Public Document Pack

Date: 29 August 2025

To: MEMBERS OF SOUTH YORKSHIRE PENSIONS AUTHORITY

Oakwell House
2 Beevor Court
Pontefract Road
Barnsley
S71 1HG

www.sypensions.org.uk

This matter is being dealt with by: Governance Team
Direct Line: 01226 666448
Email: Governanceteam@sypa.org.uk

Dear Member

South Yorkshire Pensions Authority
Thursday, 4 September 2025

A meeting of South Yorkshire Pensions Authority will be held at **Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday, 4th September, 2025 at 10.00 am.**

The agenda is attached.

Yours sincerely

G Graham

George Graham
Director and Clerk

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Distribution: Councillor Donna Sutton (Chair), Councillor Roy Bowser (Vice-Chair), Councillor Simon Clement-Jones, Councillor Alexi Dimond, Councillor Jayne Dunn, Councillor David Fisher, Councillor Craig Gamble Pugh, Councillor Ken Guest, Councillor Andrew Sangar and Councillor Rachel Reed

SOUTH YORKSHIRE LOCAL PENSION BOARD

THURSDAY, 4 SEPTEMBER 2025 AT 10.00 AM, OAKWELL HOUSE, 2 BEEVOR COURT, PONTEFRACT ROAD, BARNSLEY, S71 1HG

AGENDA

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
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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

SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Appointment of Head of Paid Service and Miscellaneous Human Resources Issues**	**Status**	For Publication
Report to	Authority	**Date**	4th September 2025
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	George Graham Director	**Phone**	01226 666439
E Mail	ggraham@sypa.org.uk		

1 Purpose of the Report

1.1 To approve the appointment of an individual to perform statutory officer function and address consequential human resources issues and the regulatory impact of the national pay award on the Authority's pay and grading structure.

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2 Recommendations

2.1 Members are recommended to:

a. **Approve the appointment of Gillian Taberner as Head of Paid Service and Clerk with effect from 19th December 2025.**

b. **Approve the arrangements set out in para 5.4 for interim cover for the role of Assistant Director – Resources pending a permanent appointment to the role.**

c. **Approve the arrangements for the appointment of a permanent Assistant Director – Resources set out in para 5.6**

d. **Approve the appointment of William Goddard as s.73 (Chief Finance) Officer with effect from 1st October 2025 until the appointment of a permanent Assistant Director – Resources.**

e. **Approve the setting of Grade M at £93,559 - £102,865p.a following the local government national pay award and the consequent setting of pay packages for staff at Grade M greater than £100,000.**

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3 Link to Corporate Objectives

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

Effective and Transparent Governance

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

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 contents of this report address the risks around regulatory compliance and sufficient qualified staffing reflected in the corporate risk register.

5 Background and Options

Appointment of Head of Paid Service and Clerk

5.1 As members are aware the current Director who holds the statutory roles of Head of Paid Service and Clerk is due to retire at the end of the year and their last day in the office prior to annual leave will be 18th December 2025. The Appointments and Appeals Committee met on 24th July and agreed to appoint Gillian Taberner as the Authority's new Director. Ms Taberner will transition from her current role as Assistant Director – Resources into the role of Director – Designate from 1st October 2025, assuming the full responsibilities of the role on 19th December following the current post holder's last day in the office.

5.2 The law requires that appointments to the statutory roles of Head of Paid Service and Clerk should be formally made by the full council or equivalent of a local authority. This report is therefore being brought to enable the Authority to confirm Gillian Taberner in these statutory roles following the current postholder's last day in the office to ensure continuity.

Interim Arrangements for the Role of Assistant Director - Resources

5.3 Ms Taberner's appointment as Director means that there is now a vacancy for her current role of Assistant Director – Resources which incorporates the statutory role of s.73 (Chief Finance) Officer. To free Ms Taberner to effectively transition to her new role it will be necessary to make interim arrangements for her current role to be covered pending a permanent appointment.

5.4 The following arrangements are proposed. As these arrangements affect one of the statutory officer roles they require approval by the Authority. Several alternatives have been considered, but the approach proposed is one that minimises costs and the amount of disruption to existing work.

- The appointment of an Acting Assistant Director – Resources from among the Authority's existing staff to fulfil the full remit of the role including s.73 responsibilities for at least 6 months.
- Consequent acting up arrangements at lower levels in the management structure which will be dealt with under delegated powers.
- The bringing in of additional temporary capacity as required to work on specific projects, which will again be dealt with under existing delegated powers and within the relevant budgetary provision.

5.5 The legal requirement for the post holder to hold a specified accountancy qualification restricts the field of internal candidates and following consultation with staff and the trade union it is proposed that the Authority approve the appointment of Mr William Goddard (currently Head of Finance and Performance) as Acting Assistant Director – Resources with the associated s.73 responsibilities with effect from 1st October 2025 until a permanent post holder takes up the appointment.

Arrangements for the Appointment of a Permanent Assistant Director - Resources

5.6 The new Director does not propose any significant changes to the senior management structure, beyond retaining direct management responsibility for Human Resources functions, which is a common arrangement given the statutory responsibilities of the Head of Paid Service, and therefore it will be necessary for the Authority to proceed with an appointment to the Assistant Director – Resources role as currently conceived. Recruitment to the role would be at the substantive Grade M salary (see details in the next section of this report). Officers propose to once again use North Yorkshire Council to support this process given their success in supporting previous senior manager recruitment with a similar process to that used for the last 3 Senior Manager appointments. As this is a Chief Officer role, the final appointment will be made by the Appointments and Appeals Committee, with confirmation from the Authority required because of the statutory responsibilities.

5.7 At this stage a full timetable for the recruitment to this role has not been established. However, the aim would be to hold an Appointments and Appeals Committee during February 2026.

Impact of the National Pay Award on the Pay and Grading Structure

5.8 The national pay award for local government has now been agreed with an increase of 3.2% on all spinal column points. This results in Grade M within the pay and grading structure, which is the substantive grade for the three Assistant Director roles, now being as shown in the table below:

Spinal Point	Pre-Pay Award £	Post Pay Award £
52	90,658	93,559
53	93,611	96,607
54	96,566	99,656
55	99,675	102,865

5.9 As can be seen, this results in the substantive grade for roles at Grade M attracting a salary package in excess of £100,000 (at the top of the scale). Regulations require that salary packages in excess of £100,000 require the approval of Full Council (or the equivalent). Therefore, a recommendation is being brought to this meeting to specifically approve the setting of grade M salaries at the levels indicated above in line with the national pay award.

6 Implications

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

Financial	The costs of acting up arrangements and temporary staffing can be met within existing budgetary provision and the provision included in the budget for an overlap period between the new Director and the current Director. The impact of the national pay award is less than assumed in the budget and therefore there is sufficient budgetary provision to meet the costs of the national pay award.
Human Resources	The role profile for the role of Director fully reflects the relevant statutory responsibilities.
ICT	None
Legal	Consideration of the recommendations contained in this report meets the relevant legal requirements
Procurement	None

George Graham

Director

Background Papers	
Document	**Place of Inspection**

SOUTH YORKSHIRE PENSIONS AUTHORITY

Delivering for our Customers – Corporate Performance Report

Quarter 1 2025/26

Contents

1. Introduction

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

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

1.3 This report presents the information on overall performance during the first quarter of the 2025/26 financial year. More detailed information on the performance of the Authority's investments and the pension administration department during the quarter are contained in other reports which are available on the Authority's website.

2. Headlines

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

Progress is being made on the new Corporate Strategy 2025-2028.

Data for the valuation was submitted on time and to a good standard.

A forecast under-spend on the revenue budget will enable building up of earmarked reserves or to be targeted for use in-year on corporate priorities.

Clarity on the pooling position has enabled a reduction in the risk score for the Pensions Review risk.

Funding position continues to be strong - although this increases the risk of an imbalance in cashflows on the risk register.

Sickness absence has increased in this quarter.

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

Clearance of backlogs of pensions case work is progressing but remains a challenge, with an indication that the target timescale for this will require revision.

3. Delivering the Corporate Plan & Supporting Strategies

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

3.2 The Corporate Strategy was fully reviewed and updated for the April 2025 to March 2028 period 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. These strategies were approved by the Authority in February 2025.

3.3 The plan for the next three years is organised around these themes:

a) 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.

b) Investment Strategy – representing a continued focus on Place Based Impact Investment, progress towards the Net Zero 2030 ambition, the 2026 Investment Strategy review, and the transition of legacy assets to Border to Coast.

c) 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 Social Media Strategy is developed, and work on developing an Environmental Sustainability plan for the organisation's own operations.

d) Governance and Partnerships – this reflects a focus on building on the good progress already achieved with continuous improvement in governance arrangements and member knowledge and understanding as well as plans to ensure that the Authority is well-placed to deliver the governance outcomes from the Government's Fit for the Future consultation and keep our level of influence within our key partnership, Border to Coast.

e) 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.

3.4 The plans and how these link to the Authority's objectives and corporate risks are set out in the Corporate Strategy published on our website at: Corporate Plans.

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

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status	
PA	**Pensions Administration**					45%	
PA1	Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing.	01-Feb-2024	31-Dec-2025	Service Manager - Benefits	Progress continues to be made on processing this work but based on a current assessment of the rate of progress and the numbers in the backlog, it is not considered achievable by the target date. A plan is being looked at to stop backlog work being created which could be done for the end of this year.	Not achievable	
PA2	Plan and deliver the Valuation 2025, including increased engagement with employers.	01-Sep-2024	31-Dec-2025	Service Manager - Employer Services; Service Manager - Technical Support & Training	Project is progressing well, work in quarter 1 has included a focus on preparing data required for the valuation and this is on track for the data extract to be sent to the actuary in July as per the project timetable.	On track	
PA3	Implement the McCloud Remedy successfully.	01-Apr-2024	31-Aug-2026	Assistant Director - Pensions	Determination made by the Authority to extend time limit for McCloud implementation due to delays by the system provider in delivering the required functionality. *(Status shown is in respect of achieving the extended time limit of August 2026).*	At risk but achievable	
PA4	Deliver the Data Quality Improvement Plan	01-Apr-2024	31-Mar-2026	Service Manager - Technical Support & Training	Data Quality and improvement strategy has been approved and will be published. The cyclical activities per annum is in place and work is ongoing to put in place an operational plan that will document what is in scope for improvement and why.	On track	
PA5	Ensure Pensions Administration software system is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible	01-Apr-2024	31-Mar-2028	Head of ICT; Assistant Director - Pensions	Strategic UPM group set up with quarterly meetings. Smaller working groups set up to look at automation. Improvements made to Employer hub and project in place to continue to improve this. We continue to work on holding the system provider to account within the contract management relationship and to push for the delivery of the	At risk but achievable	

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status
					developments required. The ability of the provider to deliver is the element that is at risk.	
PA6	Implement the Pensions Dashboards to required timescales	01-Sep-2024	31-Oct-2025	Service Manager - Customer Services	Some work has been planned for the Pension System to ready some settings for when the connection will be required. We have informally confirmed with the AVC providers how we expect to progress with their data being presented on the Dashboard and have also informally agreed what our Matching Criteria will be for the main scheme data.	On track
IS	**Investment Strategy**					38%
IS1	Plan and deliver the 2026 Investment Strategy Statement review, including increased stakeholder consultation.	01-Nov-2024	31-Mar-2026	Assistant Director - Investment Strategy	Strategy consultant selected and kick-off meeting undertaken. Project on-track with timelines.	On track
IS2	Continue to develop and deliver our Place Based Impact Investment approach.	01-Apr-2025	31-Mar-2028	Investment Manager	Place Based Impact Investment Strategy continues to be managed in line with allocations agreed in Investment Strategy. Drawdown of the Border to Coast UK Opportunities Fund commitments continued during the quarter. First allocation to local impact debt mandate has been made by FW Capital. Procurement for Local Affordable Housing mandate manager is moving to final selection stage later in Q3 2025.	On track

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status
IS3	Continue the progress towards the Authority's ambition of Net Zero 2030.	01-Apr-2025	31-Mar-2028	Investment Manager	Interim 2025 target, of a 52% reduction in financed emissions compared to the 2019 baseline, achieved with a 59% reduction in financed emissions across the 5 Border to Coast funds where emissions are measured. The next stage of financed emission reductions will depend on Border to Coast delivering ahead of their 2050 net zero pathway. The feasibility of net zero pathways, including 2030, will be tested as part of our upcoming investment strategy review.	At risk but achievable
IS4	Undertake transition of legacy assets portfolio to Border to Coast.	01-Apr-2025	31-Mar-2026	Assistant Director - Investment Strategy	Fit for the Future outcome has regulated that management of all legacy assets will pass to the pool manager, Border to Coast, ideally by 31 March 2025. Discussions and planning with Border to Coast are taking place.	On track
CO	**Corporate Organisation**					21%
CO1	Develop and deliver an Environmental Sustainability plan for our operations.	01-Jan-2026	31-Mar-2027	Head of ICT	Not yet due to start.	Not started
CO2	Ensure the Diversity, Equality and Inclusion Scheme is delivered effectively.	01-Apr-2025	31-Mar-2028	Assistant Director - Investment Strategy	An update to be provided in quarter 2.	
CO3	Plan and implement a Social Media Strategy to ensure we communicate and promote the Authority's work and achievements	01-Apr-2025	31-Mar-2026	Director	This relates to the Social Media Strategy which was approved at the June meeting of the Senior Management Team. The remaining work is to implement the strategy which will be possible following completion of the current recruitment to a vacant role in the Communications Team.	On track

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status	
CO4	Embed the Performance Management Framework and use this to deliver improvements in reporting of management information.	01-Apr-2025	31-Mar-2026	Head of Finance & Performance; Service Manager - Programmes & Performance	Dashboards have been recently built identifying data on Complaints captured in the Pension System & progress through training on Career Grade training programmes for Pensions Officers. A Business Intelligence Analyst has been hired into the team to help develop more pace where the Service Manager has had to slow down production due to more pressing priorities.	On track	✔
GP	**Governance and Partnerships**					33%	
GP1	Implement the Good Governance outcomes arising from the Government's Fit for the Future consultation.	01-Jul-2025	31-Mar-2028	Head of Governance & Corporate Services; Assistant Director - Resources	Not yet due to start.	Not started	●
GP2	Maintain Authority's level of influence as a partner fund within Border to Coast – including input to the implementation of the 2030 Strategy.	01-Apr-2025	31-Mar-2028	Director	This area of work has been dominated by the impact of the Government's decision that 21 LGPS funds should find a new pool. The Director has been a member of the Company/Partner Fund Working Party overseeing this process, the full details of which have been reported to Authority members. This position will finally become clear in the early autumn. The Authority continues to act as a positive partner, and this is reflected in the feedback received as part of the Annual Review process. Further work will be required to ensure that personnel changes	On track	✔

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status
					do not destabilise the currently strong relationships.	
GP3	Ensure continuous improvement of the Authority's Governance arrangements to meet good practice – including compliance with TPR General Code.	01-Apr-2025	31-Mar-2028	Head of Governance & Corporate Services; Assistant Director - Resources	Positive progress is being made in respect of compliance with The Pensions Regulator's General Code. Significant progress made against External Governance Review action plan. Procurement action plan in place with key areas of work identified to strengthen arrangements. Internal audit review to take place this year.	On track
GP4	Support Authority and LPB members to develop the knowledge and skills required to perform their roles effectively.	01-Apr-2025	31-Mar-2028	Head of Governance & Corporate Services	Majority of members 100% compliant against core training requirements. New members on track to achieve 100% compliance by 30 Sept 2025. Successful launch for individual members' L&D plans and self-assessment.	On track
OP	**Our People**					5%
OP1	Produce and implement a separate Workforce Plan to identify and plan how to meet future people resourcing needs, including succession planning.	01-Jul-2025	31-Mar-2026	Assistant Director - Resources	Work on this objective will commence later in the financial year - the implementation of a new HR system will help to provide the data to inform the plan.	Not started
OP2	Ensure the effective delivery of Our People Strategy.	01-Apr-2025	31-Mar-2028	Assistant Director - Resources	Good progress has commenced on the various strands of the People Strategy - including the scheduling of a number of L&D programmes for 2025/26, investment in and take-up of accredited LGPS training in pensions administration, and initial planning for staff away day and biennial	On track

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter 1 Update	Status	
					employee engagement survey to take place in the autumn.		
IT	**Information Technology**					8%	
IT1	Maintain and continually strengthen our cyber security defences – including development and implementation of an updated Cyber Security Strategy.	01-Apr-2025	31-Mar-2028	Head of ICT	Key activities: • Cyber Security Strategy in development and awaiting SMT approval. • Application Control policies in test with go live date set for 10/07/2025	On track	✔
IT2	Ensure the effective delivery of the Technology Strategy.	01-Apr-2025	31-Mar-2028	Service Manager - ICT Infrastructure; Head of ICT	Key activities: • M365 Always On VPN implemented • Developed ICT operational risk register	On track	✔

4. How are we performing?

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

Corporate Measures

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

Measure	Performance Quarter 1 2025/26	Performance YTD 2025/26	Performance in Previous Year Q1: 2024/25	Movement Year on Year
Short Term Sickness Absence – Days Lost per FTE	1.43	1.43	0.65	↑
Long Term Sickness Absence – Days Lost per FTE	0.31	0.31	0.70	↓
Total Days Lost per FTE	**1.74**	**1.74**	**1.35**	↑

4.3 This quarter has seen an increase in sickness absence, particularly related to short term absences. There have been a wide range of reasons for sickness absence this quarter including stomach / gastric illness, anxiety / stress from personal issues and migraines for several individuals.

4.4 There was one case of long term sickness absence in the quarter.

4.5 Sickness absence is managed actively in line with the relevant HR policy – absence monitoring meetings have been held and the formal stages of improving attendance put in place where appropriate.

4.6 A total of 88 employees had no sickness absence at all during this quarter; equating to 71% of the workforce.

4.7 The Authority's Health, Safety and Wellbeing Committee continue to promote a range of initiatives to help support staff with their wellbeing. The annual opportunity for 'know your numbers' lifestyle health checks are being offered during September 2025 and plans are in progress for an organisation-wide programme of stress awareness and stress management sessions to take place during November.

Investment Measures

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

Measure	Performance Quarter 1 2025/26	Quarterly Benchmark	Performance YTD 2025/26	2025/26 Benchmark	2025/26 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	2.7%	3.3%	2.7%	3.3%	1.70%	

4.9 The total Fund value at 30 June 2025 was £11.38bn; compared with £11.06bn at 31 March 2025.

4.10 The Funding Level at 30 June 2025 is estimated at 164%, an increase to the 159% reported at the end of quarter 4. This is based on a roll forward of 2022 valuation data and is not directly comparable with the figures that will emerge from the 2025 valuation process using updated member data.

4.11 At the end of the quarter, 79.6% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration Measures

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

Measure	2025/26 Quarter 1	2025/26 YTD	Previous Year: 2024/25	Target 2025/26	Movement
Proportion of priority cases processed on time	49%	49%	64%	100%	⬇
Proportion of non-priority cases processed on time	66%	66%	65%	100%	⬌
Proportion of all cases processed on time	64%	64%	62%	100%	⬆
Proportion of employer data submissions on time	99%	99%	96%	100%	⬆

4.13 Casework in target for the year to date is 64%. Clearing the backlog is continuing to impact SLA figures as previously reported.

4.14 There was a focus on processing casework most critical to the Valuation during Quarter 1 and this has had an impact on the performance.

4.15 Employer submissions performance is being sustained with 99% of submissions received on time.

4.16 At the end of the quarter, membership of the Fund stood at 181,374.

4.17 There were 567 participating employers with active members at 30 June 2025, compared with 571 at 31 March 2025.

Financial Measures

2025/26 Budget Virements

4.19 The original budget for 2025/26 was approved by the Authority at their February 2025 meeting.

4.20 As part of the first quarter monitoring of the budget position, it has been necessary to make two budget virements as detailed below. One is a technical virement relating to the same issue reported to and approved by the Authority in June as part of the 2024/25 outturn report. The second is a minor transfer reflecting updated information on potential costs relating to upgrade of technology.

a) The 2024/25 CIPFA Code of Practice adopted a new accounting standard IFRS 16 – Leases. The new standard resulted in a change to our accounting policies, included within a report taken to the Audit & Governance Committee in March 2025. The virement required as a result of this change is for Oakwell House Rent of £40k held in the Central Costs budget; the new standard requires the rent to be split between Financing Expenditure and Minimum Revenue Provision, as shown below on the table.

b) To facilitate the potential for effective hybrid meetings and enhanced streaming of meetings, the technology in the Events Room at Oakwell House requires development. An estimate for the cost of this was included in the Capital Expenditure budget; however, as further details have been obtained, this identified that part of the cost will be for annual licencing, a revenue cost that should be within the ICT budget.

4.21 The Assistant Director – Resources has approved these virements in line with para 4.3 (b) of the Financial Regulations within the Constitution. The table below summarises the virements made.

Budget Virements 2025/26	2025/26 Budget	Virement Q1	2025/26 Revised Budget at Q1
Pensions Administration	3,961,370		3,961,370
Investment Strategy	666,630		666,630
Resources	1,585,950		1,585,950
ICT	1,790,060	5,000	1,795,060
Central Costs	855,370	(40,360)	815,010
Democratic Representation	156,100		156,100
Subtotal - Cost of Services	**9,015,480**	**(35,360)**	**8,980,120**
Financing / Interest Charges	0	36,910	36,910
Minimum Revenue Provision Charge	0	3,450	3,450
Capital Expenditure Charge to Revenue	130,000	(5,000)	125,000
Subtotal - Capital Expenditure and Financing	**130,000**	**35,360**	**165,360**
Subtotal Before Transfers to Reserves	**9,145,480**	**0**	**9,145,480**
Transfer to / (from) Reserves	(94,650)	0	(94,650)
Total	**9,050,830**	**0**	**9,050,830**

2025/26 Q1 Forecast Outturn

4.22 The quarter 1 forecast expenditure for the year and variance against the budget is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2024/25 Actuals £	2025/26 Revised Budget £	2025/26 Q1 Forecast £	2025/26 Q1 Forecast Variance £	2025/26 Q1 Forecast Variance %
Pensions Administration	3,661,230	3,961,370	3,918,410	(42,960)	(1.10%)
Investment Strategy	642,330	666,630	674,730	8,100	1.20%
Resources	1,322,510	1,585,950	1,500,270	(85,680)	(5.40%)
ICT	1,314,010	1,790,060	1,687,780	(102,280)	(5.70%)
Central Costs	707,020	815,010	796,510	(18,500)	(2.30%)
Democratic Representation	132,560	156,100	150,300	(5,800)	(3.70%)
Subtotal - Cost of Services	**7,779,660**	**8,975,120**	**8,728,000**	**(247,120)**	**(2.80%)**
Capital Expenditure and Financing:					
Financing / Interest Charges	37,090	36,910	36,910	0	0.00%
Minimum Revenue Provision Charge	3,270	3,450	3,450	0	0.00%
Capital Expenditure Charge to Revenue	97,410	130,000	130,000	0	0.00%
Subtotal - Capital Expenditure and Financing	**137,770**	**170,360**	**170,360**	**0**	**0.00%**
Subtotal Before Transfers to Reserves	**7,917,430**	**9,145,480**	**8,898,360**	**(247,120)**	**(2.70%)**
Appropriations to / (from) Reserves	216,290	(94,650)	146,000	240,650	(254.30%)
Total	**8,133,720**	**9,050,830**	**9,044,360**	**(6,470)**	**(0.10%)**

4.23 The forecast outturn for the year before transfers from reserves is an under-spend of (£247k). After the planned transfers into reserves, we are currently forecasting a remaining minor under-spend of (£6k), equivalent to (0.1%) of the budget total. The reasons for these variances are set out in the analysis below.

2025/26 Local Government Pay Award and Salary Expenditure Variances

4.24 The pay award for 2025/26 was agreed in July 2025 at 3.2% on all salaries and allowances, with effect from 1 April 2025.

4.25 The 2025/26 budget was set incorporating a pay award assumption of 4%, equivalent to a total cost of £259k. Implementing the agreed pay award has resulted in an approximate cost of £195k. Therefore, there is a forecast under-spend of (£64k) as a result of the pay award being slightly lower than assumed.

4.26 Separately, a vacancy allowance of -1% of the pay budget was included to allow for staff turnover and the time that would be needed to recruit to several newly established posts included in the budget.

4.27 In total, there is a net under-spend of (£295k) against the staffing costs budget for the year, making this the primary cause of the overall under-spend for the year. The breakdown of this per each department, with explanations, is included in the analysis that follows from 4.31 onwards.

2025/26 Director Transition Arrangements

4.28 The 2025/26 budget included an amount for costs relating to the process and handover period for appointment of a new Director.

4.29 Following the appointment being made in July 2025, a report elsewhere on this agenda sets out the planned transition and interim arrangements from 01 October 2025.

4.30 Based on the arrangements proposed in that report, the forecast position on the relevant budgets held within Resources and within Central Costs is for a net total under-spend of (£15k) as analysed below.

   a) The Resources employee costs budget is forecast to be under-spent by (£64k) driven by the use of internal acting-up arrangements from the finance team. This forecast under-spend will be used to offset a forecast over-spend of £40k on agency costs that will be required to bring in additional temporary resource with a focus on specific pieces of technical accounting work.

   b) There is a net over-spend of £9k forecast on the Central Costs budget. This reflects the additional costs of the handover period for the Director post between October and December 2025, which was planned for and is partially funded from a corporate contingency budget included within Central Costs for this purpose.

2025/26 Forecast and Explanation of Other Variances

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

<u>Pensions Administration – Forecast Under-Spend (£43k):</u>

4.32 There is a total net under-spend of (£66k) forecast on staffing costs which comprises the following items:

   a) The forecast saving for this department relating to the pay award is (£34k).

   b) Within the department there has been significant amounts of recruitment driven by internal moves. The impact of this is a net forecast under-spend of (£60k), after taking account of the department’s vacancy allowance.

c) A net forecast over-spend of £28k on overtime costs in relation to overtime approved for casework backlog processing, casual hours and maternity leave offset by changes in hours.

4.33 There is a forecast over-spend of £21k in relation to Customer Compensation. As the casework backlog has been worked through, a number of historic one-off items have arisen, which have been dealt with. The main element of this over-spend is a £22k cost paid to one member to compensate them for an error made by the Authority when processing a Transfer-In Quote.

4.34 A small over-spend of £2k in total is forecast comprising small variances on death certificates and HMRC interest payments.

Investment Strategy – Forecast Over-Spend £8k:

4.35 There is a total net over-spend of £1k forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£3k).

b) The department’s vacancy allowance is forecast to be an over-spend of £4k, as there are no staffing changes anticipated.

4.36 Investment adviser fees are forecast to be over-spent by £4k, driven by additional requirements for participating in the procurement of consultants for the triennial investment strategy review.

4.37 Minor net over-spends of £3k are forecast due to the increased use of Corporate Subscriptions and Other Professional Services, offset by a lower usage of the training budget.

Resources – Forecast Under-Spend (£86k):

4.38 There is a total net under-spend of (£105k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£15k).

b) Within the department there have been delays to recruitment due to workload pressures driving forecast under-spend. The impact of the delays is a forecast under-spend of (£66k), after taking account of the department’s vacancy allowance.

c) The Director transition arrangements set out at paragraph 4.28, show a forecast net under-spend of (£24k).

4.39 The recruitment budget is forecast to be over-spent by £9k due to the planned use of a specialist recruitment agency for the Assistant Director-Resources post.

4.40 The budget for corporate subscriptions – services is forecast to be overspent by £6k. The primary driver is an unexpected cost for copyright licencing including a retrospective fee for the period 2022 to 2025.

4.41 Other minor over-spends of £4k are forecast in relation to the increased usage of other professional services, consultancy and training.

ICT – Forecast Under-Spend (£97k):

4.42 There is a total net under-spend of (£100k) forecast on staffing costs which comprises the following items:

a) The forecast saving for this department relating to the pay award is (£10k).

b) Within the department there have been delays to recruitment due to an ongoing resourcing assessment for the pension systems team. It is anticipated that the piece of work will be completed by the end of the calendar year, with any recruitment commencing January 2026. The impact of this is a forecast under-spend of (£90k), after taking account of the department's vacancy allowance.

4.43 There is a total net over-spend of £1k on software costs which comprises the following items:

a) The HR & Payroll system budget is forecast to be under-spent by (£27k) based on the known costs of the preferred supplier now identified. A prudent estimate for the implementation and annual costs had been included, however the new contract is significantly lower than these estimates.

b) The Pensions Administration system budget is forecast to be over-spent by £17k. New automation developments are expected to be more expensive than had been estimated within the budget.

c) The Finance system budget is forecast to be over-spent by 6k. To unlock additional benefits from the system we have had to expand the user base across the Authority. These ongoing cost increases will be factored into the setting of the 2026/27 budget.

4.44 A minor over-spend of £2k is forecast in relation to the ICT Network and Infrastructure.

Central Costs – Forecast Under-Spend (£18k):

4.45 There is a total net over-spend of £7k forecast on staffing costs which comprises the following items:

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

b) The Director transition arrangements set out at 4.28, show a forecast net over-spend of £9k.

4.46 External audit grant income is forecast to be under-spent by (£20k). In April 2025 MHCLG announced further grant income for 2025/26 onwards to support local authorities in relation to local audit reform. At this stage there is a lack of detail around how the grant income will be apportioned; the next monitoring report will be updated to reflect any announcements of the detail for the Authority.

4.47 Buildings expenditure is forecast to be over-spent by £7k. The main driver of the over-spend relates to holding Authority meetings at Oakwell House. The events room has undergone a one-off piece of work to try and improve the acoustics.

4.48 The Oakwell House rent straight line adjustment is forecast to be under-spent by (£41k). The adjustment no longer being required as a result of the accounting policy change for IFRS 16 – Leases noted at 4.20 (a). The change in policy resulted in a one-off piece of work to value Oakwell House for the Authority Financial Statements 2024/25. The over-spend for the valuation is forecast to be £5k. The net under-spend will be transferred to reserves to fund future Oakwell House building upgrades or maintenance requirements.

4.49 An over-spend of £9k is forecast on the corporate training budget. There have been a number of internal movements of staff, noted throughout the report, resulting in additional requirements for a variety of training to ensure all staff have the appropriate skillset in their role.

4.50 The insurance budget is forecast to be over-spent by £8k. For 2025/26 we have entered into a new contract following the transition of the commercial property portfolio to Border to Coast Pensions Partnership. The previous Authority contract had the benefit of economies of scale through the Fund's significant property portfolio, the result of the removal of this from the contract is an increase in pricing for the Authority. The increased cost base will be reflected within the 2026/27 budget.

4.51 A number of small over-spends of £7k in total is forecast on corporate subscriptions, venue hire, the past service pension surplus, catering and professional subscriptions.

Democratic Representation – Forecast Under-Spend (£6k):

4.52 Member allowances have increased by 3.2% in line with the nationally agreed pay award for SCP 43 on the pay scale for local government staff as noted at paragraph 4.24. The 2025/26 budget was set with an assumed increase of 3% for member allowances, based on anticipating that the pay award would be weighted towards the lower end of the scale as in recent years, resulting in a slightly lower percentage increase being expected at SCP 43.

4.53 There is a net total under-spend of (£6k) for member allowances comprising the following items:

a) The Authority members net forecast is an under-spend of (£1k). The driver of the under-spend is the turnover of members, offset by the pay award above the budgeted increase.

b) The Local Pension Board members net forecast is an under-spend of (£5k). The driver of the under-spend is vacant roles, offset by the pay award above the budgeted increase.

Earmarked Reserves

4.54 The table below shows the forecast transfers to and from the earmarked reserves in 2025/26.

Reserve	Balance at 01/04/2025 £	Contributions to Reserves £	Contributions from Reserves £	Forecast Balance at 31/03/2026
Corporate Strategy Reserve	104,855	65,000	(10,000)	159,855
ICT Reserve	183,360	51,000	0	234,360
Capital Projects Reserve	76,380	40,000	0	116,380
Total Earmarked Reserves	**364,595**	**156,000**	**(10,000)**	**510,595**
Net Total Transfer		**146,000**		

4.55 The planned transfer out of the Corporate Strategy Reserve is to contribute towards the cost of the triennial investment strategy review.

4.56 The planned transfers into the Corporate Strategy Reserve are to transfer funds from the forecast revenue budget underspends to be used for meeting future corporate priorities. However, officers are exploring the potential to use some of the currently forecast under-spends to target in-year projects instead.

4.57 The contribution into the ICT reserve is to set aside income received from software sales in line with policy to be used for future ICT development requirements and to use the staffing underspends to fund any future development requirements for the Pensions Administration System.

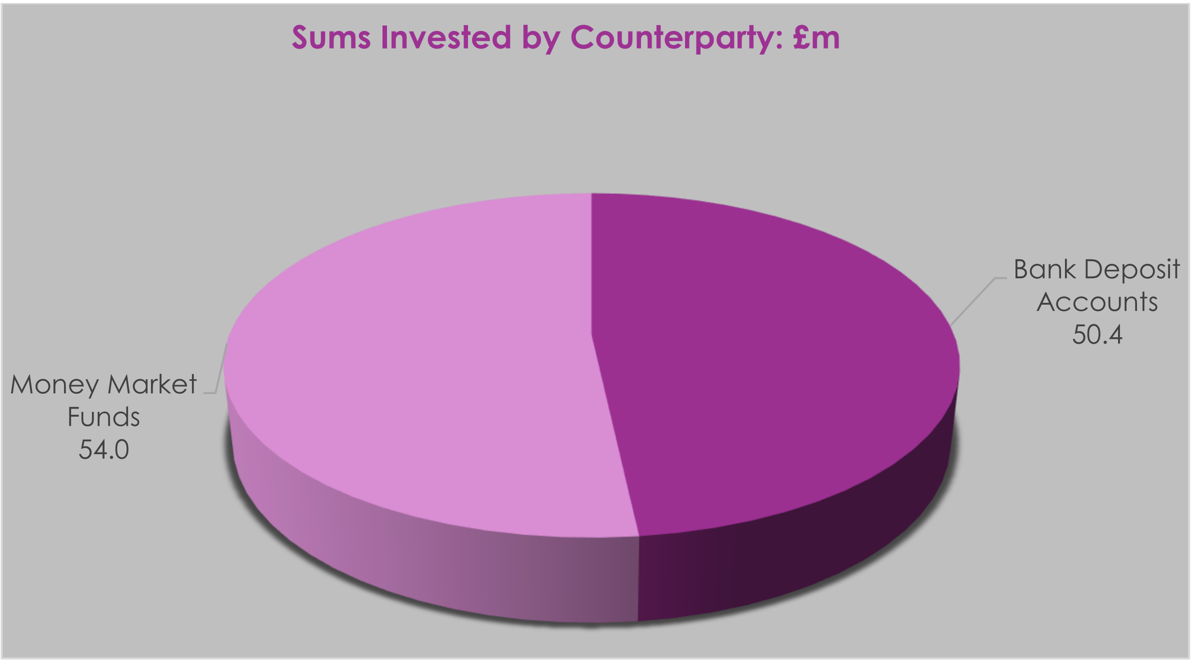
4.58 The proposed transfer into the Capital Projects reserve comprises the under-spends arising in 2025/26 from the effect of the change in lease accounting. These reserved funds will be used in future years for financing planned maintenance and improvements to the Oakwell House office.

4.59 The result of the above is a net total transfer into reserves of £146,000.

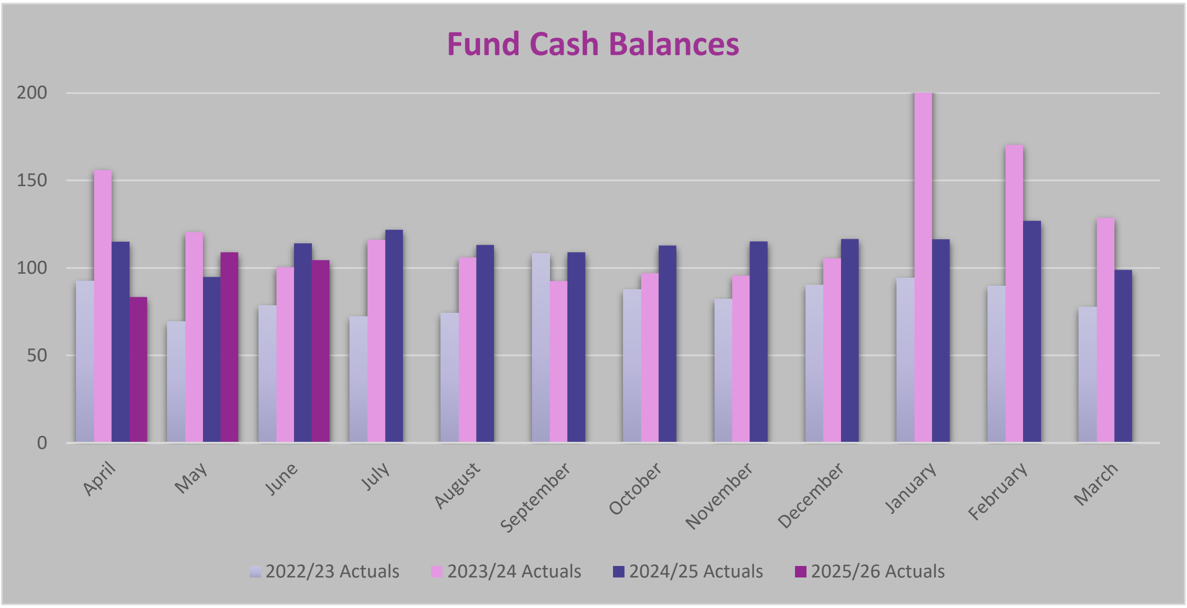
4.60 The forecast balance of the revenue reserves following the transfers proposed for the year, is £511k in total, equating to 5.6% of the Authority's total revenue budget, and is well within the limit of 10% that we set for ourselves in the Medium-Term Financial Strategy for 2025/26 onwards.

