

# Public Document Pack



Date: 04 February 2026

To: MEMBERS OF SOUTH YORKSHIRE PENSIONS  
AUTHORITY

Oakwell House  
2 Beevor Court  
Pontefract Road  
Barnsley  
S71 1HG

[www.sypensions.org.uk](http://www.sypensions.org.uk)

This matter is being dealt with by: Governance Team  
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Dear Member

**South Yorkshire Pensions Authority**  
**Thursday, 12 February 2026**

A meeting of South Yorkshire Pensions Authority will be held at **Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday, 12th February, 2026 at 10.00 am.**

The agenda is attached.

Yours sincerely

*G Taberner*

Gillian Taberner  
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 Martin O'Donoghue, Councillor John Reed, Councillor Andrew Sangar and Councillor Craig Ward

# **SOUTH YORKSHIRE PENSIONS AUTHORITY**

**THURSDAY, 12 FEBRUARY 2026 AT 10.00 AM, OAKWELL HOUSE, 2 BEEVOR COURT, PONTEFRACT ROAD, BARNSELEY, S71 1HG**

## **AGENDA**

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1	Welcome & Introductions		
2	Apologies		
3	Announcements		
4	Urgent Items  To determine whether there are any additional items of business which by reason of special circumstances the Chair is of the opinion should be considered at the meeting; the reason(s) for such urgency to be stated.		
5	Items to be considered in the absence of the public and press  To identify where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting.)		
6	Declarations of Interest		
7	Section 41 Feedback from District Councils		
8	Minutes of the meeting held on 18/12/2025		5 - 20
9	Questions from the public		
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16	Update on Fit for the Future – Pension Schemes Bill		173 - 244
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18	Border to Coast Implementation Plan and Budget <b>(Exemption Paragraph 3)</b>		251 - 279



## **SOUTH YORKSHIRE PENSIONS AUTHORITY**

**18 DECEMBER 2025**

PRESENT:

Councillor Donna Sutton (Chair)

Councillor Roy Bowser (Vice Chair)

Councillors: Alexi Dimond, Andrew Sangar, David Fisher, Jayne Dunn, John Reed, Ken Guest, Martin O'Donoghue and Simon Clement-Jones

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

Officers: George Graham (Director), Gillian Taberner (Director Designate), Andrew Stone (Assistant Director – Investment Strategy), Debbie Sharp (Assistant Director – Pensions), William Goddard (Acting Assistant Director - Resources), Jo Stone (Head of Governance and Corporate Services) and Chloe Knowles (Executive Management Support Officer)

Independent Investment Advisers: Aoifinn Devitt and Jonathan Hunt

Border to Coast: Tim Manuel (Head of Responsible Investment)

Hymans Robertson (Fund Actuary): Steven Scott, Greer Flanagan and Reece Notman

Apologies were received from Cllr Craigh Gamble Pugh and Cllr Craig Ward.

### 1 **APOLOGIES**

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

### 2 **ANNOUNCEMENTS**

The Chair noted that this was George Graham's final meeting as the Director of the Authority, as he is retiring today. The Chair thanked Mr Graham on behalf of the Authority for his dedication, loyal service and highly successful leadership of the organisation since February 2018, and noted the positive and lasting legacy that he will leave behind, not just at South Yorkshire Pensions Authority, but also for the wider LGPS.

### 3 **URGENT ITEMS**

None

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

None

### 5 **DECLARATIONS OF INTEREST**

None

6 SECTION 41 FEEDBACK FROM DISTRICT COUNCILS

None

7 MINUTES OF THE MEETING HELD ON 04/09/2025

**RESOLVED: Members agreed that the minutes as presented for the Authority meeting held on 04 September 2025 were a true and accurate record.**

8 QUESTIONS FROM THE PUBLIC

Questions were received from Ms O’Gara, Ms Dale, Mr Pearson and Mr Burnham. The Director replied on behalf of the Authority.

Written copies of the questions and the responses were given to the questioners and are attached as an appendix to these minutes.

9 APPROVAL OF THE FUNDING STRATEGY STATEMENT

The Assistant Director – Pensions presented the Funding Strategy Statement to secure approval, noting that the policy has been updated to encompass the statutory guidance and assumptions and considerations in the 2025 Valuation, this came as a draft in September and has since been out to a full consultation with employers. Four employers responded to the consultation, engaged with the process and have confirmed they accept the policy.

