future* Consultation. This consultation sets out proposals for a range of reforms focussed in three main areas:

2.2.4.1 LGPS Investment Pooling

2.2.4.2 Local Investment in the UK

2.2.4.3 Governance of Funds and Pools

2.2.5 The Authority has responded to the consultation and this can be found on our website at [News & information](#).

2.3 The Economic Environment

2.3.1 The wider economic environment impacts the Fund in terms of both its assets and its liabilities. Clearly the underlying economic environment impacts the performance of investments in the financial markets while key metrics such as inflation and interest rates feed into the actuarial calculations which determine the Fund's liabilities.

2.3.2 It remains incredibly difficult to forecast the movements in key economic indicators therefore it makes sense for this strategy to use assumptions based on key factors already reflected in the financial framework such as the assumed level of investment return included in the actuarial valuation. This is not a protection against any forecast being wrong – it almost certainly will be – but it means that the strategy is based on an underlying set of assumptions that have been subject to a more rigorous set of testing than it would be possible to achieve internally.

2.4 The Starting Point

2.4.1 The starting point has a significant impact on any strategy. In this case, the starting point is reflected in the current cost base for the Authority's operations and its fund management arrangements and the level of funding within the scheme which, based on the 2022 valuation results, reflects a significant improvement on the previous 2019 position.

2.4.2 In some senses the starting point is possibly more influential than other aspects of the context, for example achieving full funding, or close to full funding leads to an alteration to the strategic asset allocation moving funds out of equities into less volatile, preferably income generating assets. Unfortunately, these tend to be more expensive assets to manage thus a change in the cost base is almost inevitable. Whether the focus is on net of fees return or gross fees is irrelevant because both will ultimately have the same impact on the value of and performance of the Fund.

2.4.3 For the South Yorkshire Pension Fund, the starting point is, based on the 2022 valuation results, full funding. This impacted employers' deficit recovery contributions, which in many cases are now a surplus position. The current valuation position informed the review of the Investment Strategy Statement, published in March 2023.

2.4.4 The 2025 triennial valuation will be completed during the year ahead and is anticipated to show continued improvement in the funding position for the Fund as a whole which will inform the setting of employer contribution rates for 2026/27 to 2028/29 and the next review of the Investment Strategy Statement to be published by March 2026.

3. Financial objectives

3.1 Financial Objectives

3.1.1 For any strategy it is important to understand what you are aiming to achieve. This is no less true of this MTFs, and this section sets out objectives in relation to the control of costs in the overall context of the Fund. In order to set these objectives, we need to understand how SYPA's costs compare to the rest of the LGPS funds.

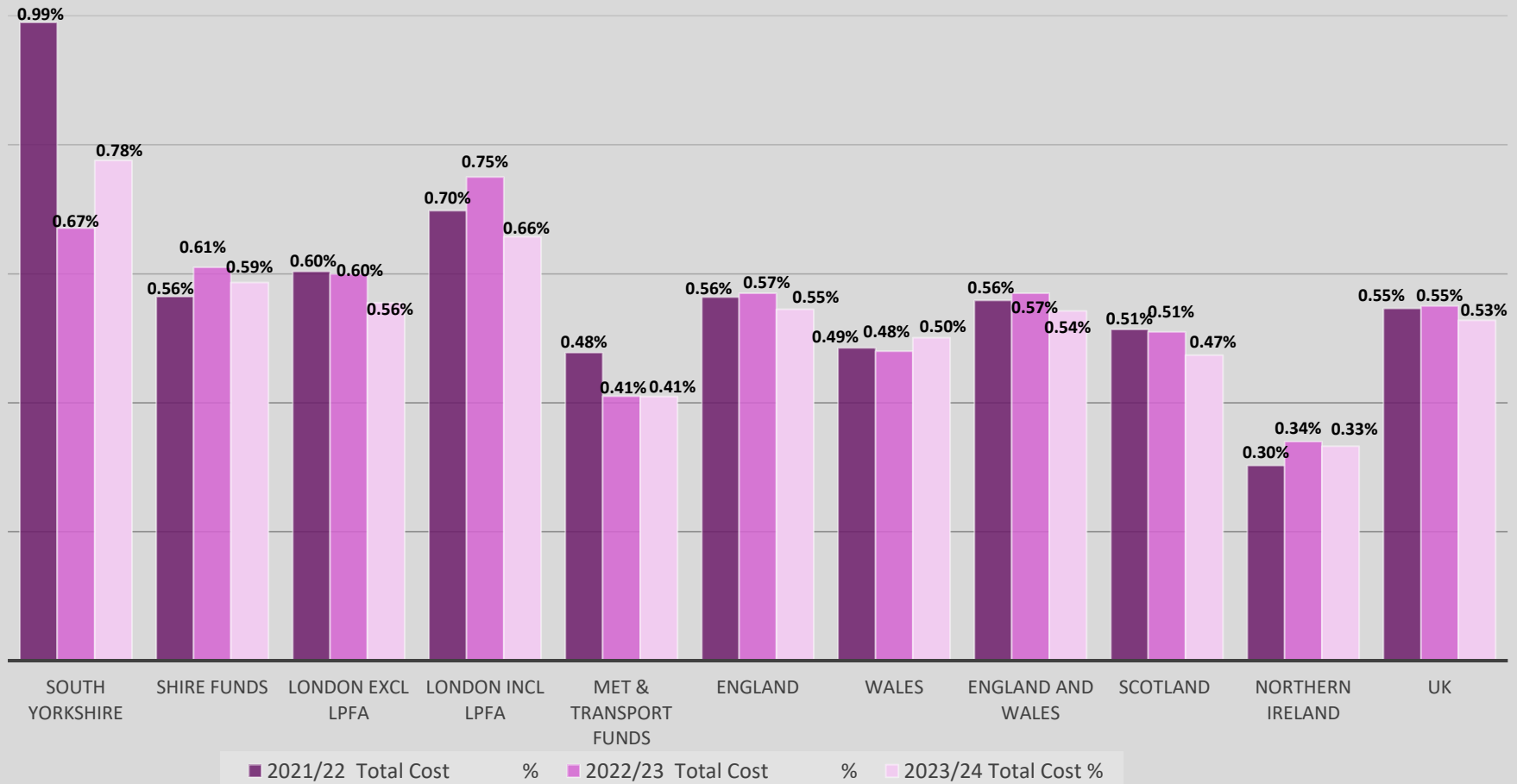
3.2 Comparative Costs

3.2.1 The only real source of data to compare SYPA with other LGPS funds is the annual SF3 return completed by all English and Welsh funds and submitted to MHCLG. Similar data for the Scottish and Northern Irish funds can be added to this from fund annual reports to give a UK wide comparison. There are flaws with this data, particularly regarding the disclosure of non-invoiced investment costs, which are gradually, but very slowly, being worked out of the system. However, it is the only comprehensive data set available and does give a broad indication of how SYPA compares with other LGPS funds.

3.2.2 Chart 1 below shows how SYPA's total costs compare with those of both the totality of other LGPS funds and of particular types of fund, for the last three financial years from 2021/22 to 2023/24.

Graph 1 - Total Costs as a Proportion of Fund Value 2021/22 - 2023/24

Source: SF3 Returns for England and Wales and Fund Annual Reports for Scotland and Northern Ireland



Page 133

- 3.2.3 The chart shows an increase in SYPA costs in 2023/24, compared to the costs in 2022/23, and lower than the exceptionally high costs in 2021/22. The primary driver for the increase in the SYPA costs for 2023/24, relates to investment costs, specifically the management and performance fees on the alternative assets we invest in. Alternative assets performed well during 2023/24, and the associated costs with these assets account for c.80% of our investment management costs. Although the Fund has higher costs in 2023/24 than other Funds within the chart, this is to be expected due to the alternative assets cost profile described.
- 3.2.4 Additionally, it is important to consider the SYPA costs compared to other Funds in the context of the drive to greater cost transparency and improved reporting of investment management expenses that are not invoiced but deducted at source from Net Asset Value (NAV). Since 2018/19 SYPA, with the aid of Border to Coast, has made significant progress in this regard, that so far is outpacing the progress of other Funds. It should also be noted that unlike other LGPS funds, SYPA is not able to fully recover VAT resulting in a tax drag, which in 2023/24 amounted to £0.52m, and was c.£0.36m in the year before that. It should be noted that through 2024/25 a piece of work has been completed on a review of the VAT treatment, which should result in savings from 01 April 2025.
- 3.2.5 Whilst our progress on cost transparency appears to have started earlier and moved more quickly, it is evident that a similar impact is now starting to be seen within some of the other Funds' costs consistently within the chart; and it is anticipated this will continue, making these comparisons more useful going forward as they will be on a more 'like-for-like' basis.
- 3.2.6 The following table presents more detail of the investment costs and shows the impact increasing alternative investment costs had on the South Yorkshire Pensions Authority figures between 2022/23 and 2023/24.

Investment Management Expenses - Breakdown	2022/23	2023/24
	£0	£0
South Yorkshire Pensions Authority	31,284	39,943
Border to Coast Pensions Partnership	30,055	37,534
Abrdn	1,292	996
Bidwells	41	30
Custody Fees	60	57
Total Investment Management Expenses	62,732	78,560
Fund Value at 31 March: £000	10,201,980	10,984,042
Investment Costs as Percentage of Fund Value %	0.61%	0.77%

- 3.2.7 The Authority is confident that our performance in controlling actual costs overall remains strong; but there is no room for complacency, and we continue to closely monitor this area in light of the following factors that are driving cost increases:
- The Fund's strategic asset allocation continues to move more of the portfolio into alternative investments which are unlisted assets such as private equity and

infrastructure, in general these assets tend to be more expensive to manage. The impact of this investment strategy is evidenced in Chart 1 and referenced at 3.2.3.

