

SOUTH YORKSHIRE PENSIONS AUTHORITY

5 JUNE 2025

PRESENT:

Councillor Donna Sutton (Chair)

Councillors: Roy Bowser, Craig Gamble Pugh, Jayne Dunn, Simon Clement-Jones, Alexi Dimond, Andrew Sangar, Ken Guest, Jason Charity, Rachel Reid, David Fisher and Trevor Smith

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

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

Independent Investment Advisers: Aoifinn Devitt and Jonathan Hunt

Local Pension Board Members: David Webster and Councillor David Nevett

Independent Audit and Governance Committee Member: Emma Dawson

1 **WELCOME AND INTRODUCTIONS**

The Director welcomed everyone to the meeting including Councillor George Jabbour, Chair of Border to Coast Joint Committee and members of the Local Pension Board.

2 **APOLOGIES**

None.

3 **DECLARATIONS OF INTEREST**

Councillor Dimond declared he was a member of the Palestinian Solidarity Campaign.

4 **ANNOUNCEMENTS**

Loyal Service Awards

The Director presented the report and provided members with the opportunity to acknowledge the loyal service of members of the Authority's staff.

RESOLVED: Members congratulated and thanked staff who have achieved loyal service awards as set out in the body of the report.

5 **URGENT ITEMS**

The Director gave an update to make members aware of the content of the Government's response to the "Fit for the Future" consultation published on 29th May 2025.

RESOLVED: Members

a. Noted the Government's final proposals for changes to pooling and governance within the Local Government Pension Scheme.

b. Indicated whether there were any issues of concern at this stage which officers should factor into their work to address the Government's proposals.

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

RESOLVED: Item 26 was considered in the absence of Public and Press by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

7 APPOINTMENT OF CHAIR AND VICE CHAIR

The Director invited nominations for the role of Chair. Councillor Donna Sutton was nominated for the position by Councillor Dunn and seconded by Councillor Sangar. There being no other nominations Councillor Sutton was confirmed as Chair of the Authority for the 2025/26 Municipal Year and assumed the Chair. The Chair invited nominations for the position of Vice-Chair. Councillor Roy Bowser was nominated by Councillor Dunn and seconded by Councillor Fisher. There being no other nominations Councillor Bowser was confirmed as Vice Chair.

RESOLVED:

a) Councillor Donna Sutton was elected Chair of the Authority for the municipal year 2025-26.

b) Councillor Roy Bowser was elected Vice Chair of the Authority for the municipal year 2024-25

8 VOTE OF THANKS TO OUTGOING CHAIR

The Chair thanked the outgoing Chair, Councillor Jayne Dunn who will remain on the Authority as a member and as the Section 41 Officer representing Sheffield City Council, for all her hard work for the Authority in 2024-25, especially as she was also serving as Lord Mayor of Sheffield City Council at the time.

The Chair welcomed new members to the Authority, Councillors Charity, Reed, Guest and Smith.

The Chair thanked outgoing members of the Authority; Councillors John Mounsey, James Church, David Nevett and Neil Wright, and confirmed all outgoing members had received letters of thanks

9 MEMBERSHIP, POLITICAL BALANCE AND APPOINTMENTS TO COMMITTEES

The Director delivered a report on the appointments to the Authority's Committees for the 2025/26 Municipal Year in line with the political balance rules applying to the Authority.

RESOLVED: Members

- a) Noted the members appointed to the Authority by the District Councils**
- b) Noted the members appointed to answer questions in the meetings of the Full Council of the District Councils**
- c) Approved the following appointments to Committees:**

Audit and Governance Committee:

Councillor R Bowser (Chair)

Councillor T Smith

Councillor K Guest

Councillor J Charity

Councillor D Fisher

Councillor S Clement - Jones

Appointments and Appeals Committee:

Councillor D Sutton (Chair)

Councillor R Bowser

Councillor J Dunn

Councillor A Dimond

Councillor R Reed

Councillor A Sangar

Staffing Committee:

Councillor D Sutton (Chair)

Councillor R Bowser

Councillor J Dunn

Councillor A Dimond

Councillor R Reed

Councillor A Sangar

10 PUBLIC QUESTIONS

Questions were received from June Cattel, Mr M Y Ashraf, Sue Owen and Tariq Abdulkarim. The Director replied on behalf of the Authority. Given the similar nature of all four questions, one response explaining the policies of the Authority was provided.

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

The written questions and reply are attached as appendices to these minutes.

11 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

The Chair shared that a number of questions regarding SYPA had been asked and answered at meetings of Rotherham Metropolitan Borough Council and that she would keep the Authority updated on any future queries or issues that may arise.

Members requested further detail on the Sheffield City Council Motion Regarding "Ethical Investment of Pension Funds" that had been presented to SYPA. The Director agreed to schedule a meeting for Authority members to further discuss the motion.