A question was raised regarding the statement made that ‘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’. The member asking this question argued that given we are heading towards catastrophic climate change, the term modest felt questionable.

The Actuary explained that two types of climate related testing are carried out: standard stress tests, which assess a range of possible scenarios, and additional modelling of extreme downside climate risks. The results of additional modelling on catastrophic events provide a broader perspective and will be available in the Valuation reports.

The Director advised that more detailed analysis will be published in the online reading room for Members and on the website, alongside the more detailed Valuation report.

Members asked whether the Gender Pensions Gap reporting had started and to what extent there would be further involvement and discussion on this at Authority meetings.

The Actuary responded that gender pensions gap reporting may soon become mandatory within the Valuation report. Whilst final guidance on requirements for this is still awaited, early indications are that it will cover active and retired members across

the Fund and may break results down by employer groups, looking at gender mix, salaries and pension types to produce an overall gap. The aim is to give members and employers clearer insight.

The Assistant Director – Pensions further added that initial data from the system is already starting to be collected on this and reported to the Local Pension Board. In addition to this, as part of aiming to take actions in respect of gender pensions gap, the plan is to target communications to different age groups of active members to provide them with the opportunity to help improve their forecast benefits.

Members commented that they found this useful and considered it good practice. The Director commented that as a Fund, our ability to influence the gender pensions gap is limited, given that it is largely driven by the gender pay gap and wider societal factors, that we cannot solve it alone. Good practice can be promoted within the scheme, and upcoming government rule changes should help women maintain more consistent contributions and build up pension benefits, though the impact will be modest. The wider issue remains significant, but it's something we take seriously and continue to work on.

A Member commented that this was the most encouraging Funding Strategy Statement he had seen in his 19 years of tenure. Further asking what more could be done to ensure that our successors can have the same level of confidence and make similarly positive statements about contribution levels.

The Director replied that this links back to the Valuation and the approach taken being a long-term view and keeping risk within reasonable limits. Contributions could still rise at the next Valuation but setting them lower now would make that more likely, which isn't helpful for employers. Our aim is to provide as much long-term stability as possible.

**RESOLVED: Members approved the revised Funding Strategy Statement at Appendix A.**

## 10 VALUATION RESULTS

The Assistant Director – Pensions presented the Fund Actuary's report on the outcome of the 2025 Valuation to seek approval on the employer contribution rates for the 3 years from 2026/27 set out in the rates and adjustments certificate, referencing Members to points 5.2-5.3 of the report which summarises at the position as of 31<sup>st</sup> March 2025 regarding fund assets, liabilities, funding level and average contribution rates.

Steven Scott, Greer Flanagan and Reece Notman, the Fund's actuaries from Hymans Robertson, presented the results of the Valuation to Members.

Independent Investment Adviser, Aoifinn Devitt raised questions around how higher return expectations fit with the investment outlook and raised her concern about the 'higher for longer' view expressed in the report.

The Actuary replied that investment consultants use the same core modelling assumptions that the actuaries use for Valuations whilst also considering the additional factors that Aoifinn mentioned. Contribution rates aren't set directly from the funding level, otherwise many employers would have a nil rate. Instead, the modelling

allows for future yield changes, with central assumptions of around 3% nominal yields over the next 20 years. The Actuary recognises that today's strong funding levels may not persist, which is why a prudent approach is taken when setting employer contributions.

The Director added that a floor has been set on employer contributions based on what's needed to fund future benefits accrual. This protects against the risk Aoifinn identified and without it, employers would face much sharper increases.

Members noted that past performance doesn't guarantee future returns and sought assurance that our assumptions aren't based solely on historical results, and there is confidence that even if returns fell to 4.2% or lower, the Fund would still be able to meet its obligations.

The Actuary noted that they must report on the funding level every three years, which gets a lot of attention but is highly sensitive to market conditions. Higher expected returns are boosting the funding level at this Valuation; however, the required return is a much more stable measure at 3.5% which is unchanged from the previous Valuation, and it isn't affected by short term market movements.

**RESOLVED: Members**

- a. Noted the results of the 2025 Valuation carried out by the Fund Actuary set out in the report at Appendix A.**
- b. Approved the employer contribution rates set out in the rates and adjustments certificate to apply for the three years starting 1<sup>st</sup> April 2026.**

11 QUARTER 2 CORPORATE PERFORMANCE REPORT 2025/2026

The Acting Assistant Director – Resources presented the Quarter 2 Corporate Performance Report for 2025-26. Members were informed that the clearance of the backlog is progressing, however the deadline has been extended to March 2026. Additionally positive progress is being made on the transition of legacy assets to Border to Coast with an extended target date of June 2026.