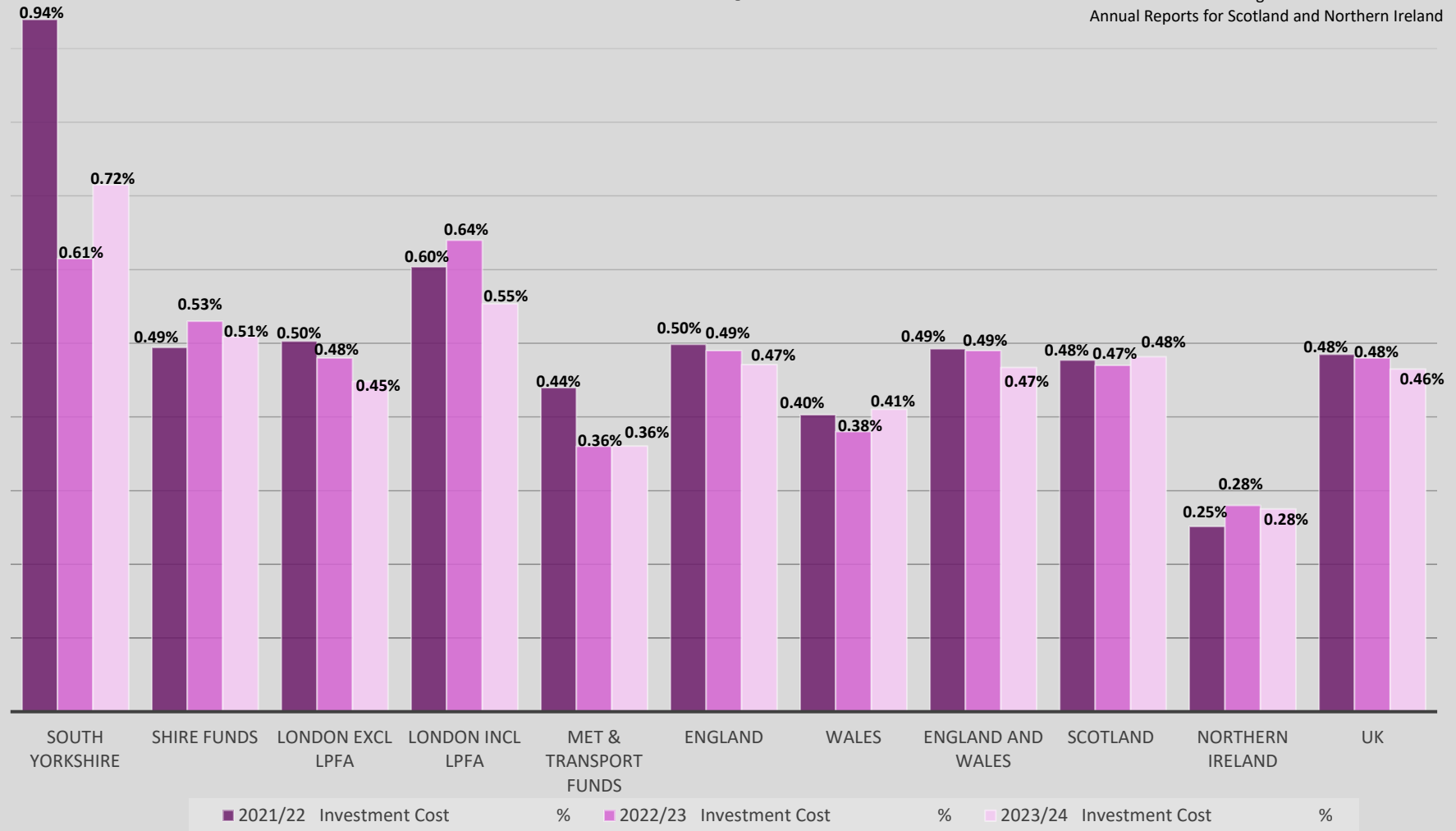
- The Government's pooling initiative has resulted in SYPA's listed assets being managed within pooled structures provided by Border to Coast which, while cheap in comparison to external managers, are more expensive than the previous, admittedly unsustainable, in-house arrangements. As Border to Coast continues to evolve and meet the partner funds' ever increasing investment product requirements, the cost base continues to significantly increase. Over time it is expected that more of these products will be more widely utilised spreading the cost base. The cost base is unlikely to decrease, however the sharp yearly increases should slow as the pool matures.

3.2.8 There are specific factors which might be expected to give rise to SYPA having a higher-than-average cost base, in particular the fact that it is a stand-alone pension organisation bearing its own corporate overheads, rather than sharing them with a council. This has been borne out by the data in recent years and will be kept under review as part of the budget process going forward, particularly as the Authority continues to grow and invest in the development of the organisation and governance.

3.2.9 The total cost shown in Chart 1 can be analysed in more detail by looking at the following two charts which separate out SYPA's Investment and Administration costs and how these compare with the rest of the Local Government Pension Scheme across the UK.

Graph 2 Investment Costs as a Proportion of Fund Value 2021/22 - 2023/24

Source: SF3 Returns for England and Wales and Fund Annual Reports for Scotland and Northern Ireland



Graph 3 Administration Cost Per Member 2021/22 - 2023/24

Source: SF3 Returns for England and Wales and Fund



- 3.2.10 It is evident from Chart 3 that Administration costs for the Authority remain at the lower end of the spectrum of costs. Despite being one of the cheaper costs there is a clear pathway of increasing costs, which is expected to continue through 2025/26 as shown in the accompanying budget report for 2025/26. This is due to the embedding of plans to improve organisational resilience and stability and ensuring the organisation is well resourced and equipped to meet our corporate objectives.
- 3.2.11 When comparing the two charts it is clear that the main driver of the increased fund costs in 2023/24 came from the investment costs, and in particular the alternative investment associated costs, referenced at 3.2.3. The nature of the investment asset allocation means that we now sit at the top end of costs for the Funds in Chart 2.
- 3.2.12 In regard to Administration, SYPA is benefitting from the economy of scale that comes from serving a large fund, while the much smaller London funds clearly see the diseconomies which arise from servicing much smaller funds.
- 3.2.13 During the last year we participated in benchmarking exercises as part of a service delivered by CEM. Benchmarking of our 2023/24 costs for both Pensions Administration and Investments was undertaken. Participating in these exercises run by CEM provides a better context for comparison that encompasses both costs and performance / quality and using a relevant peer group of comparators in both the LGPS and outside, including globally. The results showed that we are a relatively low cost Pensions Administration function, whilst simultaneously providing a higher service score than the median of our peers. The investment report results showed that we are outperforming our peers on value added, however our costs are higher than the benchmark. The full reports and results of both exercises will be presented in a workshop session for both Authority and Local Pension Board Members on 20 February 2025. An action plan informed by the results will be implemented through 2025/26. The CEM benchmarking exercise will be completed again in 2025/26, to track our performance and development relative to our peers.

3.3 Financial Objectives

3.3.1 The Authority needs to set financial objectives which focus on the key streams of activity within its operations, administration and investment while bringing these together to focus on total cost. These objectives will mirror the financial constraint imposed on the district councils by the grant system, thus ensuring that SYPA is taking no more from the pension fund for its running costs than is necessary.

3.3.2 At the same time the Authority must be careful, as a small organisation, not to “shoot itself in the foot” by setting unachievable financial objectives which generate relatively large-scale savings targets, which could not be delivered without impacting the customer experience.

3.3.3 For Pensions Administration, the financial objective may be framed as follows:

“The annual increase in the budgeted cost per member for administration functions will be limited to an index made up of 71% local government forecasted pay and 29% November CPI.”

3.3.4 This limits the rate of increase in costs while allowing the benefits of any increase in productivity to be re-invested in the quality of the service provided to members, which is broadly in line with the Authority’s overall objectives. Such an approach also provides some buoyancy in the level of resources available in order to address the rising number of members and employers within the Fund. A similarly expressed objective could be placed on the Authority’s overall operating budget, which would place a helpful constraint on corporate costs. These two objectives are illustrated in the table below.

Cash Limits for Operating Budget	2025/26 Baseline £ / Member	2026/27 Cash Limit ² £ / Member	2027/28 Cash Limit ² £ / Member
Administration Service ¹	£34.53	£35.46	£36.42
Authority Operational Budget ¹	£48.36	£49.67	£51.01

Notes

1. The cost per member is based on the relevant totals included within the Authority's operational budget as presented for approval at the Authority's February 2025 meeting. The equivalent figures for SF3 reporting purposes will be slightly higher because they additionally include non-recoverable VAT which is not part of the Authority's total operating budget.

2. The future years' cash limits are calculated by applying an inflationary increase of 2.7% which comprises 3.0% Local Government Pay Inflation and 2% CPI Inflation, weighted in accordance with the financial objective set out above.

3. Membership is assumed to increase at 2% per year in line with recent trends.

3.3.5 Given that, broadly, investment costs have a relationship to the value of invested assets, it would be sensible to have an objective which recognises this, but also recognises the fact that the Authority’s investment strategy is to move out of listed into unlisted and more expensive assets, and also that the Authority’s overall objective is to achieve the best possible net of fees risk-adjusted returns meeting the actuarial return objective (currently c. 4.45%pa). This means that any financial objective around investment costs should not place an artificial constraint which prevents the Authority from making the right investment decisions.

3.3.6 Given the information set out above, framing an objective in relation to investment costs is quite difficult. However, something along the following lines could be appropriate:

“In any financial year, the Authority will seek to limit investment management expenses to a level less than the median in the CEM benchmarking comparator group.”

- 3.3.7 The 2024/25 CEM Investment Benchmarking report showed our costs were above the benchmark, a total of 5.4bps above, after adjusting for the asset mix. As a result of this information work is taking place to understand the reason for our costs being above the benchmark. Following the investigation an action plan will be put in place during 2025/26.
- 3.3.8 Given the limitations to an LGPS comparator set out above this metric provides a more realistic target which is based on a much wider international peer group and reflects full cost transparency for all participants, thus there will be a like for like comparison. Using the CEM measure also means that the Authority will have access to data which will allow it to understand how and why its costs differ from others within the peer group.
- 3.3.9 The targets set out in these financial objectives will be reviewed each year in the context of their impact on the Authority’s overall financial position and their impact on the ability of the Authority to deliver its corporate objectives, while still driving improvements in efficiency. In addition to these objectives which can easily be measured in budget setting and which in effect place cash limits on the Authority’s budget, a number of financial performance measures related to comparative costs will be part of the suite of Corporate Strategy measures.

4. Financial forecasts

4.1 Forecast Assumptions

4.1.1 Any financial forecast is based on a series of assumptions. The key assumptions are set out below:

- **Pay** – Pay awards have been assumed to average 4% in 2025/26 and 3% over the remaining period of the MTFs, which is in line with the average of headline increases from the most recent local government pay awards.
- **Prices** - CPI inflation at September 2024 was 1.7% which will be the increase applied to active and deferred pension accounts and pensions in payment for 2025. The operating budget for 2025/26 incorporates price inflation for the most significant contracts at the relevant CPI or RPI rate per the contract terms. With the current CPI volatility, the future rates for the remainder of the medium term have been based on estimates specific to the area being projected.
- **Contribution Income and Benefits Payments**– The forecast is produced by the actuary for both income and expenditure, based on the latest valuation results.
- Investment returns are assumed to be in line with actuarial assumptions.
- External investment management costs have been separately analysed in order to produce the forecast based on experience to date, plus known changes and estimated changes as a result of continued transition to Pooling.

4.1.2 Based on current knowledge, these assumptions are reasonable. We will continue to develop and refine our forecasting techniques over the period to provide a robust basis for resource planning.

4.2 Operational Budget Forecast

4.2.1 The forecast for the operational budget is summarised in the table below:

South Yorkshire Pensions Authority Operating Budget	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Estimate	2027/28 Estimate
	£	£	£	£
Pensions Administration	3,573,310	3,961,370	4,075,110	4,192,170
Investment Strategy	622,350	666,630	683,920	701,680
Resources	1,390,000	1,585,950	1,633,020	1,681,490
ICT	1,489,150	1,785,060	1,830,970	1,878,270
Central Costs	829,200	855,370	870,390	885,660
Democratic Representation	132,540	156,100	160,400	164,810
Unfunded Liabilities	332,000	312,000	317,300	322,690
Subtotal Revenue Expenditure:	8,368,550	9,322,480	9,571,110	9,826,770
Capital Expenditure	98,500	135,000	60,000	60,000
Contribution to/from Reserves	130,000	(94,650)	60,000	60,000
Levy on District Councils	(332,000)	(312,000)	(317,300)	(322,690)
Total Charge to Pension Fund	8,265,050	9,050,830	9,373,810	9,624,080

4.2.2 The budget setting and medium-term financial strategy (MTFS) preparation for 2025/26 to 2027/28 has taken place in the context of a number of drivers for growth in cost that are explained in further detail in the Budget report presented alongside this Strategy.