12 MINUTES OF THE MEETING HELD ON 13 MARCH 2025

RESOLVED: Members agreed that the minutes as presented for the Authority Meeting held on 13 March 2025 were a true and accurate record.

13 QUARTER 4 CORPORATE PERFORMANCE REPORT 2024/25

The Assistant Director – Resources presented the Q4 Corporate Performance Report for members to consider and approve. The Head of Finance and Performance added specific commentary on Q4 Provisional Outturn for 2024/25 report and final yearly costs to the Authority including that the outturn for the year before transfers from reserves was an under-spend of (£382k), with an under-spend of (£138k) after the transfers to reserves.

Members queried the Corporate Risk Register and asked whether reputational damage to SYPA due to investment in Israeli Government bonds and weapons manufacturers should be considered and if there was any risk members of the Authority could be found legally accountable for the outcome of any such investments.

The Director explained that legal advice on the issue was clear and that members of the Authority were not liable for the outcome of investment decisions and that this was not a risk that needed consideration. It was explained that the Corporate Risk Register was constantly under review but that it was not considered necessary to add reputational damage as a specific risk at this point having considered the Authority's position in the industry and the duty to scheme members

RESOLVED: Members

- a) **Approved the budget virements as set out in paragraph 4.25 of the report.**
- b) **Approved the transfers to earmarked reserves as set out in the table in paragraph 4.71; amounting to a net total transfer to reserves of £216,290.**

14 ADVISER MARKET COMMENTARY

The Assistant Director – Investment Strategy introduced the Independent Investment Adviser, Aoifinn Devitt. The Independent Investment Adviser presented the Market Commentary Report for members to consider and note.

Members thanked the Independent Investment Adviser for her commentary and asked for her opinion on whether the outcomes of the recent actions taken by the US Government might mean more investment in Europe.

The Independent Investment Adviser explained that she did believe the results of the US Government's measures had made it a less attractive economy to invest in and that this would lead to increased global investment outside the USA, including in Europe and in the UK.

RESOLVED: Members noted the report.

15 QUARTER 4 INVESTMENT PERFORMANCE REPORT 2024/25

The Assistant Director – Investment Strategy delivered the Q4 Investment Performance Report highlighting key areas of performance over the last quarter.

Members noted that the current asset allocation was underweight in the Climate Opportunities and Renewable Energy asset classes and asked whether considerations were being made to change this. The Assistant Director – Investment Strategy explained that these were illiquid asset classes which would, by nature, be built up over time. The team would be discussing progress and opportunities in this area with Border to Coast Pensions Partnership at an upcoming meeting. The Assistant Director – Investment Strategy noted that he would continue to update the Authority members in this matter.

Members asked whether the equity investment and debt funding to support the growth of small and medium sized local businesses that the Pension Authority, in alignment with the South Yorkshire Mayoral Combined Authority's economic development strategies, had pledged would support expansion into the newer areas such as Climate Opportunities and Renewables. The Director explained that it would be up to the individual fund managers appointed by the Authority to invest the money where they chose but that 'green' investment opportunities were potentially available and attractive.

RESOLVED: Members noted the report.

16 QUARTER 4 RESPONSIBLE INVESTMENT UPDATE 2024/25

The Assistant Director – Investment Strategy presented the Quarter 4 Responsible Investment Update, covering the likes of company engagement and emissions data. He further explained the recent engagement Border to Coast Pensions Partnership had undertaken with BP following BP's strategy reset in Q1 2025, which weakened its climate targets and transition plan. It was explained that, as part of Border to Coast's engagement escalation, they had signalled their concern by publicly pre-declaring they were voting against the re-election of the Chair of the Board and voting against acceptance of the annual report and against approval of the remuneration report. It was explained that a significant number of shareholders (24%) voted against the re-election of the Chair of the Board and that Border to Coast Pensions Partnership will continue to escalate, which may incorporate co-filing a resolution with BP. It was explained that there was currently no formal process in place at Border to Coast for divestment based solely on a failed engagement but this is an aspect of responsible investment which, among others, will be discussed between SYPA, Border to Coast and the other Partner Funds over the coming months.

Members asked for a timeline on the next stage of engagement with BP and more clarity on what would happen if engagement continued to fail to give the required outcomes for Border to Coast Pensions Partnership and the Authority.

The Assistant Director – Investment Strategy explained that there was no confirmed timeline in place and that it was still early in the engagement process with many aspects to consider before making any significant decisions. The Director added that

Border to Coast Pensions Partnership would be undertaking their annual responsible investment policy review and that this would look at the escalation process associated with engagement.