The Independent Investment Adviser, Jonathan Hunt raised that with significant pooling changes coming down the track, it is important to monitor the progress of integrating the new partner funds whilst managing the risk to ensure that this does not distract Border to Coast from their 'day job' of managing the Fund's assets.

The Director responded that this is a dimension of two risks in the risk register; the Pensions Review and Border to Coast's Strategic Plan, noting that so far, the day-to-day business alongside integrating the new partner funds is working in parallel providing us with a reasonable degree of confidence, however this will continue to be monitored.

The Director Designate added that at the next risk register review, following further developments on the Pension Schemes Bill and once all legal documentation for incoming partner funds has been completed, we will consider revising and updating these two risks to reflect the evolving situation and ensure that the associated mitigating actions are sufficient and appropriate in recognition of this issue.

Members queried the discrepancy on the Funding Level within the Corporate Performance Report compared to the Valuation report presented at this meeting.

The Director advised that the funding level monitoring tool used to gather this data has not been updated at a member level for the 2025 Valuation and instead reflects a roll-forward estimate based on the 2022 Valuation data. This is due to be updated to the 2025 Valuation basis in January.

**RESOLVED:** Members noted the report.

12 APPROVAL OF THE LEVY 2026/2027

The Acting Assistant Director – Resources presented a report to seek approval of the Levy for 2026/27 under the Levying Bodies (General) Regulations 1992.

**RESOLVED: Members approved a total levy of £251,566.00 for 2026/27 in accordance with The Levying Bodies (General) Regulations 1992, to be allocated to the District Councils in proportion to their approved council tax base shares.**

13 2025 STAFF SURVEY RESULTS

The Director Designate presented the results of the 2025 Staff Engagement Survey for Members' information and consideration and informed Members that this is the third survey of this format, enabling us to assess the progress achieved over time, with the last survey taking place in 2023. The report outlines in paragraph 5.7 the excellent improvement in the overall net promoter score from a positive 7 in 2023 to a positive 43 in 2025, the consultants also noted the strong level of engagement demonstrated by our employees.

All four measures of engagement which were assessed in the survey improved across the board which was the target set back in 2023. There are still further improvements to be made, and actions will be planned with the Leadership team in the new year.

Members raised that staff who have been here more than five years scored lower in engagement scores than other tenures and sought assurance that this area would be worked on.

The Director Designate noted that this would be reviewed with the aim of further increasing engagement in the cohorts where engagement scores were lower than others, while acknowledging that the current scores remain strong across all tenures and grades, with most exceeding 80 out of 100. She added that in the analysis of different grades, it was the Senior Practitioners group who recorded the lowest scores, and actions will therefore focus on addressing the areas highlighted by the results and qualitative feedback.

**RESOLVED: Members noted and welcomed the positive results of the staff survey.**

14 ADVISER MARKET COMMENTARY

Aoifinn Devitt, Independent Investment Adviser, presented the Market Commentary Report for members to consider and note.

Members sought assurance on the AI bubble and how damaging it could be.

Aoifinn Devitt responded that initially she expects there to be a stock market shock and a sell off, which will make our portfolio more volatile so we will need headroom for this exposure. Following this the market will realign, with some companies dropping out and others emerging stronger, though most firms are likely to survive. Noting that throughout this equity market wobble, the demand for data centres should remain strong.

Members noted that UK stock markets have performed well since the Budget, largely because the measures were broad based rather than focused on specific sectors as seen in the US and asked what factors could prevent this momentum from continuing throughout the remainder of this Parliament, and is this trend attracting the attention of Border to Coast in shaping its investment strategy for the UK.

Aoifinn Devitt replied that the market held up after the Budget due to the FTSE's foreign currency exposure and its focus on energy, industrials and financials, which have all performed well. Noting that the UK market is tiny globally, which is why pension funds have reduced UK allocations. While forced UK investment isn't favoured, there is a push to make the UK more attractive on its own merits, with good relative value and efforts to stimulate areas like energy and local investment, where Border to Coast is already active.

Independent Investment Adviser, Jonathan Hunt added that UK markets are often misunderstood. Pension funds have reduced UK exposure because the index is dominated by stable, dividend paying companies rather than high growth stocks, pushing investors toward the US. This raises the wider question of how to make London a growth market again, but the UK lacks the same supporting infrastructure as the US. Further to this, gilt markets have stabilised, improving confidence.