4.2.3 The budget for the 2025/26 year ahead reflects continued emphasis on equipping the organisation for meeting the challenges expected in the next three years as detailed in the Corporate Strategy elsewhere on the agenda. After having invested in the last two years in significant additional staffing resources, the total staffing establishment in 2025/26 remains unchanged overall.

4.2.4 The requirements and goals around addressing backlogs, making greater use of automation, improving data quality and connecting to the Pensions Dashboard, have resulted in a need for increased investment in ICT, for the pension administration system and associated staffing and consultancy in particular.

4.2.5 The estimates for the remainder of the Medium Term set out above are based on projecting the 2025/26 budget forward, removing the one-off items from that year, and adding inflationary increases as necessary.

4.2.6 The key risks and uncertainties in relation to this forecast are as follows:

- Pay settlements and inflation running at a higher level than assumed in the forecast. This is clearly a risk, although the current wider local government and public sector finance context has been heavily impacted by inflation and a range of budget pressures. The 2024/25 pay settlement was agreed at a lower level than had been used for setting the salaries budget. Based on the limited information available at this

time, we expect this to be 4% in 2025/26; we have forecast the assumption to return to 3% from 2026/27, based on the trajectory of the inflation rates. The increase of 4% in our salaries budget for 2025/26 has been set prudently to cover any impact of higher than expected public sector pay settlements and taking account the volatile nature of inflation over the last few years.

- Deterioration in budgetary control. Budgetary controls and processes are robust and well-embedded, and subject to regular audit review. The continuing development of the finance system will allow us to increase our levels of budgetary control with more detailed and comprehensive reports to be developed during the coming financial year along with training and allocation of specific budget responsibility to service managers. There is therefore no indication of any likelihood of deterioration. The controls in this regard are also subject to internal audit review on a regular basis, which provides assurance on both their adequacy and their application.
- Loss of external income. This is mitigated through prudent budgeting, for example not including any assumptions around additional software sales which tend to be sporadic, and through securing longer term agreements with customers with staggered end dates so that not all agreements come to an end at the same time.

4.2.7 The operational budget is relatively low risk and is relatively simple in comparison to the Fund Forecast, being many times smaller and much less volatile. Consequently, while it understandably receives specific scrutiny as a cost that, in effect, has to be borne by participants in the Fund, variations are unlikely to have a material impact on the overall standing of the Fund.

4.3 Pension Fund Forecast

4.3.1 The table below presents a summary of the forecast for the Pension Fund for the current and coming three years.

South Yorkshire Pension Fund	Actual	Forecast	Forecast	Forecast	Forecast
Financial Forecast	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m
<i>Dealings with members, employers and others directly involved in the scheme:</i>					
Contributions receivable & transfers in from other pension funds	-422	-283	-277	-286	-296
Benefits payable and payments to or on account of leavers	416	449	355	369	384
Net (additions) / withdrawals from dealings with members	-6	166	78	83	88
Management expenses	85	99	101	104	106
Net returns on investments	-861	-388	-673	-704	-733
Net (increase)/decrease in the Fund during the year	-782	-123	-494	-517	-539
Net Assets of the Fund at 1 April	-10,202	-10,984	-11,107	-11,601	-12,118
Net Assets of the Fund at 31-March	-10,984	-11,107	-11,601	-12,118	-12,657
Management Expenses as Percentage of Average Net Assets	0.77%	0.89%	0.87%	0.86%	0.84%

4.3.2 In the first year of the forecast, investment costs (including those within the operational budget) are at 89 bps and are expected to remain around this figure at 84 bps by 2027/28. The forecast costs have increased from the 2023/24 actual costs, due to higher performance fees and an increase in the Authority budget, which are both forecast to stabilise at a higher level. It should also be borne in mind that this forecast is produced on a fully transparent basis and therefore comparisons with other funds will not necessarily be valid. These forecasts will be reviewed against benchmark data when available.

- 4.3.3 The forecast for the Pension Fund is much more susceptible to forecast error than that for the operational budget. In particular, while there is some consistency in terms of data from previous years the Authority cannot control the numbers of members retiring in any year or the decisions which they make in relation to commutation of pension to lump sum. Similarly, the numbers of deaths amongst the membership of the Fund and the numbers of members transferring either into or out of the Fund are changeable and outside the control of the Authority. While the forecasts are based on the best information available using the actuarial results and historic information, as adjusted for known one off events, and inflation where appropriate, there is a significant amount of variability from year to year which it is extremely difficult to forecast.
- 4.3.4 The forecast Fund value at the end of the current year reflects the challenging and changing external investment environment that we have experienced through 2023/24 to 2024/25. The external pressures continued to ease which has helped project an increase in the Fund valuation.
- 4.3.5 The important message in the above forecast is the anticipated net withdrawal from the Fund in each year for dealings with members, this results in a significant increase in the requirement for the harvesting of investment income. This trend will be an ongoing challenge for the fund now that we have matured, and it is not anticipated that this scenario will reverse.
- 4.3.6 The key risks and uncertainties in the Fund Forecast include the following:
- Financial market volatility, which will impact on both the asset value of the Fund and on the level of investment income and large swings in asset value will result in significant variation from the forecast. This is a constant risk for pension funds. Steps have been taken, through the broad asset allocation, to reduce the potential volatility in the Fund but the risk of events which might cause significant market dislocation remains and, if anything, is at the current time heightened as a result of continuing tensions around international trade.
 - A further significant wave of service reductions across major employers resulting in workforce reductions, which have the effect of reducing the number of active members contributing and further increase the imbalance between contributions received and benefits paid. Other than changes in the Strategic Asset Allocation to focus on income generation and delivering investment returns above actuarial assumptions to build resilience into the Fund, there are limited options available to the Fund in this area.
 - Failure of pooling to contain investment costs. While SYPA is not expecting to make any significant savings as a result of pooling, in the short to medium term the expectation is that the process of pooling will contain costs. However, should the Pool fail to achieve its objectives in this area there will be an impact on net of fees returns. To date, the evidence is that in this respect Border to Coast are delivering in line with their plan and, should the initial moves of partner funds into the range of internally managed funds continue or increase, there may well be the opportunity for costs in relation to listed assets to reduce towards the pre-pooling levels, although they are very unlikely to reach those artificially low levels. If the Pool were to fail to deliver cost savings as anticipated, then further mitigation will come through the collective action of the 11 partner funds to address any underperformance.
- 4.3.7 This forward forecast indicates a challenging position when viewed in the context of market conditions and uncertainty as at the time of writing. All economic forecasts indicate that we are continuing to slowly move away from the high inflationary environment, combined with lower returns for a protracted period, which is reflected in the actuarial assumptions used in producing the forecast. This results in the need for the Fund and the Pool to focus on securing good assets and sustained income streams within its revised strategic asset allocation.

5. Policy on reserves

5.1 Reserves

5.1.1 Reserves are funds that are set aside for two main reasons:

- A 'just in case' risk materialises that requires additional resources; or
- To save up for a particular project.

5.1.2 All of SYPA's costs are met by the Pension Fund therefore, unlike a local authority, the first contingency argument for holding reserves does not hold as costs incurred, for example, as a result of a building fire, would simply fall to the Pension Fund which is about 1,200 times the size of the Authority's budget and such costs are therefore unlikely to be material.

5.1.3 The argument for holding reserves to save up for things does, though hold. In order to save up in this way, managers will have had to underspend their budgets; the ability to use these saved funds in the future acts as an incentive to manage within the available resources.

5.1.4 However, there is a balance to be struck as reserves could be allowed to accumulate to a level where they became significant in the context of the Authority's budget at which point, they would in effect be depriving the Fund of cash to invest. Consequently, some limitation on the level of reserves is necessary to maintain this balance. There is a limit of 10% of the operating budget, the policy is as follows:

"The Authority will maintain its operational revenue reserves at a level equivalent to no more than 10% of its operational budget, the establishment of new reserves will be approved by the Authority on the recommendation of the Chief Finance Officer, and the level of reserves will be reviewed by the Chief Finance Officer each year as part of their report on the final accounts of the Authority."

5.1.5 The forecast outturn for 2024/25 after transfers to reserves sees the Authority returning to a minor budget underspend position. Through 2024/25 strong budget control has enabled the Authority to move significant resources to reserves in order to build resilience for future needs.

5.1.6 The forecast level of reserves for the medium term are as shown in the following table.

South Yorkshire Pensions Authority Earmarked Reserves	Forecast Balance at 31 March 2025	Forecast Balance at 31 March 2026	Forecast Balance at 31 March 2027	Forecast Balance at 31 March 2028
	£	£	£	£
<i>Operational Revenue Reserves:</i>				
Corporate Strategy Reserve	135,990	78,990	108,990	138,990
ICT Reserve	68,030	50,380	60,380	70,380
Capital Projects Reserve	74,290	54,290	74,290	94,290
Total Reserves	278,310	183,660	243,660	303,660
<i>Reserves as % of Budget</i>	<i>3.4%</i>	<i>2.0%</i>	<i>2.6%</i>	<i>3.2%</i>

5.1.7 The above table illustrates that the current plans and forecasts involve drawing down from the revenue reserves in 2025/26, followed by a net contribution into the reserves in 2026/27 and 2027/28. The earmarked reserves will continue to be kept under review and transfers to and from each reserve will be reported to the Authority for approval based on a recommendation from the Chief Finance Officer as required, through the quarterly reporting of management accounts and financial forecasts.

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Agenda Item

Subject	Treasury Management Strategy Statement 2025/26	Status	For Publication
Report to	Authority	Date	13 February 2025
Report of	Chief Finance Officer		
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 comply with: the Local Government Act 2003 and supporting regulations, CIPFA's *Treasury Management in the Public Services: Code of Practice 2021 Edition*, and *Prudential Code for Capital Finance in Local Authorities 2021 Edition* and the Ministry for Housing, Communities and Local Government's (MHCLG) *Statutory Guidance on Local Government Investments 3rd Edition (2018)*.
-

2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the 2025/26 Treasury Management and Annual Investment Strategy, and the treasury & prudential indicators set out in this report;**
 - b. **Approve the Treasury Management Policy Statement attached at Appendix B;**
 - c. **Approve the Treasury Management Practices attached at Appendix C; and**
 - d. **Approve the Minimum Revenue Provision statement as set out in this report.**
-

3 Link to Corporate Objectives

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

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.