Treasury Management

4.61 The Fund's sterling cash balances at 30 June 2025 stood at £104.4 million (£98.8 million at 31 March 2025). The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



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



4.63 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 0.92% of the Fund, compared with 0.89% at 31 March 2025.

5. What is getting in the way – Risk Management

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

5.2 The Strategic Risk Register report is attached at Appendix A. The results of the latest review of the Authority's risks undertaken in August 2025 are set out in the commentary shown in the table in the report.

5.3 As a result of this latest review, one risk score has increased, and one has reduced as explained below.

5.4 Risk *IAF-004 Imbalances in Cashflows* – has increased score from 10 to 15. This reflects the likely impact of the valuation results showing a strong funding position and resulting in a reduction to income from employer contributions, current indications suggest a reduction of around £100m per annum which will place a significant requirement for income to be generated from investment assets. This will be a factor in the review of the investment strategy.

5.5 Risk *IAF-010 The Pensions Review* – has reduced score from 20 to 12. The reduced score reflects the progress made in obtaining clarity on the position in terms of new partners joining the Border to Coast partnership. This gives a degree of confidence that it will be possible to maintain consensus around the development of future investment propositions. However, there remains a risk that the concentration of effort required to transition new partner assets will result in a lack of resource to focus on the next stages of product development, although the Company are putting in place mitigations for this risk.

5.6 There were no other changes to risk scores or newly added risks from this review.

6. Learning from things that happen

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

	Received in Q1 2025/26	Received in Previous Year: 2024/25
Complaints	7	39
Appeals Stage 1	1	6
Appeals Stage 2	5	27

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

6.3 One stage 1 appeal was determined during the quarter – it was rejected due to being received out of time.

6.4 Two stage 2 appeals were determined. One was rejected but with compensation to the member for misinformation. One was upheld and has been referred back to the employer for correct processing.

Breaches of Law and Regulation

	Recorded in Q1 2025/26	Total Number Recorded in Previous Year 2024/25
Breaches recorded	11	41

6.5 As previously reported, training and awareness raising has resulted in more accurate recording of breaches. The details of the 11 breaches recorded in quarter 1 are as follows.

a) 1 breach related to an AVC not paid at the same time as the main scheme pension.
b) 10 breaches relate to late payment of refunds.

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

Satisfaction Surveys

6.7 A survey of 546 retiring members between February and April 2025 found that 94% of the 106 respondents were satisfied with the service they received.

6.8 A customer centre survey sent out to 3,938 members for the same period showed that of the 321 respondents, 88% were satisfied with the service they received.

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Strategic Risk Register

Generated on: 18 August 2025

South Yorkshire Pensions Authority – Strategic Risk Register

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

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

LIKELIHOOD

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

Indicates no change in score from the previous review.

Indicates the risk score has reduced since the previous review.

Indicates the risk score has increased since the previous review.

The results of the latest review resulted in one risk having the current score increased and one risk having the current score decreased.

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

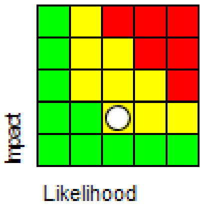
Risk Ref	Risk	Previous Score	Current Score	Risk Rating	Trend
ADM - 001	Poor data quality	12	**12**		
ADM - 002	Backlogs in workflows	16	**16**		
ADM - 003	McCloud Rectification	16	**16**		
GOV - 001	Local Pension Board and Authority Members Knowledge and Understanding	12	**12**		
GOV - 003	Delivery of Key Objectives in Corporate Strategy	8	**8**		
GOV - 004	Failure to apply data protection requirements.	12	**12**		
IAF - 001	Material changes to the value of investment assets and/or liabilities	12	**12**		
IAF - 002	Failure to mitigate the impact of climate change	20	**20**		
IAF - 003	Border to Coast Strategic Plan	12	**12**		
IAF - 004	Imbalance in cashflows	10	**15**		
IAF - 005	Employer contributions become unaffordable	12	**12**		
IAF - 010	The Pensions Review	20	**12**		
ORG - 002	Cyber security attack	16	**16**		
ORG - 004	Failure of the Authority to comply with relevant Regulations	16	**12**		
PEO - 002	High level of vacancies within the organisation	9	**9**		
PEO - 003	Single person risk in specialist knowledge roles	12	**12**		

Risk:	**ADM - 001 Poor data quality**	**Risk Owner:**	**Assistant Director – Pensions**
		Last Review:	30-Jul-2025

Risk effect:
Reputational Impact
Regulatory and financial penalties
Failure to deliver key projects such as McCloud rectification on time.
Provision of inaccurate information and payment of benefits to members
Inaccurate data impacting the valuation of liabilities during the triennial valuation.
Increased delays to backlogs contributing to further increases

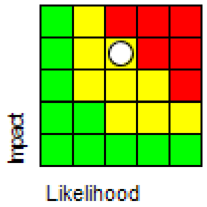
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Ongoing development of data improvement plan. Dedicated Programmes and Performance Team Use of DART to run daily validations (200) Projects Team resource to target highlighted issues - bulk data corrections. Use of Hymans data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

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

Current Score = 12

Commentary from latest review:

Data Quality Strategy authorised and in place,

Data improvement plan in place for Valuation 2025. Early feedback received from actuary that the data has improved. Internal feedback from ABS exercise again shows that data has improved.

Data corrections for annual exercises have been undertaken and are now captured on the Monitoring and Reviewing activity document.

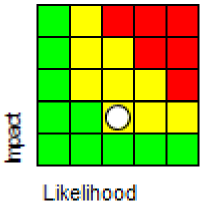
The impact of the introduction of the policy and monitoring cannot yet be assessed so there is no justification to reduce the score at present.

Risk:	**ADM - 002 Backlogs in workflows**	**Risk Owner:**	**Assistant Director – Pensions**
		Last Review:	30-Jul-2025

Risk effect: Declines in the overall level of service performance.
Regulatory penalties
Reputational Damage

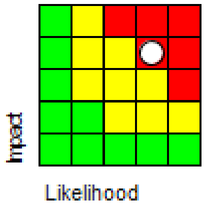
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Capacity planning exercise has been undertaken. An action plan considering a range of specific actions to address aspects of problems identified has been developed and is being worked through.	Improved processes and staff training Targeted overtime to focused areas Changes to work tray allocations Outcomes of Capacity Planning implemented Dashboard in place for teams to enable close monitoring of workloads in against workloads completed. Pre live launch testing processes in place.	Continuation of implementation of the action plan (particularly the automation of certain bulk processes) will provide some mitigation in the interim Review of processes and policies

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

Current Score = 16

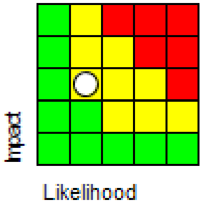
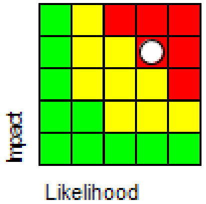
Commentary from latest review:

The overarching action plan that was approved in February 2024 is being monitored monthly. SMT are passed updates on progress which are discussed at regular meetings.

As the budget for overtime had been spent the rate of clearing the backlog cases had slowed. The new Service Manager Benefits set up a Taskforce team (each benefit team rotates monthly) to work solely on this area. Again, progress on this initiative will be closely monitored. It is unlikely the backlog will be cleared by December so there is no justification to reduce the score at this stage.

Risk:	**ADM - 003 McCloud Rectification**	**Risk Owner:**	**Assistant Director – Pensions**
		Last Review:	30-Jul-2025
Risk effect:	Timescales to rectify members benefits not met. TPR fines and reputational damage.		

Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
	SYPA and other Provider Clients working together to collectively drive the Provider to deliver the developments required to adhere to national guidance	McCloud - Rectification Plan to be implemented and team training put in place
		PA3 Implement the McCloud Remedy successfully.

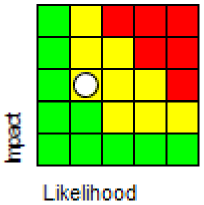
Target matrix and score:		**Target score=6**	**Current matrix and score:**		**Trend:** **Current Score = 16**

Commentary from latest review:	Latest development delivery delayed further to August 2025 into Test. Determination made by the Authority at their June meeting to delay rectification to August 2026. But as determination is needed for everyone affected by McCloud a report will also be made to the Regulator in August 2025. Even though we now have longer to deliver this project there is no justification to lower the risk score.

Risk:	**GOV - 001 Local Pension Board and Authority Members Knowledge and Understanding**	**Risk Owner:**	**Head of Governance and Corporate Services**
		Last Review:	31-Jul-2025
Risk effect:	Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.		

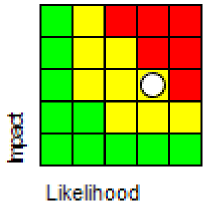
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Annual effectiveness review and action plan Identify changes to legislation and key regulatory requirements that require enhanced knowledge and skills development Continuation of collaborative engagement of Independent Advisors,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

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

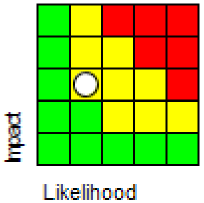
Current Score = 12

Commentary from latest review: New Members onboarded currently undertaking all core training. Risk should reduce at next quarter reporting. No justification to reduce at this stage.

Risk:	GOV - 003 Delivery of Key Objectives in Corporate Strategy	Risk Owner:	Head of Finance and Performance
		Last Review:	06-Aug-2025
Risk effect:	We will not deliver the service to our scheme members set out in our mission statement.		

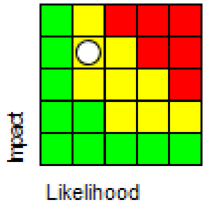
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Regular monitoring and review of objectives delivery	Programmes and Performance Management Team Established Installed Programmes and Performance Management System Programme Management framework implemented	Performance Framework - Further implement and embed the Framework Programme Management Framework - Further implement and embed the Framework

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

Current Score = 8

Commentary from latest review:

No update to the risk score - resourcing constraints have continued.

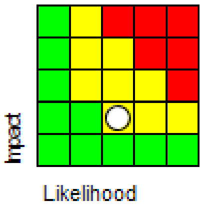
The project management methodology continues to be utilised and evolves. Over time a better picture of what is working well and lessons to be learnt will be worked into the methodology and communicated to the relevant owners of projects. Following discussions, we will be doing a communications piece around encouraging staff to utilise the methodology and ensuring that all key stakeholders are involved.

The supplementary performance management framework piece of work is ongoing. Further dashboards are required across the Authority and utilisation of these dashboards is needed. A performance framework tracker is being designed to give clear visibility around which measures have been developed into dashboards and which are still ongoing.

Risk:	**GOV - 004 Failure to apply data protection requirements.**	**Risk Owner:**	**Assistant Director – Resources**
		Last Review:	11-Aug-2025
Risk effect:	Financial or Regulatory penalties. Reputational damage to the organisation. Inability to deliver the service.		

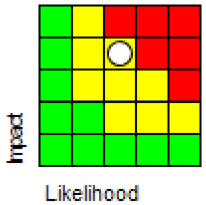
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Data breach process followed to identify areas for improvement. Close liaison with DPO. Reporting to ICO and implementing any recommendations. Implementation of data recovery plan.	Access to expertise through BMBC Corporate Assurance Team and DPO. ICT control measures. Data protection policies, procedures and training in place. Phase 1 of information governance action plan fully completed. Data Protection Policies implemented and embedded. All mandatory staff training completed including team sessions to raise awareness of new processes.	Information Governance Action Plan Phase 2

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

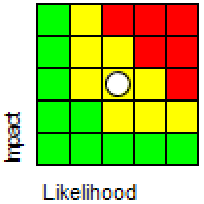
Current Score = 12

Commentary from latest review:	Work on Phase 2 of the Information Governance action plan continues to progress. Teams are now in the process of preparing information asset registers due to be completed by November 2025. This will inform further parts of Phase 2 including data retention policy and procedures. The work will continue over several months and therefore this risk score will not be reduced until complete.

Risk:	IAF - 001 Material changes to the value of investment assets and/or liabilities	Risk Owner:	Assistant Director – Investment Strategy
		Last Review:	23-Jul-2025
Risk effect:	Sharp and sudden movements in the overall funding level		

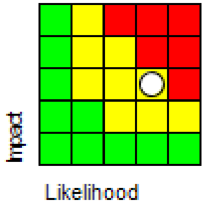
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Having a diversified Investment Strategy focussed on relatively lower risk and less volatile investments. Element of inflation protection built into the asset allocation both through specific assets (such as index linked gilts)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

Target matrix and score:



Target score = 9

Current matrix and score:



Trend:

Current Score = 12

Commentary from latest review:

High geopolitical uncertainty remains.

May consider increasing impact to High should a major market event take place.

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Risk:	**IAF - 002 Failure to mitigate the impact of climate change**	**Risk Owner:** Last Review:	**Director** 12-Aug-2025
Risk effect:	Significant deterioration in the funding level		

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

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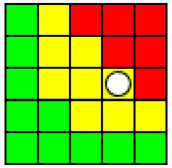
Target matrix and score:

Impact

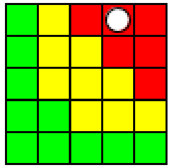


Likelihood

Target score = 12

Current matrix and score:

Impact



Likelihood

Trend:

Current Score = 20

Commentary from latest review: As previously indicated, it will be possible to reassess both the likelihood and impact of this risk in the light of the detailed analysis that will accompany the valuation and the investment strategy review which should be available in Q1 of 2026. The ability to directly impact this risk through the Authority's own actions is relatively limited.

Risk:	**IAF - 003 Border to Coast Strategic Plan**	**Risk Owner:**	**Director**
		Last Review:	01-Jul-2025

Risk effect: Decline in investment performance.
Increased costs as a result of the need to move to more expensive products.
Potential changes in the risk and volatility levels within the portfolio

Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Programme of specific risk mitigations agreed as part of the 2022 - 2025 Strategic Plan and Budget	Process of engagement between the Company and stakeholders to agree the Company's Strategic Plan and Budget containing appropriate mitigations. Succession and contingency planning arrangements in place within the Company Ongoing monitoring of Programme of specific risk mitigations set out in 2022 - 2025 strategic plan	

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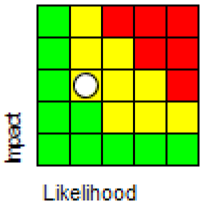
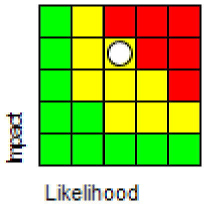
Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

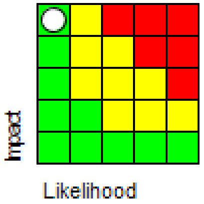
Current Score = **12**

Commentary from latest review: There is currently no justification for altering the risk score. The position will be clearer at the end of quarter 2. The introduction of a number of new partners and the need to transition their assets into the pool could result in delays to the delivery of investment propositions and other services which are central to the Strategic Plan and important to SYPA in terms of ability to deliver its investment strategy. This area will be kept under continuous review.

Risk:	IAF - 004 Imbalance in cashflows	Risk Owner:	Assistant Director – Investment Strategy
		Last Review:	23-Jul-2025
Risk effect:	Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative impacts on individual pensioners.		

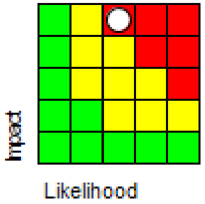
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Process for monitoring and forecasting cashflows	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll.	Further improvements in cashflow forecasting
		Implementation of strategies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

Target matrix and score:



Target score = 5

Current matrix and score:



Trend:

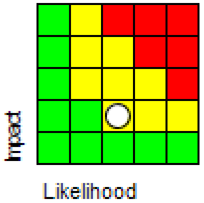
Current Score = 15

Commentary from latest review:	Current understanding is that our income from employer contributions will reduce by c.£100m p.a. due to our strong funding level. This is likely to materially increase cashflow requirements from our assets.

Risk:	IAF - 005 Employer contributions become unaffordable	Risk Owner:	Assistant Director – Pensions
		Last Review:	30-Jul-2025
Risk effect:	Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers		

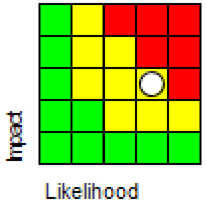
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Phasing of increases and stabilisation mechanism in the valuation Negotiated exit depending on the type of employer Ability to undertake contribution reviews	Investment strategy that is focused on long term returns and reduced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

Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

Current Score = 12

Commentary from latest review:

The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue.

Covenants are monitored. Work is underway on the 2025 Valuation and communication plans in place and on target. Main Employers on the stabilisation mechanism have challenged rates. Smaller employers are yet to receive their rates.

Employer services have allocated named officers to all employers and engagement has increased.

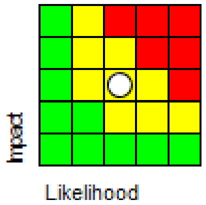
There is no reason at this point in time to reduce the risk especially being a valuation year and the majority of employer contribution rates from 1 April 2026 should reduce.

Risk:	IAF - 010 The Pensions Review	Risk Owner:	Director
		Last Review:	24-Jul-2025

Risk effect:
Destabilisation of the B2C pensions partnership.
Inability to deliver the investment strategy.
Regulatory action against the Authority if we fail to meet the Governance standard

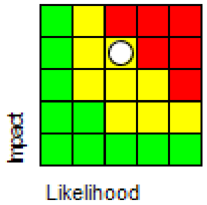
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
		Ensure that steps are taken to address requirements as far as possible in advance of regulation
		Influence Final Guidance and Regulation

Target matrix and score:



Target score = 9

Current matrix and score:



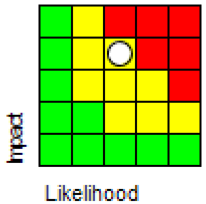
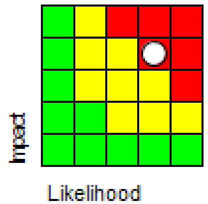
Trend:

Current Score = 12

Commentary from latest review: The position in terms of new partners joining the Border to Coast partnership is now clearer and this gives a degree of confidence that it will be possible to maintain consensus around the development of future investment propositions. However, there remains a risk that the concentration of effort required to transition new partner assets will result in a lack of resource to focus on the next stages of product development although the Company are putting in place mitigations for this risk.

Risk:	**ORG - 002 Cyber security attack**	**Risk Owner:**	**Head of ICT**
		Last Review:	30-Jul-2025
Risk effect:	Significant disruption to the provision of services. Loss / unauthorised release of key data. Reputational damage and financial penalties		

Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
Effective ICT business continuity plan in place. Incident response retainer with specialist security provider Cyber Security Incident Management Policy in place. Further enhancement of Cyber Security defences	Regularly updated policies, software and hardware e.g. firewalls etc. to ensure multi layer cyber security defences. Regular penetration testing. Cyber Security Essentials Plus Certification Regular refresher training on cyber security for all staff with a requirement to achieve a minimum level of pass. Policies and Codes of Practice in place Targeted threat protections Regular internal and external audits	Development of Internal Facing Cyber Security Strategy

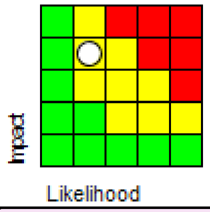
Target matrix and score:		**Target score = 12**	**Current matrix and score:**		**Trend:** **Current Score =** 16

Commentary from latest review:	Further enhancements to cyber security defences continue to be explored, including the development of an internal facing cyber strategy. At this stage there is no justification to reduce the risk score.

Risk:	**ORG - 004 Failure of the Authority to comply with relevant Regulations**	**Risk Owner:**	**Head of Governance and Corporate Services**
		Last Review:	31-Jul-2025
Risk effect:	Enforcement action by relevant regulatory authorities		

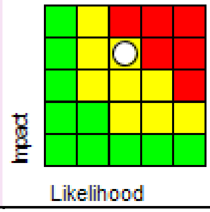
Existing Preventative Measures	**Existing Mitigation Measures**	**Linked Actions**
		Delivery of additional Data Protection training in roles and responsibilities for all staff, middle managers, and SMT
		Implement and embed the Information Governance action plan in collaboration with Internal Audit at each stage of review
		More detailed assessment of compliance with emerging regulatory requirements. TPR General Code with associated action plan and enhanced regular reporting

Target matrix and score:



Target score = 8

Current matrix and score:



Trend:

Current Score = 12

Commentary from latest review: Whilst significant improvements seen in compliance against the TPR Code there are still some outstanding items that are targeted for completion by Dec 2025. Therefore no reason to change the risk score at this point in time.

Risk:	PEO - 002 High level of vacancies within the organisation	Risk Owner:	Assistant Director – Resources
		Last Review:	11-Aug-2025

Risk effect:
Inability to deliver the service
Negative impact on staff wellbeing
Poor staff retention resulting in loss of specialist knowledge

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

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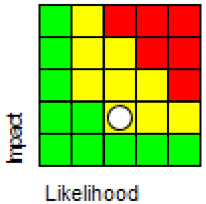
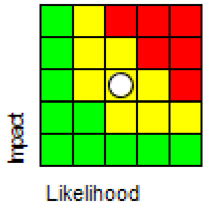
Target matrix and score:



Target score = 6

Current matrix and score:



Trend:

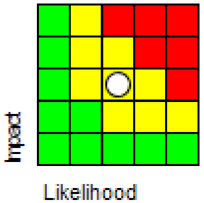
Current Score = **9**

Commentary from latest review: There is no change to the assessment at this quarter. Work on the related actions - including career grade scheme, workforce plan and delivery of the People Strategy - continues to progress but there is no justification to change the risk score at this stage.

Risk:	PEO - 003 Single person risk in specialist knowledge roles	Risk Owner:	Assistant Director – Resources
		Last Review:	11-Aug-2025
Risk effect:	Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.		

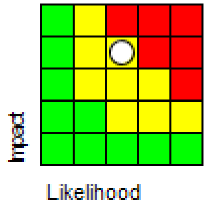
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Organisational Resilience Plan. Lessons learned to identify single points of failure. Ability to call on external third party support. Regular one to ones, review of workload and work life balance. Promotion of wellbeing initiatives.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

Target matrix and score:



Target score = 9

Current matrix and score:



Trend:

Current Score = 12

Commentary from latest review:

As per most recent update, the actions required for mitigating this risk are not yet sufficiently progressed to justify a reduction in score.

Actions are planned - linked to both business continuity and workforce planning - to undertake more detailed assessment of identified single person risks in each department and service area. Progress update on these will be provided in the next quarterly review of this risk.

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War and Peace – 2025 edition

As the summer of 2025 rolled on, geopolitical concerns continued to rumble around the world. Peace overtures were tried and failed, tariff deadlines came and went, and central banks wrestled with the contradictions embedded in markets.

Q2 was a broadly positive one for growth – at least in the US, which grew by 3% – while the UK economy displayed considerably more weakness (growing only 0.3%), flirting with stagflation once more. Investors voted with their feet when it came to bond prices – they sold off at the longer end of the curve, while short term bonds were popular as in the short-term rate cuts were expected.

Some unchartered waters are now becoming "norms" – e.g. debating the impact of tariffs, and the now quarterly charade of a scramble to announce a "deal" only for the details to remain elusive. The flooding of the zone continued when it came to policy – with a cross-current of geopolitical news, diverging inflation figures, diverging currencies and diverging equity market sectors presenting a revolving door of narratives.

Key Developments since the last quarterly update:

- **The New Global Trade "Balance"** Markets have lurched from shock and disarray at the President's Liberation Day tariffs to taking them in their stride. Overall this has been attributable to the slowed transmission effects of these tariffs, the fact that many purchases were frontloaded and that some companies can absorb price rises. It is clear that there will be some sectors affected more than others and that causation will be difficult to assign in any case.
- **Rate cuts – for some** As inflation diverged, and surprised on the upside in the UK, it heralded a pause for rate cuts by the Bank of England, while the US Fed seemed poised to cut rates again in September. The institution continues to stand firm under pressure from the US President to

cut rates, remaining data dependent although fragile employment data seemed set to tip the scale next month.

- **Equity Markets break away** Equity markets broke positively in the US with a particular streak for large-cap tech stocks, continuing some of the euphoria of the “fever dream” from the second quarter, but punishing laggards severely. Emerging markets and Asia were back in vogue, as it was perceived that investors had “over sold” emerging markets and their growth potential. To date, the large are getting larger when it comes to Mega-Cap tech stocks as a number have burst through the $3 trillion market cap value.
- **Shock therapy.** While President Trump is no stranger to shock and awe tactics the series of events – such as the taking by the US of a 10% stake in Intel, the vocal calling on CEOs to resign, the firing of government officials and use of the national guard, there has been a volley of uncertainty that continues to cloud market developments in the US.

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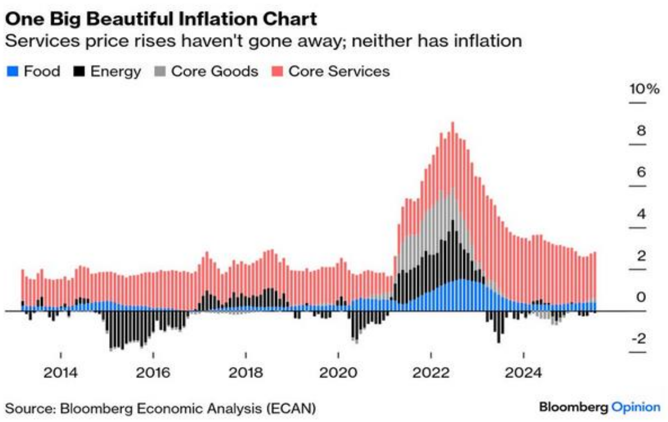
Current Macro Snapshot

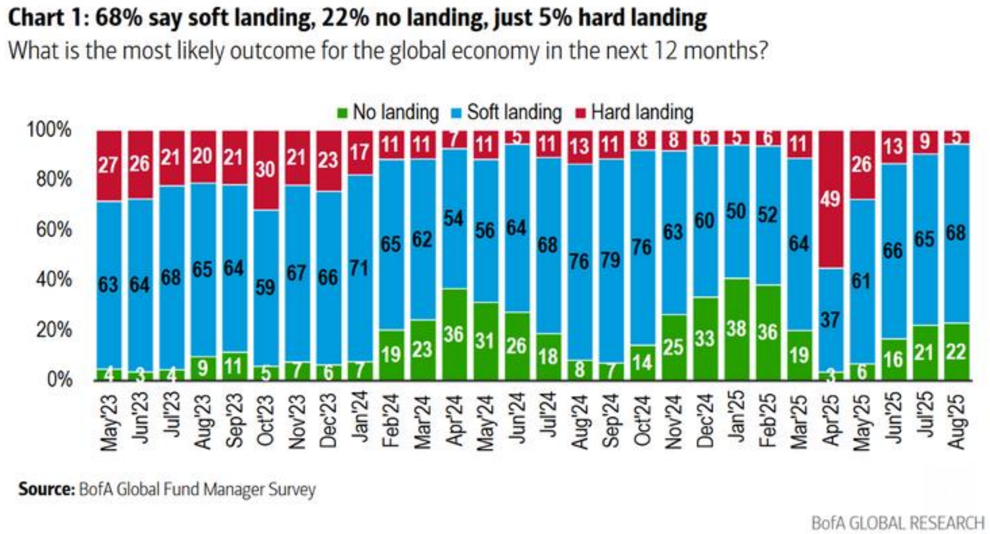
Growth persists, but is it hanging by a thread

When the US labour numbers were revised downwards a few weeks ago, the President did not like what he saw, and promptly “shot the messenger”, firing the Head of the Bureau of Labour Statistcs. This rattled markets, not only because it was unprecedented, but it also threw into question the trustworthiness of all statistics, which have typically been subject to backdated revision and lack of consistency and saliency.

So when headline inflation numbers are released that look generally positive – i.e. low, it is important to break down the underlying drivers of these numbers, and when this is done, it is clear that while lower food and oil prices are driving down the non-core number, core inflation remains somewhat stubbornly high, particularly as driven by services – see chart below.



Growth was particularly high in the US, but some of it may have been driven by lower import volumes as these had been pulled into the first quarter in anticipation of higher tariffs. Discussion of hard landings seems to have ebbed though, as the sentiment chart below shows, and while for some time consumer sentiment was softer than hard economic data would suggest, to some degree a buoyant stock market has been lifting consumer sentiment too.



Currency confusion

Typically currency strength follows higher relative yields (interest rates) so it has been interesting that as US rates remain relatively high, the US dollar has weakened and as the ECB has cut rates consistently the Euro is at its strongest level for 15 years.

The weakness of the US dollar will have repercussions for investors and their global asset holdings, so a protracted downwards trajectory would erode the returns enjoyed by the pension fund's portfolio. While currency volatility typically has little impact on portfolio returns over the long term, this unwind of historic strength in the US dollar could cause some protracted pain in terms of currency losses over months to come.

Individual Asset Class Performance.

- Equities
- Fixed income

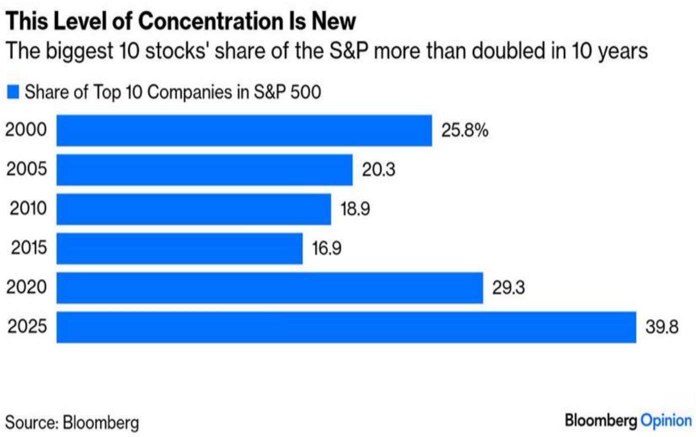
The chart below shows recent performance in main equity indices (at August 26, 2025):

Equity Index	**Last 12 months**	**Year to date (August 26, 2025)**
FTSE 100	11.26%	13.37%
S&P 500	14.93%	9.93%
Nasdaq	21.34%	11.57%
Stoxx 600	6.81%	9.18%
Hang Seng	42.80%	27.24%
Shanghai Comp	35.79%	15.41%
Nikkei 225	10.72%	6.27%

The divergence in US v. RoW performance year to date is nicely shown in this chart but it is also clear from the table above that this divergence is continuing. The sharp nature of the equity market "round trip" is masked by the figures, but a little more obvious in these kind of stock charts.

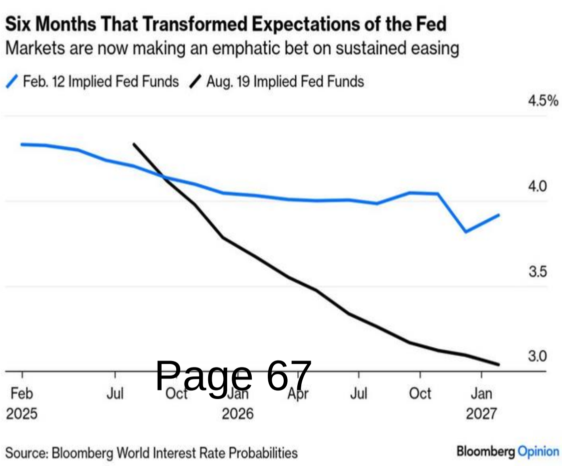
One of the most notable aspects of recent market performance has been the strong performance of Asian stocks, where Chinese stocks have rotated into favour again simply based on being oversold and overlooked in the last cycle. The rising tide of optimism has lifted most ships as the broad market performance chart shows.

We have written for some time about the growing level of concentration in US markets in particular, and at times it seemed to be purely anecdotal, as over time these markets have always been somewhat concentrated in the top 10 stocks, with different sectors dominating at different times. The chart below, however, shows just how "different" it is this time as the top 10 stocks now total close to 40% of the total market cap of the S&P, a number that is likely to grow as the growth being displayed by some large tech stocks is continuing in an exponential fashion.

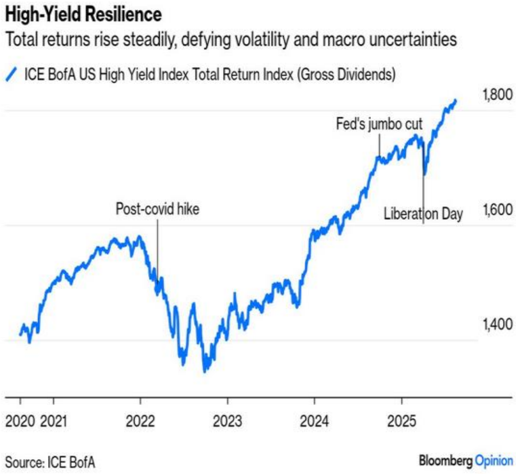


Fixed Income

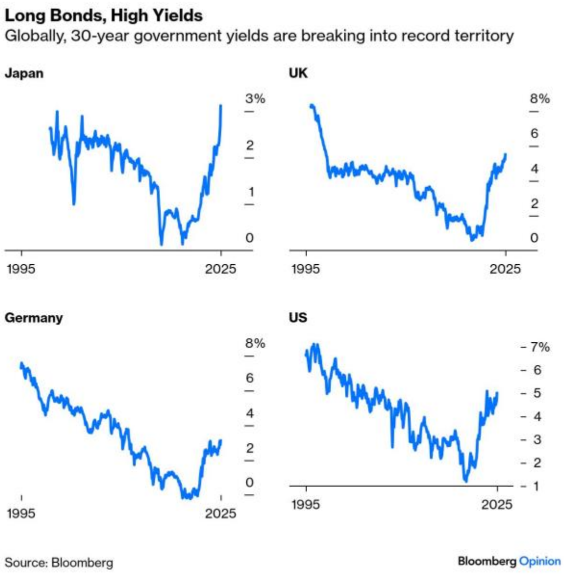
Markets are now rallying around an expected rate cut by the Fed in September (see chart below) and enjoy the transmission of rate cuts from earlier in the quarter from the ECB and the Bank of England.



Other bonds – such as high yield – are trading with reasonably tight spreads by historic standards – suggesting that there is a lot of confidence in the creditworthiness of corporates and that perceived default risk is low. Some have attributed this to the burgeoning private credit market, which is said to be absorbing some of the less credit-worthy credits, leaving the public market for only the strongest issuers.



A bigger story in fixed income markets however continues to be the record level yields of longer dated government debt – which has continued on the trajectory shown in this chart last quarter. This suggests an unsettling lack of confidence in certain economies' fiscal situation – namely the UK and the US – and also a break-out from a deflationary stranglehold – Japan.



The Way the Wind Blows

This past quarter was a tricky one for energy, particularly wind energy. The new administration is no fan of wind farms and wind energy and is also no stranger to stopping production mid-project as recently occurred for Orsted, and led to a collapse in the stock and it is now down 40% in the past month. This is a particularly troubling development as uncertainty – whether regulatory or in terms of demand – has long been the deterrent to invest in longer term infrastructure projects.

Outlook

As we move into the last third of the year, much of the roller coaster action tied to the new US administration and tariffs has subsided. While much uncertainty remains, markets seem to have gained confidence from dodging successive bullets and the compelling growth from AI spending. As we look to the rest of the year we will be watching in particular:

- **Making Their Move.** Although long heralded it will be key to see how the US Federal reserve actually acts upon its Jackson Hole guidance. Currently all estimates are at least for one cut, but there will be close watching of data due to the fragile employment data, so the waning days of Powell's chairmanship will be much in focus.
- **Across the Rubicon?** The shock tactics of the second Trump administration have continued apace, from an abrupt firing of a Head of Labour Statistics to a Fed Governor to sending the national guard onto the streets of the nation's capital. While some of this shock factor has been normalized and markets have been somewhat insulated, will one shock be one shock too many, so as to shake confidence in the market performance?
- **The UK's dance with stagflation** Institutional memory is clearly long in the UK when it comes to confidence in government's fiscal stance, and at the mere whiff of incompetence or impasse investors run for the exits. As financial woes mount the UK economy will come increasingly in focus if it leads to asset price distortion, market illiquidity, currency depreciation and other factors that put the portfolio at risk.

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A reminder that you can tune in to similar macro overviews weekly on the Markets Happy Hour youtube channel – where there are new episodes every Thursday evening.

August 26, 2025

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Scope of Investment Strategy Review**	**Status**	For Publication
Report to	Authority	**Date**	4 September 2025
Report of	Assistant Director – Investment Strategy		
Equality Impact Assessment	Not Required	Attached	
Contact Officer	Andrew Stone	**Phone**	01226 666 463
E Mail	astone@sypa.org.uk		

1 Purpose of the Report

1.1 To update the Authority as to the scope of SYPA's upcoming investment strategy review.

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2 Recommendations

2.1 Members are recommended to agree the scope of the Investment Strategy Review as 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.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report form a key part of how we address the various investment risks identified in the Corporate Risk Register.

5 Background and Options

5.1 The purpose of this paper is to set out and allow members to comment on the initial outline scope for the review of SYPA's investment strategy following the 31 March 2025 actuarial valuation.

5.2 SYPA has appointed Hymans Robertson as the investment consultancy firm to assist us with our investment strategy review following a procurement process using the relevant LGPS national framework.

Key areas for review

5.3 We will consider the review through three key lenses:

- Our primary consideration is, and always will be, the risk and return profile of our investment strategy - i.e. this will have more impact on the Fund's success than any other decision we make.
- Secondly, we need to ensure we are generating sufficient money to pay pensioners without having to sell assets at an inopportune moment - so we focus on cashflows and liquidity.
- Thirdly, climate impact is the most significant standalone risk in SYPA's risk register. We wish to ensure our portfolio is robust in a rapidly changing world.

5.4 Each of the above areas would be considered using a mix of quantitative and qualitative analysis to reflect different views, market outlooks and the interactions between strategic decisions. A more detailed scope and structure is set out below:

Risk and return profile and its impact on success and risk metrics

5.5 The focus of this part of the review is to test the current strategy, plus an agreed set of alternative potential strategies, against a range of success and risk metrics. This will be supported by asset liability modelling (ALM) using assumptions consistent with the actuarial valuation.