Members further probed around the AI bubble and its potential impact, questioning whether it is being driven by private debt and private credit, and could problems there spill over into our own exposure.

Aoifinn Devitt responded that AI isn't the main issue, and while private credit has risks, they're mostly in the mid-market where lenders back operating companies with steady cash flow. AI investment is largely funded by big firms themselves, so any downturn would hit equities first.

Members queried whether emerging markets in Africa is way off the mark when compared to other markets such as China.

Aoifinn Devitt responded that China continues to invest in regions others avoid, including parts of Africa, but as an investment opportunity, Africa remains firmly in frontier market territory. Investors have pulled back from emerging markets in recent years due to weak returns, and African managers face challenges such as limited liquidity, weaker tech infrastructure, and political or legal instability. Because of this, it's unlikely we would see an African Allocation in the Border to Coast emerging fund at this stage, though it's not impossible in the future.

Jonathan Hunt further added that Africa is a big continent but in terms of its liquidity and debt, it is dwarfed by other areas.

**RESOLVED: Members noted the report.**

15 QUARTER 2 INVESTMENT PERFORMANCE REPORT 2025/2026

The Assistant Director – Investment Strategy presented the Q2 Investment Performance Report commenting that it was a very positive three months with the fund returning over 3.5% in the period and 6.7% over the last twelve months, both of which are behind the benchmark but very much in line with the actuarial targets. Looking ahead for the five-year period we are ahead of the benchmark and the actuarial targets.

**RESOLVED: Members noted the report.**

16 QUARTER 2 RESPONSIBLE INVESTMENT UPDATE 2025/2026

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

Members raised questions around the LAPFF engagement activity and why there is no information in the report regarding specific engagement with weapons companies or other companies operating in occupied territories such as Booking.com and Airbnb.

Officers advised that they did not have this information to hand, although the Director noted that historically LAPFF have certainly engaged with Booking.com. The Assistant Director – Investment Strategy committed to gathering further information on this and providing a response back to Members accordingly after the meeting.

**RESOLVED: Members noted the report.**

17 POLICY FOR EXCLUSION

The Director presented a report to allow Members to consider the Authority's approach to exclusions of specific investments from the investment universe following discussion at the March meeting. The report set out the work that had been undertaken by officers in order to investigate and provide detail of the options and implications of each.

The Director advised Members that the choice they are faced with is between taking a decision that may make Members feel better but that cannot be implemented or taking a decision to maintain the current position and seek to influence the direction of the Partnership through building alliances with others. The Director stated that this is a decision for members, but as the principal policy adviser to the Authority, his clear advice to members is to maintain the current position and seek to influence through building alliances.

A Member raised with reference to the report and reflecting on the Members Away Day should engagement fail, should we be arguing for exclusion on whole sectors, such as the fossil fuel industry.

The Director responded that the draft guidance from the Government in preparing the Investment Strategy Statement and Pooling under the new regime makes it clear that individual funds should not be setting policies which exclude sectors or rafts of companies, this should be dealt with at the pool level.

A Member questioned what the reference to a single issue in paragraph 5.14 of the report referred to specifically.

The Director explained that what was meant was that we risk losing credibility within the Partnership if we focus too heavily on exclusion. He noted that we have successfully moved various elements of the pool's approach both in the responsible investment sphere and wider. This has been possible through building alliances within the Partnership and the Director advised that it is his view that a very strong focus on exclusion would undermine our ability to maintain those alliances and to build new ones.

Members sought assurance for context on the positions of other partner funds.

The Director replied that three of the existing eleven Partner funds have been actively discussing this issue, none of which have taken a decision to do anything different to what they are already doing. For new funds joining the Partnership, this is not on their agenda given the other areas they need to focus on, so gaining consensus on the decision would take a very long time.

In response to further questions regarding there being no Government guidance to funds on international conflicts and occupied territories, the Director noted that the Government's view can be inferred from the draft guidance which outlines that funds should not be taking a stance on such issues at individual fund level but that this is for the pool to determine.

The Director added that whilst appreciating that there is strength of feeling on such issues, he must remind members that the Authority's duty is to ensure that we have the funds required to pay pensions when due. Therefore, Members in their role as quasi-trustees, are required to individually exercise their own judgement about these matters – regarding what they judge to be in the best interest of all scheme members.