Effective and Transparent Governance

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

The Treasury Management Strategy sets out the parameters in which the cash balance of the Fund will be managed with the aim to achieve optimum return commensurate with proper levels of security and liquidity as the key priorities. By producing this report, the Authority ensures compliance with the relevant legislation, CIPFA Codes of Practice and statutory guidance.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report contribute to the management of the risk around imbalance in cash flows. Aside from this, they have no direct implications for the other identified risks outlined in the Corporate Risk Register but robust risk management is central to the development and implementation of the treasury management strategy.

5 Background and Options

- 5.1 Treasury management is the management of an Authority's cash flows, borrowing and investments, and the associated risks.
- 5.2 This report fulfils the Authority's legal obligation under the Local Government Act 2003 to "have regard to" the following guidance:
- a. The CIPFA Prudential Code of Practice (2021);
 - b. The CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (2021);
 - c. MHCLG Statutory Guidance on Local Authority Investments (2018); and
 - d. MHCLG Statutory Guidance on Minimum Revenue Provision (2018)
- 5.3 This Authority's sole purpose is as administering authority for the South Yorkshire Pension Fund and therefore all of the expenditure of the Authority (save for the residual liabilities of the former SYCC, met by a levy on the four district Councils) is on behalf of the Fund and is recharged to or financed by the Fund. Consequently, not all of the objectives and requirements of the Prudential Code (e.g., in respect of borrowing and capital expenditure and financing) are directly applicable to the Authority.
- 5.4 However, the Authority has regard to all of the relevant guidance as required and sets out in this annual strategy all of the appropriate objectives, indicators and policy statements as applied to the operating context of the Authority.
- 5.5 The CIPFA TM Code adopts the following as its definition of treasury management activities:
- "The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".*
- 5.6 The above definition is intended to apply to public service organisations. In our context as an administering authority for the SY Pension Fund, it is applied to our management of the cash balance of the Fund and the management of the Authority's operational cash flows (i.e. payment of benefits, receipt of contributions, payments to suppliers, etc.). Whereas the management of the Pension Fund itself is separately governed by the Investment Strategy in accordance with extant regulations.

Reporting Requirements

- 5.7 The Authority will receive reports on its Treasury Management activities including, as a minimum, an annual strategy for the forthcoming year (this report), an annual report after year end, and interim updates as part of the quarterly corporate performance reports (rather than the minimum six-monthly report required by the Code).

- 5.8 This annual strategy report is forward looking and includes:
- a. the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators;
 - b. the Treasury Management Policy Statement, at Appendix B;
 - c. the Treasury Management Practices, at Appendix C;
 - d. an Investment Strategy, (the parameters on how the treasury management investments are to be managed); and
 - e. To the extent that they apply in this Authority, capital plans, prudential indicators and minimum revenue provision policy statement.

5.9 The responsibility for the implementation and regular monitoring of its treasury management policies and practices remains with the full Authority, and responsibility for the execution and administration of treasury management decisions is delegated to the Authority's Section 73 Officer (the Chief Finance Officer), who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management. In accordance with the Authority's financial regulations, responsibility for the day-to-day application of the strategy is delegated to the Head of Finance and Performance, who is the Deputy S.73 Officer. Both officers are professionally qualified CIPFA members.

Training

- 5.10 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training relevant to their needs and responsibilities. At this Authority, Members receive an annual induction which includes coverage of treasury management issues and have undertaken a programme of quarterly training seminars during the year with an emphasis on investments and the management of risk.
- 5.11 Officers involved in treasury management have their training needs regularly reviewed as part of the appraisal and review process. Officers have attended external training courses on "Strategic Treasury Issues" and "Introduction to Treasury Management Activity" through our advisers MUFG Corporate Markets Treasury Limited (previously known as Link) and additionally CIPFA training and workshops.

Use of External Service Providers

- 5.12 The Authority uses MUFG Corporate Markets Treasury Limited as its external treasury management advisers.
- 5.13 The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
- 5.14 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 5.15 The Authority also uses Broker services from the following providers to assist in placing deals and deposits with banks and with local authorities as required:
- a. City Deposits
 - b. BGC Partners
 - c. Imperial Treasury Services

d. MUFG Pension and Market Services

Annual Investment Strategy

- 5.16 The Authority's strategy in relation to investments of the Fund's cash balances has the objective to invest surplus cash prudently whilst managing risk effectively. The Authority's priorities in this respect are, in order of importance:
- a. The security of capital; and
 - b. The liquidity of its investments.
- 5.17 The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 5.18 The Authority has defined the list of approved investment instruments in the Treasury Management Policy Statement, Appendix B.

Risk Assessment and Credit Ratings

- 5.19 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- a. No new investments will be made;
 - b. Any existing investments that can be recalled or sold at no cost will be; and
 - c. Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.20 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above investment criteria.
- 5.21 A summary of the treasury investments held at 31 December 2024 is attached in Appendix A to this report.

Treasury and Prudential Indicators

- 5.22 The CIPFA Treasury Management and Prudential Codes require local authorities to set and monitor against specified indicators for prudence and sustainability. The indicators specified relate to capital expenditure and financing, external debt and affordability. The majority of these are not directly relevant in the Authority's context.
- 5.23 Capital Expenditure
- 5.24 Capital Expenditure is that which is incurred on assets that provide service potential for more than one year such as buildings, equipment and IT software. The Authority incurs very limited capital expenditure, and this will always be on behalf of the Fund and financed by the Fund.
- 5.25 It is estimated that during the forthcoming financial year, capital expenditure will be £135,000.
- 5.26 Capital Financing Requirement
- 5.27 The capital financing requirement (CFR) reflects an authority's underlying need to finance capital expenditure by borrowing or other long term liability arrangements.
- 5.28 The Authority has a CFR of Nil. Capital expenditure is incurred on behalf of the Fund and is financed by the Fund so there has been no underlying need to borrow. The estimated CFR for the next three-year period (2025/26 to 2027/28) is Nil. Based on

current plans, any capital expenditure to be undertaken in this period will be fully financed in the year in which it is incurred from available reserves as outlined above.

5.29 External Debt

5.30 For the reasons outlined above, the Authority has no requirement to undertake external borrowing in its own right under the powers granted in the Local Government Act 2003.

5.31 Therefore the indicators for gross external debt and the capital financing requirement and actual external debt are not applicable.

5.32 Whilst there is no expectation of any external borrowing requirement, the Authority nevertheless sets and keeps under review the Authorised Limit and Operational Boundary indicators as required by the Prudential Code.

5.33 Both the authorised limit for its gross external debt and the operational boundary should be consistent with the Authority's plans for capital expenditure, financing and treasury management activities.

5.34 The limits for the Authority are therefore set as follows.

	2025/26	2026/27	2027/28
Authorised Limit	£750,000	£750,000	£750,000
Operational Boundary	£500,000	£500,000	£500,000

5.35 Affordability

5.36 The Prudential Code sets out the need for local authorities to ensure that the revenue implications of capital finance, including financing costs, are properly taken into account and in assessing affordability, authorities should consider the council tax implications of capital, borrowing and investment decisions. As all expenditure of this Authority is on behalf of and recharged to the Fund, there are no direct implications for taxpayers. However, we do have a responsibility to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund. Therefore, affordability is a key consideration when making decisions on capital expenditure and financing.

5.37 The indicator of the ratio of financing costs to net revenue stream is not applicable as there are no financing costs expected for the Authority in the forthcoming period and up to 2027/28.

Minimum Revenue Provision (MRP) Statement

5.38 The Authority is required to have regard to the statutory guidance on MRP issued by the Ministry for Housing, Communities and Local Government's (MHCLG). MRP is a provision for the repayment of debt based on paying off the accumulated capital financing requirement through an annual charge to the revenue account. The statutory guidance requires that authorities make an MRP charge that is deemed to be prudent and to have their policy on MRP approved by the equivalent of Full Council in advance of each year.

5.39 There is no requirement to charge MRP where the capital financing requirement (CFR) is nil or negative at the end of the preceding financial year. For this Authority, a nil MRP charge is made because the CFR is nil.

5.40 There is no expectation currently that there will be any CFR generated in the next three years because, as outlined above, it is planned that any capital expenditure will be fully financed from reserves. Therefore, it is anticipated that there will be no MRP charges required in the next three years.

5.41 Nevertheless, the Authority is required to set out its policy on MRP. Therefore, should the capital plans of the Authority change and lead to a CFR, the policy for the MRP

charge will be to apply the 'Asset Life Method – Equal Instalments' set out as Option 3 in the MHCLG Statutory Guidance. Using this method, MRP is calculated based on the estimated useful life of the assets created. This provides for a reduction in the borrowing needs over approximately the useful life of the asset.

6 Implications

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

Financial	As outlined in the report. The strategy is to seek the optimum return consistent with prioritising security & liquidity.
Human Resources	None apparent.
ICT	None apparent.
Legal	This report ensures compliance with the Local Government Act 2003 and supporting regulations.
Procurement	None apparent.

Gillian Taberner

Assistant Director – Resources and Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	

Appendix A – Treasury Portfolio

The following table shows the treasury investments by counterparty as at the beginning of the current financial year and as at the end of Quarter 3.

South Yorkshire Pensions Authority Treasury Portfolio	Actual		Current	
	01/04/2024		31/12/2024	
	£m	%	£m	%
Treasury Investments by Counterparty				
Banks	60	47%	71	61%
Local Authorities	0	0%	0	0%
Money Market Funds	69	53%	46	39%
Total Treasury Investments	129	100%	117	100%

The following table analyses the treasury investments held as at the end of quarter 3, by the period to maturity at investment, and shows the average interest rate achieved; the improvement seen in the average interest rate can be attributed to the changing external environment.

Treasury Portfolio Treasury Investments by Maturity As at 31/12/2024	Average Interest Rate	Banks	LA	MMF	Total	Allocation
Immediate - Bank Account	2.15%	17	0	0	17	14%
Immediate - MMF	5.26%	0	0	46	46	39%
1 to 3 Months	4.62%	29	0	0	29	25%
3 to 6 Months	4.86%	8	0	0	8	7%
6 to 9 Months	4.91%	7	0	0	7	6%
9 to 12 Months	5.00%	10	0	0	10	9%
Total	4.47%*	71	0	46	117	100%
<i>* Note - no weighting for funds invested.</i>						

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Appendix B – Treasury Management Policy Statement

1. South Yorkshire Pensions Authority defines its treasury management activities as the management of the organisation's investments and cash flows. It includes banking, money market funds and the effective control of the risks associated with those activities, and the pursuit of optimum performance and returns consistent with those risks.
2. The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving the proper level of liquidity and value for money in treasury management and to carrying out comprehensive performance measurement techniques within the context of effective risk management.
4. The Authority's strategy in relation to investments of the Fund's cash balances has the general objective to invest surplus cash prudently whilst managing risk effectively. The Authority's priorities in this respect are, in order of importance:
 - a. The security of capital; and
 - b. The liquidity of its investments.
5. The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The Authority has defined the list of approved investment instruments as set out in the following table.