Members asked for further detail on growing tensions between asset managers (such as BlackRock) withdrawing from key climate initiatives, whereas many investors continue to believe in the importance of these initiatives. In many cases – but not all - it has tended to be US managers leaving climate initiatives given the political climate in the States. The Independent Investment Adviser explained that some alliances between asset managers and investors in the industry have been negatively affected over such matters. This period of change, however, has arguably made it more clear to the industry which asset managers were actually fully committed to responsible investment and which asset managers had been acting performatively and simply following prevailing trends.

Members welcomed the updates on engagement but asked whether there had been any engagement with Israeli companies held within the portfolio - when and why the decision was made for Border to Coast Pensions Partnership to invest in Israeli Government bonds.

The Assistant Director – Investment Strategy explained that he was not aware of any engagement but that he would follow this up with colleagues at Border to Coast Pensions Partnership for confirmation. The Assistant Director – Investment Strategy added that he would ask Border to Coast Pensions Partnership to provide rationale on the timing and decision of Border to Coast Pensions Partnership to invest in Israeli Government bonds and report back to Authority members.

RESOLVED: Members noted the activity undertaken in the quarter.

17 PENSIONS ADMINISTRATION IMPROVEMENT PLAN UPDATE

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

Members welcomed the improvements on data quality and the Administration Improvement Plan in general and asked for further detail on the backlog and when it was expected to be cleared.

The Assistant Director – Pensions explained that clearing the backlog had slowed due to lack of staffing resource and available overtime. This issue was now to be tackled by one of the Benefits teams targeting the backlog on a monthly rota, with the aim of completing the task by the end of 2025. The Assistant Director – Pensions also explained that as well as processing the backlog, the Benefits team also had to ensure incoming work was promptly dealt with to avoid creating a new backlog and that a number of very complex cases may also affect the team's ability to meet the planned completion date. Third party help may need to be sought.

Members asked for an update on the installation of software needed to implement the McCloud Remedy and whether all members who require the rectification have been identified.

The Assistant Director – Pensions explained that the software development/installation was still delayed due to Civica, the software supplier. It was explained that the members that needed to be checked to see if they required the rectification had been identified but that the developments currently still awaited were required before the software could perform the calculations required to identify any members with an underpin. There may be manual rectifications required for cases the software can't calculate and it was explained that this work was not identified as part of the backlog but was a separate process, yet to be started.

RESOLVED: Members

a. Noted and commented on the 2024/2025 plans for Administration improvement that are in place.

b. Agreed the Data Quality Strategy at Appendix A.

18 DETERMINATION UNDER MCCLOUD IMPLEMENTATION

The Assistant Director – Pensions presented the report to update the Authority on the McCloud Implementation Plan. It was explained that because the next phase of the required software developments had been delayed by the supplier, it was necessary to move the implementation deadline to 31 August 2026.

Members accepted the rationale for moving the deadline but asked how many other administering authorities were affected and whether all such delays were caused by the same software provider, Civica.

The Assistant Director – Pensions explained that some alternative software suppliers had allowed some administering authorities to start analysing their data but that all were at different stages. It was explained that around 27% of administering authorities had commissioned the software from Civica and that all these were delayed in the same way as SYPA.

Members asked whether the delay would have a practical effect on scheme members and the Authority and whether there maybe any financial costs or penalties to award affected scheme members and whether these could be passed on to Civica.

The Assistant Director – Pensions explained that once scheme members affected are identified, they will be informed on their Annual Benefits Statement that their account will be reviewed in line with the McCloud remedy in the near future while Civica complete the promised provision of software. The Assistant Director – Pensions explained that any costs to scheme members resulting from the McCloud Remedy were not a priority concern; very few members are expected to be awarded a net increase in provision and the majority of arrears built up for those that do, will have come from years prior to the McCloud ruling rather than as a result of Civica's delays.

Members asked for more explanation on why Civica has had such delays in providing the software. The Assistant Director – Pensions explained Civica had accepted responsibility for the delay and blamed it on internal resource provision and allocation issues which they have now made measures to tackle. It was explained that SYPA and other administering authorities have continually engaged with, and put pressure on, Civica and the onus is on Civica to now rebuild the confidence of their users.

RESOLVED: Members determined that the implementation date for the McCloud Remedy be delayed to 31 August 2026 for all classes of member.

19 CONSULTATION ON LGPS ADMINISTRATION REGULATION CHANGES - ACCESS AND FAIRNESS

The Assistant Director – Pensions presented the report to update the Authority on a consultation opened by MHCLG on the Local Government Pensions Scheme in England and Wales; Access and Fairness.

Members asked whether the consultation response would be shared with Trade Unions before submission. The Assistant Director – Pensions explained that it was an open and transparent consultation which had also been shared with LGPS employers.

RESOLVED: Members delegated the response to the consultation to Officers in consultation with the Chair and s41 Members.