Responding to a question about the scope for building alliances with some of the incoming partner funds, the Director advised that there will be scope for this but that this would likely take a number of years before these issues can be focussed on.

He explained that this is because the transition of these funds' assets into the pooled structures will be relatively long as the Pool will rightly prioritise managing this carefully in the best financial interests of those funds over speed. This transitional period may be used to build alliances and there may be greater long-term impact in forming partnerships around, for example, climate-positive investment strategies with a higher probability of success rather than trying to secure agreement on excluding sectors like oil and gas.

He advised that the key decision is where Members want officers to focus their alliance building efforts to best achieve their objectives.

Members asked whether by adopting a policy of this sort, there is a risk that this would leave us excluded from certain debates within the Border to Coast partnership.

The Director responded that he is not able to provide a definitive answer but cannot see a justification for this being the case, noting that it would simply make the debate more difficult and reduce our level of credibility and how we are perceived by our partners.



The Chair asked Tim Manuel, Head of Responsible Investment at Border to Coast for his input on this question. Mr Manuel outlined that any partnership has limited relationship capital, and you choose how to use it to get the outcomes you wish to achieve.

From a governance perspective, there is no reason he could see why adopting a policy like this would exclude SYPA from discussions within the Border to Coast framework. He commented that the real challenge would be from the Authority's own governance point of view if they take a decision that is considered impossible to implement.

The Chair noted that as there were no further questions, it was time to reach a conclusion before moving to the next agenda item.

The Director clarified that the report was purposefully prepared without a recommendation because this is a matter for Members to determine. Noting that Officers would find it helpful to understand whether there is appetite across the Authority for adopting a policy of this kind in order to provide them with a clear steer to inform their work on the Investment Strategy review.

The Director advised that in process terms, it may require a Member to move a proposal, for which a seconder would be required and then a vote taken. The Chair invited members to make a proposal.

Councillor Dimond proposed that the Authority adopt a policy position that when engagement has clearly failed, the Authority would ask Border to Coast to exclude. Members raised concerns that they did not have enough detail on this sort of policy to feel able to second or to vote on this during this meeting.

The Director advised that Members would need to agree the principle at this meeting and then if agreed, a draft policy would be prepared to bring back to a future meeting. The Director Designate noted that the report outlines that officers have attempted to explore the detail of how we could possibly implement adopting such a policy, and that the advice is that it is not possible to implement.

The Director clarified that it is possible for Border to Coast to implement a policy, but we do not believe that the Authority would be able to achieve a position where the Partnership would agree to ask Border to Coast to implement such a policy.

The Chair observed that Members were unlikely to reach a consensus decision and requested agreement to move on. This was agreed.

**RESOLVED: Members considered and debated the issues and options outlined in the body of the report.**

18 ANNUAL REVIEW OF BORDER TO COAST RESPONSIBLE INVESTMENT POLICIES

Tim Manuel, Head of Responsible Investment at Border to Coast introduced and summarised the Annual Review of Border to Coast's Responsible Investment Policies.

Mr Manuel added that until now these policies have been reviewed annually, but that now the development of these policies has reached a level of maturity, the Board has agreed to move to a three yearly review cycle. This would provide a more stable policy environment which would be conducive to implementing the policy intent.

It was noted that should there be a reason to review the policies in the interim, this would happen and that the voting guidelines would continue to be set every year.

A question was asked in relation to paragraph 5.4 (ii) regarding portfolio managers having the final decision on whether to reduce or exit the position, and whether this meant that a portfolio manager could effectively over-ride a decision of the Board.

Tim Manuel responded that the Board approves the overall suite of policies in which this sits and are involved at this level, not at the individual stock level, which would be the decision of portfolio managers, clarifying that the reason for this separation is to ensure clear accountability about who is making decisions at what level.

Cllr Dimond welcomed the addition in respect of biodiversity but raised a concern around his view on the accuracy of the climate section and that this should be revised to reflect current projections of global temperature rises.

Tim Manuel responded that the Net Zero Roadmap will be revisited next year, and there'll be an opportunity for all Partner Funds to input into this.

**RESOLVED: Members endorsed the updated policies attached at Appendices A to C.**

**Cllr Dimond requested that his dissent be noted for the record.**

## 19 INVESTMENT BELIEFS STATEMENT

The Assistant Director – Investment Strategy presented the update to SYPA's Statement of Investment Beliefs, noting that the review of the statement was driven by the Government's *Fit for the Future* consultation and the opportunity has been taken to update other aspects of the document, where appropriate.