Specified Investments	Minimum short term credit rating	Maximum limit per institution	Maximum maturity period	Notes
Term deposits with banks and building societies	F1	£40m-£50m	364 days	The lending limit per institution is £40m but is permitted to be increased to £50m in exceptional circumstances when short-term placing of excess funds pending market settlements is required.
Money Market Funds (CNAV / LVNAV)	AAA MMF Rating	£50m and up to 50% of total specified investments, per money market fund		Money Market Funds are types of mutual funds that invest in low risk, short-term debt. The Funds allow the Authority to keep cash liquid while achieving a higher return than cash would.
Local authorities	UK Government	£25m	364 Days	Loans to local authorities are not subject to bail-in and there is generally a lower risk of insolvency, although they are not zero risk. The environment in which Local Authorities work is currently a challenging one, with more Section 114 notices being issued. As an Authority we would do due diligence checks on Authorities and would never lend to an Authority that has issued a Section 114 notice.
DMADF UK Government	UK Government	Unlimited	6 months as set by the Debt Management Office	Should this facility be used for sums over £50m, such use will be reported to the next Authority meeting.

Appendix C – Treasury Management Practices

CIPFA recommends that an organisation's treasury management practices (TMPs) include those that are relevant to its treasury management powers and the scope of its treasury management activities. The following TMPs are those most relevant to the Authority's treasury management activities:

1 TMP1 Risk Management

The Authority regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy / suitability thereof and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Authority's objectives in this respect, all in accordance with the procedures set out in TMP6 *Reporting requirements and management information arrangements*.

In respect of each of the following risks, the arrangements that seek to ensure compliance with these objectives are set out in a separate schedule to accompany this document once approved.

1.1 Credit and counterparty risk management

This Authority will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited or investments made, and it will limit its treasury management investment activities to the instruments, methods and techniques referred to in TMP4 *Approved instruments, methods and techniques* and listed in the schedule to this document.

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. The Authority's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. The detailed policies and procedures that will form the schedule to accompany these TMPs was completed during 2024. A further piece of work to assess our Treasury Management ESG considerations will take place during 2025/26.

1.2 Liquidity risk management

The Authority will ensure it has adequate though not excessive cash resources to enable it at all times to have the level of funds available to it that are necessary for the achievement of its business / service objectives.

1.3 Interest rate risk management

The Authority will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs or revenues in accordance with its treasury management policy and strategy, and in accordance with TMP6 *Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining

a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

1.4 Inflation risk management

The Authority will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.

1.5 Legal and regulatory risk management

The Authority will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] *Counterparty credit risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Authority, particularly with regard to duty of care and fees charged.

The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to manage the risk of these impacting adversely on the Authority.

1.6 Operational risk, including fraud, error and corruption

The Authority will ensure that it has identified the circumstances that may expose it to the risk of loss through inadequate or failed internal processes, people and systems or from external events. Accordingly, it will employ suitable systems and procedures and will maintain effective contingency management arrangements to these ends.

2 TMP2 Performance Measurement

The Authority is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Authority's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document. The criteria will include measures of effective treasury risk management and not only measures of financial performance (income or savings).

3 TMP3 Decision Making and Analysis

The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for accountability, e.g., demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

4 TMP4 Approved Instruments, Methods and Techniques

The Authority will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management*.

5 TMP5 Organisation, Clarity and Segregation of Responsibilities and Dealing Arrangements

The Authority considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Authority intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 *Reporting requirements and management information arrangements* and the implications properly considered and evaluated. The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document. The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the Authority's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on treasury management.

6 TMP6 Reporting Requirements and Management Information Arrangements

The Authority will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; the effects of decisions taken, and transactions executed in pursuit of those policies; the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and the performance of the treasury management function.

The Authority members will receive as a minimum:

- an annual report on the strategy and plan to be pursued in the coming year;
- a mid-year review; and
- an annual report on the performance of the treasury management function, the effects of the decisions taken, and the transactions executed in the past year, and any circumstances of non-compliance with the Authority's treasury management policy statement and TMPs.

The Authority members, to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks. The members will have responsibility for the scrutiny of treasury management policies and practices.

The present arrangements and the form of these reports are detailed in the schedule to this document.

7 TMP7 Budgeting, Accounting and Audit Arrangements

The responsible officer will prepare – and the Authority will approve and, if necessary, from time to time will amend – an annual budget for treasury management, which will bring together all the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements*. The Authority will account for its treasury management activities, decisions made, and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

8 TMP8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Authority will be under the control of the responsible officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1[2] *Liquidity risk management*. The present arrangements for preparing cash flow projections and their form are set out in the schedule to this document.

9 TMP9 Money Laundering

The Authority is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

10 TMP10 Training and Qualifications

The Authority recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

The responsible officer will ensure that Authority members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to

their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements, including a knowledge and skills schedule, are detailed in the schedule to this document.

11 TMP11 Use of External Service Providers

The Authority recognises that responsibility for treasury management decisions remains with the Authority at all times. It recognises that there may be potential value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons that have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

12 TMP12 Corporate Governance

The Authority is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its treasury management activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Authority has adopted and has implemented the key principles of the TM Code. This, together with the other arrangements detailed in the schedule to this document, is considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

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Agenda Item

Subject	Pay Policy Statement 2025	Status	For Publication
Report to	Authority	Date	13 February 2025
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Gillian Taberner Assistant Director - Resources	Phone	01226 666420
E Mail	gtaberner@sypa.org.uk		

1 Purpose of the Report

- 1.1 To secure approval of the updated Pay Policy Statement for 2025.
-

2 Recommendations

- 2.1 Members are recommended to:
- a. Approve the Pay Policy Statement at Appendix A.**
-

3 Link to Corporate Objectives

- 3.1 This content of the Corporate Strategy is influenced by all of the corporate objectives , but this report particularly links to the delivery of the following corporate objective:

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.

- 3.2 It is important that the Authority is transparent in the arrangements it puts in place for setting the remuneration of its employees, particularly senior employees where there is a legitimate public interest in the scale of reward. It is also important that the Authority maintains a pay and reward system that provides equal reward for work of equal value.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report relate to the people risks identified in the Corporate Risk Register.

5 Background and Options

5.1 The Localism Act 2011 requires local authorities to produce a Pay Policy Statement each year. While the full terms of the Act do not apply to the Authority it is good practice to set out a public statement of how the Authority addresses issues of pay and reward particularly for senior employees.

5.2 The Pay Policy Statement at Appendix A sets out the Authority’s grading structure and reflects the most recent NJC pay award agreed in November 2024 which took effect from 1 April 2024. The statement will require further revision for any pay award settled by the NJC for the financial year commencing 01 April 2025.

5.3 The Statement includes information on the ratio between higher and lower paid roles across the Authority. The key metric here is the Hutton review’s finding that the highest paid role should be paid no more than 20 times the lowest paid. The ratio for the Authority’s highest to lowest paid roles is 5.7 times which is significantly less than this.

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 Authority’s staff are fully reflected in the budget.
Human Resources	A clear and transparent pay policy is a key element in the Authority’s overall approach to people management.
ICT	None.
Legal	Whilst not a legislative requirement, the production of a statement of this sort is good practice.
Procurement	None.

George Graham

Director

Background Papers	
Document	Place of Inspection



Pay Policy Statement 2025

February 2025

1. Introduction

- 1.1 Under s112 of the Local Government Act 1972 the Authority has the “power to appoint officers on such reasonable terms and conditions as it thinks fit”. This Pay Policy sets out the Authority’s approach to pay in accordance with the requirements of s38 of the Localism Act 2011. Although the requirements of the Act do not directly apply to the Authority, this statement is being published to demonstrate the Authority’s commitment to openness and transparency in matters of pay.
- 1.2 The purpose of this statement is to provide transparency about the Authority’s approach setting the pay of its employees by identifying:
- The methods by which the salaries of all employees are determined.
 - The details of the remuneration of its most senior employees.
 - The relationship between the salary of its most senior employees and other employees.
- 1.3 This document is updated at least annually either prior to the beginning of the financial year in April or following the agreement of the national pay award.

2. Other legislation relevant to pay and remuneration

- 2.1 In determining the pay and remuneration of its employees the Authority will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, and where relevant the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014. The Authority ensures that there is no pay discrimination within its pay structures and that pay differentials can be objectively justified using job evaluation mechanisms which directly establish the relative level of posts in grades according to the requirements, demands and responsibilities of the role.
- 2.2 The Authority utilises the Korn Ferry (Hay) job evaluation scheme for all roles.

3. Pay structure

- 3.1 The Authority’s pay structure of spinal column points and grades is set out in Appendix A. This reflects the nationally agreed pay award backdated to 1st April 2024, including the impact of the average national pay award on the locally determined spinal points.
- 3.2 Annual salary increases for all staff (including senior managers) are set through national negotiations between the local government employers and the recognised trades unions within the National Joint Council for Local Government Services.
- 3.3 Where evidence exists of recruitment and retention issues it may be necessary to make additional payments to reflect pay levels in the wider labour market to attract and retain employees with particular skills, knowledge and experience. In such instances the Authority will use evidence of relevant market comparators, using data sources available within the local government sector, the financial services sector and beyond as appropriate and will review any such payments at regular intervals of no longer than every three years.

4. Definitions

4.1 The Localism Act refers to the position of Chief Officer, which, in terms of the South Yorkshire Pensions Authority is defined as:

- Head of Paid Service designated under s4 (1) of the Local Government and Housing Act 1989
- Clerk as required under Local Government Act 1985 and the Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987
- Monitoring Officer designated under s5 (1) of the Local Government and Housing Act 1989
- Chief Finance Officer designated under s73 of the Local Government Act 1985
- A Non-Statutory Chief Officer as defined in s2 (7) of the Local Government and Housing Act 1989

4.2 In the case of the South Yorkshire Pension Authority these definitions encompass the following roles:

Head of Paid Service and Clerk	Director
Chief Finance Officer	Assistant Director – Resources
Monitoring Officer	Head of Governance and Corporate Services
Chief Officer	Assistant Director – Investment Strategy Assistant Director – Pensions

4.3 Remuneration is defined as the pay an individual receives.

5. Director remuneration

5.1 The current post holder took up the role on 12th February 2018. This is a spot salary and there is no incremental progression.

Grade	Salary at 01/04/2025
N	£135,146

5.2 The Director’s remuneration is determined by the Authority. The terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee for Local Authority Chief Officers, with the exception that annual pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

5.3 The last review of the Director role salary was undertaken by Authority Members in June 2022, when the salary level was fixed at the median for similar roles in comparable local government pension funds, and the changes agreed were implemented to take effect from 1 July 2022.

Additional Allowances

5.4 The Director is not entitled to any additional allowances such as telephone, or lease car, and is not designated as a car user, due to his own circumstances, any future postholder would be designated as a casual car user.

5.5 Rules in relation to reimbursement of travel and subsistence etc. are the same as for all other posts within the Authority.

5.6 The Authority’s flexi-time scheme does not apply to the Director.

6. Assistant Director remuneration

6.1 The substantive grades for the three Assistant Director roles reporting to the Director are as follows:

Post	Grade	Salary Range at 01/04/2025
Assistant Director – Investment Strategy	M	£90,658 - £99,675
Assistant Director – Pensions	M	£90,658 - £99,675
Assistant Director - Resources	M	£90,658 - £99,675

6.2 Progression through the grade occurs through the payment of an additional annual increment on 1st April each year, until the top of the grade is reached.