5.6 Some of the key variations to be considered would include de-risking and re-risking to understand the impact on our expected future outcomes. We will also consider the use of new allocations, such as Border to Coast's upcoming Green Social and Sustainable Bonds portfolio which will give us exposure to global investment grade credit.

5.7 The ALM analysis will be supported by Hymans Roberston's views on capital markets and will take into account implementation considerations such as the ability to implement change through Border to Coast's solutions.

5.8 As the equity allocation is the largest part of SYPA's asset allocation, Hymans Robertson will carry out a principles-based assessment of this against our beliefs. This would cover the use of active risk, regional exposures, currency and Border to Coast's fund range.

5.9 To test the resilience of the current and alternative strategies we will also include some additional scenario model and stress testing on two different bases:

a. Firstly, a range of alternative financial assumptions such as higher inflation or lower growth to assess the impact on success and risk.

b. Secondly, some climate driven stress scenarios based on different global policy actions and temperature pathways. This would include quantitative climate scenarios based on variations of the core modelling, and narrative based climate scenarios to capture more extreme climate driven events.

Cashflow and liquidity considerations

5.10 Cashflow is a key consideration for SYPA and will therefore be incorporated in the review of strategy and its implementation. The review will cover the following areas:

a. Assessing SYPA’s net position in terms of the contributions in versus benefit flows out based on the latest projections from the actuarial valuation. The review will build from this to look at SYPA’s asset allocation and the cashflow and liquidity considerations across our various mandates and private market commitments. This would include comments on the potential variability or certainty of net cashflows and factors that might influence this positively or negatively.

b. A forward-looking view will also be applied to assess how the cashflow position might change in the coming years based on the outlook for each asset class and the potential evolution of the solutions and services offered by Border to Coast. The impact on cashflow from any potential strategic changes will also be considered.

Climate considerations and net zero alignment

5.11 SYPA has set an ambitious target on climate, which has been a key part of previous reviews. As part of this review, Hymans Roberston will:

a. Assess the alignment of the current strategy against the current 2030 net zero target.

b. Consider the impact which some of the modelled strategies would have on the emission trajectory.

c. Assess potential realistic timescales by which Net Zero could be achieved, given that as previously reported the achievement of a 2030 goal is unlikely.

d. Consider emissions at an individual mandate level.

e. Outline considerations for listed equity portfolio construction and implications for net zero.

Key dates for Authority members

5.12 Agreement of scope of review by members of the Authority: 4th Sept 2025

5.13 Training for the Authority members on investment strategy: 20th November 2025 (as part of Away Day).

5.14 Authority session to introduce strategy review analysis and potential conclusions: 18 December 2025.

5.15 Presentation of final report to the Authority: 12 March 2026.

6 Implications

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

Financial	Our investment strategy can have a key impact on the contribution levels of employers within SYPA.
Human Resources	None
ICT	None
Legal	There is a regulatory requirement to regularly review the Investment Strategy Statement, which will be one output from this process

Procurement	The procurement of Hymans Robertson to assist with this review was conducted through a legally compliant framework.

Andrew Stone

Assistant Director – Investment Strategy

SOUTH YORKSHIRE PENSIONS AUTHORITY

Responsible Investment Update Quarter 1 2025/26

September 2025

Contents

Highlights and Recommendations

Highlights over the quarter to the end of June include:

- A quarter-on-quarter increase in the level of voting activity with over 5,500 votes cast at over 360 company meetings.
- The overall level of engagement activity increased quarter-on-quarter and compared to Q1 2024/25 as Border to Coast stepped up engagement taken with invested companies.
- The engagement focus remained on environmental topics, including net zero, with social and business strategy topics also remaining as a material proportion of engagement topics.
- The overall ESG performance of the listed asset portfolios with Border to Coast has continued to be strong relative to the respective benchmarks with an improvement in score for the UK Equity Fund. However, the Overseas Equity saw a drop in ESG score and is now in line with its benchmark.
- Overall financed emissions of the Border to Coast invested assets decreased over the quarter with the most significant decrease again coming from the Emerging Market Equity Fund due to a full exit from Fund's holding in its highest emitting company.
- Four of the five listed funds reached their interim 2025 financed carbon emission reduction targets of 50% reduction on 2019 baseline emissions. These four funds continued to decrease in financed emissions during the quarter. It should be kept in mind that actual emissions reductions is only one contributor to the carbon footprint of a fund, or a benchmark index. This can be outweighed by the impact of changes in market values and index constituents. Hence, it is important that we focus more on the long-term trends than shorter-term changes to these scores (as the latter can be more susceptible to this market "noise").
- Carbon emissions coverage decreased during the quarter, as the coverage of securities held in the four equity funds reduced, highlighting ongoing challenges in reporting emissions within financial markets.

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

Background

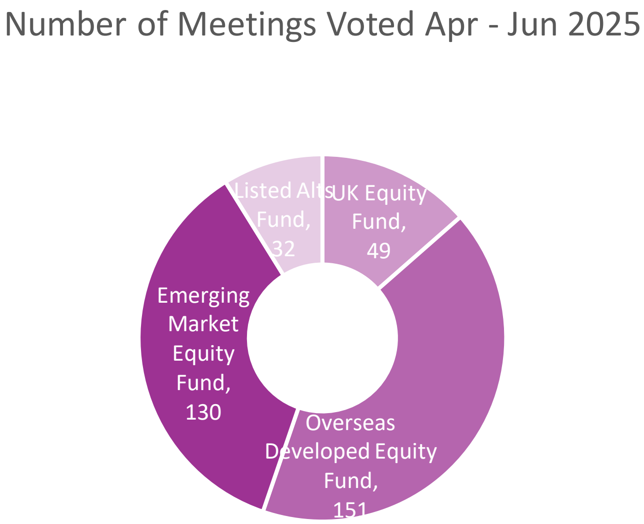
The Authority has developed a statement which sets out what it believes Responsible Investment is and how it will go about implementing it within its overall approach to investment. This statement is set out in the Responsible Investment Policy which is available on the website here.

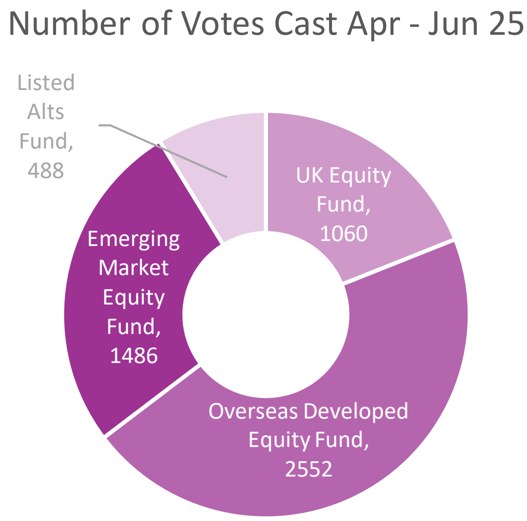
Our approach is largely delivered in collaboration with the other 10 funds involved in the Border to Coast pool. This report provides an update on activity in the last quarter covering:

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

Voting Activity

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





Robeco highlighted the below in their (Apr - Jun 25) Q1 2025/26 Active Ownership proxy voting report how the topic of executive remuneration remains an ongoing cause of friction each annual general meeting (AGM) season. Further detail is provided in the box below:

Executive remuneration: A persistent AGM flashpoint

Executive remuneration remains a recurring and contentious topic during AGM season. It is central to corporate governance discussions, with growing attention from investors, stakeholders, and the public. The core issue lies in balancing pay levels that attract and retain talent while maintaining cost efficiency and meeting societal expectations, particularly around income inequality and corporate responsibility.

From an investor's standpoint, executive pay is closely tied to the corporate agency problem—the challenge of aligning management's interests with those of shareholders. While mechanisms like performance-based pay, share ownership guidelines, and independent remuneration committees have been introduced to address this misalignment, evolving economic and political landscapes continually present new challenges.

Evolving Compensation Practices
Historically, stock options were a popular tool to incentivise share price growth, but they encouraged excessive risk-taking without downside exposure. In response, companies have shifted towards simplified remuneration structures comprising a short-term incentive plan (STIP) and a long-term incentive plan (LTIP). The LTIP typically includes performance share units (PSUs), which align rewards with measurable targets, and restricted stock units (RSUs), which vest over time and are based on retention.

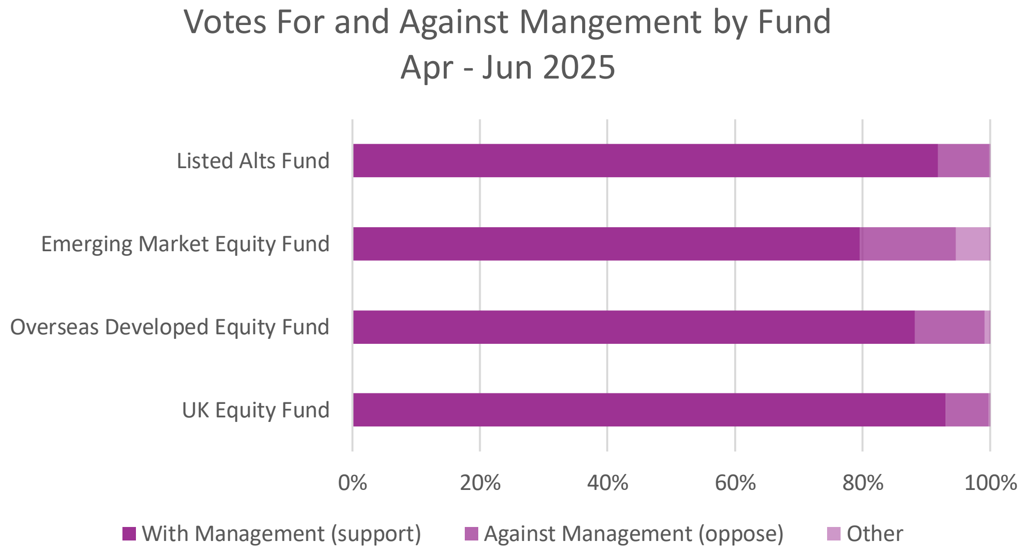
However, trends raise new concerns:

1. Return of RSUs: Increasingly used in LTIPs, RSUs are sometimes awarded alongside or instead of PSUs. Critics argue that RSUs may not adequately link pay to strategic execution or performance outcomes.
2. Moonshot Awards: Large, multi-year equity awards tied to ambitious goals are emerging to retain top executives. While they aim for transformational outcomes, they pose governance risks related to dilution, goal rigor, and windfall gains.
3. Rising CEO Pay and Pay Ratios: Despite economic uncertainty, CEO compensation continues to rise, widening the gap with median employee pay and intensifying debate on fairness and accountability.
4. Shift Away from ESG Metrics: A growing number of companies are reverting to financial and strategic metrics, possibly in response to investor scepticism and political pushback on sustainability-linked incentives. However, a balanced metric approach remains essential.

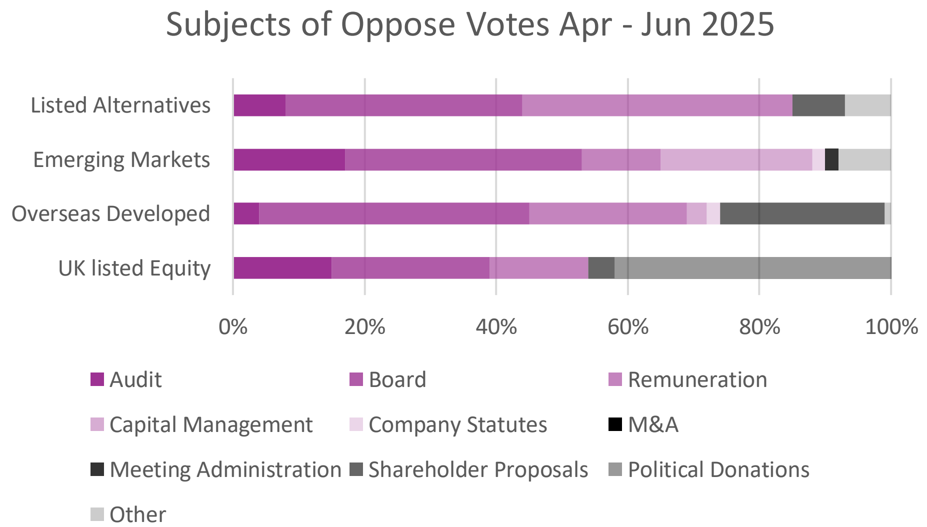
The Way Forward
There is no one-size-fits-all solution. Boards must ensure that performance targets are meaningful, achievable, and aligned with company strategy. Transparency is key—clear communication of how compensation decisions are made and justified is essential. Underperformance should be reflected in lower payouts, and any changes to policy should be subject to shareholder approval. By adopting best practices, aligning incentives with long-term value creation, and actively engaging with stakeholders, companies can ensure executive pay is both effective and accountable.

Robeco Active Ownership Report July 2025

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



The above graph shows the breakdown of votes cast for (in support of management) and against (in opposition to management) resolutions during the quarter. The proportion of votes against the line taken by company management remained above 10% overall, with 11.0% of total votes cast against management, which was in line with the previous quarter. In absolute terms, the number of votes against management increased from 93 to 614, as the number of votes increased in total across all publicly listed funds as the quarter widely covered peak voting season.



The above graph indicates that votes against management were much more dispersed this quarter across topics in the Listed Alternatives and UK Listed funds this quarter. The three largest areas where voting continues to oppose management relate to Remuneration, Audit, Board composition and Political donations. The latter made up a significant proportion of votes against in the UK Listed fund. Further, it is worth reviewing the reasons why it is the case that votes are made against management.

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

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

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

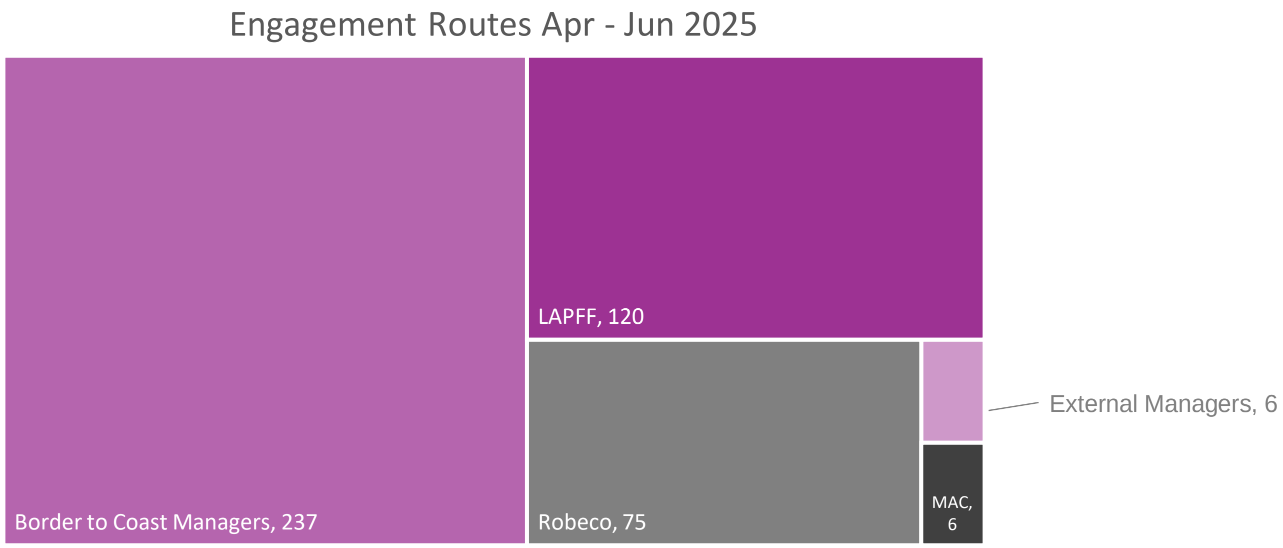
BP held their AGM where significant concerns were raised following the company's strategy update, which weakened its energy transition plans and increased focus on fossil fuel production. Despite backing its prior transition strategy in 2022, BP refused to offer a new Say on Climate vote, ignoring repeated investor requests. This inconsistency raised doubts about BP's climate governance and transition resilience. As a result, Robeco voted against the chairman, who oversaw both the initial transition steps and subsequent backtracking, and against the chair of the safety and sustainability committee, who led the removal of key climate targets. These votes reflect concerns over BP's failure to uphold the 2019 binding Say on Climate resolution and demonstrated effective climate oversight.

McDonald's held their AGM where shareholders voted on agenda items including three shareholder resolutions. Robeco supported a proposal requesting the company assess whether its climate transition plans can reasonably meet its 2030 and 2050 emissions targets. While McDonalds has SBTi-approved targets, Robeco believe that the requested disclosures would enhance transparency and credibility. The proposal received 10.5% shareholder support. Robeco opposed another shareholder resolution that sought to remove DEI (Diversity, Equity and Inclusion) goals from executive compensation. Robeco believe that integrating ESG metrics, including DEI, into pay structures promotes stronger governance and stakeholder alignment. This resolution received 1.4% of votes cast.

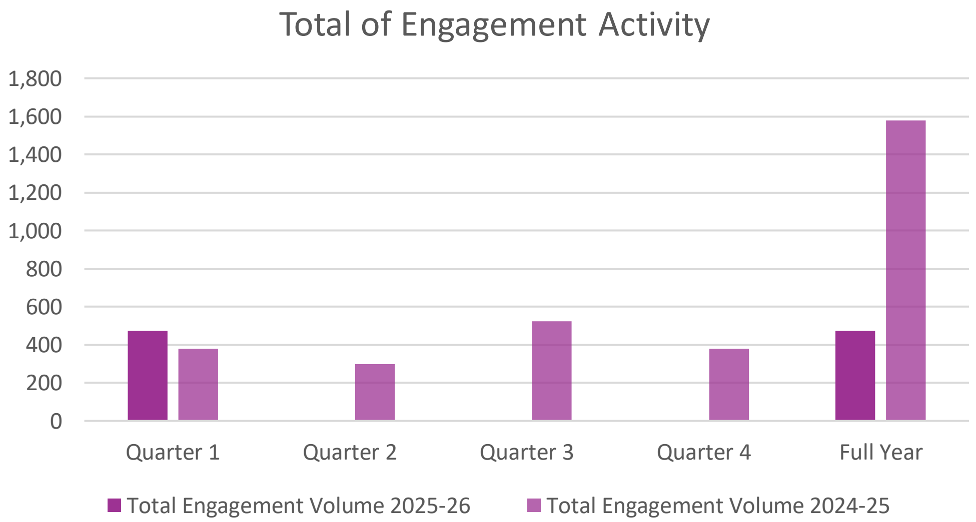
Shell Plc held their AGM on 20 May that was notably missing any management proposal addressing the firm's energy transition strategy. However, a key climate-related shareholder resolution requested additional disclosure on how Shell's LNG demand forecasts, production targets and capital expenditure align with its net zero by 2050 commitment. The proposal aimed to clarify how Shell reconciles its LNG growth with its climate strategy and to better assess related risks. While Shell claimed existing disclosures were sufficient, Robeco found the current information lacking and supported the resolution. Despite this the resolution was rejected, receiving only 20.5% shareholder support, highlighting continued investor concern but insufficient backing for formal adoption.

Engagement Activity

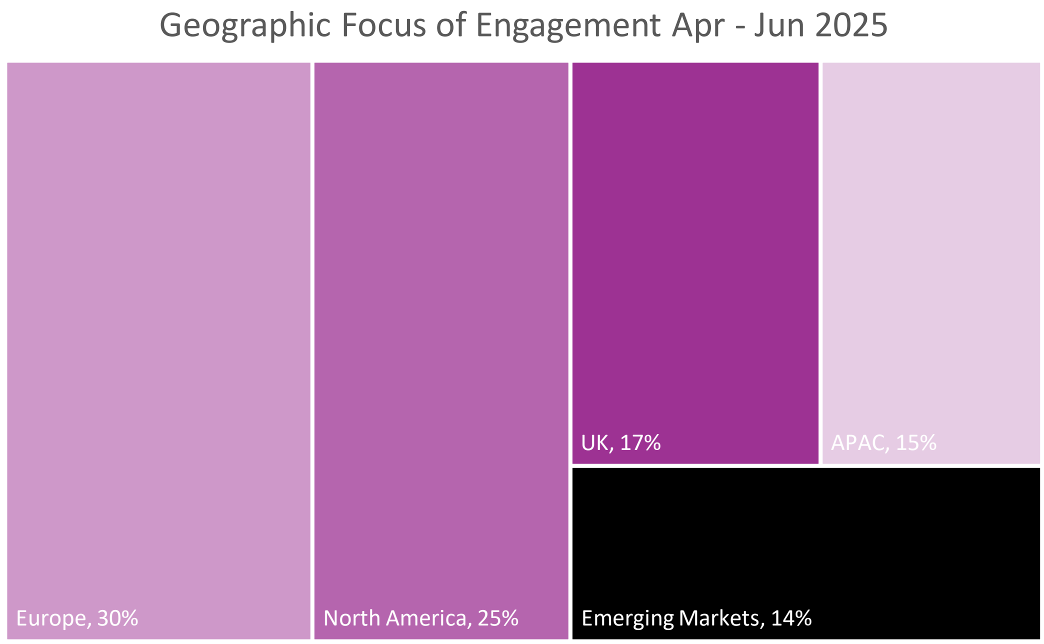
Engagement is the process by which the Authority, working together with other like-minded investors, seeks to influence the behaviour of companies on key issues. Engagement (in distinction to voting) is an ongoing process and is undertaken by those directly managing money for the Authority. This includes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



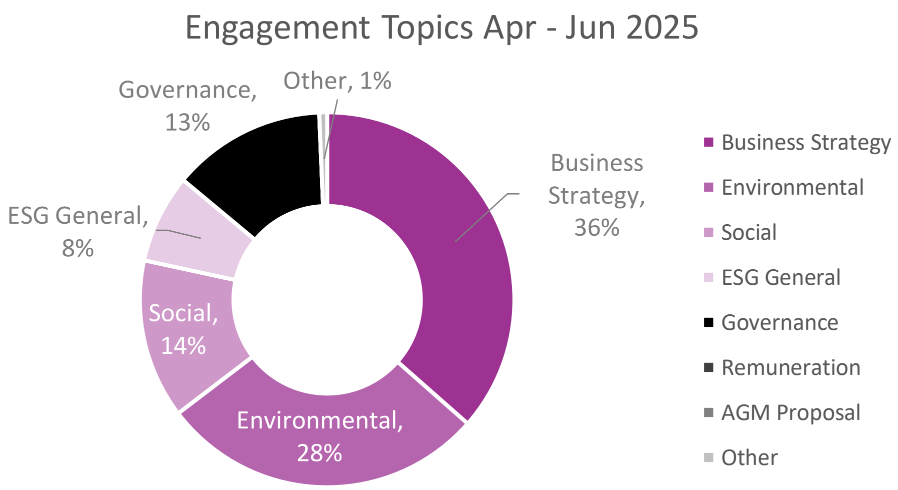
The graph below shows the overall level of engagement activity in the quarter increased compared to the same quarter last year. This increase was primarily driven by a greater level of direct engagement by the Border to Coast Responsible Investment team.



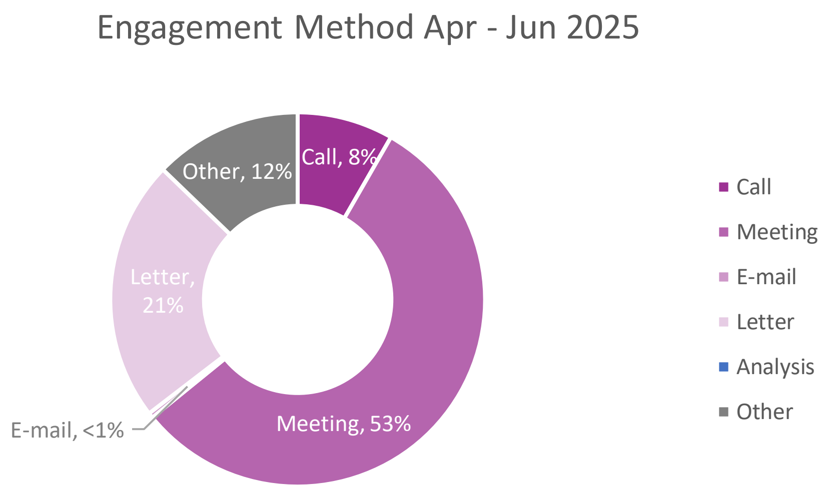
The chart below shows a breakdown of the geographic market focus in engagement over the last quarter. The proportion of engagement focus shifted this quarter with an increase in the APAC and US focus with a decrease in Europe and UK regions the most notable changes.



The range of topics covered through engagement is set out in the chart below with a continuing strong focus on business strategy and social topics with an increase in the focus on environmental issues this quarter.



The method by which companies are engaged is important. Letters and emails are much more easily ignored or likely to generate a stock response from companies, whereas calls or meetings allow for more effective and genuine interaction with the company. The positive momentum seen over recent quarters in the proportion of engagement taking place via calls or meetings has been maintained, increasing by 5 percentage points to make up over 60% of total engagement this quarter.



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

Sovereign engagement with Indonesia on deforestation

Since 2020 Robeco has been actively steering sovereign engagement work with Indonesia under the collaborative Investor Policy Dialogue on Deforestation (IPDD).

In February 2025, Robeco co-organised a field trip to Jakarta, Indonesia, alongside 82 global investors representing USD 11 trillion in assets, to support public policy dialogue on halting deforestation and promoting sustainable finance. Indonesia's tropical forests are vital for carbon sequestration, and the country has made notable progress in reducing deforestation since 2015. However, to meet its 2030 climate targets under its Nationally Determined Contributions (NDCs), Indonesia needs USD 285 billion in investment—far beyond what government budgets can provide—highlighting the critical role of private capital.

The investor group held 12 meetings with government agencies, industry bodies, and embassies to align climate goals with investment practices. Discussions focused on enhancing sustainable finance, improving environmental disclosures, and aligning green taxonomies with international standards. Robeco emphasised the importance of transparent use of proceeds from green bonds and better alignment with ASEAN and EU taxonomies.

Investor engagement also extended to listed companies and banks to improve nature-related disclosures and integrate frameworks like the Taskforce for Nature-related Financial Disclosures (TNFD). Discussions addressed green bond issuance and incentives for sustainability-linked financing.

Indonesia's forestry sector accounts for 60% of required emissions reductions to meet NDC targets. However, pressures from food security programs and rapid nickel sector expansion pose land use and biodiversity risks. The investor group stressed the need for environmental safeguards and credible voluntary carbon markets.

As Indonesia prepares to update its NDC ahead of COP30, ongoing investor dialogue will be crucial to ensure the country maintains ambitious climate goals supported by effective, transparent policy frameworks.

Navigating headwinds to stewardship and climate action

Between 2022 and 2024, 20–45% of Robeco's climate engagement cases were subject to climate-related shareholder votes, and around 40% of companies under engagement improved to the point that they no longer fell under Robeco's climate voting scope. Despite this progress, the global climate action landscape has become more difficult, marked by geopolitical instability, rising nationalism, and pushback against sustainability efforts. Many companies are backtracking on climate commitments, shareholder support for resolutions is weakening, and the number of climate proposals is expected to decline significantly in 2025.

Robeco remains firmly committed to reaching net zero by 2050 and continues to prioritise corporate engagement as a core strategy to drive emissions reductions in the real economy. In 2024, Robeco expanded its climate engagement program to cover 100 companies in high-impact sectors. These engagements employ a full suite of tools, including escalation strategies and collaboration with like-minded investors. Between Q1 2024 and Q1 2025, Robeco co-led engagement at 12 companies and supported engagement at nine others under the Climate Action 100+ initiative.

Annual General Meetings (AGMs) serve as key moments to provide feedback on climate transition plans. Robeco reaches out to approximately 300 companies each year ahead of AGMs to raise concerns. Where progress is lacking, Robeco may vote against directors or raise issues publicly, as seen in engagements with Shell and TotalEnergies. Public actions like pre-declaring votes and publishing letters are used strategically to drive momentum when private engagement stalls.

Beyond corporate engagement, Robeco also advocates for supportive regulatory frameworks. In response to the EU's 2025 review of sustainable finance legislation, Robeco supported a public investor statement coordinated by Eurosif and the IIGCC, calling for the preservation of the legislation's core principles.

Despite a more fragmented and resistant political and corporate environment, Robeco continues to push forward. Through expanded engagement, strategic voting, public advocacy, and policy influence, Robeco aims to hold companies accountable, support credible climate transition plans, and drive long-term positive change for a more sustainable global economy.

Good governance, from panacea to scapegoat

Governance plays a key role in aligning shareholder and management interests, yet recent trends show a shift back toward corporate control. Shareholder rights—especially voting and the ability to file ESG-related resolutions—have come under increasing scrutiny and restriction, particularly in the US. Regulatory changes, such as new SEC guidance and potential shifts in fiduciary duty definitions, are making it easier for companies to exclude shareholder proposals. Anti-ESG sentiment has grown, with some companies even suing shareholders to block climate-related resolutions.

In Europe, attention has shifted to implementing the EU Corporate Sustainability Reporting Directive (CSRD), which demands extensive reporting on sustainability from a double materiality perspective. While this has driven meaningful internal discussions, companies face challenges with its complexity and rigidity, often relying on limited assurance rather than full external verification.

Robeco continues to advocate for ESG engagement by attending AGMs to ask targeted questions and support sustainability accountability. This year, Robeco raised concerns or encouraged progress at AGMs for companies like Ahold Delhaize, Unilever, Shell, and TotalEnergies. Despite rising regulatory and political resistance, Robeco believes institutional investors should actively participate in these forums to foster transparent, long-term dialogue on ESG issues and reinforce responsible corporate behaviour.

Border to Coast Engagement

Border to Coast produced their quarterly Stewardship report which outlined a number of their key engagement highlights during the quarter and can be viewed here.

Total Energies
In June, Border to Coast met with TotalEnergies to review its transition strategy and Border to Coast's climate voting policy. At the AGM, Border to Coast voted against the re-election of a director due to gaps in emission reduction targets and decarbonisation strategy, despite the absence of a vote on the Chair. While the company met some key benchmarks, Border to Coast highlighted improvements needed to prevent future votes against management.

Border to Coast welcomed strengthened short-term targets for methane and CO_2 reductions, increased investment in energy efficiency, and measures to reduce flaring and venting. Additionally, Border to Coast acknowledged its long-term strategy to shift significantly toward electricity production.

Since Border to Coast began direct engagement two years ago, notable progress has been made, and Border to Coast are encouraged that TotalEnergies has no plans to weaken its climate commitments. However, Border to Coast emphasised the need for more detailed post-2030 transition plans to achieve its 2050 net zero goal, including interim emission reduction targets.

HSBC, Barclays and Standard Chartered Banks
Border to Coast endorsed three collective AGM questions at HSBC, Barclays, and Standard Chartered, coordinated by ShareAction and backed by 30 investors managing £1.2 trillion in assets.

HSBC was asked to reaffirm its commitment to strengthening climate targets and policies supporting its 2050 net zero ambition, following its internal review announcement. Barclays, due to publish a transition plan later this year, was urged to disclose a science-based methodology for its sustainable finance targets and set a renewable power target. Standard Chartered, given its significant exposure to emerging markets in transition-critical sectors, was asked to enhance its plan by outlining a strategy and target for financing renewable power in these regions.

Responses varied in quality. However, a constructive meeting with Standard Chartered provided assurances of its commitment to the transition plan and willingness to consider Border to Coast's request.

LAPFF Engagement

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

Water Stewardship: Water scarcity is a growing global crisis, with the UN warning of a 40% shortfall by 2030. LAPFF (Local Authority Pension Fund Forum) is urging mining companies to adopt robust water stewardship practices that align with global frameworks such as SDG 6 and the Valuing Water Finance Initiative (VWFI). LAPFF seeks to integrate water and human rights due diligence into companies' risk and governance frameworks, promoting transparency, accountability, and community engagement.

Glencore: LAPFF welcomed Glencore's use of GIS and adoption of the TNFD LEAP framework for site-specific water assessments. Participatory water monitoring with local communities and investment in a desalination project with Anglo American show progress. However, the company lacks global water targets and consistent historical data. Its decentralised approach may hinder alignment with VWFI and SDG 6. LAPFF raised concerns about recent water-related fines and will continue engaging ahead of a scheduled meeting with Glencore's Chair.

Antofagasta: The company has shifted to using up to 90% seawater at some sites and aims to eliminate freshwater use at Zaldívar by 2028. It also uses 99% renewable energy and thickened tailings to improve water efficiency. LAPFF calls for greater transparency on the water stewardship unit's structure and detailed methodologies behind water impact assessments.

Anglo American: The company has reduced freshwater extraction by 27% toward a 50% target by 2030. Interim goals are embedded in executive pay, and TNFD LEAP is being adopted. LAPFF is monitoring the Los Bronces seepage remediation and urges clearer water risk disclosures and nature-related metrics.

Oil & Gas – BP & Shell: LAPFF aims to challenge the long-term viability of oil and gas companies that fail to align with a Paris Agreement-compatible pathway. Instead of accepting superficial decarbonisation claims, LAPFF promotes a managed decline of fossil fuel production, arguing that demand for hydrocarbons will fall and be met by the lowest-cost producers. As renewables expand through decentralised and unsubsidised investment, oil and gas majors face structural decline. Given these dynamics, LAPFF calls for capital discipline, reduced buybacks, and increased shareholder returns, rather than further fossil fuel investment. BP and Shell's recent strategic retreats from renewables undermine confidence in their transition credibility and underscore LAPFF's calls for accountability and governance reform.

BP: Following BP's 2025 "reset" to increase oil and gas production, LAPFF recommended voting against Chair Helge Lund. This resulted in 24% shareholder opposition, signalling governance concerns.

LAPFF is seeks a meeting with BP's Senior Independent Director to address governance failures post-reset. LAPFF continues to monitor both BP and Shell, reaffirming that managed decline, not superficial transition, remains the only path to Paris alignment.

Shell: LAPFF supported a shareholder resolution, led by ACCR and UK pension funds, questioning Shell's overinvestment in LNG versus IEA projections. The resolution gained over 20% shareholder support. At the 2025 AGM, LAPFF directly challenged Shell's claim that LNG is a low-carbon fuel. The response was unconvincing, prompting continued scrutiny.

LAPFF questions the viability and climate value of Shell's CCS and synthetic fuels strategies, arguing they fail to meet net-zero goals and divert focus from lower-emission alternatives.

Portfolio ESG Performance

Equity Portfolios

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

Overseas Developed

- Weighted ESG Score 7.1
- 56.3% of portfolio ESG leaders v 50.1% in the benchmark.
- 1.8% of portfolio ESG laggards v 2.3% in the benchmark.
- 0.7% of portfolio not covered all of which are investment trusts, higher than benchmark
- Lowest rated 5 companies, 1.8% of portfolio
- Emissions below benchmark on all metrics.
- Weight of fossil fuel holdings greater than benchmark
- 5 top emitters rated on the Transition Pathway with 3 TPI scoring of 5 (the highest score)
- All 5 top emitters engaged through Climate Action 100+

United Kingdom

- Weighted ESG Score 7.7, v the index at 7.7
- 63.9% of portfolio ESG leaders v 65.8% in the benchmark
- 0.2% of portfolio ESG laggards
- 1.2% of portfolio not covered, mainly investment trusts; less than benchmark
- Lowest rated 5 companies 6.9% of portfolio, 4 of 5 BBB rated by MSCI
- Financed emissions below the benchmark, carbon intensity and WACI marginally above
- Lower weight of fossil fuel holdings than in benchmark.
- 5 of 5 top emitters rated 5 (highest ratings) on the Transition Pathway, 5 of 5 engaged through Climate Action 100+

Emerging Markets

- Weighted ESG score 6.1
- 35.2% of portfolio ESG leaders v 33.8% in the benchmark
- 6.5% of portfolio ESG laggards v 9.7% in the benchmark
- 8.3% of portfolio not covered
- Lowest rated 5 companies 3.4% of portfolio.
- Emissions below benchmark on all metrics
- Weight of oil and gas holdings below but thermal coal a small amount above benchmark.
- 4 of the top 5 emitters engaged with the Transition Pathway with scores above 3
- 2 of top 5 emitters engaged through Climate Action 100+

Listed Alternatives

- Weighted ESG score 7.2
- 45.0% of portfolio ESG leaders v 45.2% in the benchmark
- 3.0% of portfolio in ESG laggards v 5.0% in the benchmark
- 23.5% of portfolio not covered largely investment trusts etc
- Lowest rated 5 companies 6.1% of portfolio.
- Financed emissions below benchmark however carbon intensity and WACI above
- Materially lower weight of fossil fuel holdings than in benchmark.
- Top 5 emitters engaged with the Transition Pathway with 4 scoring TPI level 4 or above with the remaining one scoring a 3
- 2 of 5 top emitters engaged through Climate Action 100+

Overall, this continues to show a broadly positive picture, with the MSCI ESG score increasing by 0.1 for the UK Equity Fund from 7.6 to 7.7 and now in line with the benchmark. It continues to hold a significant proportion of ESG Leaders, including this quarter's feature stock, RELX, and maintains a relatively high overall ESG Rating. Conversely, the Overseas Developed Equity Fund saw a small reduction (-0.1) in its ESG score and is now in line with benchmark. The drop has been caused by a small reduction in the proportion of ESG Leaders. However, the Fund 's exposure to ESG Laggards has remained relatively static, continuing to hold four CCC-rated companies. The Fund continues also holds a significant proportion of ESG Leaders.

The Listed Alternatives Fund and benchmark saw a small reduction (-0.1) in overall ESG score. The Fund remains significantly (+0.6) over the benchmark with the Fund holding an AA rating compared to the benchmark's A rating. The Fund continues to hold only one CCC-rated entity, Blue Owl Capital. Iberdrola, the Funds largest position and an ESG Leader.

Each quarter Border to Coast's reporting on carbon emissions features particular stocks and their plans for decarbonisation. To increase the level of transparency on the engagement undertaken with companies and the assessment of their future decarbonisation plans, case studies for each listed fund are included below. It should be recognised that these metrics do exhibit volatility quarter-on-quarter as companies report emissions data annually and metrics fluctuate as market capitalisation and reported revenues fluctuate.