Members welcomed the statement and questioned whether this just formalises what we already do or signals a shift toward more passive management.

The Assistant Director – Investment Strategy responded that this change in the beliefs statement is simply opening up the option to use passive management. The beliefs statement has only been in place since 2019, and at that time Border to Coast had no passive funds available. Now that these options exist, it's quite possible we would want to use them.

The Director noted that the Fund is now much larger than in 2019 and relying too heavily on certain active strategies could increase risk. Adding passive options would help diversify our equity exposure and gives Border to Coast fund managers more flexibility when managing the 40% equity allocation.

**RESOLVED: Members approved the updated Investment Beliefs Statement.**

**Cllr Dimond requested that his dissent be noted for the record – on the basis that he disagrees with the addition of passive management because this does not allow for exclusion.**

20 UPDATE ON PENSIONS ADMINISTRATION IMPROVEMENT PLAN

The Assistant Director – Pensions presented a report to update the Authority on the Pensions Administration Improvement Plan and a consultation opened by MHCLG on the Local Government Pensions Scheme in England and Wales, Access and Protections.

Members asked whether they could be provided with a preview of the Pensions Dashboard.

The Assistant Director – Pensions assured Members that once it reached a point where it could be showcased, it will be shared either during a meeting or at a separate training session.

Members raised that in SYPA's response to the consultation, on the normal minimum pension age issue, there is concern around category 2 members losing protection for service they have already transferred and that they may have made different decisions if this fact was known at the time and asked whether there was any prospect of challenge to this.

The Assistant Director – Pensions responded that most Funds will be raising this point in their responses to Government, to highlight that this could present a significant challenge.

The Director added that the Local Government Pensions Committee, which is the employer-side body within the LGA, was of the view that there shouldn't be any protections, given the administrative burden it could create and the risk that this could lead to another situation like that of McCloud. The Trade Unions view is that the rights at the age of 55 are a valuable benefit to members and understand that the age must increase but want to keep protections as far as possible.

**RESOLVED: Members**

- a. Noted and commented on the 2025/26 plans for Administration improvement that are in place.**
- b. Delegated the response to the consultation to officers.**

21 APPROVAL OF THE UPDATED PENSIONS ADMINISTRATION STRATEGY

The Assistant Director – Pensions presented the Pensions Administration Strategy to secure approval following a full consultation with Employers in the Fund.

**RESOLVED: Members approved the revised Pensions Administration Strategy at Appendix A.**

22 CHAIR OF LOCAL PENSION BOARD REPORT TO AUTHORITY

The Head of Governance & Corporate Services presented the summary of the Local Pension Board Chair's Report. This report is a means of continuing to grow the

relationship between the Board and the Authority and to provide an update on matters discussed at the Board and work they are doing with officers and the Authority to ensure compliance with regulations and legislation. Section 5 of the report highlights areas where the Local Pension Board would like to see further progress.

**RESOLVED: Members**

- a. Noted the content of the report.**

23 GOVERNANCE, REGULATORY AND POLICY UPDATE

The Head of Governance and Corporate Services provided members with an update on current governance related activity and regulatory matters. With reference to section 5.6 of the report on the *Fit for Future* policies, the Authority are working with Border to Coast on a shared response to the consultation and a further update will be provided to Members in due course on the position of these outcomes.

**RESOLVED: Members noted the updates included in the report.**

24 DECISIONS TAKEN BETWEEN MEETINGS

The Head of Governance and Corporate Services presented the report on decisions taken as a matter of urgency between meetings of the Authority. One decision has been taken between meetings which was the approval of the Border to Coast Shareholder resolution for the investment and data platform budget which is detailed in section 5.2 of the report.

**RESOLVED: Members noted the decisions taken between meetings of the Authority using the urgency procedure.**

25 APPENDIX A

CHAIR

**SYPA Authority Meeting  
Thursday 18<sup>th</sup> December 2025  
Public Questions**

**Question 1 – Annie O’Gara**

When Sheffield City Council passed a motion entitled “Not in my Name” in response to Israel’s war crimes of unlawful occupation, apartheid and genocide, the details were sent to this body as part of the outcome. I attended a meeting here shortly afterwards and, before the main business began, a Councillor from Sheffield referred to “Not in my Name” and said - more or less - that no action whatsoever was needed by SYPA as a result.

This casual comment spoke volumes about the motion and had more of an impact than the speaker may have realised.