6.3 The terms and conditions of service relating to these posts are in accordance with the Joint Negotiating Committee, with the exception that annual pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

Additional Allowances

6.4 The Assistant Directors are each designated as casual car users.

6.5 Any other allowances relating to the posts are the same as for all other posts within the Authority, for example, reimbursement of fuel expenditure for business travel, and the ability to claim reimbursement for relevant professional subscriptions.

6.6 The Assistant Director – Resources receives an additional responsibility allowance equivalent to 10% of salary reviewable annually, reflecting additional responsibilities in deputising for the Director.

6.7 The Assistant Director – Investment Strategy receives an additional market supplement equivalent to 20% of salary reviewable at least every three years, reflecting the additional remuneration required to attract and retain a suitably qualified role holder for this post as evidenced by benchmarking of pay against comparable roles.

6.8 All members of staff who participate in the Authority’s Hybrid Working Policy, including the Assistant Directors but excluding the Director, receive a £26 per month allowance.

6.9 The Authority’s flexi-time scheme does not apply to Assistant Directors.

7. Monitoring Officer remuneration

7.1 The Head of Governance & Corporate Services who holds the role of Monitoring Officer and reports to the Assistant Director – Resources is paid as follows:

Grade	Salary Range at 01/04/2025
L	£67,030 - £75,892

- 7.2 Progression through the grade occurs through the payment of an additional annual increment on 1st April each year, until the top of the grade is reached.
- 7.3 The terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee, with the exception that pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

Additional Allowances

- 7.4 The Head of Governance & Corporate Services is designated as a casual car user.
- 7.5 Any other allowances relating to this post are the same as for all other posts within the Authority, for example, reimbursement of fuel expenditure for business travel, and the ability to claim reimbursement for relevant professional subscriptions.
- 7.6 All members of staff who participate in the Authority’s Hybrid Working Policy, including the Head of Governance & Corporate Services but excluding the Director receive a £26 per month allowance.
- 7.7 The Authority’s flexi-time scheme applies to the Head of Governance & Corporate Services.

8. Recruitment of the Director, Chief Finance Officer, Chief Officers and Monitoring Officer

- 8.1 Where there is a requirement to recruit to the post of Director, Chief Finance Officer, Chief Officer, or Monitoring Officer post then the relevant provisions of the Authority’s constitution will apply.

9. Salary on appointment

- 9.1 Under normal circumstances all new appointments to a post of Chief Finance Officer, Chief Officer or Monitoring Officer will be made at the bottom spinal point of the grade unless there are objective reasons for not doing so. Any appointment above the bottom spinal column point will require the approval of the Director.

10. Performance Related Pay

- 10.1 The Localism Act requires details of any performance related pay arrangements to be disclosed. South Yorkshire Pensions Authority does not operate any such arrangements.

11. Relationship between Director/Chief Officer pay and other employees

- 11.1 The following information is provided to assist with understanding the ratio calculations. Figures shown are based on pay data at 1 April 2024.

Director Salary =	£135,146 (spot salary)
Chief Officer Median Salary =	£ 95,167
Authority Median Full Time Salary =	£ 33,366
Authority Lowest Full Time Salary =	£ 23,656

11.2 Pay Ratios

Post	Benchmark Salary	Ratio
Director’s Salary	Chief Officer Median Salary	1: 1.4
Director’s Salary	Authority Median Salary	1: 4.1
Chief Officer Median Salary	Authority Median Salary	1: 2.9
Director’s Salary	Authority Lowest Salary	1: 5.7
Chief Officer Median Salary	Authority Lowest Salary	1: 4.0

11.3 The Hutton report “*Fair Pay in the Public Sector*” recommended that the Director’s salary should not exceed 20 times that of the lowest paid worker. The above table shows that with a ratio of 5.7 times South Yorkshire Pensions Authority more than meets this requirement.

12. Lowest paid employee

12.1 The lowest grade in the pay structure is Grade A, scale points 2 - 3 (£23,656 - £24,027) at 01/04/2024. This grade is used for Apprentice roles only. The lowest salary that an employee other than an apprentice can receive is on Grade B, scale points 4 - 7 (£24,404 - £25,584). The lowest actual salary currently being paid on this grade is SCP 6, £25,183.

13. Termination payments

12.1 The Authority’s redundancy policy applies equally to all employees regardless of their grade. A redundancy payment will be paid to an employee when their post is made redundant and there are no suitable redeployment opportunities.

12.2 The Authority does not have a policy which allows for the automatic enhancement of an employee’s pensionable service on termination.

13. Employer pension contributions

13.1 The Authority contributes to the Local Government Pension Scheme in 2024/25 and 2025/26 for all its employees who are members equally at the rate of 19.0% of employee’s pensionable pay. This rate is set by the actuary for the South Yorkshire Pension Fund and is reviewed every three years.

14. Employee pension contributions

14.1 Employees in the Local Government Pension Scheme will pay the following contributions as a proportion of their pensionable pay with effect from **1st April 2025**.

Pensionable Pay From	Pensionable Pay To	Contribution Rate- Main Scheme	Contribution Rate- 50/50 Scheme
Up to	£17,800	5.50%	2.75%
£17,801	£28,000	5.80%	2.90%
£28,001	£45,600	6.50%	3.25%
£45,601	£57,700	6.80%	3.40%
£57,701	£81,000	8.50%	4.25%
£81,001	£114,800	9.90%	4.95%
£114,801	£135,300	10.50%	5.25%
£135,301	£203,000	11.40%	5.70%
£203,001	and above	12.50%	6.25%

15. Engagement of former Chief Officers in receipt of pensions

15.1 The Authority does not have a policy which prevents former employees, including Chief Officers, from applying for and being successfully appointed to any job, or returning under a contract for service, because they are in receipt of a public sector or Local Government Pension. Normal recruitment or procurement rules would apply in such circumstances.

16. Publication of the policy

- 16.1 This policy will be published on the Authority’s website. In addition, for posts where the full-time equivalent salary is at least £50,000 the Authority will publish further information as required by the Accounts and Audit Regulations 2015.

17. Review of the Pay Policy Statement

- 17.1 The Pay Policy Statement will be subject to annual review and must be approved by the Authority. Where delays to national pay awards being agreed results in it not being possible for the Policy to be brought before a convenient meeting of the Authority then the relevant urgency procedure will be used. Any amendments required in relation to matters of fact may be made by the Director without further reference to the Authority.



Pay and Grading Structure

Korn Ferry Job Reference Level	Korn Ferry Evaluation Score Range	Grade	SCP	2024/25	2025/26
				FTE Salary from 1 April 2024	FTE Salary from 1 April 2025 (Prior to any pay award agreed by NJC)
Level 8	85 - 113	A	2	23,656	23,656
			3	24,027	24,027
Level 9	114 - 134	B	4	24,404	24,404
			5	24,790	24,790
			6	25,183	25,183
			7	25,584	25,584
Level 10	135 - 160	C	8	25,992	25,992
			9	26,409	26,409
			10	26,835	26,835
			11	27,269	27,269
Level 11	161 - 191	D	12	27,711	27,711
			13	28,163	28,163
			14	28,624	28,624
			15	29,093	29,093
Level 12	192 - 227	E1	17	30,060	30,060
			18	30,559	30,559
			19	31,067	31,067
		E2	21	32,115	32,115
			22	32,654	32,654
			23	33,366	33,366
Level 13	228 - 268	F	24	34,314	34,314
			25	35,235	35,235
			26	36,124	36,124
			27	37,035	37,035
Level 14	269 - 313	G	28	37,938	37,938
			29	38,626	38,626
			30	39,513	39,513
			31	40,476	40,476

Korn Ferry Job Reference Level		Korn Ferry Evaluation Score Range	Grade	SCP	2024/25 FTE Salary from 1 April 2024	2025/26 FTE Salary from 1 April 2025 (Prior to any pay award agreed by NJC)
Level 15	314 - 370	H	32		41,511	41,511
			33		42,708	42,708
			34		43,693	43,693
			35		44,711	44,711
Level 16	371 - 438	I	36		45,718	45,718
			37		46,731	46,731
			38		47,754	47,754
			39		48,710	48,710
Level 17 (i)	439 - 478	J	40		49,764	49,764
			41		50,788	50,788
			42		51,802	51,802
			43		52,805	52,805
Level 17 (ii)	479 - 518	K	44		55,056	55,056
			45		57,312	57,312
			46		59,568	59,568
			47		61,824	61,824
Level 18	519 - 613	L	48		67,030	67,030
			49		69,982	69,982
			50		72,937	72,937
			51		75,892	75,892
Level 19 / 20	614 - 879	M	52		90,658	90,658
			53		93,611	93,611
			54		96,566	96,566
			55		99,675	99,675
Level 21	>879	N	56		135,146	135,146

Notes:

The following points in the NJC scale are not used:

- 16
- 20

Scale points above 43 are locally determined and are increased annually in line with the headline increase for the NJC pay award.

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Agenda Item

Subject	Setting the Framework for the 2025 Valuation	Status	For Publication
Report to	Authority	Date	13 th February 2025
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	George Graham Director Debbie Sharp Assistant Director – Pensions	Phone	01226 666439 01226 666480
E Mail	ggraham@sypa.org.uk Dsharp@sypa.org.uk		

1 Purpose of the Report

- 1.1 To agree the framework for setting contribution rates and associated actuarial assumptions to be consulted on with employers as part of the 2025 valuation process.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the framework set out in the body of the report for consultation with employers as part of consultation on the revised Funding Strategy Statement required as part of the valuation process.**

3 Link to Corporate Objectives

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

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.

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.

The proposed rules for setting contribution rates and associated actuarial assumptions set out in this report are a key part of the valuation process and represent the key decisions which affect the level of contributions payable by employers. These decisions therefore impact on the level of investment return required in future and the overall level of scheme funding both contributing to the Authority's overall mission of providing a scheme that is affordable to employers. Setting out these proposals at an early stage in the valuation process ensures transparency and appropriate engagement with employers.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report have implications for the risks included in the Corporate Risk Register related to affordability of contributions and the deliverability of investment returns. In addition, the successful delivery of actions to address various other risks such as those associated with data quality could materially impact the valuation outcomes at employer level.