Overseas Developed Fund

The Fund saw a 7% decrease in its financed emissions and a 3% decrease in its carbon intensity and 4% decrease in weighted average carbon intensity (WACI). The Fund remains below the benchmark across all emissions metrics.

Featured Stock: Qantas Airways

Qantas Airways is Australia's leading airline, holding approximately 70 percent market share in the domestic market through its premium Qantas and low-cost Jetstar brands. The company also operates the country's largest loyalty program and provides a range of ancillary services including catering, ground handling and engineering. Qantas benefits from strong brand equity, a dominant market position and a diversified revenue base. Its scale and operational efficiency support a resilient business model, while its post-pandemic recovery has been underpinned by disciplined capacity management and a focus on profitability.

Qantas announced its Climate Action Plan in 2022, targeting net zero emissions by 2050. The strategy is built on equal contributions from sustainable aviation fuel, operational efficiency and carbon offsets. Interim goals include a 25 percent reduction in net emissions and a 10 percent uptake of sustainable fuel by 2030, alongside an average annual fuel efficiency improvement of 1.5 percent. The company also aims to eliminate single-use plastics by 2027 and achieve zero waste to landfill by 2030. Emissions were reduced by 8 percent in 2024, indicating progress toward its targets. While aviation remains a hard-to-abate sector, Qantas has set credible goals and is actively working toward them.

UK Listed Equity Fund

The Fund saw a 10% reduction in financed emissions and remains below the benchmark. A key contributor to the drop was an 8% drop in Shell's reported emissions, which accounted for most of the reduction across emissions metrics. This was further supported by reduced positions in Shell (down 1%), BP, and Rio Tinto (both down 0.4%). As the Fund's largest emitters, changes in these holdings had a significant impact on the overall emissions profile.

Featured Stock: Shell Plc

Shell is a leading global integrated energy company, with a particularly advantaged position in LNG, allowing it to benefit from pricing volatility and regional pricing dislocation. LNG is seen as key contributor to energy transition away from more polluting fossil fuels, notably in Asia. Stricter capital discipline with a focus on returns combined with strong cash generation over recent years has enabled Shell to de-leverage its balance sheet, with a focus now on growing shareholder distributions through increased dividends and share buybacks. A lower cash breakeven point provides greater sustainability to those distributions compared to many peers.

Shell supports the goal of the Paris Agreement to limit the rise in the average global temperature well below 2° Celsius and has set an ambition to become a net zero emissions energy business by 2050 or earlier. In March 2025, as part of the Strategy to 2030 presentation, Shell re-iterated its commitment to all of its emission reduction targets as set out in the Energy Transition Strategy 2024. This introduced a new absolute emissions reduction target, including Scope 3, for oil of 40% by 2030, albeit there is no equivalent target for gas as Shell intends to expand LNG production to 2030. Shell has also weakened its intensity targets with the expected reduction to 2030 changed from 20% to 15-20% and the 2035 intensity target of 45% was "retired".

The Strategy to 2030 presentation also included plans for LNG expansion and as part of Border to Coast's ongoing challenge and engagement with Shell, they supported a shareholder proposal at the 2025 AGM seeking clarification how those plans align with Shell's climate commitments, specifically the goal to achieve net zero by 2050. Though Shell has a Net Zero GHG Emissions ambition for 2050 it only partially meets the Climate Action 100+ short- and medium-term ambition criteria, hence Border to Coast also voted against re-election of the Chair and continue to actively engage with the Company on its decarbonisation strategy.

Emerging Markets Equity Fund

Quarter on quarter, the Fund saw a further significant decrease in financed emissions (17%), carbon intensity (18%) and weighted average carbon intensity (WACI) (23%). This was primarily driven by the exit from Grasim during the quarter. Grasim was previously the Fund's top contributor to financed emissions. The Fund has initiated a new position in CEMEX, now the Fund's second highest emitter, as alternative cement exposure. CEMEX is this quarter's feature stock.

Featured Stock: CEMEX

Cemex is a global construction materials company headquartered in Mexico. It produces cement, ready mix concrete, aggregates, and urbanisation solutions across high-growth markets. With over 100 years of experience, Cemex integrates digital technologies and circular economy practices to deliver sustainable infrastructure solutions while advancing its long-term decarbonisation goals.

Cemex is committed to achieving net zero CO_2 emissions by 2050. Its decarbonisation strategy, Future in Action, is led by the CEO and overseen by the Board. It focuses on climate action, circularity, and responsible resource use, with targets validated by the Science Based Targets initiative. Cemex aims to reduce direct CO_2 emissions by 47 percent by 2030 from a 1990 baseline.

To embed climate considerations into business decisions, Cemex applies internal carbon pricing across all markets, using either local emissions trading rates or a minimum of 25 dollars per metric ton of CO2. This ensures that carbon costs are factored into capital allocation and project evaluation.

Cemex has also aligned its financing with its climate goals. Its Sustainability Linked and Green Financing Frameworks are independently validated and tied to international standards. As of now, 42 percent of its debt financing is linked to sustainability performance, with targets of 50 percent by 2025 and 85 percent by 2030. Failure to meet climate targets can trigger financial penalties, reinforcing accountability.

The company is investing in low carbon technologies, including proprietary low CO2 clinker and carbon capture projects.

Sterling Investment Grade Credit Fund

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

Weighted ESG score 7.4 which is lower than benchmark at 7.5

41.9% of portfolio ESG leaders compared to 56.6% in the benchmark

0.8% of portfolio ESG laggards compared to 0.9% in the benchmark

26.3% of portfolio not covered compared to 9.2% in the benchmark

The 5 lowest rated issuers represent 1.5% of the portfolio

Emissions below benchmark on all three carbon emission and intensity metrics.

Below benchmark weight of companies with fossil fuel reserves.

2 of top 5 emitters engaged by Climate Action 100+ and three rated 5 (the highest level) on the Transition Pathway

The Fund’s weighted ESG Score improved by 0.1 to 7.3, closing the gap to benchmark compared to last quarter. Compared to benchmark, the Fund has a lower exposure to governance laggards. The Fund continues to hold Akelius Residential, one such laggard, and the only CCC rated entity held by the Fund. A substantial proportion of the Fund’s holdings are classified as ESG Leaders. The Fund saw small reductions in emissions metrics over the quarter with a 0.6% reduction in financed emissions, 3% reduction in carbon intensity and 3% reduction in Weighted Average Carbon Intensity since Q1 2025.

The most notable change in the Fund's emissions profile is the emergence of British Airways as a top contributor to financed emissions, driven by improved data coverage from MSCI. As an airline, British Airways has a significantly higher carbon intensity compared to the sectors that have traditionally dominated the Fund's emissions footprint.

Commercial Property Portfolio

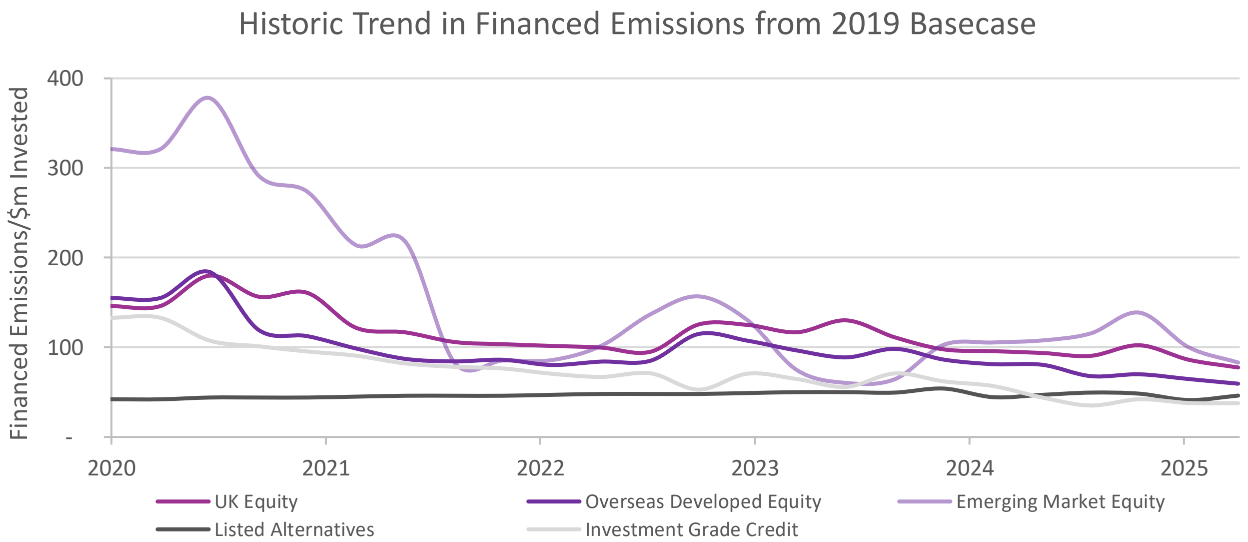
During the last quarter of 2024, part of the directly held property portfolio transitioned into a pooled investment vehicle managed by Border to Coast and made up of the direct property assets of other Partner Funds.

This transition of assets is in support of the pooling process; however, it limits the direct control that SYPA has over the specific assets to make dedicated decisions to reduce the carbon footprint. Instead, investment decisions will now be taken by Border to Coast with the continued support of Aberdeen who were the Fund Manager for the SYPA assets, when under direct ownership. Border to Coast is targeting net zero for the UK Real Estate Fund of 2050 and we will continue to push for a more ambitious target.

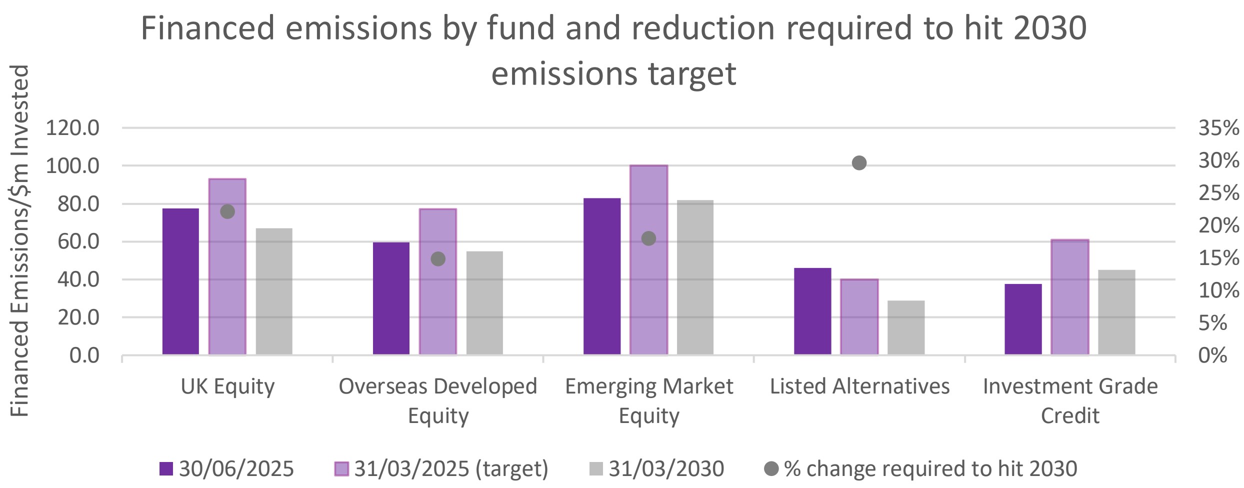
Progress to Net Zero

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

The below graph shows the movement of actual financed emissions of the listed funds held over time. It should be noted that some volatility in financed emissions quarter-on-quarter is to be expected as firms report on emissions annually. However, the financed emissions trend has been directionally reducing, albeit with some volatility and in general, at a slowing rate over recent quarters. However, with the exception of the Listed Alternative Fund, financed emissions from all other listed fund investments that are reported, fell over the quarter.

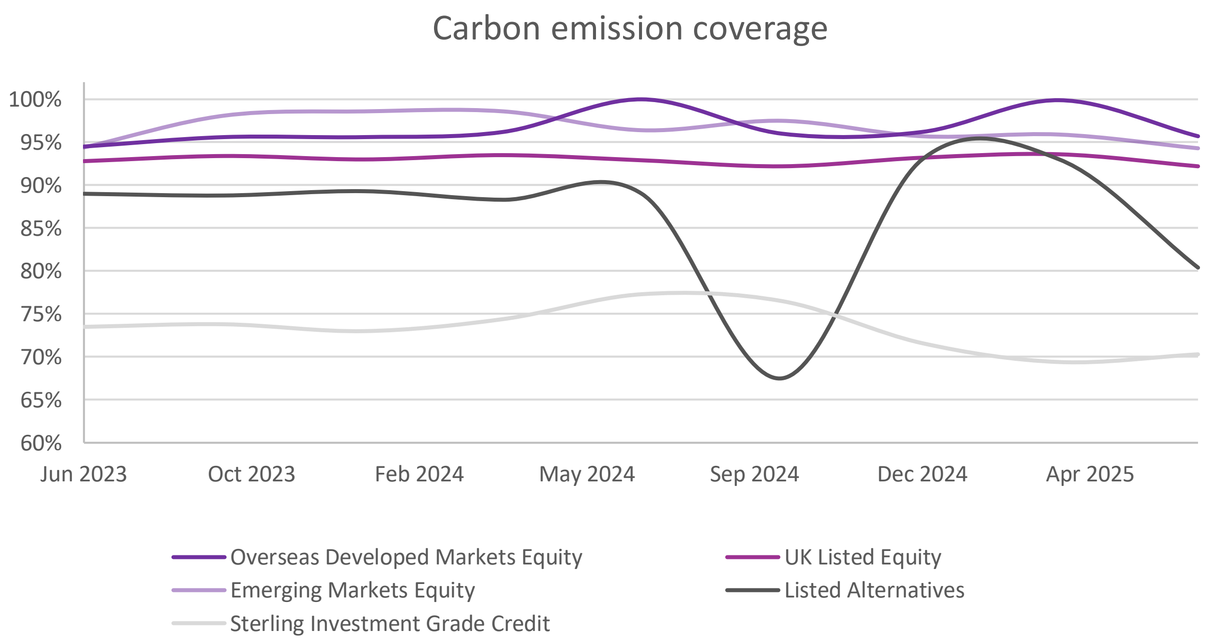


The below chart shows that the Overseas Developed Equity, UK Equity, Emerging Markets Equity and Investment Grade Credit funds are all below the interim 2025 financed emissions target to meet the net zero goal by 2030. The Listed Alternatives Fund missed its interim target by c3% as at 31 March 2025 and emissions increased further this quarter. This highlights a previously noted point that some level of volatility in financed emissions at a fund level can be expected quarter-on-quarter, as firms report emissions annually and changes in overall market value and changes in underlying securities will impact the reported metrics. However, overall the reduction in emissions from the portfolios has exceeded the interim target. As previously stated, reaching the net zero goal by 2030 will require a change in the emissions reduction trajectory of the reported Border to Coast funds that is significantly beyond the current Border to Coast targets.



Coverage

The proportion of companies covered is an important metric when assessing the progress made to net zero. Without a high level of coverage, the emissions reduction picture will be incomplete and inaccurate. The graph below outlines how the level of coverage in the funds held with Border to Coast has developed over time. It can be seen that over time the % of the individual funds covered has in general improved. However, the progress has largely plateaued within the last year with a decrease in the coverage of the four listed equity funds.



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

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

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

Stakeholder Interaction

Over the quarter the Director has answered questions regarding the value of investments in defence companies, Israeli based securities, animal testing and tobacco company exposure and the team continue to seek answers from fund managers about specific investments where stakeholders have raised concerns that the decision making process has not been in line with the relevant policies.

Collaborative Activity

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

LAPFF held a business meeting during the quarter which included member input into the draft workplan for the year 2025/2026 and agreed the budget and subscription levels, allowing for an inflationary increase.

Climate Action 100+, is the world's largest investor engagement initiative on climate change made up of more than 600 investors. CA100+ investor members actively are engaging companies on improving climate change governance, creating transition plans that include cutting long-term emissions and strengthening climate-related disclosures in order to mitigate financial risk and maximise long-term asset value.

The *Climate Action 100+ Progress Update 2024* highlights collective investor engagement with 168 high-emitting focus companies as measured against the initiative's three pillars: climate governance, greenhouse gas emissions reduction, and enhanced climate-related disclosures

Key findings from the October 2024 Net Zero Company Benchmark reveal that a growing number of companies have set net-zero-by-2050 ambitions and board-level climate accountability and have adopted frameworks such as TCFD and ISSB. Over 40% have set long-term targets aligned with a 1.5 °C pathway, although only around 20% have aligned medium- and short-term targets, underscoring remaining gaps in transition planning.

Significant improvements are evident in capital-allocation disclosures toward low-carbon solutions and planning for a just transition, but comprehensive and credible transition strategies are still rare. Many firms are disclosing engagement activities and aligning with Paris-aligned lobbying standards, with "best practice" governance emerging within industry associations—23% of companies have reduced policy misalignment, and two companies now meet best-practice engagement criteria for the first time.

The update includes global case studies demonstrating tangible progress: examples of companies making concrete improvements in target-setting, disclosure practices, and capital alignment with low-carbon solutions. The report also reviews the 2024 proxy season, drawing attention to key investor-voted climate proposals across sectors to promote transparency and accountability.

Robeco and other signatories emphasise that the Benchmark remains an indispensable tool for guiding engagement and assessing corporate alignment with a 1.5 °C-aligned net-zero transition. The staged minor updates adopted between 2023 and 2024 enhance continuity tracking while maintaining methodological rigor.

The Progress Update underlines that, while meaningful action is underway, deeper ambition and robust implementation of transition strategies remain critical. Collective investor stewardship continues to drive corporate responses, yet the broader economy now needs accelerated momentum to deliver Paris-aligned decarbonisation at scale.

The Institutional Investors Group on Climate Change

The Institutional Investors Group on Climate *Change (IIGCC)* published its first investor-focused *Climate Resilience Investment Framework 1.0 (CRIF 1.0*) — the first investor-focused framework designed to help identify, assess, and manage physical climate risks across investment portfolios. As the frequency and severity of climate-related events rise, CRIF 1.0 addresses a critical gap in current due diligence practices, which often lack sufficient methodologies, data, and disclosures related to physical climate risk.

The framework is built around the *Physical Climate Risk Assessment Methodology (PCRAM*), a four-step process that supports investors in identifying risks, evaluating their financial materiality, exploring adaptation options, and informing decision-making. CRIF 1.0 provides practical and flexible guidance tailored to varying governance structures, mandates, and risk appetites. Initially focused on infrastructure and real estate—sectors already exposed to significant physical climate risks—the framework will soon expand to include sovereign bonds, listed equities, and corporate fixed income. Developed with broad stakeholder input, CRIF 1.0 also encourages engagement with policymakers, insurers, data providers, and others.

CRIF 1.0 complements IIGCC's *Net Zero Investment Framework*, enabling investors to integrate both mitigation and adaptation strategies. It supports financial resilience and value preservation, while contributing to the broader goal of building climate resilience in the real economy.

Policy Development and Industry Highlights

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

LGPS Fit for the Future Consultation

Following the Government's publication of its response to the LGPS 'Fit for the Future' consultation, Border to Coast is well placed to meet the new standards through their 2030 Strategy. As part of Border to Coast's continued evolution, they have introduced a new Portfolio Solutions function and appointed a Head of Investment Advisory. The Responsible Investment team will be supporting all areas of the business to ensure Border to Coast's RI principles are embedded across the organisation. These developments reflect Border to Coast's commitment to delivering long term value and resilience for Partner Funds.

US Political Environment

During the past quarter, the Trump administration halted a $5 billion offshore wind project, prompting a lawsuit from 18 states. Simultaneously, Trump and 24 states sued New York and Vermont over laws requiring fossil fuel companies to pay for climate damages. NYC pension funds announced plans to drop asset managers lacking credible net zero plans, while BlackRock exited climate alliances and was removed from Texas's anti-ESG boycott list. These developments reflect a chaotic and deeply divided policy environment, with federal rollbacks clashing against assertive state-level climate action and shifting corporate strategies.

Stewardship Code Consultation

The FRC released an updated UK Stewardship Code in June 2025, effective from January 2026, following a consultation process that remains open until the end of August.

While welcoming the streamlining, Border to Coast called for stronger language linking stewardship to long-term sustainable value, clearer recognition of environmental and societal factors, and explicit reference to fiduciary duty. Border to Coast also urged the FRC to support collaborative engagement, considering U.S. challenges to its legitimacy. Border to Coast were pleased to see references to fiduciary duty being added to the Code but were disappointed that the FRC did not offer explicit support for collaborative approaches. Border to Coast will be providing additional feedback before the end of August.

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Agenda Item

Subject	**Update on Pensions Administration Improvement Plan**	**Status**	For Publication
Report to	Authority	**Date**	04 September 2025
Report of	Assistant Director - Pensions		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Debbie Sharp, Assistant Director Pensions	**Phone**	01226 666480
E Mail	dsharp@sypa.org.uk		

1 Purpose of the Report

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

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2 Recommendations

2.1 Members are recommended to:

a. **Note and comment on the 2025/2026 plans for Administration improvement that are in place.**
b. **Agree the Data Quality Improvement Plan 2025/27 at Appendix A**
c. **Agree the Dashboard Matching Criteria Policy at Appendix B**

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3 Link to Corporate Objectives

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

Customer Focus

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

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision making processes. The report includes information about the engagement with the employers in the scheme and how SYPA can support them to complete their responsibilities.

Effective and Transparent Governance

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

Valuing and engaging our Employees

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

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report seek to address operational risks around data quality and backlogs in work (O2 and O6) and the people risks around vacancy levels and single points of failure (P1 and P2). The key mitigants of these risks identified are the plan to address backlogs on a systematic basis and the recruitment to roles as they become vacant.

5 Background and Options

5.1 Work was undertaken on improving the Authority's pension administration service in the last quarter. This was as well as complying with the statutory deadlines for benefit and transfer payments, onboarding new employers and ceasing those that no longer have active members in the Fund as well as collecting monthly membership data. Annual Benefit statements have been issued on time (excluding McCloud information) and all data was provided to the Actuary for the 2025 Valuation in line with agreed timescales.

5.2 A Data Quality Plan is attached to this report at Appendix A for approval.

5.3 A Dashboard Matching Policy is attached to this report at Appendix B for approval.

5.4 At time of writing 77% of the backlog has been cleared.

5.5 RAG status for Administration Improvement activities

Corporate Action 25/28	Update	On Target
PA1 – Clear the remaining Backlogs of casework and ensure arrangements in place to prevent further backlogs developing	1st June introduced a different way to target the backlog by using individual benefit processing teams one month at a time. On 19 August 77% now complete. At current rates we may have cleared 90% by 31 December.	At risk
PA2 – Plan and deliver the Valuation 2025, including increased engagement with employers.	Project running to timetable. Full fund results report received.	Yes
PA 3 – Implement the McCloud Remedy successfully.	Software development delays hampering progress. McCloud underpin not included in benefit statements 2025. Determination made to delay rectification and Benefit statement inclusion to 2026.	No

	Civica representation to attend November training day.	
PA4 – Deliver the Data Quality Improvement	Data improvement prioritised for Valuation data submission to Actuary, annual Pensions Increase and Benefit Statement runs. Feedback from Actuary that data was vastly improved from 2022 submission. In house feedback from Benefit Statement runs data improved as far less records in error.	Yes
PA5 – Ensure Pensions Administration software system is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible.	Awaiting McCloud deliveries at end of summer. Plans then in place to look at automation.	No
PA6 – Implement the Pensions Dashboards to required timescales	Project running to timetable. Matching criteria decided upon. Awaiting connection date from ISP.	Yes

6 Background and Options

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

The plan was originally influenced by;

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

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

6.2 The Administration Improvement Plan 2025/20206 aims to deliver in six key areas:

PA1 – Clear backlogs

PA2 – Plan and deliver the 2025 Valuation.

PA3 – Implement the McCloud Remy.

PA4 – Improve Data Quality

PA5 – Ensure Pensions Administration software is developed and used to optimal effect.

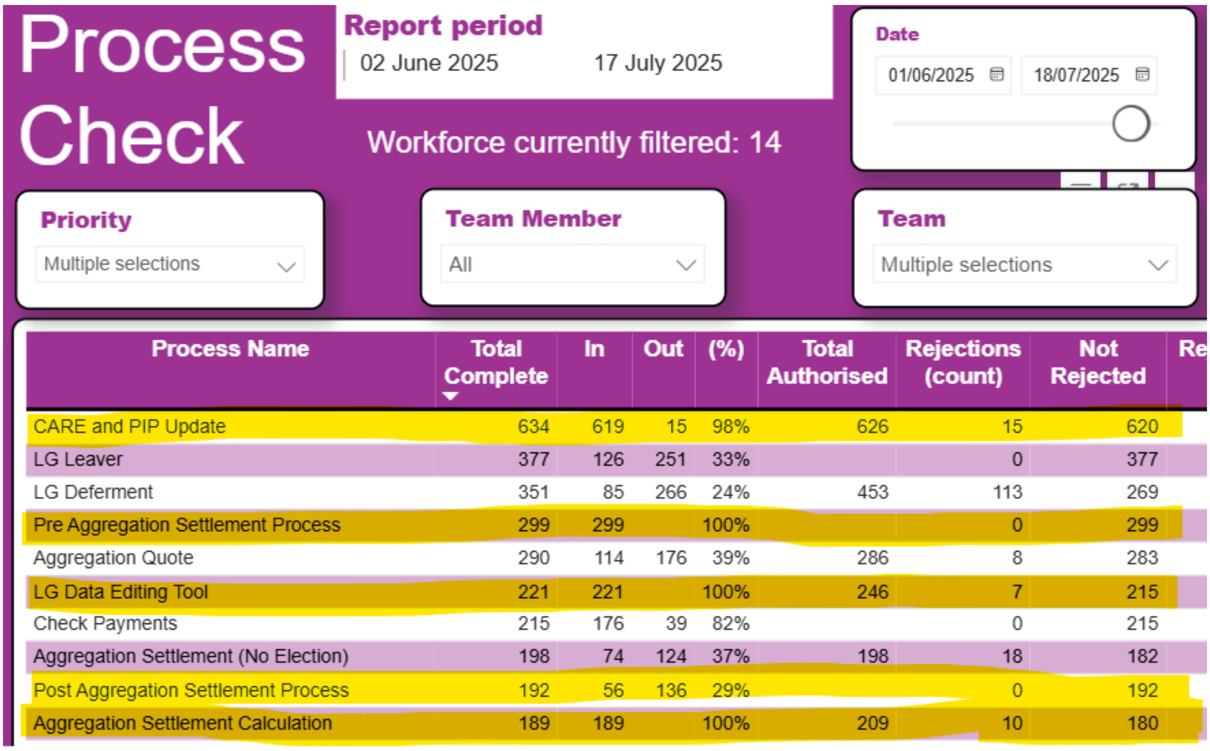
PA6 – Successfully link SYPA to the Pensions Dashboards

6.3 PA1 – Clear Backlogs

Progress on addressing the backlog continues with 77% of cases complete at the time of writing. At the current rate the team are on track to clear 90% of the backlog by 31 December 2025. This project is therefore at risk of running over to 31 March 2026. A taskforce team, rotation of the Benefits team on a monthly basis, is in operation. Up to mid-July the team was having to target areas of outstanding tasks most helpful to employers for their valuation outcomes.

Back log cases remaining are getting more complex and some require more processes to be created and completed to bring the record up to date and ensure the data is clean. To demonstrate this the team looked at identifying the processes created from 189 backlog Aggregation settlement cases. In the chart below you will see the highlighted list of processes which were started from an aggregation settlement process. A total of 1,535 processes required completion on top of the 189 aggregation settlement processes (total in this report is 198 so 9 outside of the backlog will have been completed and contribute to these numbers). Administration of members history in the scheme is complex.

All these processes are created and completed outside of the backlog and therefore do not reduce backlog numbers:



Process Name	Total Complete	In	Out	(%)	Total Authorised	Rejections (count)	Not Rejected	Re
CARE and PIP Update	634	619	15	98%	626	15	620	
LG Leaver	377	126	251	33%		0	377	
LG Deferment	351	85	266	24%	453	113	269	
Pre Aggregation Settlement Process	299	299		100%		0	299	
Aggregation Quote	290	114	176	39%	286	8	283	
LG Data Editing Tool	221	221		100%	246	7	215	
Check Payments	215	176	39	82%		0	215	
Aggregation Settlement (No Election)	198	74	124	37%	198	18	182	
Post Aggregation Settlement Process	192	56	136	29%		0	192	
Aggregation Settlement Calculation	189	189		100%	209	10	180	

6.4 PA2 – Plan and deliver 2025 Valuation.

All Data was sent to Actuary within the agreed timetable. Individual Fund Employers' results are expected in September. A consultation will then be undertaken with Employers on their results, the revised Funding Strategy Statement and the revised Pensions Administration Strategy. The Board will receive a training session on the whole fund Valuation results following this meeting.

The Scheme Advisory Board (SAB) has issued a statement, with the aim of helping the Authority manage the 2025 valuation process. This followed significant interest in this year's outcomes from external commentators, and the need to manage employer expectations given improvements in funding levels being reported and many funds now having material surpluses. The statement makes clear that there will be a range of funding level outcomes, not only across different LGPS funds, but also across individual employers within funds. It also explains the importance of clear and transparent documentation of approach (including the actuarial assumptions used), so that employers can understand how their funding outcome (contribution rates) has been determined. The SAB also reiterates its previous message that engagement with employers on the Funding Strategy Statement and the valuation process will be critical in this valuation process.

There is a comprehensive Employers communication plan in place. Updates on the progress of the 2025 Valuation are also covered in the monthly employer update. Dates for online meetings between the Employers and the Actuary are being arranged at present. As we have a diverse range of Employers we are having 4 separate meetings. These are on top of the early work undertaken with the Employers covered by stabilisation mechanism.

6.5 PA3 – McCloud

MHCLG's expectations about timings for implementing the McCloud remedy are set out in; Statutory guidance on McCloud implementation (England and Wales). This guidance states that for most members, the McCloud implementation period ends on 31 August 2025. At the end of the implementation period:

• all retrospective amendments to members' pensions and other rights because of the regulation amendments in force from 1 October 2023 (LGPS (Amendment) (No. 3) Regulations 2023) should have been concluded, and
• records for members who qualify for the McCloud remedy but have not yet taken their pensions should be accurate (so that figures in 2025 ABSs reflect members' McCloud protection).

In August 2024, MHCLG laid the LGPS (Information) Regulations 2024 which covered ABSs for active, deferred, deferred pensioner and pension credit members and:

• removed the requirement to reflect McCloud protection in 2024 statements
• provided a discretion not to reflect McCloud protection in 2025 statements for individual members or groups of members.

A determination to exercise the discretion was made at the April Board Meeting. The discretion essentially extended the implementation period to 31 August 2026.

On 19 June the Pension Regulator issued a statement setting out their expectations in relation to;

- reflecting McCloud protection in LGPS ABSs this year and in the future
- exercising the discretion for 2025 statements
- decision-making and record-keeping
- plans to ensure McCloud information is included for all members in future years if the discretion is exercised in 2025.

As this Authority has determined that the discretion to delay rectification is needed for all retrospective cases and to delay the McCloud information in ABS's for all affected members a report will be made to the Pension Regulator.

The Authority needs to develop a detailed implementation and rectification plan to manage the work required under the McCloud legislation. The plan is in draft at present but until the remaining administration system functionality is in place dates for when the rectification work can be undertaken are unknown.

A representative from Civica, the Pension Administration software provider, will be attending the Training and Development Day on 20 November.

6.6 PA4 – Improve Data Quality.

The Data Quality Strategy including the cyclical activity is now embedded within the team and feedback from the Actuary on the improvement over the last year can already be seen. Since the last Board report data quality checks were run for end of year data cleansing, Annual Pensions Increase and the valuation. The inhouse data reporting tool DART is used to help monitor the presence, quality and format of data and this helps determine further steps needed as part of specific data improvement activities. Improvement to the quality of the data was monitored over this time but at present is not held in a reportable format. Improving this is being investigated.

A Data Improvement Plan has now been drawn up and is attached at **Appendix A.** This highlights the current 4 areas of focus.

To submit the Valuation member data to the Actuary it is mandatory to do so via their online tool. This identifies what the Actuary refer to as critical errors and until these are cleared the data cannot be uploaded. The team managed to clear most of these errors, with a small number to be cleared by Hymans and submitted the data on time by the middle of July. Feedback from the Actuary is that there has been a significant improvement in the data since the last valuation submission in 2022.

6.7 PA5 – Making Best Use of Technology.

A steering group meets quarterly to decide on the Pension Administration system developments and improvements to be taken forward for the following quarter. Release dates and guides are discussed within the group which is ensuring all teams are more aware of developments being introduced and able to update teams on the changes to the system that may affect their day-to-day work.

At the August meeting the group agreed to pass the Chair to the System Service Manager, from the Assistant Director Pensions, and hold the meeting 2 monthly.

A working group is looking at automation within the software at present. Costing for Software Add-ons to facilitate automation are being obtained as well as meeting with Peers who have successfully introduced this technology.

There are still concerns about the capacity within Civica, the administration software provider, to deliver developments required. As mentioned, a representative from Civica will attend the Training and development day in November.

6.8 PA6 - Successfully link SYPA to the Pensions Dashboards.

The first key deadline set out in the Department for Work and Pensions' (DWP) dashboards timeline guidance has now passed, with larger occupational pension schemes required to connect by 30 April.

Work continues setting up the Authority’s connection to the Pensions Dashboards. The Pension Regulator has requested to meet us in September to assess our readiness.

- Over 20 million pension records are now connected
- The State Pension has completed technical connection
- The pensions minister confirmed there will be 6 months’ notice to launch the Money Helper dashboard.

The Pensions Dashboards Programme (PDP) confirmed recently that the standards for pension providers and schemes in scope for pensions dashboards had been approved by the Secretary of State for Work and Pensions. This marked the last step in making these standards a legally binding set of requirements, so the project team are currently ensuring that our preparations are aligned with the latest approved standards. The PDP also confirmed that 16 of the 20 pensions dashboards volunteer participants have yet to complete their connection journey, with several currently waiting for a slot to become available so they can proceed with their testing. PDP also confirmed consumer testing will be carried out this summer using live, real data. This testing will be carried out in three steps: the first step is industry testing to build confidence in data flow, the second step is moderated testing looking at members, and the third step is unmoderated testing looking at testing at scale and recruiting participants.

Civica have been contracted as the Authority’s ISP. We are awaiting our connection date from them.

Governance	• *Dashboards a standing item on Board Agenda*	√
	• *Board adequately trained on Dashboards requirements*	√
	• *DPIA updated to take account of matching criteria*	
Policy	• *Matching criteria agreed*	√
	• *Data Improvement in place*	√
	• *Backlog clearance plan in place for unprocessed benefits*	√
Connection	• *ISP selected and formally appointed*	√
	• *Connection timeline agreed with ISP*	
	• *AVC – all decision agreed with providers*	√
Record-Keeping Decisions	• *ISP selection process and rationale documented, and parties communicated with*	√
	• *The main scheme and AVC matching criteria Policies in place*	
	• *All data cleansed*	√

Communications	• *Early communication to members to raise awareness of Dashboards* • *Update communication strategy to reflect Dashboards* • *All relevant stakeholders aware of their responsibilities*	√ √ √
Data	• *Assessment of quality and digital accessibility of the data undertaken* • *Regular data cleansing scheduled; prioritising data most likely to be used for matching criteria* • *Main scheme view data requirements that must be returned understood together with timescales*	 √ √

Matching criteria has been agreed with our ISP provider, Civica. The Matching Policy is attached at **Appendix B**.

<u>Full Match Policy</u>

- Matches must include **surname**, **date of birth**, and **NINO**, aligning with Pensions Administration Standards Association (PASA) and industry standard.
- On a match made, our ISP provider (Civica) will create and register a Pension Identifier (PeI) with MaPS, without sharing pension data until the user request's view access.
- If there is no match, no data is returned

<u>Possible Match Policy</u>

- A "possible match" triggers when two core elements match (NINO+DOB or NINO+surname), or when four items match (first name, surname, DOB, postcode).
- In such cases:
    - Civica register a PeI.
    - We notify the member that they may have a pension, offering a secure method (e.g. via a link to a form) to provide additional identifiers: previous names, email, mobile, employer, payroll number, etc.
    - If no clarification is received within **30 days**, personal data is deleted and the PeI deregistered. If later confirmed, we update MaPS accordingly.

A record will be retained of the matching policy and any subsequent updates for at least six years. The criteria may evolve over time (e.g. adding email, mobile, address verification), depending on data quality and the Pensions Administration Standards Association (PASA) guidance. Any change will be documented with rationale and dated.

The Authority has three AVC providers, Utmost, Prudential and Scottish Widows. Work has been undertaken to ensure we hold the same matching criteria data for these members. Registration numbers have been shared with the providers and Civica.

7 Implications

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

Financial	The costs from the improvements being implement have been included in the Authority's approved budget. The cost of any overtime utilised is monitored on a monthly basis within an agreed budget. Procuring an ISP to connect SYPA to Pensions Dashboards will increase annual costs and will be reflected in future year's budgets.
Human Resources	Extra resource may be required to clear backlogs.
ICT	IT resource is required to implement several of these improvements.
Legal	None
Procurement	An ISP provider has been procured to connect to the Pensions Dashboards programme.