20 GOVERNANCE, REGULATORY AND POLICY UPDATE

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

RESOLVED: Members noted the updates included in the report.

21 AUTHORITY EFFECTIVENESS REVIEW 2024/25

The Head of Governance and Corporate Services presented the results of the Authority's first annual review of its effectiveness in 2024/25.

RESOLVED: Members agreed the Effectiveness Review report at Appendix A.

22 ANNUAL REPORT OF AUDIT & GOVERNANCE COMMITTEE 2024/25

The Head of Governance and Corporate Services presented the Audit & Governance Committee's annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.

RESOLVED: Members reviewed the Annual Report of the Audit and Governance Committee for 2024/25 as attached at Appendix A.

23 ANNUAL REPORT OF LOCAL PENSION BOARD 2024/25

The Head of Governance and Corporate Services presented the annual report of the Local Pension Board for consideration, in line with the LGPS Governance Regulations and as part of the process of gathering assurance for the production of the Annual Governance Statement.

RESOLVED: Members received the annual report of the Local Pension Board 2024/25.

24 ANNUAL GOVERNANCE STATEMENT 2024/25

The Director presented the Authority's Annual Governance Statement to members for approval.

Members asked for clarity on the area for improvement identified regarding further strengthening the governance of the partnership arrangements with Border to Coast in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS.

The Director explained that there were several areas for improvement including how the Authority oversees Border to Coast Pensions Partnership performance (in collaboration with other partner funds) and how the Authority can address areas of single person dependency with relation to senior officers. It was explained that there will be large, multiple and far-reaching changes regarding pooling and partnership arrangements driven by the Government's reforms and that the scope and detail of such changes is not yet fully clear.

Members asked for information on the regulations regarding receiving petitions. The Director explained that the Authority had not received a petition before 05 June 2025 so did not have a procedure in place. It was explained that democratic services guidelines were different for SYPA than for Local Authority Councils and that members were able to ask for a petition procedure to be drafted for approval, but that the Authority could only consider the requirements and opinions of scheme members and were not in a position to enact any changes as a direct result of a petition, unless such changes were in the best interests of scheme members.

RESOLVED: Members

a. Approved the Annual Governance Statement for 2024/25 and authorised its signature by the Chair and Director.

b. Noted the provisional conclusion of the Head of Internal Audit which will be revised if required by the content of the Internal Audit Annual Report.

25 CONSULTATION, COMMUNICATION AND ENGAGEMENT STRATEGY

The Assistant Director - Pensions and the Service Manager – Customer Services presented the report to secure approval by the Authority of the updated Consultation, Communications and Engagement Strategy which supports the Corporate Strategy.

Members asked whether the Engagement and Accessibility principle listed in the strategy related to scheme members only or included members of the public speaking at meetings held in public.

The Director explained that this strategy related only to scheme member engagement and that public engagement at Authority meetings was a different issue which would be reviewed and reported to members separately.

Members noted the recent Responsible Investment survey sent to scheme members and asked how often such a survey will be circulated.

The Director explained that it is expected that a Responsible Investment survey would be circulated every 3 years in line with the review of the Investment Strategy. It was

explained that customer satisfaction surveys and single issue surveys were being continually rolled out to scheme members to gain their opinions and feedback. It was also explained that running the 2025 AGM as a video was successful in terms of convenience and the number of views, questions and engagement and that this would be repeated going forward.

Members expressed that good, comprehensive updates to scheme members in easy to understand language was key to a good communications strategy and praised the developments SYPA had made in this area. The Director added that it was due to investment in a communications professional, as supported by the Authority, and a strong Customer Services team that such positive progress had been made.

Members asked what the future of digital communications looked like. The Service Manager – Customer Services explained that it was recognised that increased digital communications was needed, but that SYPA will also continue to provide for alternatives for scheme members that prefer not to engage in that way. It was explained that SYPA aim to improve their online services and log in processes to make them more user friendly and facilitate moving the bulk of communications online.

RESOLVED: Members approved the revised Consultation, Communications and Engagement Strategy.

26 UPDATE ON POOLING

The Director updated the Authority on the process of discussions with funds that may wish to join Border to Coast, and the development of new capabilities as part of the Border to Coast 2030 Strategy and in response to the Government's Local Government Pension Scheme (LGPS) – Fit for the Future consultation.

Members discussed potential implications and costs involved with admitting new funds to Border to Coast Pensions Partnership and acknowledged the deadline of March 2026 to enact any changes.

RESOLVED: Members

- a. Noted the position on the potential growth of the Border to Coast Pensions Partnership set out in the body of the report.**
- b. Noted the positive progress with the development of new capabilities by the Border to Coast operating company.**
- c. Commented on any concerns that may arise because of the expansion of the Border to Coast Pensions Partnership.**

CHAIR

CHAIR