By contrast, we all know that since July 2024, 24 local councils have passed strong motions proclaiming their commitment to divest from companies complicit in Israel’s crimes. These authorities are acting in line with their “prevention and non-assistance” duties consistent with the rulings of the International Court of Justice on Israel’s war crimes of unlawful occupation, apartheid and genocide – all of which crimes are still being carried out, despite the so-called “ceasefire” in Gaza.

SYPA arguably carries more responsibility than a local council - everyone on this board is a quasi-trustee of the fund, with a moral as well as a legal responsibility for its operations. In exercising this, we know that you divested from Israeli Government Bonds, a move that was much applauded as a critical first step, but there is more to do.

You will know that the United Nations’ legal authorities have said this with specific reference to arms companies: *“Financial institutions investing in these arms companies are also called to account..... Failure to prevent or mitigate their business relationships with these arms manufacturers transferring arms to Israel could move from being directly linked to human rights abuses to contributing to them, with repercussions for complicity in potential atrocity crimes.”*

We have heard about policies of “engagement” with bodies like arms companies, aiming to influence their positions. We have seen no evidence of this working. In fact, it came as a shock to learn that SYPA had actually “engaged” with arms companies by doubling some investments during the genocide.

You know that fiduciary responsibilities are not your only responsibilities – profit is not your only consideration. By acting in line with international law, by clearly specifying that your framework for ethical investments includes respect for what the UN says, you can make a difference.

- Do you accept what the UN says about the possibility of your complicity in “atrocity crimes”?
- What will you do to show your respect for the duty to prevent and not assist war crimes?
- Will you cancel/withdraw from those arms investments you agreed at the height of the genocide in 2024, evidence of SYPA being linked with and profiting from companies contributing to war crimes?
- Unless you have evidence to the contrary, your engagement with complicit companies doesn’t work. Will you now divest from these companies as members have been demanding?

## Question 2 – Diane Dale

Dear sirs,

Earlier this year, SYPA carried out a survey of members of the fund asking for their views.

A majority 52% said that investing in weapons is unacceptable

96% said that SYPA should note members views.

What have you done to implement the views of members in relation to investments in weapons companies?

In addition, Sheffield Council has clearly stated that your original survey was inadequate in assessing members views about investments in companies that are complicit in breaking international law. This would include companies on the UN list that are operating in the illegal settlements in the West Bank and all businesses that are assisting occupation and apartheid in Gaza and the West Bank, where the ICJ has clearly stated Israel is breaking international law.

What is your response to the letter that Sheffield Council has sent to SYPA?

As a representative of the Sheffield PSC Boycott campaign i wish to attend your conference session on the 18th of December to ask the above question with another person from our team.

Many thanks in anticipation of your audience

## Response

The Pensions Authority must operate within the framework of law which governs the operation of pension funds. Legal advice commissioned by the Local Government Pension Scheme Advisory Board (SAB) available [here](#) makes clear that as pension funds are not state funds they are not subject to international law in the way indicated in the question.

As has been repeatedly made clear the Authority is required to invest in pooled funds through the Border to Coast Pensions Partnership and cannot unilaterally determine to exclude specific companies from the investment universe and to do so solely on non-financial grounds would be in breach of the Authority's fiduciary duty to scheme members. The law and legal advice are very clear that it is the responsibility of members of the Authority in their role as quasi trustees to exercise their own judgement in making decisions related to investment of pension funds. While the views of scheme members may be a relevant consideration, they do not override the duty to act in the best financial interests of scheme members.

## Question 3 – Richard Burnham

**Preamble:** The weight of responsibility borne by Chairs and Trustees of Pension Funds was highlighted in the Open Letter delivered to November's World Pensions Summit ([link here](#)). It urges that *"the views and long-term interests of all savers, including those under 35, are heard and represented in key strategy decisions."* The BCPP Fossil Free campaign recently reminded Annual Conference attendees that *"younger members face frightening temperature rises, excess mortality, less secure food and freshwater, rising seas and irreversible tipping point."*

**Question:** “What methodology does South Yorkshire Pensions Authority use when weighting outcomes of its investment strategy for members in different age cohorts? Are the outcomes for savers under 35 specifically noted as part of key strategy decisions, as requested in the Open Letter? If so, do they include the predicted unpleasant retirement outcomes for younger fund members, outlined above?”