Debbie Sharp

Assistant Director Pensions

Background Papers	
Document	**Place of Inspection**
None	

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Data Improvement Plan – 2025/2027

No.	Area of Improvement	Action	Risk	Effect on TPR data scoring	Number of affected records	Method of resolution	Resolution timescale	Resource required	Progress	Comments
1	**TPR**									
1a	**Addressing common and conditional data failures from the Pensions Regulator data scoring exercise undertaken twice a year.**	Resolve all common and conditional data fails highlighted by the data scoring exercise.	Inaccurate common data can potentially result in a breach of personal data. Scheme members may also not receive important Fund communications. Inaccurate data can also lead to a miscalculation of individual pension liabilities which may adversely impact the scheme member, scheme employer or Fund.	Unresolved data fails will impact 2025 data scores submitted to TPR.	Improvements to be made on the following areas which were identified as failures in 2025: NI Numbers: xxx Date Commenced: xxx Status: xxx Valid Data view : xxx Overall Pass Rate CPF: xxx	Correct data held by reviewing member's documents and/or contacting relevant parties for confirmation.	10/31/2025	Officers from within the System and Pension Teams.		
2	**McCloud**									
2a	**Assessing membership in scope of the McCloud remedy and rectifying any cases that have been identified as being incorrect.**	Missing scheme membership for casual staff to be requested from employers. Once the data has been returned, and the software developed, work will commence on rectifying affected records.	If membership is found to be in scope and not rectified, then this could lead to the member having received incorrect benefits outside of the regulations. Not complying with statutory guidance timescales leads to possible fines and reputational	None	To be determined	Reviewing highlighted records that need changing and making necessary amendments to the affected scheme members benefits and communicating the changes to them.	Scheme member data to be updated from employer submissions by XX XXXXXX. Full rectification timeline to be determined (dependant on software development)	Officers from within the Systems tea, Employer and Pensions teams. Any additional resource to be agreed.		

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Appendix A

No.	Area of Improvement	Action	Risk	Effect on TPR data scoring	Number of affected records	Method of resolution	Resolution timescale	Resource required	Progress	Comments
3	**Valuation**									
3a	**Prepare data for the Triennial Valuation**	Officers upload membership data to the Universal Data Extract facility (UDE) and manage critical errors and warnings. Remedial action undertaken as required on administration system. Further queries from the Fund Actuary addressed as required.	Incorrect data shared could lead to incorrect valuation results being issued to scheme employers.	N/A	Number of queries are determined once issued from Fund Actuary	Work through the UDE and fix queries and undertake remedial action on the administration system.	Upload to UDE by 30/06/2025 Other activities in line with valuation project plan.	Systems and Pension Teams		
4	**Pensions Dashboards.**									
4a	**Prepare Data For Pensions Dashboards.**	We would be looking to check for fields for matching. Over the 3 matching areas , NI, Surname, DOB	How do we make sure it is accurate. We have duplicate person records- these have been identified and sent	Unresolved data fails will d impact 2025 data scores submitted to TPR.	To be determined	Manual, Bulk Or 3rd party to be determined	Connection date October 2025 Go LIVE October 2026	In House - Technical support, Systems, Project team		
4b	**Prepare data for dashboards with AVC providers**	Match and correct data using the matching criteria with each provider								
4c	**'Find and view data' This is the value of members benefits at 31 March each year**	Ensure members records have the appropriate data they need to view on the dashboards	We need to have the data ready and checked in preparation for the go LIVE so members can view this data on the dashboard. (make sure this data is correct)	N/A	To be determined Actives Deferred in error	Work through the UDE and fix queries and undertake remedial action on the administration system.	Connection date October 202 Go LIVE October 2026			

SOUTH YORKSHIRE PENSIONS AUTHORITY

Pensions Dashboard Programme – Data Matching Policy

Agreed:

Reviewed:

Summary

1.1 Purpose
This document records our matching criteria for pensions dashboards, confirms our chosen approach, and explains why it remains appropriate under current regulations.

1.2 Matching approach

Match type	Required elements	Follow-on action
Full Match	Surname, DOB, NINO	Create and register Pension Identifier (PeI)
Possible Match	NINO + DOB or NINO + Surname	Start possible-match flow (direct member to form for more info)
Possible Match	First name + Surname + DOB + current Postcode	As above

1.3 Record-keeping
We will retain a record of our matching policy and any updates for at least six years as per FCA rules.

1.4 Policy evolution
We may evolve our criteria over time (e.g. adding email, mobile, address verification), depending on data quality and the Pensions Administration Standards Association (PASA) guidance. Any change will be documented with rationale and date.

2. Regulatory Background

- From April 2025, relevant pension funds must be connected to the MaPS/DWP dashboards architecture, with full compliance by **31 October 2026**.
- All providers must process incoming "find requests" using matching criteria, and respond according.
- PASA’s new 2025 guidance provides a detailed roadmap for matching and improving data quality.

3. Roles & Responsibilities

- **Assistant Director – Pensions Administration** maintains overall responsibility for regulatory compliance.
- **Pensions Dashboard working group** will:
  - Draft and update the matching policy
  - Archive version history
  - Lead data quality improvements
  - Manage possible-match resolution flows

4. Full Match Policy

- Matches must include **surname**, **date of birth**, and **NINO**, aligning with Pensions Administration Standards Assocciation (PASA) and industry standard.
- On a match made, our ISP provider (Civica) will create and register a Pension Identifier (PeI) with MaPS, without sharing pension data until the user requests view access.
- If there is no match, no data is returned.

5. Possible Match Policy

- A "possible match" triggers when two core elements match (NINO+DOB or NINO+surname), or when four items match (first name, surname, DOB, postcode).
- In such cases:
  - Civica register a PeI.
  - We notify the member that they may have a pension, offering a secure method (e.g. via a link to a form) to provide additional identifiers: previous names, email, mobile, employer, payroll number, etc.
  - If no clarification is received within **30 days**, personal data is deleted and the PeI deregistered. If later confirmed, we update MaPS accordingly.

6. Future Considerations

- As PDP Data Standards evolve (Version 2.0 approved March 2025), we may incorporate verified email, mobile, or no-NINO flag fields into matching criteria pensionsdashboardsprogramme.org.uk.
- We will continue to update matching criteria and documentation as required by changes to PASA guidance, and PDP standards.
- This policy will be formally reviewed at least annually, or when provider data quality issues or user complaint volumes indicate a need.

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Subject	**Administration Policy Update**	**Status**	For Publication
Report to	Authority	**Date**	7 September 2025
Report of	Assistant Director Pensions		
Equality Impact Assessment	Not Required	Attached	
Contact Officer	Debbie Sharp	**Phone:**	01226 666480
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1 Purpose of the Report

1.1 To update members on the changes required to the core Funding Strategy Statement, Policy (J) Academy Funding and Policy (L) on Pre Payments in line with the 2025 triennial Valuation to comply with Regulation 58 of the Local Government Pension Scheme Regulations 2013. The Authority must maintain and publish a written statement setting out its funding strategy. The Pension Administration Strategy and the Breaches Procedure also required updating and there is need to introduce a Complaints Procedure. This is to ensure the Authority is compliant with the Regulations and acting in a fair and transparent way for all employers and members within the Fund.

2 Recommendations

2.1 Members are recommended to:

a. **Agree with or without comment that the Funding Strategy Statement, Academy Funding Policy and the Pre Payments Policy be updated in line with this report, as shown in Appendix A; and**

b. **Agree with or without Comment the Pensions Administration Strategy at Appendix B**

c. **Agree with or without comment the Complaints Procedures attached at Appendix C; and**

d. **Agree with or without comment the Breaches Procedure attached at Appendix D**

3 Link to Corporate Objectives

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

Customer Focus

To design our services around the needs of our customers, whether scheme members or employers.

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision-making processes. The report includes information about the engagement with the employers exiting from the Fund.

Effective and Transparent Governance

To uphold effective governance always showing prudence and propriety. The report ensures the Authority deals with employers leaving the Fund fairly whilst protecting the remaining employers.

4 Implications for the Corporate Risk Register

4.1 The actions outlined in this report seek to address operational risks around the Authority failing to comply with relevant Regulations (O4) and IAF – 005. The key mitigant of this risk is ensuring the wording in the Funding Strategy Statement and supporting Policies takes the regulations into account. And

5 Background and Option

Funding Strategy Statement

5.1 This report seeks to update the Board on how the Fund complies with its statutory obligation to maintain the Funding Strategy Statement (FSS) and the supporting Policies.

5.2 The Authority must keep the statement under review and, after consultation with such persons as it considers appropriate, make such revisions as are appropriate following a material change in its policy set out in the statement, and if revisions are made, publish the statement as revised.

5.3 Please find attached at **Appendix A**, the updated Funding Strategy Statement (FSS) for the South Yorkshire Pension Fund, which has been updated in preparation of the 2025 valuation FSS consultation and in response to recent updated guidance provided by SAB/MHCLG/CIPFA.

5.4 This is an update of the core FSS together with two of the supporting funding policies which are appended to the FSS, Policy on Academy Funding and the Policy on Pre Payments. The current Policy on Pass Through is to be deleted as it is now covered elsewhere. The FSS as a whole will go out to full consultation with Fund employers following approval by the Board.

5.5 The 'effective date' of the revised FSS is 1 April 2026. This means that all employer work from this date will be carried out in line with the requirements of this FSS document, and all existing employer work will be carried out in line with the existing FSS. This is consistent with current practice; this point is explicit in the FSS. This is consistent with a valuation date of 31 March 2025, as this valuation determines contribution rates payable from 1 April 2026 to 31 March 2029, which is the period covered by this FSS.

5.6 There are two parts to the new FSS, to align with the structure of the FSS guidance: 1- Key Funding Principles, and 2 – Employer events. The subheadings within these parts are unchanged relative to the previous FSS.

5.7 The new guidance includes a requirement for funds to set out how often the FSS is reviewed. The authority is happy to follow the recommended annual review, and wording has been added to section 1 to recognise this.

5.8 Links to other documents (held on our website) will be checked prior to final publication of the FSS to ensure they remain appropriate and add any new links that may be required.

5.9 Final changes to the section on the contribution stability parameters will need to be updated following the conclusion of the current discussions with major employers.

5.10 No changes have been made to the sections of the FSS relating to pooling. These will need to be updated prior to the FSS consultation once the post 2025 valuation pooling arrangements have been finalised.

5.11 The FSS will be updated throughout the valuation process as we agree assumptions and the funding parameters as they apply to each employer.

Pensions Administration Strategy

5.12 The discretion for an administering authority to prepare and publish a pension administration strategy document was first introduced into the Local Government Pension Scheme Regulations on 30th June 2007. The Regulation include a list of matters that, as a minimum, must be included in the pension administration strategy document. The document is a vehicle to formalise the administrative arrangements between the Authority and our Employers participating in the Fund. The Authority introduced its Pensions Administration strategy in 2016. It was last reviewed and published in in April 2020

5.13 Before making any changes, the Authority must consult the Fund employers, and any other persons considered appropriate. A comprehensive review has been undertaken to ensure the Strategy reflects current practice and current legislation.

5.14 Maters to be covered by the Strategy are;

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by-

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with-

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(i) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

5.15 The Authority and the employers have to have regard to the strategy document when carrying out their functions under the Scheme regulations. The Revised Pension s Administration Strategy is attached at **Appendix B**. Once the Board has agreed the revised strategy the Authority will consult all Fund Employers. The final version will need to then be published.

Complaints Procedure

5.16 The Authority welcomes feedback from customers because it helps to improve the way we do things and to learn from things that have gone wrong. This document sets out our procedure for working with customers who have a complaint about the actions, decisions, or apparent failings of the services we provide. One of the ways in which we acquire comments and opinions to influence service planning and delivery is through our customers' feedback

5.17 Please find the new Resolving Complaints and Improving Services Procedure at **Appendix C** for approval.

Breaches Procedure

5.18 A breach of the law is when a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with. It can encompass many aspects of the management and administration of the scheme, including failure to do anything required under overriding legislation, applicable statutory guidance or codes of practice. Examples include but are not restricted to;

• Failure to maintain accurate records.

• Failure to act on any fraudulent act or omission that is identified.

• Failure of an employer to pay over member and employer contributions on time.

• Failure to pay member benefits either accurately or in a timely manner.

• Failure to issue annual benefit statements on time or non-compliance with the Regulator's General Code of Practice.

Non-compliance with the Local Government Pension Scheme (LGPS) regulations can encompass many aspects of the management and administration of the scheme, including failure:

• To abide with the LGPS Regulations.

• To comply with the Funds policies and procedures (e.g. the Funds Statement of Investment Principles, Funding Strategy Statement, Administration Strategy or Communications Policy).

Who is responsible for reporting breaches? The following are responsibility to report breaches (known as Reporters):

• Members of the Authority.

• Members of the Local Pension Board.

• Any person who is otherwise involved in the administration of the scheme: including all officers of the Authority.

• All participating employers in the scheme.

• Professional advisers: including auditors, actuaries, legal advisers and fund managers

• Any other person otherwise involved in advising the managers of the scheme.

Reporters are required to take a pro-active approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

5.19 Please find the updated Reporting Breaches Procedure at **Appendix D f**or approval.

6 Implications

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

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

Name Debbie Sharp
Title Assistant Director Pensions

SOUTH YORKSHIRE PENSIONS AUTHORITY

Background papers	
Document	**Place of Inspection**
Funding Strategy Statement Pension Administration Stategy	Funding Strategy Statement (sypensions.org.uk) adminStrategy2020.pdf

South Yorkshire Pension Fund
Funding Strategy Statement

SOUTH YORKSHIRE PENSIONS AUTHORITY

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	
Next review	March 2029
Prepared in accordance with SAB / CIPFA / MHCLG guidance dated	January 2025

Contents

1 Purpose of the South Yorkshire Pension Fund and the funding strategy statement

This document sets out the funding strategy statement (FSS) for South Yorkshire Pension Fund.

The South Yorkshire Pension Fund is administered by the South Yorkshire Pensions Authority (the Authority), known as the administering authority. The Authority worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026.

There's a regulatory requirement for the Authority to prepare an FSS. You can find out more about the regulatory framework in Appendix A. If you have any queries about the FSS, contact support@sypa.org.uk

1.1 What is the South Yorkshire Pension Fund?

The South Yorkshire Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in Appendix B.

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.
- The Fund will engage with employers when developing funding strategy in a way which balances the risk appetite of stakeholders.

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies
Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers (otherwise known as Resolution bodies)
Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies
Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts and Further Education Institutions (Colleges).
- Tier 3 – Standalone employers with no local or national taxpayer backing. Include universities, housing associations and charities.

1.4 How is the funding strategy specific to the South Yorkshire Pension Fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

1.5 How often is the Funding Strategy Statement reviewed?

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation and an annual check is carried out in the intervening years.

Amendments to the FSS may be in the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the fund actuary
- Significant changes to investment strategy or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectation
- if there have been significant changes to the fund membership and/or fund maturity profile
- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g exit/restructuring/failure) which could materially impact cashflow and/or maturity profile and/or covenant)
- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experiences in relation to long-term funding assumptions (in terms of both investment income and forecast contributions income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS
- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process and ensuring any communication regarding a review won't necessarily lead to rates changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

Any amendments will be consulted on, approved by the Authority Board and included in the relevant meeting minutes.

This Funding Strategy Statement is effective from 1 April 2026 and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then.

1.6 Links to Administration Strategy

The fund maintains an Administration Strategy Statement which outlines the responsibilities, standards and procedures for employers and the fund. A copy of this can be found here.

Adherence with the requirements of the Administration Strategy Statement is crucial to ensure the well-running of the pension fund and any failure to do so may lead to uncertainty around the value of an employer's liabilities and the need for prudent assumptions to fill any data gaps.

1.7 Actuarial valuation report

LGPS Regulations (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This Funding Strategy Statement sets out the assumptions and methodology underpinning the 2025 actuarial valuation actuarial exercise. The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon. The Rates and Adjustments certificate shows the contribution rates payable by each employer (which may be expressed as a percentage of payroll and/or monetary amounts).

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contribution rates are determined by a mandatory actuarial valuation exercise and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution
- The primary rate also includes an allowance for the **fund's expenses.**

The fund actuary uses a methodology known as Asset Liability Modelling to set employer contribution rates. Under this methodology, for a given proposed employer contribution rate, the model projects future asset and liability values for the employer under 5,000 different simulations of the future economic environment. Each simulation – generated by Hymans Robertson's Economic Scenario Service (ESS) model - has a different path for future interest rates, inflation rates and the investment return on different asset classes. This approach allows the fund actuary to understand the potential range of future funding outcomes that could be achieved via payment of that contribution rate.

The fund has set *funding strategy criteria* for each employer in the fund which must be satisfied in order for a given employer contribution to be deemed acceptable. The funding strategy criteria are specified in terms of the following four parameters:

- **the target funding level** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the target funding level
- **the funding basis** – the set of actuarial assumptions used to value the employer's (past and future service) liabilities
- **the likelihood of success** – the proportion of modelled scenarios where the target funding level is met.

For example, an employer's funding strategy criteria may be set as follows:

The employer must have at least a 70% likelihood of being 100% funded on the ongoing participation basis at the end of a 20 year funding time horizon

The funding strategy criteria used by the fund are set out in Table 2. Further detail on the ESS and on the funding bases used by the fund are set out in Appendix E.

The target funding level may be set greater than 100% as a buffer against future adverse experience. This may be appropriate for long term open employers, where adverse future funding experience may lead to future contribution rises.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The approach taken by the fund actuary helps the fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

The fund will consider the prepayment of employer contributions on a case-by-case basis. The fund's policy on prepayments is detailed in Appendix K.

2.2 The contribution rate calculation

Table 2: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies				CABs and designating employers		TABs
Sub-type	**Local authorities, police, fire**	**Universities**	**Colleges**	**Academies**	**Open to new entrants**	**Closed to new entrants**	**(all)**
SAB tier	**Tier 1**	**Tier 3**	**Tier 2**	**Tier 2**	**Tier 3**	**Tier 3**	**Tier 1**
Funding basis*	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing
Target funding level	120%	120%	120%	100%	100%	100%	100%
Minimum likelihood of success	70%	70%	70%	70%	70%	70%	70%
Maximum time horizon	16 years	16 years	16 years	16 years	16 years (guarantee) 11 years (no guarantee)	As per for open employers (or average future working lifetime, if less)	16 years (limited to remaining lifetime of the contract)
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay.						
Secondary rate	The difference between the total contribution rate payable (determined as per 2.1) and the primary rate. Negative adjustments are expressed as a percentage of payroll and positive adjustments can be expressed as a percentage of payroll or monetary amounts (for mature closed employers).						
Stabilised contribution rate?	Yes	Yes	Yes	No	No	No	No
Treatment of surplus	Enhanced surplus distribution****	Covered by stabilisation arrangement		Reduce contributions where appropriate***	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority		
Recognising covenant	Stabilisation parameters			Adjust likelihood of success			
Phasing of contribution changes	Covered by stabilisation arrangement			Phasing of increases to secondary contribution rates may be permitted.			none

Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority
** See Appendix E for further information on funding bases.*

*** The Primary Rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates*
**** Total contributions will generally not be reduced relative to the current total rate in payment.*
***** Total contribution rates payable by Tier 1 employers (excluding TABs) are set at the 2025 valuation based on the expected cost of benefit accrual determined with a 70% level of prudence, subject to the employer accepting the level of downside risk associated with this contribution pattern. This applies only to Tier 1 employers (excluding TABs) due to the ability of these employers to directly influence the income they generate.*

The fund manages funding risks as part of the wider risk management framework, as documented in the fund's risk register. The funding-specific risks identified and managed by the fund are set out in Appendix D.

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy.

Table 1: current stabilisation approach

Type of employer	Councils	Mayoral Combined Authority	Police and Fire	HE / FE institutions
Maximum contribution increase per year	+0.5% of pay	+1.0% of pay	+1.5% of pay	+2.0% of pay
Maximum contribution decrease per year	-0.5% of pay	-1.0% of pay	-1.5% of pay	-2.0% of pay

The criteria outlined in the table above are expected to apply until at least 31 March 2029, at which point a long-term stabilisation mechanism of ±0.5% per annum is expected to apply.

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

2.4 Links to investment strategy

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due - those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is designed allowing for the funding position determined on an appropriate and prudent basis, with the objective of achieving the funding objective for each employer group of the specific time horizon.

The fund's current strategic investment strategy as at 31 March 2025 is summarised in the table, with full details available here.

Asset class	Allocation
UK equities	7.5%
Global equities	30.5%
Private equity	7.0%
Multi asset credit	2.5%
Infrastructure	9.0%
Private debt	7.5%
Property	9.0%
Natural capital	3.5%
Climate opportunities	5.0%
Renewable energy	5.0%
Index-linked gilts	7.0%
UK corporate bonds	5.0%
Cash	1.5%

2.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see Appendix A)

2.6 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The fund's policy is available in Appendix H. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.7 What is pooling?

The administering authority operates funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In this type of pooling arrangement, employers do not target full funding at exit. While the fund receives the contributions required, the risk that employers will be entitled to a surplus payment on exit increases.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

If an employer leaves the fund, the required contributions are based on their own funding position rather than the pool average. Cessation terms also apply, which means higher contributions may be required at that point.

2.8 What are the current contribution pools?

The following pooling arrangements exist in the Fund:

- **Academies** – Multi Academy Trusts (MATs) are groups of Academies managed and operated by one proprietor. The Fund's default position is all academies within a MAT will be pooled i.e. that the combined funding position and average contribution requirements will apply.
- **Schools** – generally pool with their funding council, although there may be exceptions for specialist or independent schools.
- **Smaller TABs** – may be pooled with the letting employer (for example as part of a pass-through arrangement).

2.9 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. Further details are set out in the fund's prepayment policy detailed in Appendix K.

2.10 Insurance of certain benefits

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs (aside from ill-health retirement costs which are already insured for eligible employers) being insured with a third party or internally within the Fund. More detail on how the Fund currently insures ill health costs for eligible employers is set out in Appendix L.

2.11 Non cash funding

The Fund will not accept any form of non-cash assets in lieu of contributions.

2.12 Managing surpluses and deficits

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to the emergent of deficits and surplus from time to time, and lead to changes in employer contribution rates to ensure

Table 2 sets out the Fund's approach to setting contribution rates for each employer group.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers are required to pay additional contributions called strain payments.

Employers are required to make strain payments as an immediate single lump sum.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must pay a funding strain, which may be a large sum.

The size of any funding strain will depend on how the cost of that ill health retirement compares with the expected cost built in the actuarial assumptions for that employer. The actual cost will also depend on the level of any benefit enhancements awarded (which depend on the circumstances of the ill health retirement) and also how early the benefits are brought into payment.

The treatment of any ill-health retirement strain cost emerging will vary depending on the type of employer:

- For those employers who participate in the ill-health insurance captive, any ill-health retirement strain cost emerging will be met by a contribution from the captive fund as part of the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer although an adjustment to the "premium" payable may emerge following the subsequent actuarial valuation, depending on the overall experience of the captive fund.
- For those employers who don't participate in the ill-health captive, the primary rate payable includes an allowance for ill-health retirement costs. Any ill-health retirement strain costs emerging will form part of the contribution rate assessment for the employer at the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer

The administering authority's approach to help manage ill-health early retirement costs was put in place on 1 October 2014 and this is reviewed at each formal valuation.

The Fund's policy of managing ill health retirement risk is detailed in Appendix L.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Appendix E, the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Benefits are valued in line with the regulations in force at the time of the valuation, with an exception relating to the McCloud ruling. The benefits of members likely to be affected by the McCloud ruling have instead been valued in line with the expected regulations, reflecting an underpin as directed by MHCLG.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates. Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are included in the fund's admissions policy in Appendix E.

5.2 New academies

New academies (including free schools) join the fund as scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.
Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.
New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.
It is expected that new academies will join an existing MAT. Following conversion, the new academy will join the MAT pool and pay the pooled contribution rate. If the new academy is not part of a MAT, or if the MAT does not already participate in the South Yorkshire Pension Fund, the new academies' contribution rate will be determined based on the current funding strategy (set out in section 2) and the transferring membership.

If an academy leaves one MAT and joins another, all active members transfer to the new MAT. Deferred and pensioner members previously associated with the academy will remain the responsibility of the MAT for funding purposes.

The fund's policies on academies may change based on updates to guidance from the Ministry of Housing, Communities, and Local Government, or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The Fund's full policy on academy participation is detailed in Appendix I.

5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

The Fund's default position is to require all new admission bodies to be set up with a pass-through arrangement, unless alternative arrangements for mitigating the risk to the Fund of a contractor's participation are put in place by the letting employer. The assessment of the adequacy of the alternative arrangements will be carried out by the Administering Authority in conjunction with the Fund Actuary.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, e.g., set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designated employers in the fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

The Fund's admissions policy is detailed in Appendix E.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

The Fund's bulk transfer policy is available in Appendix G.

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA)

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The actuarial basis target adopted for the cessation calculation is below.

(a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in the cessation policy in Appendix F.

(b) Where there is a guarantor, the guarantee will be considered before the cessation valuation.

- Where the guarantor is a guarantor of last resort (i.e. where the guarantee will cease to have affect after the cessation event and final settlement), this will have no effect on the cessation valuation.
- If this isn't the case (i.e. if the guarantee continues to apply in respect of the former employer's obligations post cessation), cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.

(c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms. This is known as 'subsumption' of the assets and liabilities.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The cessation policy is available in Appendix F.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The Fund's policy on exit credit policy is included in the cessation policy in Appendix F.

7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement
- if an exiting employer enters into a deferred debt agreement, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

- The Fund's policy on employer flexibilities is included in the cessation policy in Appendix F.

1. If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme. the implied deficit recovery period

2. the investment return required to achieve full funding after 20 years.

7.5 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis at the formal valuation.

b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

7.6 Partial cessations

The fund will consider requests for partial cessations on their merits on a case-by-case basis.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include advice on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

(a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

(b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

4. comparing funds with an objective benchmark
5. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
6. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
7. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
8. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Standard information about the fund's approach to solvency of the pension fund and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between funds.

Appendices

Appendix A - The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- ***support the desirability of maintaining as constant** and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the **solvency and long-term cost efficiency of the fund are met.***
- *explain how the fund **balances the interests of different employers**.*
- *explain how the fund deals with **conflicts of interest** and references other policies/strategies.*

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG, and the Chartered Institute of Public Finance and Accountancy (CIPFA), dated January 2025.

The fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the fund meets these responsibilities.

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*'.

The consultation process included involved an informal stage focusing on key changes such as the introduction of "pass through" arrangements where a range of engagement including face to face and online meetings with employers took place followed by a formal stage which involved issuing a draft version of the full FSS to participating employers and publishing the draft documents on the Authority's website.

The fund also shared the draft FSS with the Department for Education and facilitated a meeting to discuss the changes made and the implications of the fund's funding policies on academy employers.

A3 How is the FSS published?

The FSS is emailed to participating employers and employee and pensioner representatives. Summaries are issued to members and a full copy is included in the fund's annual report and accounts and the Fund's website. Copies are freely available on request and sent to investment managers and independent advisers.

The FSS is published here.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation on the Fund's website www.sypensions.org.uk

Appendix B - Roles and responsibilities

B1 The administering authority is required to:

1 operate a pension fund

2 collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in LGPS Regulations

3 have an escalation policy in situations where employers fail to meet their obligations

4 pay from the pension fund the relevant entitlements as stipulated in LGPS Regulations

5 invest surplus monies in accordance with the relevant regulations

6 ensure that cash is available to meet liabilities as and when they fall due

7 ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments

8 take measures as set out in the regulations to safeguard the fund against the consequences of employer default

9 manage the valuation process in consultation with the fund's actuary

10 prepare and maintain an FSS and associated funding policies and SIP/ISS, after proper consultation with interested parties

11 monitor all aspects of the fund's performance and funding, and amend the FSS/ISS accordingly

12 establish a policy around exit payments and payment of exit credits/debits in relation to employer exits

13 effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and scheme employer

14 enable the local pension board to review the valuation and FSS review process and as set out in their terms of reference

15 support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice

B2 Individual employers are required to:

1 Ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations),

2 provide the fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality

3 pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, promptly by the due date

4 develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

5 make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain

6 notify the administering authority promptly of all changes to active membership that affect future funding

7 Pay any exit payments on ceasing participation in the fund timely provide the fund with accurate data and understand that the quality of the data provided to the fund will directly impact on the assessment of their liabilities and their contributions. In particular, any inaccuracies in data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality.

B3 The fund actuary should:

1 prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long-term cost efficiency based on the assumptions 26 set by the administering authority and having regard to the FSS and the LGPS Regulations

2 provide advice so the fund can set the necessary assumptions for the valuation

3 prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc

4 provide advice and valuations to the fund so that it can make decisions on the exit of employers from the fund

5 provide advice to the fund on bonds or other forms of security against the financial effect on the fund of employer default

6 assist the fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations

7 ensure that the fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the fund.

8 Identify to the fund and manage any potential conflicts of interest that may arise in the delivery the contractual arrangements to the fund and other clients

B4 Local Pension Boards (LPB):

Local Pension Boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each fund to determine the input into the development of the FSS (as appropriate within fund's own governance arrangements) however this may include:

1 Assist with the development and review the FSS

2 Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation

3 Assist with the development of and review communications in relation to the FSS

B5 Employer guarantors:

4 Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.

5 Other bodies with a financial interest (outsourcing employers).

B6 Other parties:

1 Internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement

2 Investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS

3 Auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements

4 Governance advisers may be asked to advise the administering authority on processes and working methods

5 Internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures

6 the Ministry for Housing, Communities and Local Government, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C – Glossary

Actuarial certificates - A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.
Actuarial valuation - An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).
Administering Authority (referred to as 'the fund') - A body listed in Part 1 of Schedule 3 of the regulations who maintains a fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension fund (the fund). Usually, but not restricted to being, a local authority.
Admission agreement - A written agreement which provides for a body to participate in the LGPS as a scheme employer
Assumptions - Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns,
Code of Practice - The Pensions Regulator's General Code of Practice.
Debt spreading arrangement - The ability to spread an exit payment over a period of time
Deferred debt agreement - An agreement for an employer to continue to participate in the LGPS without any contributing scheme members
Employer covenant - The extent of the employer's legal obligation and financial ability to support its pension scheme now and in the future.
Funding level - The funding level is the value of assets compares with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).
Fund valuation date - The effective date of the triennial fund valuation.
Guarantee / guarantor - A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the fund can consider the employer's covenant to be as strong as its guarantor's.
Local Pension Board - The board established to assist the Administering Authority as the Scheme Manager for each Fund.
Non-statutory guidance - Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents
Notifiable events - Events which the employer should make the Administering Authority aware of
Past service liabilities - The cost of pensions already built up or in payment
Pension committee – A committee or sub-committee to which an administering authority has delegated its pension function
Pensions Administration Strategy - A statement of the duties and responsibilities of scheme employers and Administering Authorities to ensure the effective management of the scheme
Primary and secondary employer contributions - Primary employer contributions meet the future costs of the scheme and Secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.
Rates and adjustments certificate - A statement of the contributions payable by each scheme employer (see actuarial certificates)
Scheme Manager - A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

Appendix D - Risks and controls

D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

Details of the key fund-specific risks and controls are below.

D2 Financial risks

The financial risks are as follows;

- Investment markets fail to perform in line with expectations
- Protection and risk management policies fail to perform in line with expectations
- Market outlook moves at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Future underperformance arising as a result of participating in the larger asset pooling vehicle
- An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements

Any increase in employer contribution rates (as a result of these risks), may in turn impact on the service delivery of that employer and their financial position.

In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored. In addition, the implementation of a risk management framework to manage the key financial risks will help reduce risk over time.

D3 Demographic risks

The demographic risks are as follows;

- Future changes in life expectancy (longevity) cannot be predicted with any certainty
- Potential strains from ill health retirements, over and above what is allowed for in the valuation assumptions
- Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations

Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, result in a greater liability for pension funds. Ill health retirements can be costly for employers, particularly small employers where one or two costly ill health retirements can take them well above the "average" implied by the valuation assumptions. Increasingly we are seeing employers mitigate the number of ill health retirements by employing HR / occupational health preventative measures. These in conjunction with ensuring the regulatory procedures in place to ensure that ill-health retirements are properly controlled, can help control exposure to this demographic risk.

The Fund's ill health captive arrangement will also help to ensure that the eligible employers are not exposed to large deficits due to the ill health retirement of one or more of their members (see further information in Appendix L).

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, employing bodies should be doing everything in their power to minimise the number of ill-health retirements.

Early retirements for reasons of redundancy and efficiency do not immediately affect the solvency of the Fund because they are the subject of a direct charge. With regards to increasing maturity (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund), the Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy.

D4 Regulatory risks

The key regulatory risks are as follows;

- Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to scheme. Typically these would be via the Cost Management Process although in light of the McCloud discrimination case there can be exceptional circumstances which give rise to unexpected changes in Regulations

- Changes to national pension requirements and/or HMRC Rules
- Political risk that the guarantee from the Department for Education for academies is removed or modified along with the operational risks as a consequence of the potential for a large increase in the number of academies in the Fund due to Government policy.

Membership of the Local Government Pension Scheme is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.

D5 Governance risks

Governance risks are as follows;

- The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated
- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level
- Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates
- An employer ceasing to exist with insufficient funding or adequacy of a bond
- Political risk that the academies guarantee from the Department for Education is removed, especially given the large increase in the number of academies in the Fund.

For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored (e.g. with regular data reconciliations with employers), but in most cases the employer, rather than the Fund as a whole, bears the risk

D6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities, Police, Fire	Tax-raising or government-backed, no individual assessment required	N/a
Colleges	Government-backed, covered by DfE guarantee in event of failure	Check that DfE guarantee continues, after regular scheduled DfE review
Universities	Review of accounts	Regular scheduled review
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (CABs)	Guarantor and/or indemnity or bond required to support new admission agreements	Indemnity or bond subject to regular review
Admission bodies (TABs)	Guarantor and/or indemnity or bond required to support new admission agreements	Indemnity or bond subject to regular review

Designating employers	Generally backed by tax raising powers	N/a

Any change in covenant over the inter-valuation period may lead to a contribution rate review.

D7 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy.

The Fund has carried out climate scenario analysis incorporating both stress testing, and narrative-based scenario analysis for the local authority employers at the 2025 valuation. The narrative approach explores the complex and interrelated risks associated with climate change by defining a specific extreme, downside risk (in this instance a food shock) and constructing a narrative around potential policy and market response. This approach allows consideration to be given to the impact of sudden, severe downside risks in the short term, and potential immediate actions. Coupling the narrative approach with stress testing (to better understand the impact of possible climate scenarios) has allowed the Fund to incorporate real world climate scenarios that may occur and indicate the resilience of the Fund under these scenarios.

The results show that:

1. When considering climate scenario stress tests, the Fund appears to be generally resilient to different climate scenarios, with generally modest impacts versus the base case modelled
2. The results of the downside, narrative analysis suggest that the Fund is likely to be resilient in the face of some severe downside risk events (in comparison to the base case), but not all.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the Fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making, and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.

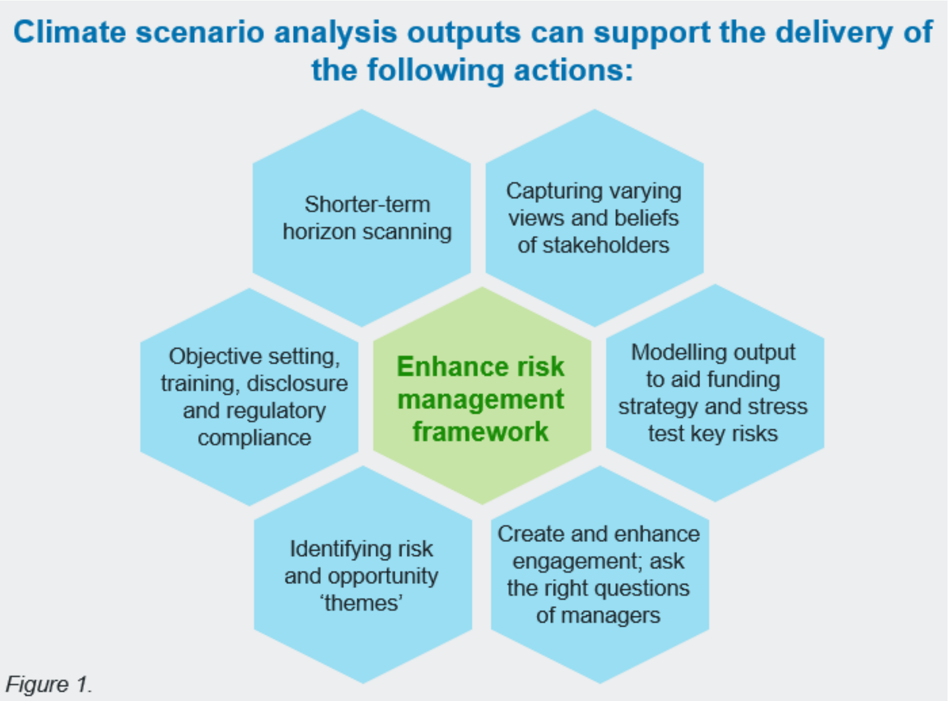

Figure 1.

This climate analysis was not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the fund's assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund has a Responsible Investment Policy Framework and a separate Climate Change Policy, both of which are updated annually.

D8 Gender Pension Gap reporting

To be created when requirements are known.

D9 Local Pension Board

The Pension Board was established in April 2015 in accordance with the Public Service Pensions Act 2013, the national statutory governance framework delivered through the LGPS Regulations and guidance as issued by the Scheme Advisory Board.

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. The LPB comprises both Scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local Councils.

It meets quarterly and all Board Members have undertaken training and have established a work programme that will enable them to meet their obligations to ensure that the Fund complies with the relevant codes of practice and current legislation.

The Board is now supported by an Independent Adviser in order to ensure that it can provide effective challenge to the Authority and its officers

Appendix E - Actuarial assumptions

The key outputs from an employer's funding valuation are its contribution rate requirement (see Section 2 for further details) and its funding level (see Section 4). For both calculations the fund actuary requires actuarial assumptions.

The fund typically reviews and sets the actuarial assumptions used for funding purposes as part of the triennial valuation. Those assumptions are then used until the next triennial valuation (updated for current market conditions where appropriate).

The fund has reviewed the actuarial assumptions used for funding purposes as part of the 2025 valuation. These are set out below.

E1 What are actuarial assumptions?

Actuarial assumptions are required to value the fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments
- The assets allowed to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

E2 What funding bases are operated by the fund?

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

E3 What financial assumptions were used?