5 Background and Options

- 5.1 The triennial actuarial valuation is the key event in the Authority's longer term business cycle and sets employer contribution rates for the coming three-year period, in this case from April 2026. Each valuation is undertaken in a specific economic and market context, the last one in 2022, for example being impacted by the post-covid market bounce and associated higher levels of inflation. This valuation which will be based on data in March 2025 will take place in the context of a fundamentally changed interest rate environment, somewhat lower levels of inflation and very significant pressure on the finances of all employers within the Fund together with very significant uncertainty over the future path of financial markets.
- 5.2 In setting contribution rates, the Authority needs to balance the interests of employers, both individually and collectively, and scheme members whose benefits are either in payment or fall due in the future. The over-riding responsibility of the Authority is to ensure that funds are available to pay pensions when they fall due. However, setting contribution rates at a level unaffordable to employers would clearly be counterproductive and this is where the Authority needs to balance the various competing interests.
- 5.3 The Authority is required in setting contribution rates to look to both affordability and stability over the long term. For many years contribution rates have been increasing to both address the deficit and ensure that the cost of future accrual is being fully met. The current estimated funding position clearly demonstrates that the deficit has been more than addressed, although future service contribution rates remain out of line with the long-term sustainable level.
- 5.4 The Authority also needs to be aware in setting contribution rates that the current favourable funding situation which developed very quickly during the latter part of 2022

could equally quickly reverse if market conditions change. Therefore, it may be appropriate to regard a part of the current surplus as a cushion against severe market movements thus providing a level of insurance against a return to a deficit position. The Authority also needs to consider that providing short-term relief to employers through a reduction in contributions might result in the need to raise contributions at a later stage when employers might be even less able than they are now to absorb any increase.

- 5.5 Given the very difficult situation faced by a significant proportion of employers and in particular the larger employers such as the local authorities this presents a difficult balancing act for the Authority, between the stability and affordability of contributions and long-term and short-term considerations.
- 5.6 As a starting point for the debate over the setting of contribution rates the Authority needs to view the primary rate and the repayment of surplus / recovery of deficit payments as a single amount, as this is the budgetary impact on employers. Thus, policy will assume that current contributions are affordable, given that they are being paid.
- 5.7 Policy will then need to move beyond this in several areas to protect the long-term interest of the Fund and scheme members, including:
- Defining a funding level target of more than 100% to create a cushion against significant negative market movements.
 - Assuming an increased level of prudence in the setting of the discount rate (the assumed investment return) recognising the increased uncertainty over the level of future returns.
 - Setting the rate of repayment of surplus (or the recovery of any remaining employer deficits) over a prudent period so that overall contributions are not artificially lowered in the short-term leading to budgetary difficulties when the repayment period ends.
- 5.8 In practical terms this can be expressed as:
- The Authority will seek to maintain an overall funding level of 120% to provide a cushion against future market volatility. This is roughly the funding level at the 2022 valuation and should cover all but the most extreme scenarios.
 - The Authority will set a discount rate based on an 80% probability of success (the level of prudence), which has the consequential effect of minimising regret risk (the likelihood of contributions having to be increased from the level set out in the plan).
 - The Authority will over the 2025 valuation period seek to move employers to the long term sustainable primary contribution rate, or as close to it as practically possible.
 - The Authority will set a floor level for the combination of primary and secondary contributions of 15% of pay. This is to avoid the total amount being paid into the Fund being reduced to artificially low levels and serves to support stability in contribution rates over a longer period. There are a small number of employers with existing combined contribution rates of less than 15% which will need to be examined on a case-by-case basis.
 - As a consequence of the combination of the above surpluses will be repaid to employers evenly over a period such that the combination of primary and

secondary combinations remains stable at the level set from April 2026 for as long as possible. The minimum period over which contributions will be repaid will be 15 years.

- For employers with a surplus but a funding level less than 120% no surplus will be repaid.
- For contractors in surplus, the surplus will be repaid over the remaining life of the contract, and this may result in no contributions being payable over the valuation period. This is to avoid the creation of additional surpluses which could become repayable as exit credits, and if risk sharing arrangements are in place with the contracting employer this will result in a further benefit to the contracting employer in reduced contract costs.

5.9 There are several other policy considerations on which the Authority needs to decide prior to consultation with employers. These are:

- Treatment of Multi-Academy Trusts (MAT's) – Previously MAT's have been allowed to either operate a single contribution rate or to maintain individual rates for each school. The way in which MAT's are evolving and the DfE's desire to create more standardisation of Academy contribution rates make the option of retaining rates for each school increasingly difficult. Therefore, it is proposed to enforce the pooling of contribution rates for all MAT's. This is likely to reduce or eliminate the remaining deficits and will simplify several administrative processes.
- Given the small number and diverse nature of the so-called Resolution bodies within the Fund (largely Parish and Town Councils) it is proposed not to mandate the pooling of contribution rates for these bodies.
- The Combined Authority is examining the option of setting a single rate across the new Combined Authority Group by pooling the MCA with the Chief Constable and it is proposed that, if requested by the Combined Authority that this is agreed.
- It is not proposed to change the scope of the ill health captive arrangement which is used for managing the impact of ill health retirement costs on smaller employers. This will continue to apply to:
 - Academies and MAT's
 - Contractors
 - Resolution Bodies
 - Community Admissions

5.10 The Authority also needs to consider various key assumptions which will feed into the valuation process and which the actuary advises on. These are always subject to some change as actuarial models take in new information. However, as the starting point for the process the following are proposed:

- Long-Term Inflation – 2.3%
- Future Pay Awards – 2.9% (As the proportion of benefits covered by the CARE scheme becomes greater this is becoming a less important factor but does remain significant for the larger employers with greater longevity in the Fund.)
- Investment Returns (also known as the Discount Rate) – Will depend on the allowance for prudence set by the Authority. Initial modelling based on an 80% level of prudence gives an assumed return of 5.4% pa.

- Longevity – Scheme specific allowance based on latest Club Vita tables and the most up to date version of the CMI longevity improvements model, published by the actuarial profession.

5.11 All of the above lead to the following proposed rules for the setting of contribution rates for different groups of employers. The rules are different for the different groups because of either their different starting points and/or the level of variation within the group and the different timescales for their participation in the Fund.

Employer Group	Target Funding Level	Surplus Repayment/ Deficit Recovery Period	Notes
Councils/ MCA / Police / Fire / F& HE	120%	Minimum of 15 Years	Target 120% funding level and distribute surplus above this back to the employer. Colleges are already treated in the same way as the most secure employers therefore there is no funding impact from the DfE guarantee. A floor will be applied to ensure total contributions payable do not fall below 15% of pay to support longer term stability. This may result in a longer repayment period for some employers.
Other Scheduled Bodies	120%	Minimum of 15 Years	Treated as for Councils etc with the same floor arrangement in place.
Academies	120%	Minimum of 15 Years	If the Funding Level is greater than 120% then distribute the surplus over a minimum of 15 years with the same floor arrangement as for Councils etc. If the Funding Level is less than 120% then the required primary rate will be set as a floor.
Resolution Bodies (Town and Parish Councils)	120%	Minimum of 15 Years	Target 120% funding level and distribute surplus above this back to the employer as for Councils. Same floor arrangement to apply as for Councils etc.
Contractors (non-pass through)	100% (no explicit buffer as	Contract Period	If the Funding Level is greater than 120% and the contract period is less than 3 years

	aiming for full funding at cessation)		then allow surplus spreading, which may result in a nil contribution rate. If the Funding Level is greater than 120% and the contract period is greater than three years, then floor at the primary rate. If the Funding Level is between 100% and 120% then floor at the primary rate subject to adjustments to minimise the likelihood of paying an exit credit.
Contractors (pass through)	As for the contracting employer	As for the contracting employer	Arrangements as for the contracting employer.
Community Admission Bodies with full guarantee	100% on least risk basis (90% lower bound) (no explicit buffer – aiming for no debt at cessation)	Future Working Life or 15 years (if future working life is more than 15 years)	Target 100% Funding Level and distribute surplus above this back to the employer over the repayment period.
Community Admission Bodies with partial or no guarantee	100% on least risk basis (95% upper bound) (no explicit buffer – aiming for no debt at cessation)	Future Working Life or 15 years (if future working life is more than 15 years)	Target 100% Funding Level on a least risk basis (95% probability). Surplus above this to be paid back to the employer over the repayment period, which could lead to nil rates.

5.12 The different expression of the policy for Community Admission Bodies and Contractors reflects the fact that these employers have a limited “life expectancy” within the Fund and the approach while utilising a similar level of prudence expresses this in a slightly different way focussed on achieving full funding at the point of cessation and minimising any exit credit (or payment) that might become due at cessation. As indicated above where current contribution rates are below the proposed floor the position will be considered on a case-by-case basis.

5.13 Initial engagement around this strategy has been undertaken with larger employers including the larger Multi-Academy Trusts, and a verbal update will be provided on the feedback received. Further engagement with all employers is necessary to ensure that the requirements of the relevant regulation to consult are met.

5.14 The broad plan for the valuation process is set out below. The intention is to deliver the valuation significantly ahead of the statutory deadline of March 31st, 2026, ensuring that employers have earlier access to information and an effective consultation on key parts of the process. A project team to deliver the valuation process have been identified and appropriate project management arrangements are in place internally with appropriate liaison with the actuary built into this process. In addition, other work within Pensions Administration, such as work to address backlogs is currently being focussed on areas which will affect data quality for the valuation, such as reducing the number of unprocessed leavers and outstanding deferrals, so that the results can be as clean as possible.

Month	Activity
February 2025	Trial run data extract including McCloud data. Initial engagement with larger employers and Multi-Academy Trusts.
March 2025	Authority approves initial framework for the valuation including policies for setting contribution rates
April 2025	Complete Pensions Increase process. Provide actuary with cash flow data.
May 2025	Complete CARE revaluation so that data reflects the updated value of benefits.
June 2025	Complete data cleansing and validation Authority approves draft Funding Strategy Statement and Pensions Administration Strategy for consultation with stakeholders.
July 2025	Submit final data to Actuary
September 2025	Results received from Actuary and communicated to employers alongside formal consultation on the Funding Strategy Statement and Pensions Administration Strategy.
October 2025	Completion of employer consultation
November 2025	Employers certify acceptance of contribution rates and submit revised employer discretions policies.
December 2025	Authority Meeting – Approval of the Rates and Adjustments Certificate, Funding Strategy Statement and revised Pensions Administration Strategy
February 2026	Authority Meeting – Reserve date for approval of the Rates and Adjustments Certificate etc.
March 2026	Statutory Deadline

5.15 This valuation reflects a fundamental change in the overall funding position, and it will be important to maintain ongoing dialogue with employers throughout the process and the plan set out above provides for this as well as for an earlier conclusion to the process than has been customary.

6 Implications

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

Financial	Funding for the valuation process is identified within the budget.
Human Resources	Training requirements for staff involved in the valuation process for the first time have been identified and are being addressed.
ICT	None directly.
Legal	None
Procurement	Delivery of the valuation is being undertaken through the contract for actuarial services which was awarded following a compliant procurement process.

George Graham
Director

Debbie Sharp
Assistant Director – Pensions

Background Papers	
Document	Place of Inspection



Subject	Procurement Forward Plan	Status	For Publication
Report to	Pensions Authority	Date	13 February 2025
Report of	Assistant Director – Resources		
Equality Impact Assessment	Not Required	Attached	No
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 Authority’s Procurement Forward Plan to members for approval.

1. Recommendation(s)

2.1 Members are recommended to:

- a. Approve the Procurement Forward Plan 2025 to 2028 presented at Appendix A.**

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 monitoring and planning of future procurement activity is part of meeting good governance requirements, particularly relating to procurement and financial management, and also ensures greater transparency.