Discount rate

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date.

The fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the fund's investment strategy.

The discount rate is determined by the *prudence level.* Specifically, the discount rate is calculated to be:

The average annual level of future investment return that can be achieved on the Fund's assets over a 20 year period with a x% likelihood.

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	80%
Low-risk exit basis	90% (mid point of the cessation corridor)

CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see ‘Further detail on the calculation of financial assumptions’).

The CPI inflation assumption is calculated to be:

The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood

Salary growth

The salary increase assumption is linked to the CPI assumption via a fixed margin. The salary increase assumption is 0.6% above the CPI inflation assumption plus a promotional salary scale.

E4 Further detail on the calculation of financial assumptions

The (ongoing participation basis) discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson’s propriety economic scenario generator; the Economic Scenario Service (or ESS). The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

		Annualised total returns							Economic variables				
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (medium)	UK Equity	Developed World ex UK Equity	Property	Corp Medium A	Inflation (RPI)	17 year real yield (RPI)	Inflation (CPI)	17 year real yield (CPI)	17 year yield
5 years	16th %'ile	3.5%	1.7%	2.2%	0.1%	-0.5%	0.2%	2.5%	2.2%	1.4%	1.2%	1.5%	4.8%
	50th %'ile	4.3%	4.5%	4.3%	8.2%	8.2%	6.8%	4.9%	3.8%	2.4%	2.8%	2.4%	5.8%
	84th %'ile	5.1%	7.5%	6.2%	16.4%	16.9%	14.1%	7.1%	5.3%	3.3%	4.3%	3.3%	7.1%
10 years	16th %'ile	3.6%	2.7%	4.2%	2.5%	2.1%	2.3%	4.5%	1.3%	0.8%	0.8%	0.8%	3.9%
	50th %'ile	4.6%	4.7%	5.4%	8.6%	8.5%	7.3%	6.0%	3.0%	2.1%	2.5%	2.1%	5.3%
	84th %'ile	5.8%	6.9%	6.5%	14.6%	14.8%	12.7%	7.3%	4.6%	3.3%	4.1%	3.3%	7.1%
20 years	16th %'ile	3.1%	2.9%	5.0%	3.8%	3.7%	3.5%	5.5%	1.0%	-0.5%	0.7%	-0.5%	1.6%
	50th %'ile	4.5%	4.6%	5.8%	8.4%	8.3%	7.3%	6.5%	2.5%	1.2%	2.3%	1.3%	3.6%
	84th %'ile	6.3%	6.4%	6.5%	12.9%	13.1%	11.3%	7.4%	4.2%	3.0%	3.9%	3.0%	6.2%
	Volatility (Disp) (1 yr)	0.3%	6.7%	5.5%	16.3%	18.6%	15.2%	6.5%	1.4%		1.4%		

The ESS model is recalibrated monthly. The fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

E5 What demographic assumptions are used by the fund?

The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund’s experience.

Demographic assumptions vary by type of member, so each employer’s own membership profile is reflected in the assumptions that apply to them.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund’s membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) published by the actuarial profession. The core parameters of the model apply, however, the starting point has been adjusted by +0.25% (for males and females) to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below

Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 65 this is assumed to be 55% for males and 54% for females. Dependant of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her
Commutation	75% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	0% of members will choose the 50:50 option.

Males - Incidence per 1000 active members per year

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	444.74	813.01	0.00	0.00	0.00	0.00
25	117	0.17	293.77	537.03	0.00	0.00	0.00	0.00
30	131	0.20	208.44	380.97	0.00	0.00	0.00	0.00
35	144	0.24	162.85	297.63	0.10	0.07	0.02	0.01
40	150	0.41	131.12	239.55	0.16	0.12	0.03	0.02
45	157	0.68	123.16	224.96	0.35	0.27	0.07	0.05
50	162	1.09	101.52	185.23	0.90	0.68	0.23	0.17
55	162	1.70	79.95	145.94	3.54	2.65	0.51	0.38
60	162	3.06	71.25	130.02	6.23	4.67	0.44	0.33
65	162	5.10	0.00	0.00	11.83	8.87	0.00	0.00

Females - Incidence per 1000 active members per year

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	387.67	514.11	0.00	0.00	0.00	0.00
25	117	0.10	260.85	345.88	0.10	0.07	0.02	0.01
30	131	0.14	218.66	289.90	0.13	0.10	0.03	0.02
35	144	0.24	188.72	250.12	0.26	0.19	0.05	0.04
40	150	0.38	157.07	208.09	0.39	0.29	0.08	0.06
45	157	0.62	146.58	194.16	0.52	0.39	0.10	0.08
50	162	0.90	123.58	163.52	0.97	0.73	0.24	0.18
55	162	1.19	92.21	122.13	3.59	2.69	0.52	0.39
60	162	1.52	74.31	98.31	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

South Yorkshire Pension Fund
Policy on Academy Funding

SOUTH YORKSHIRE PENSIONS AUTHORITY

Effective date of policy	01.04.2026
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the administering authority's funding principles relating to academies and Multi-Academy Trusts (MATs).

1.1 Aims and Objectives

The administering authority's objectives related to this policy are as follows:

- to state the approach for the treatment and valuation of academy liabilities and asset shares on conversion from a local maintained school, if establishing as a new academy or when joining or leaving a MAT
- to state the approach for setting contribution rates for MATs
- to outline the responsibilities of academies seeking to consolidate
- to outline the responsibilities of academies when outsourcing

1.2 Background

As described in Section 5.2 of the Funding Strategy Statement (FSS), new academies join the fund on conversion from a local authority school or on creation (eg newly established academies, Free Schools, etc). It is expected that new academies will join an existing MAT and so, upon joining the fund, academies will join an existing MAT pool for funding purposes. Where a new academy does not join an existing MAT pool, asset allocation and contribution rates will be determined by the Fund Actuary based on policy set out in the FSS.

Funding policy relating to academies and MATs is largely at the fund's discretion, however guidance on how the fund will apply this discretion is set out within this policy.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contains general guidance on Scheme employers' participation within the fund which may be relevant but is not specific to academies.

There is currently a written ministerial guarantee of academy LGPS liabilities, which was reviewed in 2022.

Academy guidance from the Department for Education and the Ministry for Housing, Communities and Local Government may also be relevant.

2 Statement of Principles

This Statement of Principles covers the fund's approach to funding academies and MATs. Each case will be treated on its own merits but in general:

- the fund will seek to apply a consistent approach to funding academies that achieves fairness to the ceding councils, MATs and individual academies.
- the fund's current approach is to treat all academies within a MAT as a single employer (operating as a funding pool where all pension risks are shared).
- academies must consult with the fund prior to carrying out any outsourcing activity.
- the fund will generally not consider receiving additional academies into the fund as part of a consolidation exercise, unless this has been mutually agreed with the relevant administering authorities.

3 Policies

3.1 Admission to the fund

As set out in section 5.2 of the FSS:

Asset allocation on conversion

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.

For new academies joining a MAT, assets calculated using the approach outlined in the previous paragraph will be transferred from the ceding council to the MAT.

Contribution rate

New academy contribution rates are based on the current funding strategy (set out in section 2 of the FSS) and the transferring membership.

If an academy is joining an existing MAT within the fund then it will pay the MAT contribution rate (which may or may not be updated as a result - see below.
If the new academy is not part of a MAT, or if the MAT does not already participate in the South Yorkshire Pension Fund, the new academies' contribution rate will be determined based on the current funding strategy (set out in section 2 of the FSS) and the transferring membership.

3.2 Multi-academy trusts

Asset tracking

The fund's policy is to pool assets (and liabilities) of all the academies within a MAT. Once an academy joins a MAT the individual asset share of that academy is merged into the MAT. All funding risks withing the MAT pool are shared with other academies withing the MAT pool. As such, only the MAT pool asset and liability share is tracked.

Contribution rate

The default approach is that the MAT is treated as a 'full funding risks' pool meaning that all academies within the MAT pay the same contribution rate to the fund and all membership experience is shared across the MAT (i.e. full cross-subsidy exists).

Any transferring academy will pay the certified contribution rate of the MAT it is joining. At the discretion of the fund, the MAT's contribution rate may be revised by the fund actuary to allow for impact of the transferring academy joining.

3.3 Academy transfers

Academy leaves a MAT and joins another MAT

If an academy(ies) leave(s) a MAT and joins another MAT, all active members will transfer from the existing MAT to the new MAT. The value of transferring assets will be determined based on the estimated funding level of the MAT's (from which the academy(ies) is transferring) active members, having first allocated the MAT's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the transferring asset value, capped at a maximum of 100%. The MAT's estimated funding level will be based on market conditions on the day before conversion.

The academy will pay the new MAT pool rate.

Merging of MATs

If two MATs merge during the period between formal valuations, all assets and liabilities will be combined to form a new MAT pool.

The new merged MAT will pay the higher of the two certified individual MAT rates until the rates are reassessed at the next formal valuation (NB where one or both MATs are paying a monetary secondary contribution rate these will be converted to a % of pay for the purposes of determining the new merged contribution rate).

Alternatively, as set out in the fund's contribution review policy and per Regulation 64 A (1)(b) (iii) the MAT may request that a contribution review is carried out. The MAT would be liable for the costs of this review.

Standalone Academy joins a MAT

If an existing standalone academy joins a MAT, all active deferred and pensioner liabilities, along with the full asset share for the existing standalone academy, will transfer to the MAT.

The academy will pay the existing MAT pool rate.

3.4 Cessations of academies and multi-academy trusts

A cessation event will occur if a current standalone academy or MAT ceases to exist as an entity or an employer in the fund.

The cessation treatment will depend on the circumstances:

- In the event of a MAT closure (or the closure of a standalone academy), where individual academies may be subsequently transferred to another MAT (or several MATs), a formal cessation valuation would be carried out. Assets transferred to any new MAT(s) would be set based on the value of the transferring active liabilities, but these may be adjusted to ensure that the legacy MAT deferred and pensioner liabilities are fully funded on the low-risk cessation basis.
- If an academy or MAT merges with another academy or MAT within the fund, all assets and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity. A formal cessation valuation would then be carried out in respect of the former entities (on the basis of their being nil assets and liabilities remaining).

If a single academy operating within a MAT ceases to exist as a school, the legacy assets and liabilities of the academy will remain the responsibility of the MAT. This is not a cessation event (as defined in Regulation 64 of the LGPS Regulations), and a cessation valuation will not be required.

In all other circumstances, and following payment of any cessation debt, section 7.5 of the FSS would apply.

3.5 Academy consolidations

If an academy or MAT is seeking to merge with another MAT outside of the fund they would need to seek approval from the secretary of state to consolidate their liabilities (and assets) into one LGPS fund. It is the fund's preference that academies do not seek to consolidate.

The fund will provide the necessary administrative assistance to academies seeking to consolidate into another LGPS fund, however the academy (or MAT) will be fully liable for all actuarial, professional and administrative costs.

3.6 Outsourcing

An academy (or MAT) may outsource or transfer a part of its services and workforce via an admission agreement to another organisation (usually a contractor). The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership.

The contractor will pay towards the LGPS benefits accrued by the transferring members for the duration of the contract, but ultimately the obligation to pay for these benefits will revert to the academy (or MAT) at the end of the contract.

It is critical for any academy (or MAT) considering any outsourcing to contact the fund initially to fully understand the administrative and funding implications. The academy should also read and fully understand the fund's admissions policy.

In some cases, it is necessary to seek approval from Department for Education before completing an outsourcing (including seeking confirmation that the guarantee provided to academies will remain in place for the transferring members).

The academy (or MAT) will provide the Fund with a copy of the contract (between the ceding Academy and the new contractor) in order to satisfy the regulatory requirement that the Admission Agreement covers one contract.
The Admission Agreement will need to have provision for adding future employees should any academies join the MAT subsequent to the commencement date.

It is the fund's policy that new contractors will be admitted to the fund on a pass-through basis. The fund's policy on pass-through is is the Admissions Policy.

3.7 Accounting

Given underlying assets and liabilities for academies within a MAT are not tracked individually, only combined FRS102 disclosures (eg for all academies within a MAT) can be prepared.

4 Related Policies

The fund's approach to admitting new academies into the fund is set out in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the fund?"

The following Fund policies are also relevant:

- Contribution review policy
- Cessation policy
- Bulk transfer policy

The academy (or MAT) will provide the Fund with a copy of the contract (between the ceding Academy and the new contractor) in order to satisfy the regulatory requirement that the Admission Agreement covers one contract.

The Admission Agreement will need to have provision for adding future employees should any academies join the MAT subsequent to the commencement date.

5 Related Policies

The fund's approach to admitting new academies into the fund is set out in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the fund?"

The following Fund policies are also relevant:

- Contribution review policy
- Cessation policy
- Bulk transfer policy

South Yorkshire Pension Fund
Policy on Prepayments

Effective date of policy	01.04.2026
Date approved	
Next review	01.04.2029

1 Introduction

The purpose of this policy is to set out the administering authority's approach to the prepayment of regular contributions due by participating employers.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

The fund's default position is that prepayments will not be supported. Applications to prepay employer contributions will be considered on a case-by-case basis.

1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where prepayment of contributions will be permitted.
- Where prepayments are permitted, to outline the key principles followed when calculating prepayment amounts.
- To outline the approach taken to assess the suitability of a prepayment as sufficient to meet the required contributions.

1.2 Background

It is common practice in the LGPS for employers to pre-pay regular contributions that were otherwise due to be paid to the fund in future. Employer contributions include the 'Primary Rate' – which is expressed as a percentage of payroll and reflects the employer's share of the cost of future service benefits, and the 'Secondary Rate' – which can be expressed as a percentage of payroll or a monetary amount and is an additional contribution designed to ensure that the total contributions payable by the Employer meet the funding objective in the long term.

On 22 March 2022, following a request from the LGPS Scheme Advisory Board, James Goudie (then) QC provided an Opinion on the legal status of prepayments. This Opinion found that the prepayment of employee and employer contributions was not illegal, subject to the basis for determining the prepayment amount being reasonable, proportionate and prudent. Further, the Opinion set out specific requirements around the presentation of prepayments.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and specifies that primary contributions be expressed as a percentage of pensionable pay of active members.
- Regulation 62 - sets the requirement for an administering authority to prepare an R&A certificate.
- Regulation 9 – outlines the contribution rates payable by active members

2 Statement of principles

This statement of principles covers the prepayment of regular employer contributions to the fund. Each case will be treated on its own merits, but in general:

- The administering authority's default position is that prepayment of employer contributions is **not** supported. This is as a result of:
  - the need to receive regular contributions from employers to help match contribution income to benefit payments; and
  - the significant costs incurred investing and disinvesting these contributions over relatively short timescales
- Applications will be considered to prepay employer contributions on a case by case basis, based on individual employer circumstances.
- Prepaying contributions expressed as a percentage of pay introduces the risk that the prepayment amount will be insufficient to meet the scheduled contribution (as a result of differences between expected and actual payroll). Prepaying contributions will therefore only be considered in the case of secure, long-term employers (e.g. local authorities).
- The prepayment of employee contributions is not permitted.

- Where prepayments are allowed:
  - No discount will be applied given the need to carefully manage the cashflow position of the fund i.e. amounts received in respect of prepaid contributions are unlikely to be invested over the prepayment period.
  - The fund actuary will determine the prepayment amount, which may require assumptions to be made about payroll over the period which the scheduled contribution is due.
  - Where contributions expressed as a percentage of pay have been prepaid, the administering authority will carry out an annual check (and additional contributions may be required by the employer) to make sure that the actual amounts paid are sufficient to meet the contribution requirements set out in the R&A certificate.
  - Prepayment agreements will be documented by way of correspondence between the administering authority and the employer.
  - The Rates & Adjustments (R&A) certificate will be updated on an annual basis to reflect any prepayment agreements in place.
  - Employers are responsible for ensuring that any prepayment agreement is treated appropriately when accounting for pensions costs, and for ensuring the agreement of their own auditor.
  - Prepayment agreements can cover any annual period of the R&A (or a consecutive number of annual periods).

3 Policy

3.1 Eligibility and periods covered

The fund's default position is that prepayments will not be supported. The fund will consider requests from employers to pre-pay certified primary and secondary contributions. However, in general, the prepayment of primary contributions is only appropriate for large, secure employers with stable active memberships. Employer contributions over the period of the existing R&A certificate (and, where a draft R&A certificate is being prepared following the triennial valuation, the draft R&A certificate) may be pre-paid by employers, where the fund permits.

Prepayment of contributions due after the end of the existing (or draft) R&A certificate is not permitted, e.g. it would not be possible to prepay employer contributions due in the 2029/30 year until the results of the 2028 valuation are known and a draft R&A certificate covering the 2029 to 2032 period has been prepared.

3.2 Request and timing

If an employer wishes to pre-pay employer contributions, they are required to seek approval from the fund in writing.

This request should be received by the fund within 2 months of the start of the period for which the prepayment is in respect of.

The fund will then consider the request and if successful, provide the employer with a note of the prepayment amount and the date by which this should be paid. In general, the prepayment should be made as close as possible to the beginning of the appropriate R&A period and by 31 May at the latest.

Failure to pay the prepayment amount by the specified date may lead to the need for an additional and immediate payment from the employer to ensure that the amount paid is sufficient to meet the certified amount set out in the R&A certificate.

3.3 Calculation

If an application to the fund to pre-pay contributions is successful, the fund actuary will determine the prepayment amount required.

Where the prepayment is in respect of contributions expressed as a percentage of pay:

- The fund actuary will determine the value of scheduled contributions based on an estimate of payroll over the period (using the information available and assumptions set at the previous valuation). No discounting will be applied.
- A sufficiency check will be required at the end of the period (see section 3.4)

Where the prepayment is in respect of contributions expressed as a monetary amount:

- The fund actuary will determine the value of scheduled contributions. No discounting will be applied.
- No sufficiency check will be required

Employers may pay more than the prepayment amount determined by the fund actuary.

No allowance for expected outsourcing of services and/or expected academy conversions will be made in the fund actuary's estimation of payroll for the prepayment period.

3.4 Sufficiency check

Where required, the fund actuary will carry out an **annual** assessment to check that sufficient contributions have been prepaid in respect of that period. Specifically, this will review the prepayment calculation based on actual payroll of active members over the period and this may lead to a top-up payment being required from the employer.

If this sufficiency check reveals that the prepayment amount was higher than that which would have been required based on actual payroll (i.e. if actual payroll over the period is less than was assumed), this will not lead to a refund of contributions to the employer.

The sufficiency check will make no allowance for investment return generated over the period.

The administering authority will notify the employer of any top-up amount payable following this annual sufficiency check and the date by which any top-up payment should be made.

3.5 Documentation and auditor approval

If an application to the fund to pre-pay contributions is successful, the fund will provide the employer with a note of the information used to determine the prepayment amount, including:

- The estimate of payroll (where applicable)
- The effective date of the calculation (and the date by which payment should be made)
- The scheduled regular payments which the prepayment amount covers.

The prepayment agreement will be reflected in the R&A certificate as follows:

- The unadjusted employer regular contribution rate payable over the period of the certificate
- As a note to the contribution rate table, information relating to the prepayment amount for each employer where a prepayment agreement exists. The table will also note that no discount has been applied.

The R&A certificate will be updated on an annual basis to reflect any prepayment agreements in place.

Employers should discuss the prepayment agreement with their auditor prior to making payment and agree the accounting treatment of this. The fund will not accept any responsibility for the accounting implications of any prepayment agreement.

3.6 Costs

If an application to the fund to pre-pay contributions is successful, employers entering into a prepayment agreement will be required to meet the cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

3.7 Risks

Employers enter into prepayment agreements on the expectation that the fund will be able to generate higher returns than the employers can over the prepayment period. Employers should be aware that future returns are not guaranteed, and it is possible that the returns generated on prepayment amounts may be lower than that which can be generated by the employer. It is also possible that negative returns will arise, which lead to the value of any prepayment being less than that which was scheduled to be paid. In such circumstances, a top-up payment would not be required (as the sufficiency check only considers the effect of actual payroll being different to that assumed in the prepayment calculation), however the employer's asset share would be lower than it would have been if contributions were paid as scheduled. This would be considered by the fund actuary at the next triennial valuation (as per the normal course of events).

4 Related Policies

The fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

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Pensions Administration Strategy

Contents

Appendix B

Introduction

The Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. The South Yorkshire Pension Authority (the Authority) administers the scheme for, at time of writing, 574 employers in South Yorkshire.

The LGPS is a valuable element of the total remuneration package of employees working with employers in the scheme. Good quality administration and communication of the overall benefits of the LGPS aids in the confidence of membership towards the scheme and in their value of this employee benefit.

The LGPS Regulations 2013 enables the Administering Authority to prepare a written Pension Administration Strategy (the Strategy) of its policy in relation to communications between and levels of performance for both the Pensions Authority and employers within the scheme.

This Strategy replaces the current Pension Administration Strategy with effect from 1 January 2026 and applies to all existing employers, and all new employers joining the Fund after the effective date.

Delivery of such an administration service is not the responsibility of one person or one organisation, but rather the joint working of several different stakeholders, who between them are responsible for delivering the pensions administration service to meet the diverse needs of members as well as regulatory requirements.

The Strategy sets out the expected levels of administration performance of both the Authority and the employers within the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

Aims and Objectives

The purpose of this Strategy is to set out the quality and performance standards expected of the Authority and Employers within the Fund.

The Authority's specific objectives relating to this Strategy are as follows:

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders.
- Administer the Scheme in a cost effective and efficient manner utilising technology appropriately to obtain value for money.

- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time.
- Maintain accurate records and ensure data is protected and has authorised use only.

Compliance

Developed in consultation with fund employers, the Strategy seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service among scheme employers. A copy of this Strategy is made available on the fund's website.

In no circumstances does this Strategy override any provision or requirement of the regulations, nor is it intended to replace the more extensive commentary provided on the Authority's website and administration guides that are provided by the Local Government Association (LGA).

Review

The Pensions Administration Strategy Statement will be reviewed

- Every 3 years as a matter of routine.

- Whenever impacted by regulatory and other legislative changes or major amendments to the Authority's other policies, statements and strategies.

- Employers will be consulted and informed about any changes.

Regulatory Framework

The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 (the Regulations) provide the conditions and regulatory guidance surrounding the production and implementation of Administration Strategies.

In carrying out the required roles and responsibilities in relation to the administration of the Scheme, the Authority and Fund Employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Acts 2004, 2011 and 2021 and associated disclosure legislation
- Public Service Pensions Act 2013 and associated record keeping legislation
- the Discretionary and Compensation Regulations 2006
- TPR General Code of Practice 2024
- Freedom of Information Act 2000
- Equality Act 2010
- Finance Act 2013
- Relevant Health and Safety legislation
- Data Protection Act 2018
- the Disability Discrimination Act 1995
- the Age Discrimination Act 2006
- Employment Rights Act 2010
- HMRC Legislation and Current GAD Guidance
- and any future amendments to the above legislation.

In accordance with the Public Sector Pensions Act 2015, the Scheme is regulated by the Pensions Regulator (TPR). The Authority and Fund employers are required to comply with regulatory guidance and in particular the General Code of Practice issued by TPR. The Regulator has the power to issue sanctions and fines in respect of failings caused by the Authority and where employers fail to provide us with correct or timely information. Should this happen, the Authority would recharge any costs back to employers as set out later in this Strategy.

Regulation 59(1), of the Regulations, enables a LGPS Administering Authority to prepare a written statement of the Administering Authority's policies in relation to such matters mentioned in Regulation 59(2) that it considers appropriate. This written statement shall be known as the "Pension Administration Strategy" and shall include the following:

- Procedures for liaison and communications between the Authority and its Scheme Employers
- The establishment of levels of performance which the Authority and its Scheme Employers are expected to achieve in carrying out their Scheme functions. These functions are:

(i) The setting of performance targets
(ii) The making of agreements about levels of performance and associated matters, or
(iii) Such other means as the Administering Authority considers appropriate.

- Procedures which aim to secure that the Administering Authority and its Scheme Employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance
- Procedures for improving the communications by the Administering Authority and its Scheme Employers to each other of information relating to those functions
- The circumstances in which the Administering Authority may consider giving written notice to any of its Scheme Employers under these regulations (additional costs arising from the Scheme Employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under the SLA
- The publication by the Administering Authority of annual reports dealing with:

(i) The extent to which the Administering Authority and its Scheme Employers have achieved the level of performance established under the Strategy
(ii) Such other matters arising from The Strategy as the Administering Authority considers appropriate.

- Such other matters as appear to the Administering Authority after consulting its Scheme Employers and such other persons as it considers appropriate, to be suitable for inclusion in The Pension Administration Strategy.

In addition, Regulation 59(3 - 7) requires that:

- Where the Administering Authority produces a Pension Administration Strategy, it is kept under review and revised where appropriate
- When reviewing or revising the Pension Administration Strategy the Administering Authority must consult with its Scheme Employers and such other persons it considers appropriate
- Where the Administering Authority produces a Pension Administration Strategy or revises that strategy it must send a copy of it to each Scheme Employer and to the Secretary of State
- The Administering Authority and Scheme employers must have regard to the Pension Administration Strategy when carrying out functions under the LGPS regulations.

Regulation 60 requires each employing authority to publish its discretion on:

- Funding additional pension [16(2)(e) and 16(4)(d)]
- Flexible retirement [30(6)]
- Waiving actuarial reductions [30(8)]
- The award of additional pension [31]

In addition, Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 requires employers to publish and keep under review its policy on these regulations.

There are also several discretionary discretions under the current regulations and some mandatory discretions under previous sets of regulations.

The Employers Services Team can provide template discretion policies upon request.

Regulation 70 of the Local Government Pension Scheme Regulations 2013 enables the Administering Authority to recover additional costs from a Scheme Employer when, in the opinion of the Administering Authority, it has incurred additional costs because of the poor performance of the Scheme Employer in relation to the Pension Administration Strategy.

The Administering Authority may give written notice to the Scheme Employer stating:

- The Administering Authority's reasons for forming the opinion
- The amount the Administering Authority has determined the Scheme Employer should pay under Regulation 69(1)(d) in respect of those costs and the basis on which the specified amount is calculated
- The provisions of the Pension Administration Strategy which are relevant to the decision to issue the notice.

Data Protection Act 2018

The Authority is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold, and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the fund's Privacy Notice on the website.

Scheme Employer Duties and Responsibilities

The delivery of a high-quality cost-effective administration service is not the responsibility of just the administering authority. It also relies on joint working of the administering authority with several individuals employed in different organisations to ensure scheme members and other interested parties receive the appropriate level of service, and that statutory requirements are met.

Monthly/annual data transfer

The Authority's method of data collection is by way of electronic data transfer using the Employer Hub. All employers will be provided with training and guidance on how to use Employer Hub.

Response to queries

There are times when Employer Services may need to contact employers with queries on the data provided, or to request additional information to provide scheme members with details of their pension entitlement. From time to time, employers may also require information from the Pensions Team regarding the scheme.

Timescales for dealing with specific requests are listed in this document and where a timeframe is not provided, either party should be responded to within 10 working days of receipt of the request. Timescales for dealing with bulk queries from either party should be agreed separately.

Appointing a main contact

Each employing authority must designate a named individual to act as the main point of contact regarding any aspect of administering the LGPS, and to be responsible for ensuring the requirements set out in this strategy are met.

Their key responsibilities are:

• to act as a liaison for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
• to ensure that standards and levels of service are maintained, and regulatory responsibilities are complied with.
• to ensure that details of all nominated representatives and authorised signatures are correct and to notify the fund of any changes immediately;
• to arrange distribution of communications literature as and when required;
• to inform the fund of any alternative service arrangements required;
• to assure data quality and ensure the timely submission of data to the fund; and
• to assist and liaise with the fund on promotional activities.

Notification of employee’s rights: Internal Disputes Resolution Procedure (IDRP)

Under Regulation 72 of the LGPS 2013 regulations, any decisions made by an Scheme Employer affecting an employee’s rights to membership, or entitlement to benefits must be made as soon as is reasonably practicable and notified to the employee in writing including a reference to their right of appeal in line with Regulation 73 of the LGPS regulations. Every notification must;

- Specify the rights under stage 1 and stage 2 of the appeals procedure, quoting the appropriate regulations;
- Specify the time limits within an appeal, under either stage, which apply and;
- Specify to whom an application for appeal must be made to.

For first stage appeals, this must be the nominated person of the employer who made the decision.
For 2nd stage appeals, this will be the appointed person at the Authority.

The Authority has guidance for employers to provide to individuals who raise an issue under the IDRP procedure. This can be found on the fund’s website.

Nominated person

Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the IDRP should be made. Employers must also notify the fund of any first stage appeals they receive.

Audit

The Authority is subject to an annual audit of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and, where appropriate, implemented with employing authority cooperation.

Service Standards to Scheme Members

Overriding legislation dictates the standards that pension schemes and employers should meet in providing certain pieces of information to various associated parties – not least of which includes the scheme member. The Regulations also identify several requirements for the fund and employers, which may not have all been covered in this document. It is important that employers make themselves familiar with the HR and Payroll guides available on www.lgpsregs.org

Employer guides are available on the Authority's website: https://www.sypensions.org.uk/

The responsibilities that the Authority and employers are expected to achieve to ensure compliance with legislation are outlined in the following tables:

New Starters	
Employer Responsibility	Authority Responsibility
• To ensure that pensions information is included as part of any new employment induction process, including in contracts of employment and appointment letters. • The pensions information to be provided includes links to the Scheme Guide and New Joiner Form. By directing all new members to the fund's website where the information can be viewed or downloaded. The most up-to-date versions of forms and guides can always be found on the fund website. https://www.sypensions.org.uk/Members/All-members/Booklets https://www.sypensions.org.uk/Members/All-members/Forms • To ensure that all employees subject to contractual admission are brought into the scheme from their relevant start date, and provide the Pensions Team with accurate	• To accurately create member records on the Pensions Administration System following notification from an employer of a new entrant to the scheme. • To support employer requests to attend inductions. • To update pension information in accordance with regulatory changes, and to keep PDF versions of forms and guides up to date on the fund website • The fund will contact all new starters, providing them with access the 'MyPension' and reissuing a New Joiner Form if one has not been received, within eight weeks of notification of a new starter. • To accurately record and update member records on the pension administration system. • Inform each employer of any new contribution bandings tables in place from each April, so that employee contribution rates can be updated each year on commencement of joining the pension scheme.

member data, using the monthly data submission, within six weeks of the members' start date. • To determine the appropriate contribution rate (whether individually or by an automated process on payroll) and (as soon as is reasonably practicable), notify the employee of this contribution rate which is to be deducted from the employee's pensionable pay and the date from which the rate will become payable. It is for the employer to determine the method by which the notification is given to the employee, but the notification must contain a statement giving the address from which further information about the decision may be obtained. The notification must also notify the employee of the right to appeal, including the processes and timescales involved. Furthermore, the correct employee contribution rate according to the scheme the member is in – either the 50/50 or 100/100 scheme should be applied and (if appropriate) adjusted throughout the year according to the employer's discretionary policy on re-banding. • To send the fund notification via Employer Hub of any eligible employees subject to automatic enrolment, who opt out of the scheme within six weeks of joining. • Where there is more than one contract of employment with the same employer, each membership shall be maintained separately, and the fund notified as above.	

CHANGES IN CIRCUMSTANCES FOR ACTIVE MEMBERS	
Employer's Responsibility	Authority Responsibility
To ensure that the fund is informed of any changes in the circumstances of employees within four weeks of the change. Please note that changes should ideally be submitted on the	• To provide forms and spreadsheets for recording key changes in circumstance and to provide guidance on the secure submission of data through Employer Hub

Monthly Data submission but can also be provided through Employer Hub via selecting the correct process. Changes may include: • Personal information • Change of name • Marital status • National insurance number	• To accurately record and update member records on the pensions administration systems within four weeks of notification, or any shorter period as requested by the employer with regards to specific requirements

Conditions of employment affecting pension such as:	**Transfer of Pension benefits from other providers**
• Contractual hours (mandatory for members who meet the McCloud underpin requirements only) • Any remuneration changes due to promotion, downgrading or car salary sacrifice. • Full-time equivalent pensionable pay according to the pre 2014 definition • Actual pensionable pay (including overtime/additional hours and APP) in 100/100 and 50/50 schemes according to the post 2014 definition (CARE). • Employee's contribution rate • Employee number and/or post number • Date joined scheme Guidance can be found in the employers' area of the Authority's website. The Full Termination Form on Employer Hub needs to be completed for: • Leavers – accessing pension benefits immediately	• To provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received. The fund has up to two months to provide the transfer quotation. • Once the member has agreed to proceed with the transfer of benefits into the LGPS the fund must send information confirming the additional pension benefits within 2 months of receipt of payment from the previous pension provider

• **NB**. An employee can easily exceed HMRC annual allowance if their pay increases. You therefore are asked to inform the fund of: • Significant pay awards/pay increases • Honorariums • Additional Voluntary Contributions (AVC) contributions • Shared Cost AVC contributions (if applicable) • Shared Cost Additional Pension Contributions For a full list of data items required, see the section FINANCIAL AND DATA OBLIGATIONS, or further information is available from the Authority directly. **Absence** • During periods of reduced or nil pay because of sickness, injury, or relevant child-related leave (i.e., ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed pensionable pay (APP) should be applied for pension purposes and included in the CARE pay sent via the monthly data submission • Employer contributions should be deducted from pay and any APP. If the employee receives no pay the employer contributions should still be deducted from APP. The APP should be shown on the Monthly Submission for the correct employer contributions to be collected. • Should an employee wish to purchase Additional Pension Contributions (APC) or a Shared Cost Additional Pension Contributions (SCAPC) contract to buy back the pension 'lost' during the absence, the APP amount will need to be calculated and provided to the member's employer.	

Employers must bring to the attention of the member, before a period of absence, that they can buy back the 'lost' pension. Employers should also direct members to the website www.lgpsmember.org where they can calculate the cost to buy back this 'lost' pension. As employees have a 30- day timeframe within which to buy back the lost pension, employers should be sure to mention this to the employee early in the 30-day period. Types of absences include: • Maternity, paternity, and adoption • Paid & unpaid leave of absence • Industrial action (SCAPC not available) • Any other material/authorised period of absence	
ANNUAL YEAR END RETURN, VALUATION & ANNUAL BENEFIT STATEMENTS	
Employers' Responsibility	Authority Responsibility
• To ensure the fund receives accurate year to date information to 31 March through the final monthly data submission of the tax year by the date specified by the Authority. Information received after this date will be a breach and will be recorded on the breaches log. If this is deemed to be a material breach this will be reported to the Pensions Regulator • To ensure the correct whole time contractual pay figure is supplied in Column AB of the March Monthly Submission. • To provide any additional information that may be required by the fund to complete year-end and produce annual benefit statements by the 30 April each year. • To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are	• To process employer year end contribution returns by 30 June • To produce annual benefit statements for all active members by 31 August. • To highlight annually if an individual has exceeded their annual allowance and issue a pension saving statement by 5 October. • To provide data to the fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined. • To provide an electronic copy of the actuarial valuation report and contributions certificate to each employer.

responded to and corrective action taken promptly and by 30 June at the very latest.	

Retirement Estimates	
Employers' Responsibility	Authority Responsibility
• To obtain early retirement estimates where a strain cost may be incurred, from Employer Hub. • Please contact the fund if you would like more information or unable to obtain a specific online estimates, for example partial Flexible Retirement.	• Following receipt of a request, to issue the individual quotations/information within fifteen working days after all information required to process a quotation has been received. If the member is unable to self-serve via mypension.

Outsourcings	
Employers' Responsibility	Authority Responsibility
Staff transfers e.g., outsourcings • To comply with the relevant regulations and statutory guidance to ensure continued membership of the LGPS for protected members affected by an outsourcing exercise. • **To provide advanced notification/liaison with Employer Services when considering an outsourcing exercise or re-letting a contract which affects members/eligible members of the LGPS.** • See guidance on the fund's website. To be aware that legal and actuarial costs associated with an outsourcing exercise will be passed onto the employer outsourcing the service. **Change of payroll provider**	• To provide guidance, arrange the relevant actuarial calculations to current employers participating in the fund who are considering outsourcing.

Employers need to inform the Authority if they are considering changing their payroll provider so Employer Services can ensure they are aware of the pension fund's requirements. Ensure you complete the necessary forms and have received all your data from the outgoing payroll provider. There will be a charge for all the work undertaken by the Authority to move you to your new payroll provider.	• To provide support to employers to assist with transfers to a new payroll provider. This is chargeable

Actual Retirements	
Employers' Responsibility	Authority Responsibility
• To submit the appropriate leavers instruction to the Authority through the termination form on Employer Hub and the monthly data submission as soon as required information is available. Confirming the decision as to the type of benefit that is to be paid to the member. • Evidence of the calculation of final pensionable pay may be requested so the Pensions Team can check the accuracy of the pay provided. • Further information can be found in the Employers area of the Authority website.	• The Authority will send to the member information of their benefit entitlement within 15 days of receiving all required information from the employer • The Authority will send the member a letter notifying them of the date retirement benefits will be paid within 15 days following receipt of all documentation from the member. • To make payment of any lump sum within 15 days following receipt of all relevant fully completed forms and certificates, or retirement date if later. • To pay any pension payment on the last banking day of the month each month following retirement unless this falls on a weekend or bank holiday when the payment will be made on the last working day before.

Ill Health Retirements	
Employers' Responsibility	Authority Responsibility
• To determine whether an ill health benefit award is to be made, based on medical evidence and the criteria set in the current LGPS regulations, and after obtaining an opinion from an Authority approved Independent Registered Medical Practitioner (IMRP) on the	• To calculate and pay the required benefits in line with actual retirement timescales. • To assist, if required, the employer in performing their legislative responsibility to review Tier 3 ill health cases at eighteen month.

appropriate certificate. If an award is made, to then determine which tier 1, 2 or 3 is to be awarded. • Inform the Authority of your decision supported with all related paperwork including IMRP certificate and a copy of the notice letter issued to the member confirming the level of ill health benefits awarded and the appeal information under IDPR. • • To keep a record of all Tier 3 ill health retirements, particularly in regard to arranging the 18-month review. Arranging, if necessary, with an (IMRP) approved by the Authority for a further medical certificate. • To recover any overpayment of pension benefits following a discovery of gainful employment and notify the fund, where appropriate. • • To review all Tier 3 ill health retirement cases at eighteen months. Further information on ill health retirements can be found on the employers' pages on the website	

Members Leaving Employment before Retirement	
Employers' Responsibility	Authority Responsibility
• To notify the fund via Employer Hub as a leaver, ensuring all relevant information is included on the submission within four weeks of the members leave date. • If the member has Final Salary membership, you need to provide Final Salary pay to the date of leaving on your monthly data submission or complete the additional leaver form on Employer Hub.	• To accurately record and update member records on the pension administration system. • The fund will notify a member of their deferred benefit entitlement within 2 months following receipt of correct information from the employer Hub data upload. • To process and pay a refund within 2 months following receipt of all relevant information from both the employer and the member.

Former Members with Deferred Benefits	
Employers' Responsibility	Authority Responsibility
• To keep adequate records of the following for members who leave the scheme with deferred benefits, as early payment of benefits may be required: • Name & last known address • National Insurance number • Payroll number • Date of birth • Last job information including job description • Salary details • Date and reason for leaving • To determine, following an application from the former employee to have their deferred benefits paid early, if they are eligible for early payment on ill health grounds. • This must be in line with the criteria set in the relevant regulations and after requesting a medical opinion from an (IRMP) approved by the Authority. Or to determine whether benefits should be released early and, in some cases, any actuarial reduction waivered on compassionate grounds.	• To record and update member records on the pensions administration system. • To provide former members with an annual benefit statement of their deferred benefits, updated by the annual pensions increase award when applicable by 31st August each year • To provide estimates of benefits that may be payable and any resulting employer costs within 20 working days of request from the employer

Death in Service & Terminal Illness	
Employers' Responsibility	Fund's Responsibility
• To inform the fund immediately on the death of an employee via the leavers form, or when a member is suffering from a potentially terminal illness and to provide details of the next of kin within 1 week.	• To provide an initial letter of acknowledgement to the next of kin/informant within 10 working days following a notification of death.

• Further information can be found on the employer pages of our website	• To provide a letter notifying dependents of benefits within 15 working days following receipt of identification/certificates and all relevant documentation. • To assist employers, employees and their next of kin in ensuring the pension options are made available and that payment of benefits are expedited in an appropriate and caring manner.

Financial & Data Obligations	
Employers' Responsibility	Authority Responsibility

• To pay the fund all contributions deducted from payroll (not including AVCs) of its employees and employer contributions and any deficit lump sum payments due monthly by Direct Debit. Further information can be found on the website.
• Each payment must be accompanied by a monthly data submission providing the following mandatory data for each member:
    • Employer reference
    • Folder reference
    • Payroll reference
    • National Insurance number
    • Title
    • Forename(s)
    • Surname
    • Gender
    • Date of Birth
    • Effective Date of submission
    • Scheme section
    • Contribution rate
    • Employee's main/5050 contributions
    • Employee's main/5050 section pensionable pay
	• To allocate correctly the contributions received to each employee record and to keep a log of contributions received from each employer.
	• To charge interest for late payment in the following circumstances.
	• Employer contributions (including deficit payment) are overdue if they are received a month later than the due date specified.
	• All other payments (including employee contributions) are overdue if they are not received by the due date specified.
	• The fund will record any late receipt of payment or data submissions on the Breaches Log. These will be monitored and reported to the Pensions Regulator, if deemed materially significant.

• Employer's contributions
• Annual contractual pensionable salary
• Mandatory data for APC/SCAPC/Added Years
  • Employee monthly amount
  • Employer monthly amount (if applicable)
• Mandatory data for leavers/opt out:
  • Date of leaving
  • Reason for leaving
  • The last 365 days whole time contractual salary*
  • Upload the Opt out form through Employer Hub
• Mandatory data for starters
  • Marital Status
  • Address
  • Start date
  • Starting hours
  • Whole-time equivalent hours
  • Starting pay
• Changes Information**:
  • Absence:
    ▪ Unpaid absence period and reason
    ▪ If absence is purchased – please upload the relevant form through Employer Hub
  • Hours:
    ▪ Effective date
    ▪ Previous and Current hours
    ▪ Whole-time equivalent hours
  • Personal Information:
    ▪ Name
    ▪ Address
    ▪ Marital status and date changed
• Employers are required to pay all rechargeable items to the fund immediately on receipt of the invoice. The fund, in certain
	• Inform employers of any rechargeable items as they become due. Early Retirement Strain will be notified prior to benefits being put into payment.

circumstances, may not commence the member benefits until the invoice has been paid. **Can be supplied through Employer Hub**	

ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's (SCAPCs)	
Employers' Responsibility	Authority Responsibility
• To communicate to employees regarding the option of SCAPC's to cover periods of 'lost pension' and the timeframe they must elect to purchase a SCAPC. Members must elect within 30 days of returning to work following the absence, but employers have the discretion to extend this period. This should be laid out in the employer's Discretions Policy. • To calculate and collect from the employee, payroll contributions and to arrange the prompt payment to the fund, according to the published schedule the month following the deduction. More information can be found in the employer area on the Website.	• To provide information on APCs via a link to the national LGPS member website where a modeller can be found.

Measuring Performance

Both employer and Authority targets will be measured on a quarterly basis. Administrator performance levels will be published in the quarterly Board reports. Overall Authority performance will be published in the Annual Report.

Benchmarking

The fund will regularly monitor its costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in the Annual Report

Employer Performance

As part of this Pensions Administration Strategy, the fund has processes for reporting on employer performance. Performance will be measured across;

- The submission of monthly data returns.
- The payment of contributions and other payments due.
- The submission of retirement notifications.
- The number of queries, along with the rate and quality of responses.
- The number of data breaches or near misses caused by the employer for failing to provide accurate information.
- The number of complaints received and IDRP cases upheld against the employer.
- Whether or not a copy of the employer's current discretions policy has been shared with the Authority.
- Whether or not an employer has failed to notify the Authority of key changes or events within a reasonable timeframe

Poor performance leading to additional work and costs

The Authority will work closely with all employers to assist them in understanding all statutory requirements, whether they are specifically referenced in the Regulations, in overriding legislation, or in this Strategy. The Authority will work with each employer to ensure that overall quality and timeliness is continually improved.

The Regulations provide that the Authority may recover from an employer any additional costs associated with the administration of the scheme, incurred because of the unsatisfactory level of performance of that employer.

Where the Authority wishes to recover any such additional costs, notice will be given stating:

- The reason that the employer's level of performance contributed to the additional cost.
- The amount determined that the employer should pay.
- The basis on which this amount was calculated.
- The provisions of the Administration Strategy relevant to the decision to give notice.

The Authority provides a framework which enables employers to be equipped with the tools to meet these requirements through further training, where required, and provides them with the opportunity to improve where performance is not satisfactory.

However, in instances where the performance of the employer results in fines being levied against the Authority by TPR, Pensions Ombudsman or other regulatory body, an amount no greater than the amount of that fine will be recharged to that employer.

The Authority has the discretion to charge interest on the late payment of contributions by an employer. Interest will be charged in respect of late payments of contributions received from employers, where the payment is overdue (with the overdue date being as specified in the relevant regulations). Interest will be calculated as per the relevant provisions in the LGPS regulations. However, the Authority can choose to waive the charge. Waiving the amount will generally only be considered if the interest is considered de-minimis.

The Authority reserves the right to charge for work associated with the creation and termination of employers and for any work unique to an Employer (or Group of Employers) such as a bulk transfer of pension rights.

The Authority also reserves the right to make a charge for bulk routine work that is required as a matter of urgency in exceptional circumstances that would lead the Authority to incur additional costs to complete the work, for example by the use of overtime, or where the work is required, exceptionally, well within the agreed service standards for that work which could then compel the Authority to resource the work at a cost to other work, members or employers.

Any such charge or fee would always be made clear and agreed at the outset before any such work was commenced or service provided.

Schedule of Charges

Activity	**Charge**
Monthly data return submitted late	A fixed penalty of £500 if received after the date specified by the Authority in the following month, plus a further fixed penalty of £50 for every further day late after that deadline.
Resubmission of an incorrect data return	A fixed penalty of £500 plus charges to account for the officer resource used to rectify any issues charged at a minimum hourly rate of £100
Failure to provide correct member data or respond to any queries raised within the requested timeframe	A charge of £25 per case for each case chased after the original deadline has passed.

Failure to provide a copy of discretions policy or latest version	A fixed penalty of £500 for failing to supply a copy plus a further £250 charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Other rectification work the Authority is required to carry out in order to rectify errors caused as a result of employer error	The Authority will recover the cost for the work involved based on an appropriate officer hourly rate.
Failure to notify the Authority of key changes or events, including a change of payroll provider or outsourcing.	A fixed penalty of £1000 for every monthly report that fails to be submitted from Month 1 of the new contract and £1000 where the change has a significant impact on administration or £500 plus a further £100 charged on each occasion that further information is requested or chased and not supplied.
Failure to complete a direct debit mandate	A fixed penalty of **£1000** plus a further fixed penalty of **£50** per day for every further day late following that deadline

Associated Policies and Documents

Participating employers are advised to familiarise themselves with the other policies issued by the fund, available on our website https://www.sypensions.org.uk/Pensions-Policies

- Funding Strategy Statement and all supporting Policies.
- The Consultation, Communications and Engagement Strategy
- Governance Compliance Policy
- Customer Charters

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Resolving Complaints and Improving Services

Complaints Procedure

July 2025

Document Control Information	
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1	DATE	e.g. Original Policy	TITLE
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Associated Document

Unreasonably Persistent and Vexatious Customer Procedure

https://www.sypensions.org.uk/Portals/0/pdf/Vexatious_Complaints_Unreasonable_Behaviour_Policy.pdfhttps://www.sypensions.org.uk/Portals/0/pdf/Vexatious_Complaints_Unreasonable_Behaviour_Policy.pdf

Contents

1. Defining the Complaints and Representations Procedure

1.1 SYPA welcomes feedback from customers because it helps to improve the way we do things and to learn from things that have gone wrong.

1.2 This document sets out our procedure for working with customers who have a complaint about the actions, decisions, or apparent failings of the services we provide. One of the ways in which we acquire comments and opinions to influence service planning and delivery is through our customers' feedback.

1.3 **Informal discussion -** Problems that have arisen due to a misunderstanding, or a lack of information can often be resolved without the need for a formal complaint. Our staff have been empowered to be able to resolve many complaint issues and in the first instance customers should try and speak to the member of staff who has been dealing with the case or their line manager. If they can't put things right, or this approach has already been tried without success, then customers should submit a formal complaint.

1.4 **Comments -** If a customer wants to make a comment about anything that the Authority does or if they would like to suggest how we could improve the services that we provide, we will record the details and ensure that the relevant service area is provided with the details.

1.5 **Compliments -** If customers receive a particularly good service and wish to make a compliment, we will ensure that the person or service is made aware.

1.6 **Complaints -** A complaint may be generally defined as an expression of dissatisfaction about a service. Complaints can provide valuable learning points which helps to improve service delivery.

1.7 Details of how to provide feedback and complaints to the Authority can be found on the website.

2. Procedure

2.1 This is a procedure for formal complaints about the service offered by the Authority.

2.2 The formal complaints procedure is framed to:

- Provide a quality and responsive service.
- Acknowledge that all people who receive a service have a right to complain if they think that something that should have been done has not been done, or that something has been done badly or incorrectly.

3. Key Principles

3.1 This Procedure is designed to:

- Ensure that customers are treated fairly and assist them in making a complaint by being easy and straightforward to use.
- Be accessible.
- Ensure complaints will be investigated as quickly and thoroughly as possible, and in a positive, problem-solving manner.
- Ensure that the outcome and resolution of complaints will be reflected in the ongoing monitoring of the Authority's performance and to improve service delivery.
- Reflect the Authority's desire to provide a quality service.

3.2 We will endeavour to ensure that customers receive whatever help and guidance they require to aid them in making a complaint or in understanding the procedure. Where appropriate this help will include additional provision e.g. interpreters.

4. What May be Complained About?

4.1 A complaint may arise because of a variety of issues relating to the Authority's functions such as:

- An unwelcome or disputed decision
- Concern about the quality or appropriateness of a service.
- Delay in decision making or provision of services.
- Delivery or non-delivery of services, including complaints procedures.
- Quantity, frequency, change or cost of a service.
- Attitude or behaviour of staff (unless it warrants internal disciplinary action).
- Insufficient proficiency in spoken English by a member of staff in a public-facing role. (Under the Code of Practice on the English language requirements for public sector workers; Part 7 of the Immigration Act 2016).

5. What is Exempt from this Complaints Procedure?

5.1 There are occasions when this procedure will not be the appropriate procedure to be used for instance when it is:

- A complaint about the conduct of the Assistant directors; these will be referred directly to the Director.
- A complaint regarding the conduct of a Member of the Pensions Authority or Local Pension Board; these will be referred directly to the Monitoring Officer.
- Matters under consideration by the Courts and Tribunals and cases where legal proceedings are being considered/initiated.
- Whistle blowing – where staff are raising issues these will be dealt with under the whistle blowing procedures.

- A staff employment issue, where disciplinary and grievance procedures will be used.
- Not related to the actions or decisions of this Authority, or of anybody acting on our behalf.
- The same complaint that has already been dealt with by our complaint's procedure.
- The complaint is more than 6 months old, and it would not be possible for the Authority to consider the complaint effectively and fairly, e.g. due to changes in staffing and record retention timescales.
- There is a potential or actual insurance claim

6. Anonymous Complaints

6.1 From time to time the Authority receives anonymous complaints and although these will be passed to the relevant team for information, ordinarily there will be no further action unless the service involved considers it appropriate to do so.

7. Who May Complain?

7.1 The Authority will consider representations including complaints made to us by customers in the fund or a third party who is contacting us on the customer's behalf. A complaint by a representative will not be considered by the Authority unless satisfied that the representative is acting with explicit consent of the customer or under a Power of Attorney.

7.2 In the case of a customer who lacks capacity to make a complaint themselves, a third-party complaint will only be permitted when the Complaints Resolution Officer, in discussion with the senior manager from the service area, determines that the third party who is not an advocate is acting in the best Interest of the customer.

8. Basic Principles of Complaints

8.1 Concerns or worries are often raised as part of normal everyday interaction between the Authority and its Customers. Normally these will be easily resolved by staff working on a day-to-day basis with the customer. However, there may be complaints that cannot be sorted out in that way to the complainant's satisfaction.

8.2 Basic Principles:

- Most complaints arise from a genuine feeling of grievance and not of maliciousness.
- Small grievances can become large if not dealt with at the early stages.
- Complaints can serve to highlight genuine deficiencies in service and staffing levels.

- People have the right to complain, to be heard, and to have their complaints investigated as quickly as possible.
- Handling complaints properly is an important part of the way the Authority provides its services.
- Complaints are part of the feedback system as to how services are provided.
- The confidentiality of the member and those persons mentioned (whether staff or others) should be appropriately protected.
- Even persistent/vexatious customers can have a new valid complaint.

9. Values

9.1 This procedure sets out certain values that the Authority regards as central to this process:
- That services and information about services should be readily available and easy to understand.
- That customers are involved as fully as possible in our processes to promote better services.
- That people have rights and can ask the service to account for its action or inaction on their behalf.
- That people have the right to redress when the services provided have not been good enough and when there has been an injustice caused by the Service.

9.2 These values establish a few things for our services and for our staff:
- That the Authority should be trying to provide a quality service that is fit for purpose and resilient. Where this does not happen, for any reason, then the Complaints Procedure offers a means of redress and of improving the quality of the service provided.
- The rights of individuals to complain are clear. However, the right of staff to equally fair treatment is also explicit. This procedure does not provide a means of placing one person's "rights" above those of another.

10. Complaints' Framework

10.1 It is important that members and Employers are aware that this procedure applies to formal complaints only.

10.2 Complaints about issues or events that occurred more than 6 months prior to the date of the complaint will not normally be considered unless any of the following circumstances apply:
- The complainant was not aware, until beyond the period of 6 months of the actions of the Authority which now form the subject of the complaint.
- The complainant was incapacitated by ill-health beyond the 6-month period which prevented them from making a complaint within the allowed timescales and provides proof of this.

- It would have been unreasonable for the complaint to have been made earlier than it was made.
- Similarly, there will be no review of a complaint that was dealt with more than 6 months ago. Unless an extension is given under IDRP.

10.3 There are two stages to this procedure as defined in sections 11 and 12 of this document.

11. Step 1 - Formal Complaint

11.1 If it has not been possible to resolve the complaint informally, the complaint will be recorded formally by the Complaints Resolution Officer

11.2 The relevant service area will investigate the complaint, and the Complaints Resolution Officer will respond to the customer within the timescales set out in this procedure.

12. Step 2 - Statutory Complaint Procedure - Internal Dispute Resolution Procedure (IDRP)

12.1 It is a requirement of the Pensions Act 1995 to have a procedure in place to review decisions on the correct operation and interpretation of the LGPS Regulations. The Local Government Pension Scheme Regulations contains a two-stage internal dispute resolution procedure (IDRP).

12.2 Details of the Specified persons authorised to deal with Stage 1 and Stage 2 appeals will be confirmed to the appellant on receipt of the complaint.

12.3 The Pensions Ombudsman has powers to review decisions from the IDRP, along with additional powers to review cases where maladministration is alleged. The Ombudsman will not investigate cases until the IDRP has been exhausted. The decisions of the Pensions Ombudsman are enforceable in a court of law.

12.4 Complaints not covered by the IDRP:

- If the customer is not satisfied with the outcome of the investigation at Step 1, they may request that the complaint be reviewed providing their reasons for this. The request for a review and any subsequent investigation would be considered by the Monitoring Officer.
- The customer will be asked to provide details of why they feel that their complaint has not been fully responded to at Step 1.
- However, if it is considered that there are no suitable grounds for escalating the complaint to Step 2 the customer will receive written confirmation detailing the reasons why their request had been declined, together with contact details for the Local Government Ombudsman (LGO).

12.5 The purpose of a 2 step review is to consider if:

- The customer’s complaint was fully understood and addressed.
- All the relevant evidence was considered.

- The Authority's policies and procedures were properly followed.
- The complaints process was carried out properly and fairly.
- The conclusions were reasonable and fair and reached based on evidence.
- Any other actions or remedies are appropriate.

12.6 The purpose of a 2-step review is not to:

- Reinvestigate the complaint – it will focus on understanding continuing concerns and consider whether Step 1 was undertaken fairly and that the conclusions reached were reasonable.
- Undermine the professional judgement of officers (for example it would not be appropriate to revisit a decision taken by a senior member of staff such as the Director).
- Deal with any new matters that were not part of the original complaint.
- Cover any points dealt with by a court or where an appeal against a decision lies with a court or other legal process.

13. Response Times

13.1 Formal Complaint:

- The Authority, in accordance with the LGO guidance on running a complaint system, will focus on our complaints taking in total no longer than 12 weeks from receipt to resolution. All complaints will be acknowledged in 5 working days.
- If the complaint is complex and the service area is unable to complete a full response by the 12 week deadline the customer will be contacted and a discussion will take place about the reasons for the delay, but to also confirm the new response date.

13.2 IDRP:

- The Stage 1 adjudicator will respond to the complainant within two months of receiving a claim, giving details of the decision, or acknowledging the claim and explaining when a decision will be reached.
- The Stage 2 adjudicator will respond to the complainant within two months of receiving a claim, giving details of the decision, or acknowledging the claim and explaining when a decision will be reached.

14. Money Helper

14.1 Impartial guidance can be sought from Money Helper if you have a problem with the LGPS pension. Pensions and retirement | Help with pensions and retirement | MoneyHelper

15. Local Government Ombudsman (LGO)

15.1 If a customer is unhappy about the way that the Authority has dealt with their complaint, and that complaint was not because of a decision on the correct operation and interpretation of the LGPS Regulations they can contact the Local

Government Ombudsman who is independent and can investigate complaints about most Authority matters. The Ombudsman would normally expect a complaint to be made to them within 12 months of when the complainant first knew of the problem that they are complaining about.

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Reporting Breaches Procedure

September 2025

Document Control Information	
Document title	Reporting Breaches Procedure
Version	July 2025
Status	For Review : Local Pension Board
Owner	Assistant Director Pensions
Department	Pensions
Publication date	TBC
Approved by	TBC
Next review date	August 2028

Version History			
Version	**Date**	**Detail**	**Author**
1	DATE	e.g. Original Policy	TITLE
2	DATE	e.g. Full review and revision.	TITLE

Further information

If you require further information about reporting breaches or this procedure, please contact:

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Contents

1. Introduction

1.1 This document sets out the procedures to be followed by certain persons involved with, the Local Government Pension Scheme managed and administered by South Yorkshire Pensions Authority, in recording and reporting breaches of the law to the Pensions Regulator.

1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

1.3 This Procedure document applies in the main to:

- All members of the South Yorkshire Pensions Authority Board.
- All members of the South Yorkshire Local Pension Board.
- All officers involved in the management of the Pension Fund including the Pensions Administration Teams, the Resources Team the Investment Team and the Section 151 Officer.
- Any professional advisors including auditors, actuaries, legal advisors and fund managers.
- Officers of employers participating in South Yorkshire Pension Fund who are responsible for Local Government Pension Scheme matters.

2. Requirements

2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

2.2 **Pensions Act 2004**
Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme;
- a member of the Pension Board of a public service pensions scheme (in the case of South Yorkshire, the Authority and the Local Pension Board);
- a person who is otherwise involved in the administration of an occupational or personal pension scheme;
- the employer in relation to an occupational pension scheme;
- a professional advisor in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

To report a matter to the Pensions Regulator as soon as it becomes practically possible where that person has reasonable cause to believe that:

- a legal duty relating to the administration of the scheme has not been or is not being complied with, and

- the failure to comply is likely to be of material significance to the Pensions Regulator.

  The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal advisor and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

2.3 **The Pension Regulator's Code of Practice**
Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice in the following areas:

- Implementing adequate procedures.
- Who must report a breach.
- Judging whether a breach must be reported.
- Submitting a report to the Pensions Regulator.
- Whistleblowing protection and confidentiality.
- Reporting payment failures

2.4 **Application to South Yorkshire Pension Authority**
This procedure has been developed to reflect the guidance contained in the Pension Regulator's Code of Practice (2024) in relation to the South Yorkshire Pension Authority and this document sets out how the Authority will strive to achieve best practice through use of a formal reporting breaches procedure.

3. The South Yorkshire Pension Authority Reporting Breaches Procedure

3.1 The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of the law relating to South Yorkshire Pension Authority. It aims to ensure individuals responsible can meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

3.2 **Clarification of the law**
Individuals may need to refer to regulations and guidance when considering whether to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:
- Employment Rights Act 1996:
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):
- Public Service Pension Schemes Act 2013:
- Local Government Pension Scheme Regulations,

- The Pensions Regulator's Code of Practice: In particular, individuals should refer to the section on 'Reporting breaches of the law,' and for information about reporting late payments of employee or employer contributions, the section of the code on Administration – Monitoring contributions and resolving overdue contributions.

  Further guidance and assistance can be provided by the Director, Assistant Director Pensions and the Monitoring Officer provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

3.3 **Clarification when a breach is suspected**
Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected, the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, it will usually be appropriate to check with the Director, Assistant Director Pensions, Monitoring Officer, a member of the Pensions Authority or Local Pension Board or others who are able to explain what has happened. However, there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases, the Pensions Regulator should be contacted without delay.

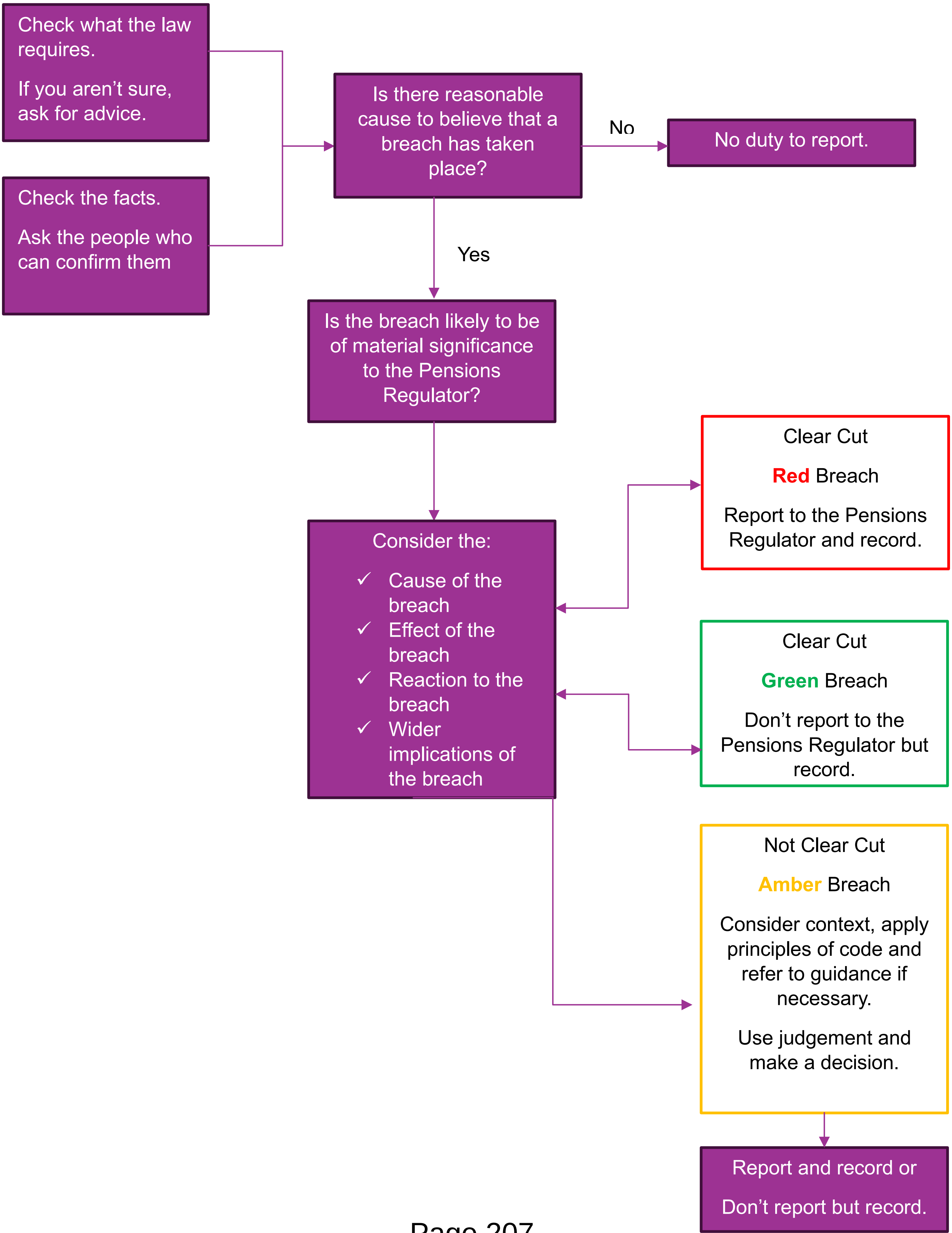
3.4 **Determining whether the breach is likely to be of material significance**
To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

- Cause of the breach (what made it happen).
- Effect of the breach (the consequence(s) of the breach).
- Reaction to the breach.
- Wider implications of the breach.

Further details on the above four considerations are provided in **Appendix A** to this procedure.
The individual should use the traffic light framework described in **Appendix B** to help assess the material significance of each breach and to formally support and document their decision.

3.5 A decision tree is provided below to show the process for deciding whether a breach has taken place and whether it is materially significant and therefore requires to be reported.

Decision Tree: Deciding whether to report a breach or not



3.6 **Referral to a level of seniority for help with a decision to be made on whether to report**

South Yorkshire Pensions Authority has a designated Monitoring Officer to ensure the Authority acts and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to the Pensions Regulator, where appropriate. If breaches relate to late or incorrect payment of contributions or pension benefits, the matter should be highlighted to the Assistant Director Pensions at the earliest opportunity to ensure the matter is resolved as a matter of urgency. Individuals must bear in mind, however, that the involvement of these Officers is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to the Pensions Regulator.

The matter should not be referred to any of these officers if doing so will alert any person responsible for a possible serious offence to the investigation. If that is the case, the individual should report the matter to the Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

3.7 **Dealing with complex cases**

The Assistant Director - Pensions may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LGA Group). If timescales allow, legal advice or other professional advice can be sought. And the case discussed by the Authority Senior Management Team.

3.8 **Timescales for reporting**

The Pensions Act and Pension Regulators Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which the Pensions Regulator may require before acting. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

3.9 **Early identification of very serious breaches**

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, the Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of the remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Pensions Regulator to the breach.

3.10 **Recording all breaches even if they are not reported**

The record of past breaches may be relevant in deciding whether to report a breach, for example, it may reveal a systemic issue. South Yorkshire Pensions Authority will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Assistant Director Pensions. Records of unreported breaches should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be reported to the Authority and Pensions Boards on a quarterly basis.

3.11 **Reporting a breach**

Reports must be submitted in writing via the Pensions Regulator's online system at www.tpr.gov.uk/exchange, by post or email and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to the Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by the Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- Full scheme name (South Yorkshire Pensions Authority).
- Description of breach(es).
- Any relevant dates.
- Name, position and contact details.
- Role in connection to the scheme.
- Employer name or name of scheme manager (the latter is South Yorkshire Pensions Authority).

If possible, reporters should also indicate:

- The reason why the breach is thought to be of material significance to the Pensions Regulator.
- Scheme address (provided at the end of this document).
- Scheme manager contact details (provided at the end of this document).
- Pension Scheme registry number (10165252).
- Whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help the Pensions Regulator in the exercise of its functions.

3.12 **Confidentiality**

If requested, the Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individuals' employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

3.13 **Reporting to South Yorkshire Pensions Authority Board and the Local Pension Board**

A report will be presented to the Authority Board and the Local Pension Board on a quarterly basis setting out:

- The number of breaches, including the number of which were reported to the Pensions Regulator and the date reported.
- For Amber Breaches, details of what action was taken and the result of any action (where not confidential).

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). An example of the information to be included in the quarterly reports is provided at Appendix C to this procedure.

3.14 **Review**

This Reporting Breaches Procedure will be kept under review and updated as considered appropriate by the Assistant Director Pensions. It may be changed because of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

Appendix A

Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- Cause of the breach (what made it happen).
- Effect of the breach (the consequence(s) of the breach).
- Reaction to the breach.
- Wider implications of the breach.

The cause of the breach

Examples of causes which are likely to be of concern to the Pensions Regulator are provided below:

- Action, or failing to act, in deliberate contravention of the law.
- Dishonesty
- Incomplete or inaccurate advice.
- Poor administration, i.e. failure to implement adequate administration procedures.
- Poor governance.
- Slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- Whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- Whether there have been any other breaches (reported to the Pensions Regulator or not) which when taken together may become materially significant.

The effect of the breach

Examples of possible effects (with possible causes) of breaches which are considered likely to be of material significance to the Pensions Regulator in the context of the LGPS are given below:

- Authority/Board members not having enough knowledge and understanding, resulting in the Authority and Board not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of interest of Authority or Board members, resulting in them being prejudiced in the way they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.

- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time.
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

The reaction to the breach

A breach is likely to be of concern and material significance to the Pensions Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause to minimise risk of recurrence.
- Are not pursuing corrective action to a proper conclusion.
- Fail to notify affected scheme members where it would have been appropriate to do so.

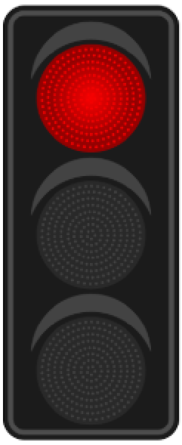
The wider implications of the breach

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to the Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Authority or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

Appendix B

Traffic light framework for deciding whether or not to report

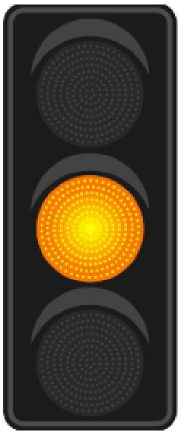
It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to the Pensions Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a **Red** breach, when considered together, are likely to be of material significance.

These must be reported to the Pensions Regulator.

Red Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised, and no action has been taken to identify and tackle the cause or to correct the errors.



Where the cause, effect, reaction and wider implications of an **Amber** breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

Amber Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However, the breach was caused by a system error which may have wider implication for other public service schemes using the same system.

Where the cause, effect, reaction and wider implications of a **Green** breach, when considered together are not likely to be of material significance. These should be recorded but do not need to be reported.

These must be reported to the Pensions Regulator.

Green Example: A members' benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

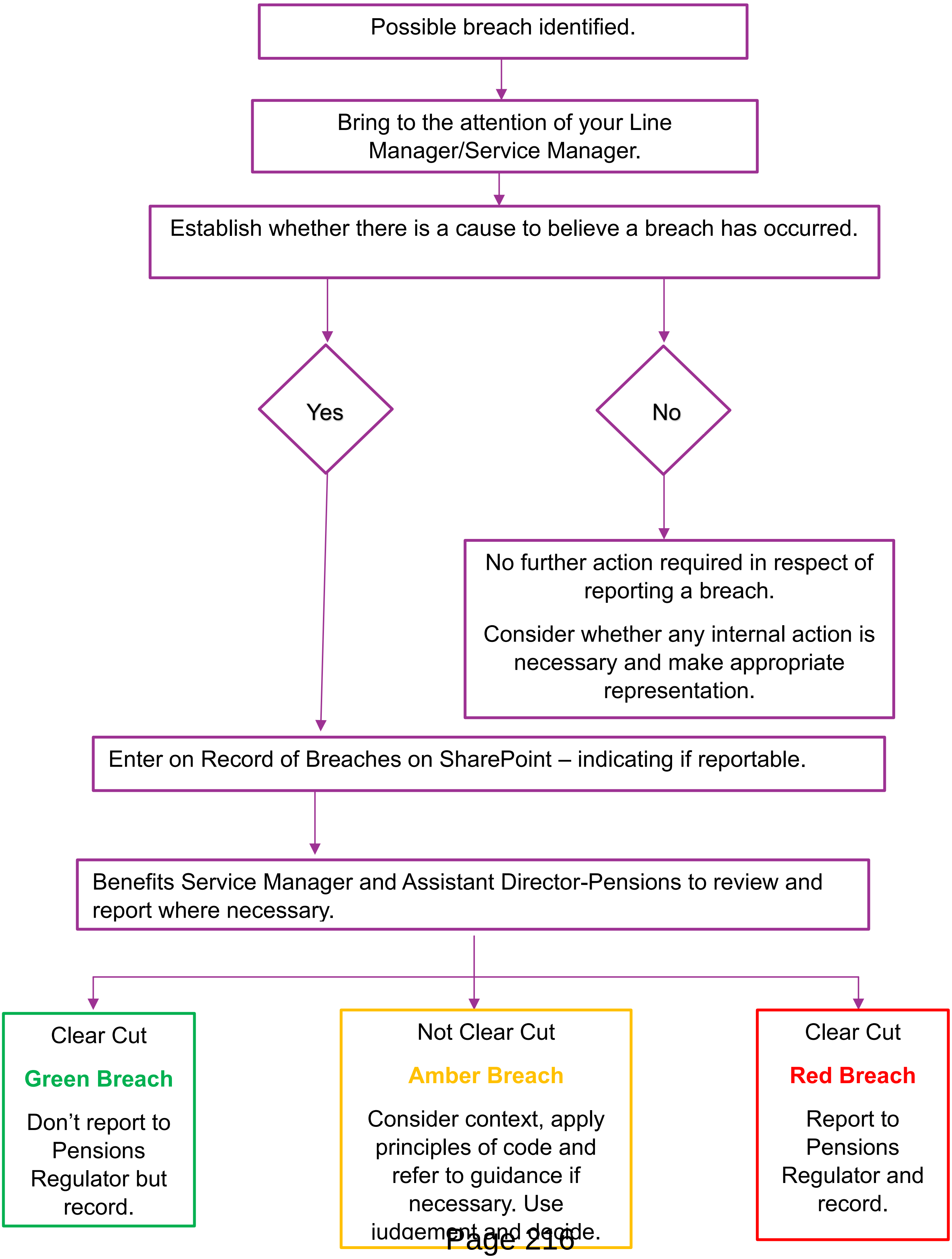
Appendix C

Example of Record Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction to relevant parties to breach	Reported/Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

Appendix D

Operational Flowchart for recording Breaches



Contact Us

If you are able to read this but know someone who cannot, please contact us on 0300 303 6160 so we can provide the information in a more appropriate and accessible format.

If you wish to contact us on any issue regarding your pension, please contact us using the details provided below:

Office Hours:

Monday to Thursday: 9.00am - 5.00pm

Friday: 9.00am - 4.30pm

Weekends: CLOSED

Email: customerservices@sypa.org.uk

Tel: 0300 303 6160

Web: www.sypensions.org.uk

Agenda Item 16

Subject	Summary of the Local Pension Board	Status	For Publication
Report to	Authority	**Date**	4 September 2025
Report of	Riaz Nurennabi Chair of Local Pension Board		

1 Purpose of the Report

1.1 To provide Authority members with a summary of administrative and governance issues reviewed by the Local Pension Board (the Board) at its last meeting.

1.2 To update the Authority regarding areas where the Board has received sufficient assurance that it is compliant with regulations and legislation, and to highlight any areas where the Board would like to see further progress in order to strengthen the assurance obtained.

1.3 For the Authority to consider any recommendations from the Local Pension Board.

2 Recommendations

2.1 Authority Members are recommended to:

a. **Note the content of this report.**

b. **Make any recommendations to the Local Pension Board if required.**

3 Background and Information

3.1 This report summarises the activity of the Board and is part of the arrangements in place to ensure good governance and that the Board is enabled to fulfil its duties to assist the Authority in relation to securing compliance with regulations relating to the governance and administration of the Fund.