4. Implications for the Corporate Risk Register

4.1 The contents of this report contribute to the mitigation of risk of failure to comply with relevant regulations. (Risk ORG-004).

5. Background and Options

5.1 The Authority’s Contract Standing Orders (CSO’s) sets out the framework in which the Authority complies with public contracts regulations. The CSO’s capture the requirement to publish details of all contracts over a certain value threshold, and this is managed via the e-tender system and associated contracts register, which is publicly available via the system.

5.2 The Procurement Forward Plan at Appendix A is published separately on the Authority’s website and sets out the potential planned procurement activity that has

been identified for the forthcoming three-year period. This forward plan aligns with the Authority's strategic and financial planning framework and contributes to the delivery of strategic objectives and facilitates compliance with legislative and regulatory requirements.

- 5.3 The plan attached at Appendix A reflects that as an organisation, our procurement activity is relatively low in both volume and value, although we do have a small number of high-value contracts within this.
- 5.4 The planned procurement route column demonstrates that wherever possible and appropriate, we will make use of frameworks for procurement as this provides assurance through the due diligence process undertaken by the framework providers on all suppliers available through those frameworks, it also ensures advice is available from the framework providers and represents an efficient and effective route for our needs. It is important to note though in this context, that even when using frameworks, we do ensure our own checks and balances, including around data protection, technical fit for our IT security arrangements, and compliance with our CSOs are fully followed.
- 5.5 We do not have the capacity or need to have our own team of qualified procurement professionals, but members of our Governance team take the lead on supporting procurement compliance. They receive regular training and maintain their knowledge on current procurement rules and regulations. They also have access to specialist advice from CIPFA's procurement network adviser and organise training for relevant managers involved in procurement activity when required. Additionally, legal advice and support is commissioned when appropriate, and we are in progress with making a 'retainer' style arrangement for legal advice to be available to the Authority when needed that will include assistance with reviewing contracts prior to contract completion and signature.
- 5.6 Two significant items to highlight from the plan attached at Appendix A are as follows.
- 5.7 Coming up in early 2025/26 is the procurement for a new Local Housing Investment Manager that will have an estimated value of around £1m. This will be run by the Investment Strategy team and given both the level of complexity and the high profile, the procurement exercise is being supported with external expertise from a legal firm throughout the entire process.
- 5.8 The existing contract for the Pensions Administration software system currently runs to February 2027 with an option to extend for up to 4 years in increments of 12-months. The plan includes activity to assess and make a decision regarding any extension at least one year before the contract end date in order to allow sufficient time for planning and undertaking procurement if and when necessary. The procurement route would be to use the LGPS Framework for this.
- 5.9 The procurement plan is kept under review throughout the year. It is based on requirements identified from the existing contracts register, relevant end dates of current contracts where a renewal or retender will be required, and known requirements for any new purchases with a minimum value of £30,000, inclusive of VAT.
- 5.10 The Governance Team carry out a detailed monthly review of the contracts register and of information held on the e-tendering system to ensure accuracy of published information. If this identifies any new contracts / contract renewals, these will be added into the plan.
- 5.11 The team will also co-ordinate a quarterly review of the procurement plan by key officers with relevant responsibilities to highlight any new requirements that need to be considered and planned.

6. Implications

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

Financial	No additional financial implications. Financial implications relating to specific contracts / purchases will be taken account of through the budget setting and monitoring arrangements and individual business cases where appropriate.
Human Resources	None
ICT	None
Legal	None
Procurement	Approving a Procurement Forward Plan ensures the Authority's compliance with public procurement regulations.

Gillian Taberner

Assistant Director – Resources

Background Papers	
Document	Place of Inspection
None	-

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Forward Procurement Plan Jan 2025 to Mar 2028
Estimated Contract Value of £30,000 or more inclusive of VAT

Service Area	Contract Title	Project Reason New Requirement Contract Expiring	Estimated Procurement Start Date	Estimated Contract Start Date	Estimated Contract Length in months Potential extensions in brackets	Estimated contract value (inclusive of possible extensions)	Planned Procurement Route
ICT	Cyber Security Management	Existing Contract Expiry	Jan-25	22/02/2025	36	£55,000	TBC
Finance and Performance	Insurance Provider	Existing Contract Expiry	Feb-25	01/03/2025	TBC	TBC	TBC
ICT	Cyber Cloud Protection	New Requirement	Feb-25	01/04/2025	36	£60,000	TBC
Investment Strategy	Asset Liability Study	New Requirement	Mar-25	01/06/2025	TBC	TBC - in £50k to £100k band	Framework
Customer Services	Hybrid Mail Solution	Existing Contract Expiry	Mar-25	01/06/2025	36	£72,000	TBC
Investment Strategy	Local Housing Investment Manager	New Requirement	Apr-25	01/06/2025	TBC - min 60 with option to extend	£1,000,000	FTS - Above Threshold
Resources	HR and Staff Payroll System	New Requirement	Apr-25	01/07/2025	36 (+ 24)	£125,000	Framework
Pensions Administration	Actuarial Services	Existing Contract Expiry but with Potential to Extend	Jun-25	01/11/2025	60(+48)	TBC	Framework
ICT	Telephony	Existing Contract Expiry	Jul-25	12/09/2025	48	£91,000	TBC
Customer Services	Deceased, Data Maintenance & NCOA Alerts	Existing Contract Expiry	Oct-25	01/02/2025	TBC	TBC	TBC
ICT - Operations	Facilities Management Service Contract	Existing Contract Expiry but with Potential to Extend	Nov-25	01/05/2026	24 (+36)	£500,000	Framework
Governance & Corporate	Performance and Risk Management System	Existing Contract Expiry but with Potential to Extend	Nov-25	01/01/2026	24 (+24)	£57,350	Framework
ICT	Helpdesk System	New Requirement	Sep-25	01/01/2026	36	£48,000	Framework
ICT - Systems	Pensions Administration System	Existing Contract Expiry but with Potential to Extend	Feb-26	13/02/2027	60 (+48)	TBC - in region of £1,500,000	Framework
Finance and Performance	Finance Management System	Existing Contract Expiry	Feb-26	01/10/2026	48(+24)	£195,800	TBC
ICT	M365 E5 3 Year Subscription	Existing Contract Expiry	Jul-26	01/10/2026	36	£180,000	Framework
ICT	Broadband Provider	Existing Contract Expiry	Aug-26	22/12/2026	60	£35,000	TBC

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Subject	Decisions taken between meetings of the Authority	Status	For Publication
Report to	Authority	Date	13 February 2025
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	jistone@sypa.org.uk		

1 **Purpose of the Report**

- 1.1 To report on decisions taken as a matter of urgency between meetings of the Authority.
-

2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Note the decisions taken between meetings of the Authority using the appropriate urgency procedure.**
-

3 **Link to Corporate Objectives**

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

Effective and Transparent Governance

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

4 **Implications for the Corporate Risk Register**

- 4.1 The contents of this report will contribute to addressing risks around regulatory compliance.

5 **Background and Options**

- 5.1 It is often necessary for decisions to be taken between meetings of the Authority due to the time sensitive nature of the matters involved. These decisions are taken by the Chair in consultation with the s41 members and the Director and, while published on the Authority's website, are also reported to the next Authority meeting for transparency.
- 5.2 One decision has been required under this procedure in the period since the previous meeting of the Authority. This decision was taken on 14 January 2025 or as follows.
- 5.3 The Government issued a consultation on the future arrangements for the pooling of investments and governance within the LGPS. An initial outline of the Authority's

response was discussed at the Authority meeting on 12th December 2024. The deadline for final responses to be submitted is 16th January 2025. This did not provide the time for consideration of a final response by a full meeting of the Authority. An informal meeting of members of the Authority was held on 10th January 2025 to consider a draft of the final response. Following discussion this was further amended to reflect the views of Authority members and the s41 members were consulted for their agreement to the final version in line for the procedure for urgent decisions before submission.

- 5.4 The s41 members have been consulted in line with the procedure for urgent decisions between meetings and have raised no objections.

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
Published Decision Records	<u>Governance (sympensions.org.uk)</u>

Subject	Independent Advisers' Objectives	Status	For Publication
Report to	Authority	Date	13 February 2025
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 allow members to approve the objectives agreed with the Independent Investment Advisers.
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2 **Recommendations**

- 2.1 Members are recommended to:
- a. Approve the objectives for the Independent Investment Advisers set out in the body of the report.**
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3 **Link to Corporate Objectives**

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

Effective and Transparent Governance

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

Ensuring on-going review and improvement of any arrangements the Authority has in place reflects strong governance.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report relate to a number of identified risks concerned with decision making processes and the management of the Fund's investments.

5 Background and Options

5.1 The arrangements which the Authority has in place with its two independent investment advisers are not currently subject to the same FCA regulations as would apply to a retained investment consultant where objectives have to be set around each piece of work undertaken as well as the broader advisory relationship. However, it is good practice to set objectives for advisers and to review performance against the objectives on an annual basis.

5.2 Given that the Authority began a new arrangement with its two advisers during the autumn it is necessary to agree new objectives against which performance can be assessed. The proposed objectives, described as previously as areas of focus, set out below were agreed with the advisers (subject to member approval at this meeting) at the Investment Advisory Panel's December meeting.

Area of Focus
Actively participating in quarterly Investment Panel meetings.
Helping to develop the Fund's Investment Strategy and Strategic Asset Allocation as part of the 2025 actuarial valuation cycle.
Contribution to key decision-making processes, such as decisions to rebalance against the strategic asset allocation or decisions about the future of legacy portfolios.
Assisting with the development of Border to Coast capabilities which are of interest to the Fund, and assisting with decisions to invest.
Interrogating the performance of the Fund and developing appropriate courses of action.
Assisting with the ongoing monitoring and review of Border to Coast (and other third parties, as appropriate). This will include attendance at Border to Coast workshops and updates (where required), potential further development of the balanced scorecard approach and assisting with decisions to exit capabilities (where appropriate).
Delivering training as part of the commitment to the Knowledge and Skills framework. This will include the facilitation of an Investment Beliefs session at the Members' Away Day.

Assist with a structured review of the Fund's existing allocations to private markets holdings outside of Border to Coast (including the Impact Portfolio).
Provide input into scope and questions for Fund members' Responsible Investment survey.
Input into the evolution of the Authority's investment beliefs in light of the changing responsibilities held by SYPA and Border to Coast.

5.3 These areas of focus cover the full range of input expected from the advisers and performance will in future be assessed each September (broadly aligned with the advisers' contract year). The annual assessment will be reported to members for agreement as a confidential item given that it concerns the performance of individuals.

5.4 This process places the arrangements for external advice on a similar basis to that required for regulated consultants and aligns with best practice. Further changes to these arrangements may be necessary once the Government's intentions in relation to independent advice set out in the recent consultation become clear.

6 Implications

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

Financial	None
Human Resources	None
ICT	None
Legal	Through consideration of this report the Authority is satisfying itself that the arrangements which it has in place for independent advice satisfy the requirements of the regulations.
Procurement	None

George Graham

Director

Background Papers	
Document	Place of Inspection

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