3.2 Full draft minutes of the Board meeting held on 7 August 2025 are attached at Appendix A and are subject to approval at the next meeting of the Board on 6 November 2025.

4. Summary of the Local Pension Board Meeting on 8 August 2025

Governance and Resources

4.1 The Head of Governance and Corporate Services presented the Governance, Regulatory and Policy Update to the Board and gave an update on decisions made by the Authority and the Audit and Governance Committee.

4.2 The Board reviewed the Corporate Risk Register and received an update on SYPA compliance with the Pensions Regulator’s General Code of Practice.

4.3 The Board reviewed the updated LPB Constitution and Terms of reference.

4.4 The Board reviewed the first draft Authority’s Annual Report 2024/25.

Pensions Administration

4.5 The Assistant Director - Pensions presented the Pensions Administration quarterly report to the Board and presented the Annual Benefits Statement for the Board's review.

4.6 In the private section of the meeting the Board were given a progress update on the Valuation 2025 and were presented with the draft Funding Statement Strategy for consultation.

Conclusion

5. Assurances gained by the Board

5.1 The Board gained assurance in the following areas:

a) Recent decisions made by the Authority
b) Member training and development
c) Progress towards full compliance with TPR's General Code of Practice
d) Production of the draft Authority Annual Report
e) Risk management
f) Administration casework completed in the quarter
g) Member and employer communications
h) The progress of the triennial valuation, including the revised Funding Strategy Statement

5.2 The Board is keen to see further progress in the following areas to gain a more complete level of assurance:

a) Proposed revisions to the Board Constitution and Terms of Reference
b) The Administration Improvement Plan and clearance of the backlog.
c) Implementation of the McCloud remedy and improved confidence in the software supplier to ensure that the relevant development / installation work can be implemented in a timely manner. In particular, the Local Pension Board has asked Officers if a meeting with the software supplier (held jointly with Authority representatives) would help progress matters.

6. Implications

6.1 This report has the following implications:

Financial	No direct implications.
Human Resources	No direct implications.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

Riaz Nurennabi

Chair of Local Pension Board

SOUTH YORKSHIRE PENSIONS AUTHORITY

LOCAL PENSION BOARD

7 AUGUST 2025

PRESENT: Riaz Nurennabi (Employer Representative and Chair), David Webster (Employee Representative and Vice Chair), Cllr David Nevett (City of Doncaster Council), Cllr Linda Beresford (Rotherham MBC), Andrew Gregory (Scheme Member Representative), Sheldon McClure (Unite) and Shelagh Carter (GMB)

Neil Mason (Independent Adviser to the Board)

Officers in Attendance: Gillian Taberner (Assistant Director – Resources), Debbie Sharp (Assistant Director – Pensions), Jo Stone (Head of Governance and Corporate Services), Annie Palmer (Team Leader – Governance) and Gina Mulderrig (Governance Officer)

Apologies: Nicola Gregory (Employer Representative)

1 WELCOME AND APOLOGIES

The Head of Governance and Corporate Services welcomed everyone to the meeting. The Board welcomed Councillor David Nevett, who had previously served on the Authority and had now been appointed as a member of the Local Pension Board as the Local Authority representative for City of Doncaster Council and Shelagh Carter who has been appointed as the GMB Union Representative.

Apologies were noted as above.

2 ANNOUNCEMENTS

None.

3 OUTCOME OF CHAIR AND VICE CHAIR ELECTIONS

The Head of Governance and Corporate Services presented the results of remote elections for LPB Chair and LPB Vice Chair held ahead of the first Board meeting of the municipal year.

It was explained that one candidate submitted a valid nomination for Chair and the Board was asked to vote on the election of the Chair and that one candidate submitted a valid nomination for Vice Chair and the Board was asked to vote on the election of the Vice Chair.

RESOLVED: Members agreed:

a) **Riaz Nurennabi was elected Chair of the SYPA Local Pension Board with immediate effect for the 2025/26 municipal year.**

b) **David Webster was elected Vice Chair of the SYPA Local Pension Board with immediate effect for the 2025/26 municipal year.**

4 URGENT ITEMS

None.

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

RESOLVED: Item 19 and 20 were 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.

6 DECLARATIONS OF INTEREST

None.

7 MINUTES OF THE MEETING HELD ON 24/04/2025

RESOLVED: The minutes of the meeting of the Board held on 24 April 2025 were agreed as a true record.

8 REVIEW OF THE ACTION TRACKER

Members queried closing Item 53 but were assured by the Assistant Director – Pensions that the information available regarding MyPension online portal users was covered in the Administration update at item 15.

RESOLVED: Members noted updates and agreed the items proposed to be closed be actioned before the next meeting of the Board.

9 GOVERNANCE, REGULATORY AND POLICY UPDATE

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

The report highlighted that the high number of Authority and Local Pension Board members planning to attend the Border to Coast Conference in September was very positive and the Independent Adviser added that South Yorkshire Pensions Authority had also been well represented at the PLSA Local Authority Conference in June, explaining that this showed a positive level of peer and industry engagement.

RESOLVED: Members noted the updates included in the report.

10 UPDATE ON DECISIONS MADE BY THE AUTHORITY

The Head of Governance and Corporate Services provided Local Pension Board members with an update on decisions made by the Authority and its Committees, and any decisions taken under the urgency procedure between meetings of the Authority.

Members queried the underspend of £328k approved by the Authority at the meeting on 5 June 2025 and asked whether this underspend could be used to pay staff or contractors to work on clearing the backlog.

The Assistant Director – Resources broke down the underspend explaining that £138k of this underspend by the Authority had to be transferred to the Fund but that the remainder of the underspend was transferred to reserves and that, while some reserves were set aside for specific projects and costs, the budgets were regularly monitored and forecasts made regarding under-spends, the use of reserves and any expenditure requirements. This enables the use of available reserve balances and / or in-year under-spends where appropriate, such as for additional overtime costs for workload pressures arising from staff vacancies in particular. This has happened this year already with under-spends being used to finance staff overtime in pensions administration for focussed work on casework backlogs and priority areas for the valuation.

The Independent Adviser noted the Authority had completed their first Effectiveness Review and asked whether there was scope for collaboration between the Authority and the LPB on their 2025-26 Effectiveness Reviews in 2026. The Head of Governance and Corporate Services agreed to note the suggestion and arrange for this to be discussed at the forthcoming joint meeting of the Authority and LPB Chairs and Vice Chairs.

RESOLVED: Members noted and commented upon the decisions included in the report.

11 CORPORATE RISK REGISTER

The Team Leader – Governance provided members of the Board with the opportunity to review the updated risk register which supports the corporate strategy.

Members asked for clarification on which risks were reducing and the Team Leader – Governance gave assurance that several risks were reducing including Member Knowledge and Understanding and the Border to Coast Strategic Plan and that another review of the Register was in progress with more risks expected to move to ‘red’ from ‘amber’. Members requested future reports include the risk score from the previous review so they can assess how much a risk has reduced or increased.

Members asked what the process was for rolling out the implementation of operational risk registers to all teams. The Team Leader – Governance explained that the process would be done in stages across all the relevant services in the organisation. The first stage involves the Governance Team, ICT team and the Programmes and Performance team, which are progressing well and should all be fully live with their operational risk registers on the Pentana system by the end of this quarter. It was noted that good progress on maximising use of the system was being made.

RESOLVED: Members noted and commented upon the revised corporate Risk Register at Appendix A.

12 COMPLIANCE WITH PENSIONS REGULATOR GENERAL CODE OF PRACTICE (BI-ANNUAL UPDATE)

The Team Leader – Governance provided Local Pension Board members with an update on the current status of compliance with each section of the Pensions Regulator's (TPR's) General Code of Practice.

Members queried the 'red' status of question 15 under Scheme Administration regarding having a robust business continuity plan in place. The Assistant Director – Resources explained that this plan is in draft currently and would be fully completed before the next report meaning the status should be green next time.
In response to a query regarding questions in the Communications and Disclosure section of the Code, it was also explained that a new Digital Media and Communications Officer was due to start in September 2025 and that this would enable the Communications team to progress the actions planned in relation to arranging a review of scheme member communications against plain English and accessibility standards. It was also explained that the status of several questions under the Reporting to TPR section were set to improve should the Complaints and Breaches Procedures presented at item 15 of this agenda be approved.

The Independent Adviser noted that there were numerous outstanding actions that had been identified as 'required' and stressed the importance of keeping the Board up to date with progressing these actions. The Chair agreed and asked whether there were any particular actions that SYPA would struggle to meet.

The Head of Governance and Corporate Services expressed that they were confident all 'required' questions could be met with the actions being planned and that the majority had already been identified for improvement before the compliance review. Officers agreed to include specific progress updates on any required areas of the Code that remain non-compliant in the covering report at the next review to be reported in February 2026.

RESOLVED: Members:

a) **noted the update on compliance with the TPR's General Code of Practice and actions identified; and**
b) **considered if any further information or explanation was required from officers.**

13 CONSTITUTION AND TERMS OF REFERENCE

The Head of Governance and Corporate Services presented the updated LPB Constitution and Terms of Reference following review and changes made in response to recommendations from the independent governance review.

Members discussed the proposed amendments noting some typographical errors for correction. Members also sought clarification that updates to the Constitution regarding rotation of Employer and Employee Representatives as Chair and Vice Chair were scheduled for discussion at the 2026 LPB Effectiveness Review and it was agreed to remove the additional reference to such rotation until the Board had discussed them further. Members also queried the term limit shown for the Independent Adviser, which was inconsistent with the overall limit for Board members. The Independent Adviser agreed on the need for consistency wherever possible. It was agreed to remove reference to the Independent Adviser's term limit pending further discussion.

RESOLVED: Members approved the updated Local Pension Board Constitution and ToR at Appendix A with agreed amendments.

14 DRAFT AUTHORITY ANNUAL REPORT FOR LPB REVIEW

The Assistant Director – Resources presented the first draft of the Authority's Annual Report for 2024/25 to the Board for review and comments.

Members noted the large size of the report and questioned whether a high-level summary of each section could be added to aid readers in understanding the information.

The Assistant Director – Resources explained that the report required such a large amount of information but that the option of summarising sections would be looked at. It was also explained that, when published, the report would be accompanied on the website by the SYPA In Focus video, introduced for the first time last year, with senior officers summarising the highlights from the report to make it more accessible to all stakeholders.

Members also noted a small number of typographical errors for correction by officers before publishing.

RESOLVED: Members reviewed and commented on the draft Annual Report of the Authority for 2024/25 at Appendix A.

15 PENSIONS ADMINISTRATION QUARTERLY REPORT

The Assistant Director – Pensions presented the Pensions Administration Quarterly Report giving the latest information on work undertaken in Quarter 1 2025-26.

Members asked for clarification around system updates testing for McCloud and it was confirmed that the user acceptance testing is carried out by teams across the organisation and not automated.

The Independent Adviser requested an update as to what measures are being put in place to manage the contractual expectations with the Systems Provider to ensure delivery of key dates for the implementation of McCloud. The Assistant Director – Pensions explained that discussions are in place collectively with other service users to assess the next steps in ensuring contractual compliance. Discussions took place around the potential of the service provider presenting to both the Board and Authority to demonstrate the plan for delivering the required outcomes in relation to McCloud. It was agreed that the options to meet with the service provider would be discussed at the joint Authority and Local Pension Board Chair and Vice Chair Meeting to be held on 11 August 2025.

Members noted that performance in relation to casework processing had decreased compared to the previous quarter and questioned the reason for this. It was confirmed that the reduction was due to the refocusing of priorities to work required for the valuation and that the next quarter reporting should reflect an upturn in the casework performance figures.

The Independent Adviser asked for further detail around the expected outcomes of the reassessment of the performance targets. The Assistant Director – Pensions explained that the overarching target would be reviewed and split into individual targets that are proportionate and tolerable to each task and would look to cover this as part of the next quarterly report.

Members welcomed the increase in numbers of scheme members registered on the online portal and questioned the percentage split for active members. It was agreed that this will be reported in the next quarterly report.

The introduction of automation was discussed and the Assistant Director – Pensions confirmed that the working group will be looking at the viability of this in certain processes but it would not be appropriate for more complicated calculations. Members requested clarification of figures reflected on the Annual Benefits Statements Dashboards and it was explained that these were a snapshot in time and are intended to show how the progress is being tracked.

The Independent Adviser commented on the positive engagement figures and queried how non formal complaints and positive feedback comments are captured. The Assistant Director – Pensions clarified that general queries where scheme members' issues are rectified as part of the call do not form part of the measured feedback however any feedback via the click surveys is monitored by the complaints resolution officer.

RESOLVED: Members:

a) **Noted the contents of this report with comment; and**
b) **Considered the draft Complaints and Breaches Procedures attached at Appendix B & C; and**
c) **Recommended the draft Procedures to the Authority Board for approval.**

16 REVIEW OF KEY COMMUNICATIONS - ANNUAL BENEFITS STATEMENT

The Assistant Director – Pensions presented the report to update members on the information sent to Scheme members on the Annual Benefit Statement to comply with Regulation 89 of the Local Government Pension Scheme Regulations 2013.

RESOLVED: Members accepted the report.

17 PLANNING OF THE NEXT LOCAL PENSION BOARD MEETING

The Head of Governance and Corporate Services set out the draft agenda for the next meeting of the Board for discussion and included progress on the work programme for the current year.

Members requested they receive updates on the developments with pooling matters as a result of the Fit for the Future initiative at the next meeting and this was added to the agenda.

RESOLVED: Members discussed and commented on the draft agenda for the November 2025 meeting as set out in paragraph 5.1 of the report.

18 UPDATE ON LOCAL GOVERNMENT PENSION SCHEME: FIT FOR THE FUTURE (VERBAL UPDATE)

The Assistant Director – Resources gave a verbal update on the progress and next steps of Local Government Pension Scheme Fit for the Future initiative.

The Assistant Director - Resources explained that the Authority had been briefed on the Government's response to the Fit for the Future consultation at their June 2025 meeting and that the information and subsequent updates had also been communicated to Board members via email. It was explained that the consultation and response broadly covered three areas: Local Investment, Governance and Pooling.

The Assistant Director - Resources explained there had been little change to the Local Investment proposals, which were in line with SYPA's place-based investment strategy and very much in line with SYPA's existing plans in this area.

The Assistant Director – Resources explained that in relation to the Governance aspects of the consultation, the Government's response gave clarification and detail on required strategies, policies and reviews and the new role of Senior LGPS Officer and added that these recommendations were in line with how SYPA operated and were achievable without major adjustment.

The Assistant Director – Resources gave the latest update on Pooling, following the Government's decision that the 21 funds in the ACCESS and Brunel pools would need to join another continuing pool. It was explained that Border to Coast and its partner funds were engaging positively with the soon to be 'homeless' funds and peer pools to ensure an optimal solution be reached. It was explained that a working party is in place involving the senior officers from some of the partner funds, including the Authority's Director and the Board's independent adviser in his role as Senior LGPS Officer for the Surrey PF. A formal recommendation to shareholders is expected to be available for discussion and decision at the Authority meeting on 4 September 2025 and outcomes would be communicated to Board members as soon as practicable.

RESOLVED: Members noted the verbal update.

RESOLVED: Items 19 and 20 were 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.

19 FUNDING STRATEGY STATEMENT - DRAFT FOR CONSULTATION

The Assistant Director – Pensions updated members on the changes required to the core Funding Strategy Statement in line with the 2025 triennial Valuation to comply with Regulation 58 of the Local Government Pension Scheme Regulations 2013.

Members discussed the draft report, in particular requesting further clarification on the status of Climate Risk and TCFD reporting and were given assurance by the Assistant Director – Pensions that a full report and analysis would be available for employers by September 2025.

RESOLVED: Members:

a) **Considered the draft core Funding Strategy Statement at Appendix A and comment upon any changes required; and**
b) **Recommended the draft, with any further amendments required, to the Authority Board for approval.**

20 VALUATION 2025 - PROGRESS UPDATE

The Assistant Director – Pensions updated members on the 2025 triennial Valuation to comply with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Members queried when employer contribution rates would be shared and the Assistant Director – Pensions explained that the timetable indicated the rates would be shared by the end of September 2025 and that the information would be communicated to all stakeholders in a variety of ways once available.

RESOLVED: Members accepted the report.

CHAIR

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Subject	**Governance, Regulatory and Policy Update**	**Status**	For Publication
Report to	Authority	**Date**	04 September 2025
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance & Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

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

2 Recommendations

2.1 Authority Members are recommended to:

a. Note the updates included in this report.

3 Link to Corporate Objectives

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

Effective and Transparent Governance

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

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

4 Implications for the Corporate Risk Register

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

5 Background and Options

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

Governance and Training Strategy

5.1 The 'LGPS – Fit for the Future' consultation and outcomes include the requirement for administering authorities to prepare and publish a governance and training strategy, to replace the current governance compliance statement. This new strategy will set out the approach to governance, knowledge and training, member representation, and conflicts of interest; and set out objectives and planned actions in these areas, to be reviewed at least once every valuation period.

5.2 In responding to consultation feedback, the government clarified their recognition of a concern about the length of this if it is a single document and clarified that the requirement will be for a strategy for governance (including member representation), a training strategy, and a conflicts of interest policy, which may be combined. It was also confirmed that this need not necessarily be updated to coincide with triennial valuation, the government will not prescribe when reviews should happen. The Authority is in a strong position to meet the requirements as we have these policies in place already and now await the detailed guidance to implement. Officers will provide further updates when available.

Authority Membership and L&D Update

5.3. Councillor Charity from City of Doncaster Council has stood down from the Authority. The City of Doncaster Council has appointed Councillor John Reed to take his place and to be designated as the Section 41 member for Doncaster.

5.4. New members are on track to complete their core training by the end of September to ensure the Authority is fully compliant.

5.5. Individual member learning and development plans were introduced from April this year. The governance team are liaising with members to complete a self-assessment form and undertake one-to-one meetings to discuss and plan for individual training requirements for the year ahead. The plans will also start to inform the team of any common trends of training and skills gaps that need to be considered in the wider context of the Member L&D Strategy.

Border to Coast Conference

5.6. The Authority has seen the most successful attendance confirmation for the 25 and 26 September Border to Coast Annual Conference. 10 members have confirmed attendance across the LPB and Authority members.

New Website for LGPS administrators and employers

5.7. The LGA Pensions team has started a project to develop new websites for LGPS administrators and employers in England and Wales and Scotland. These will replace the existing websites. The LGA would like to work with stakeholders to hear how they use the current websites, any problems they have encountered with the existing websites and receive feedback on proposed changes, improvements and new features. Officers in the teams here at the Authority will feed views into this as relevant.

Gender Pensions Gap roundtable event

5.10. In June the Scheme Advisory Board hosted a roundtable event. The event brought together industry figures and a cross-section of the public sector pensions to discuss the 18 proposals in the Access and Fairness consultation covering the Gender Pensions Gap and wider pensions adequacy issues. The group received presentations on how to ensure communication with scheme members could be improved, how scheme design can affect different groups and discussed how to respond to the ongoing MHCLG Access and Fairness consultation. The Assistant Director – Pensions has submitted a response on behalf of the Authority to this consultation.

Remote Attendance

5.11. Following a government consultation on a proposal to allow remote attendance and proxy voting at local authority meetings, the government have published their response confirming an intention to legislate to support permanent provision in relation to both policies, when parliamentary time allows.

5.12 When legislation and any regulatory guidance have been laid, the Authority will be able to consider its own policy in this respect and update the Constitution as required. The Authority's response to the consultation was considered and approved at the December 2024 meeting of the Authority.

6. Implications

The proposals outlined in this report have the following implications:

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

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	**Place of Inspection**
N/a	

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SOUTH YORKSHIRE PENSIONS AUTHORITY

Agenda Item

Subject	**Independent Governance Review Action Plan**	**Status**	For Publication
Report to	Authority	**Date**	04 September 2025
Report of	Assistant Director – Resources		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance and Corporate Services	**Phone**	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

1.1 To update members on progress being made on the Governance Review action plan arising from the independent governance review undertaken by Aon in 2024.

2 Recommendations

2.1 Members are recommended to:

a. Note the updates and progress against the Governance Review action plan.

3 Link to Corporate Objectives

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

Effective and Transparent Governance

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

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

4 Implications for the Corporate Risk Register

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

5 Background and Options

5.1 We have previously reported to Members on the independent governance review (IGR) that was carried out by Aon between February and June 2024. The action plan developed in response to the findings was approved by the Authority in December 2024. This report provides an update on the progress made on each of the actions since then.

5.2 The action plan is attached at Appendix A. This is set out over 12 areas for action, with each of these broken down into sub-tasks. The table includes a progress update for each of these as of August 2025 as well as indicating their status as either Complete, In Progress, or Not Yet Started.

5.3 The table shows that significant progress has been made, with the majority of actions and tasks complete or in progress.

5.4 There are a few tasks remaining as not yet started – most of which are minor aspects of actions that are well progressed in other respects and are simply awaiting further guidance for example.

5.5 One area that has not progressed to the planned timescale is Action 7 regarding a project to review and create new templates for reports and policy documents supported by training in report writing. This has been deferred due to the communications team being short-staffed and other work taking priority. However, the team will once again be fully staffed from September and it is expected that work on this project will commence in October, with a revised target timescale for completion set to June 2026.

5.6 Members are asked to review the action plan, note the progress made and request any further information of officers as required. A further update on the actions that remain outstanding will be provided to a future meeting of the Authority.

6 Implications

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

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

Gillian Taberner

Assistant Director – Resources

Background Papers	
Document	**Place of Inspection**
Previous report to the Authority with the Action Plan for approval – Item 18 on December 2024 Agenda	Agenda 12th December 2024 - South Yorkshire Pensions Authority

Appendix A - Independent Governance Review (IGR) Action Plan

SOUTH YORKSHIRE PENSIONS AUTHORITY

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
1	**Regulatory Breaches**	**December 2025**	**Assistant Director - Pensions**		
	New / updated procedure and log for ensuring all breaches are recorded, whether material / reportable or not. (This is in addition to continuing to ensure that all material breaches are also reported).	*Note - this action is also part of the Annual Governance Statement action plan.*		Draft breach procedure reviewed by LPB at the August 2025 meeting and recommended for approval to the Authority on the 4 September 2025.	**Complete**
	Aon suggests that information in the breaches log should include all expected areas such as RAG status			Breaches log in place. Further improvements to be considered in due course.	**In progress**
	Training for both staff and members Staff: Some training given in Oct 2024 with further guidance on the new procedure to be delivered before end of December 2024. Members: Session scheduled for March 2025			Authority and Board member training was completed 13 March 2025. Training for staff to be delivered by Technical Support and Training team by December 2025.	**In progress**
2	**Review and update both the Authority and the LPB Constitutions**	**April 2025 (LPB) June 2025 (Authority)**	**Head of Governance & Corporate Services**		
	Prohibit dual membership			Completed and reflected in the Constitutions	**Complete**
	Quoracy for Authority meetings - Increase to 4.			Completed and reflected in the Constitution	**Complete**
	Add further details on Investment Advisory Panel, including Terms of Reference			Completed and reflected in the Constitution	**Complete**
	Conflict of Interests Policies - to be reviewed and combined into one policy that will apply to both.			Completed and reflected in the Constitutions	**Complete**
	Add cross-referencing to the Conflicts of Interest Policy in the various Constitutional documents (including Codes) where Local Authority requirements relating to interests are being referenced. This would remind members and officers that the SYPA has a policy that goes beyond Local Authority requirements.			Completed and reflected in the Constitutions	**Complete**
	Clarify in Authority Constitution that LPB members can observe, including private papers (with certain exceptions)			Completed and reflected in the Constitutions	**Complete**
	Clarify LPB member role in clause 3 of the Board's Constitution re: Breaches of Law and check timescales for reporting breaches			Training was completed on roles and responsibilities in March 2025. The wording in Section 3 of the Board's Constitution will be reviewed against the recommendations in Aon's report and any updates required will be made at the next annual review in 2026.	**In progress**
	Add detail in LPB Constitution on role of Independent Adviser			Completed and reflected in the Constitution	**Complete**
	Create a separate roles and responsibilities matrix (to meet Good Governance requirements)			Role profiles created for each member role across the Authority, its sub committees and the Local Pension Board in August 2025 and will be shared with existing members. Production of a separate roles and responsibilities matrix in line with Good Governance requirements will be considered when the guidance and regulations for this have been published.	**Complete** **In progress**
	Other textual updates and clarifications			Completed and reflected in the Constitutions	**Complete**
	Governance Map - idea suggested by Aon of creating an overview map with links to various documents in place for Governance	*We will consider this when reviewing the Constitutions*		This has yet to be developed – will aim to work on this over the course of the next year to June 2026.	**Not yet started**

Appendix A

Appendix A - Independent Governance Review (IGR) Action Plan

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
3	**Pensions Administration Strategy (PAS) Review**	**September 2025**	**Assistant Director - Pensions**		
	Undertake a full and comprehensive review for the next update of this strategy.			The PAS has been re-drafted after a comprehensive review. The revised strategy is being presented for Authority approval in September 2025.	**Complete**
	Set the review cycle to once every three years.			This is now set as the review cycle going forward for this strategy. Therefore, if approved in September 2025, the next review will be scheduled for Sept 2028 and will be in line with the triennial valuation cycle.	**Complete**
4	**Investment Strategy Statement and Stewardship Code**	**As below**	**Assistant Director - Investment Strategy**		
	Arrange for wider consultation and document this in next ISS Review	March 2026		All on track as part of the ISS project	**In progress**
	Consider requirements around investment and funding risk modelling (stress test, scenario test) as part of the ISS review	March 2026		All on track as part of the ISS project	**In progress**
	Update information on website about Stewardship Code	March 2025		Complete: Stewardship	**Complete**

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
5	**Document Updates when next reviewed (Specific textual amendments / other updates or additions as recommended in Aon's report)**	**As below**	**As below**		
	Corporate Strategy - include all Policy / Strategy review dates (i.e. Policy Tracker) and the Procurement Forward Plan as Appendices	February 2025	Assistant Director - Resources & Team Leader Governance	The forward procurement plan was approved and is published as part of the Corporate Planning Framework in February 2025. Available here: Corporate Plans Review dates for policies and strategies are being tracked on a policy tracker – this is currently an internal-facing document co-ordinated by the Governance team. Consideration will be given to a summarised version containing key policy /strategy review dates only to be published with the corporate planning framework at the next annual review.	**Complete**
	Governance Compliance Statement (Additionally - ensure a further, thorough review of this statement is carried out against the SAB Good Governance requirements whenever the new guidance is released).	February 2025	Head of Governance & Corporate Services	GCS approved by A&G Committee 7 March 2025. Review against the new requirements will be undertaken when the guidance / regulations are available.	**Complete** **Not yet started**
	Administering Authority Discretions Policy Statement	June 2026	Assistant Director - Pensions & Team Leader Governance	Will be actioned as part of the Policy Statement Review in June 2026	**Not yet started**
6	**Risk Register**	**Completed August 2024**	**Team Leader - Governance**		
	Remove category of 'operational' and use Pensions Admin and Organisational instead as relevant.	Completed		Completed and system updated	**Complete**

Appendix A - Independent Governance Review (IGR) Action Plan

SOUTH YORKSHIRE PENSIONS AUTHORITY

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
	Consider if sufficient detail covered on single person risk (AD-IS and IIAs) and on Authority/LPB member knowledge.	Completed		Completed – new risk captured in relation to business continuity and single person risk. Ongoing review as part of corporate risk register.	Complete
7	**Consistency and templates for reports and policy documents**	September 2025 **– revised to June 2026**	**Assistant Director - Resources**	**Revised target date has been set for these actions – more time required due to staff vacancy in the team and other workload priorities.**	
	Project to create / review document templates for policies, procedures, strategies and reports - ensuring key details included as per Aon findings.			As new strategy documents have been produced, the formatting has been reviewed and made consistent, including a consistent 'Document Control' page as an interim measure pending the full project to achieve this action. Aiming for progress to take place from October 2025 to commence the project.	Not yet started
	Arrange report writing training as part of this.			Still to be scheduled as part of above project.	Not yet started
	Consider issue of ensuring a covering report on all Authority / LPB / Committee papers addressing executive summary issue also highlighted in Aon findings.			Will be considered and actioned as part of above project.	Not yet started
	Note - all reviews of policies or new policies created in the meantime, we will ensure the key details are included. This will be monitored through the policy tracker.	*Ongoing*	*Team Leader - Governance*	Completed – this is taking place as policy documents are reviewed or new ones produced.	Complete
8	**Democratic Support - Various:**	**As below**	**As below**		
	Member Turnover / Succession Planning				
	Discussion with Chief Executives of the Councils with most turnover - to seek views on aiming to limit changes in Authority / LPB Membership to those required by changes in electoral outcomes. Director will discuss with SYPA's Clerk and BMBC CE, Sarah Norman, at their next meeting.	By February 2025	Director	Discussion has taken place. Outcome no further action to be taken.	Complete
	LPB - advertising further in advance (now in place) and seek to stagger terms of office.	Completed	Head of Governance & Corporate Services	Succession planning embedded in all governance processes and monitored / reported regularly.	Complete
	LPB - explore idea of giving an observer seat to a MAT employer as part of succession planning for Nicola Gregory	November 2024 to August 2025	Head of Governance & Corporate Services	This is continuing to be explored as part of active succession planning for the Board and ongoing work to raise the profile of the Board and attract more candidates for representative vacancies when they occur.	Complete
	Relationship between Authority & LPB:				
	Ensuring more pre-legislative scrutiny by LPB prior to approval by Authority	Ongoing.	Director and Head of Governance & Corporate Services	Completed. Work programme planning processes aim to ensure that all key policies, strategy and other key decisions scheduled for the Authority are presented first to the LPB for scrutiny.	Complete
	Discuss with both Chairs encouragement for LPB members to attend Authority meetings as observers	November 2024 Joint Meeting	Head of Governance & Corporate Services	Completed. LPB and Authority Chair/Vice Chairs approval to attend 2025/26 meetings on a quarterly basis	Complete
	Explore further with the respective Chairs and Vice Chairs on any more actions to consider for raising the profile of LPB with the Authority.	February 2025	Head of Governance & Corporate Services	Completed. This was a subject discussed in the 2025 effectiveness reviews of both Authority and LPB. From the LPB review, a separate action plan was agreed that included arrangements for the Board's Chair/Vice Chair to attend and report on the outcomes from Board meetings to the Authority; and for the Authority Chair / Vice Chair to attend LPB meetings	Complete

Appendix A - Independent Governance Review (IGR) Action Plan

SOUTH YORKSHIRE PENSIONS AUTHORITY

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
				LPB Chair/VC to attend Employer Forum Nov 2025 and articles to be placed in employer and scheme member newsletters on the work of the Local Pension Board.	
	Now publishing Authority private packs in reading room with email to LPB members at same time - where we'll include a reminder that LPB members are welcome to attend or watch the webcast (we'll include link)	Completed September 2024	Head of Governance & Corporate Services		Complete
	Authority to conduct annual effectiveness review. First one scheduled for February 2025.	February 2025	Head of Governance & Corporate Services	Completed February 2025	Complete
	Guidance will be given to those presenting papers to use pack page numbers when introducing reports and pause as needed to help members follow.	September 2024 onwards	Team Leader - Governance	Completed and implemented in all meetings.	Complete
	Consider scope for having report packs on screen in the meetings to help members follow when officers talking through them	Will investigate if this would be possible over next few months to February 2025.	Assistant Director - Resources	Officers are currently exploring options for an upgrade to the technology used for streaming meetings from the Events room that will potentially include adding an extra monitor in the room as well as greater functionality to enable the monitors to be used for presentations, Teams /remote attendance, and for having reports on screen. This will be a fairly significant project that will take some months to implement.	**In Progress**
	Not directly from review but from working group - action to update website regarding public attendance at meetings / asking questions	31 December 2024	Team Leader - Governance	Completed – Public Involvement at Pensions Authority Meetings	Complete
	Reading room to be re-organised to make more user-friendly. (This work is now in progress)	31 December 2024	Assistant Director - Resources	Completed and launched in June 2025.	Complete
9	**Member Knowledge & Skills**	**As below**	**As below**		
	Develop individual training plans. (Including consideration of how to promote / encourage LPB members attending or viewing Authority meetings).	April 2025	Head of Governance & Corporate Services	Completed – new process launched and individual one-to-one meetings took place during June and July 2025. Analysis of the results now being used to inform planning for contents of Members CPD Away Day in November 2025 and will feed into the member L&D strategy.	Complete
	Provide chairing skills training for the Chairs / Vice Chairs	Completed - Sept 2024	Governance Officer	Course attended in 2024 by the relevant members in these roles.	Complete
	Plan for above training and other support for next Authority Vice Chair / LPB	April 2025	Head of Governance & Corporate Services	Course identified and all Chair / Vice Chair holders supported to attend.	Complete
	Address concerns about knowledge assessment - providing member feedback to Hymans in advance of this year's National Knowledge Assessment	Feedback was provided prior to the NKA in October 2024.	Head of Governance & Corporate Services	Completed and revisited with each member during individual L&D sessions	Complete
	Promote / strongly encourage attendance at external events. Officers to consider how to achieve this and build into the individual training plans and the Member L&D Strategy for 2025/26	March 2025	Head of Governance & Corporate Services	Completed, discussed with each member during L&D sessions. In 2025, there was strong attendance (Authority Chair, LPB Chair and LPB Vice Chair) at the PLSA Local Authority Conference in June, and 10 Authority and LPB members are due to attend the Border to Coast Conference in September.	Complete

SOUTH YORKSHIRE PENSIONS AUTHORITY

Appendix A - Independent Governance Review (IGR) Action Plan

No.	Actions	Target Date	Owner	August 2025 Update	Status at Aug 2025
10	**Delegated Decisions Process**	June 2025 – **revised to March 2026**	**Assistant Director - Resources**		
	Review the process, forms and produce internal guidance as well as clarity on which decisions published on website - complete review alongside the updating of Constitutions.			This was not completed as part of the 2025 review of Constitutions due to time pressures. Therefore, a revised date has been set for this piece of work to be completed by March 2026.	**Not yet started**
11	**Carry forward in TPR Code Compliance Action Plan**	***Cross-reference to separate plans:***	**Assistant Director – Resources and Head of ICT**	***The actions listed here are tracked as part of the Code Compliance assessment and reporting process.***	
	Cybercrime risk – implement actions identified in the TPR Code Compliance tool. Including actions to ensure these points identified in Aon's review are addressed: a. Develop a wider Cyber Security Risk policy and cyber security hygiene guidance. b. Review data and asset mapping to identify the potential magnitude of cyber security risks from third party providers. c. Carry out a programme of ongoing specialist assessments against suppliers and providers (prioritised relative to the potential risk) d. Assess against TPR principles set out in their cyber guidance and also complete the cyber scorecard tool available from Aon.	*Code Compliance Action Plan*		The new internal-facing Cyber Security Strategy has been developed and is awaiting SMT approval. The actions listed here are tracked as part of the Code Compliance assessment and reporting process.	-
	Business continuity strategy	*Corporate Strategy Annual Governance Statement*		A new Corporate Business Continuity Plan has been created. Final sign off/approval is expected to be completed in September 2025.	-
12	**Performance Management Framework**	***Cross-reference to separate plan:***		***This action is being separately tracked and reported upon in the quarterly Corporate Performance Reports.***	
	Framework already in development - to ensure measures for all Authority objectives and achieve better consistency in reporting	*Corporate Strategy Annual Governance Statement*		-	-

SOUTH YORKSHIRE PENSIONS AUTHORITY

Subject	**Decisions taken between meetings of the Authority**	**Status**	For Publication
Report to	Authority	**Date**	04 September 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	jstone@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.

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2 Recommendations

2.1 Members are recommended to:

a. **Note the decisions taken between meetings of the Authority using the urgency procedure.**

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3 Link to Corporate Objectives

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

Effective and Transparent Governance

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

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 Since the last report to the Authority, there have been two decisions taken under the urgency procedure between meetings of the Authority, both regarding the Border to Coast annual general meeting.

Decision to Agree to Delayed Circulation of Notice of AGM

5.3 In accordance with Section 307 of the Companies Act 2006, a general meeting of a private company must be called by notice of at least 14 clear calendar days. A general meeting may be called by shorter notice if it is agreed by shareholders who together hold not less than 90% in nominal value of the shares giving a right to attend and vote at the meeting.

5.4 The Company's annual general meeting ("AGM") was scheduled on 16 July 2025. The Company was in the final stages of appointing its next Board Chair following a competitive search. The Board considered the preferred candidate at its meeting on24 June 2025 and shareholder officers were briefed on the candidate at an informal shareholder meeting on 2 July 2025.

5.5 To facilitate this process, it was proposed to issue the Notice of AGM and associated reports on 2 July 2025, being 13 clear calendar days prior to the AGM.

5.6 Agreement to delay circulation of the Notice of AGM was confirmed for and on behalf of South Yorkshire Pensions Authority.

Decision on Shareholder Resolutions

5.7 Border to Coast circulated several shareholder resolutions for approval at the Annual Meeting of shareholders. The Authority was requested to vote on the following resolutions and recommended the votes indicated below on each item.

i. Received the financial statements for the year ended 31st March 2025 – Vote: FOR

ii. Reappoint the external auditors, KPMG and authorise the directors to agree the fee – Vote: AGAINST

    The auditors contract results in a term of appointment longer than is approved of in the Corporate Governance and Voting Guidelines, therefore the Authority is opposed to this on principle.

    In previous years the Authority has abstained on this resolution but this year that option has not been provided.

iii. Note the Directors Outside Business Interests Policy – Vote: FOR

iv. Receive the Register of Directors' Outside Business Interests – Vote: FOR

v. Approve the appointment of John Lister as Chair of the Company for three years to 30th September 2028 – Vote: FOR

vi. Approve the reappointment of Cllr David Coupe as a Partner Fund nominated non-executive director for one year to 30th September 2026 – Vote: FOR

5.8 The Chair was consulted and had no objections; the decision was approved to vote in line with the recommendations above.

6 <u>Implications</u>

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	

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Appendix A

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Appendix A

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Appendix B

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