**Response**

The investment strategy does not look at liabilities weighted by members in specific age cohorts and guidance from the Government discourages the running of multiple investment strategies by LGPS funds. The Authority is required to consider the views of scheme members and employers, who actually bear the investment risk in the scheme, in drawing up its investment strategy and will be consulting on this in the new year. The Authority does consider the impact of a range of climate scenarios on the probability of success of its investment strategy and in considers climate issues as part of the valuation process as can be seen on the agenda for today’s meeting.

**Question 4 – Ian Pearson asking on behalf of Sean Ashton**

At the March 2025 committee meeting we were heartened to hear members of the Committee advocating for the exclusion of fossil fuels in the Responsible Investment Policy (RIP). This was because companies like Shell and BP have backtracked completely on climate policy and the admission that engagement with these companies does not work.

Although the RIP was accepted we recall that it was to be brought back to the December 2025 Committee meeting with an amended wording to reflect this. We are interested to see whether the intent of the March meeting has translated into a robust statement in the policy. If this is not the case, please can you explain why hiding behind the engagement argument is not just a smokescreen and that ultimately it is profit that matters, no matter the cost to the planet?

**Response**

This question is unfortunately a little early. The debate to which it refers will occur at this meeting following which appropriate amendments will be made to the Authority’s various policy documents.

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<b>Subject</b>	<b>Corporate Planning Framework</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Will Goddard Acting Assistant Director - Resources	<b>Phone</b>	01226 666421
<b>E Mail</b>	<a href="mailto:wgoddard@sypa.org.uk">wgoddard@sypa.org.uk</a>		

## 1 **Purpose of the Report**

- 1.1 To seek members' consideration and approval for the annual update of the Corporate Strategy and to note the updates on progress made in each of the supporting strategies.

## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. **Approve the Corporate Strategy 2026 – 2029 at Appendix A; and**
  - b. **Note the progress updates for the supporting strategies 2025 – 2028 at Appendices B to E.**

## 3 **Link to Corporate Objectives**

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

### **Customer Focus**

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

### **Listening to our stakeholders**

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

### **Investment Returns**

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

### **Responsible Investment**

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

## **Scheme Funding**

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

## **Effective and Transparent Governance**

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

## **Valuing and Engaging Our Employees**

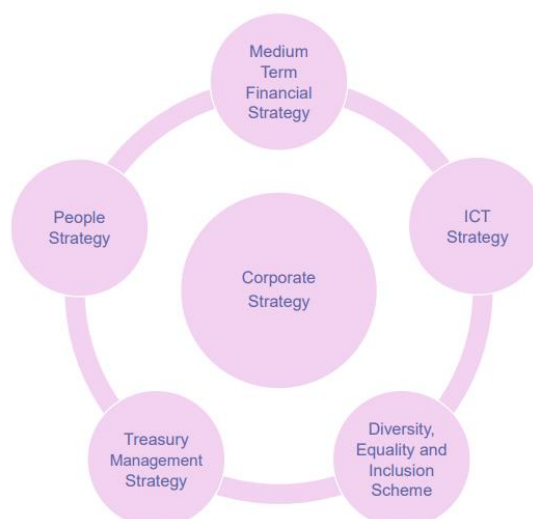
To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

## **4 Implications for the Corporate Risk Register**

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

## **5 Background and Options**

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



- 5.2 While elements of the framework are updated annually, the whole framework is subject to an in depth review every three years, immediately prior to the triennial valuation of the Fund. The full review of each element of the framework was therefore undertaken last year for the 2025 to 2028 period.
- 5.3 This year's review is the light touch annual update to the Corporate Strategy and a progress update report on progress made to date on the supporting strategies. These are attached as the following appendices.
- a. Appendix A: Corporate Strategy 2026 – 2029
  - b. Appendix B: Corporate Strategy 2025 – 2028 Progress Update
  - c. Appendix C: People Strategy 2025 – 2028 Progress Update
  - d. Appendix D: ICT Strategy 2025 – 2028 Progress Update
  - e. Appendix E: Diversity, Equality and Inclusion (DEI) Scheme 2025 – 2028 Progress Update

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

- 5.4 The Corporate Strategy has been refreshed collaboratively through review by the Leadership Team as a whole.
- 5.5 The Corporate Strategy 2025 – 2028 Progress Update at Appendix B shows how the existing Corporate Strategy has been refreshed and developed to form the proposed Corporate Strategy 2026 - 2029 for approval. The document demonstrates how existing strategic themes have been carried forward, refined or re-sequenced in response to developments in the external operating environment, including anticipated changes in government policy, LGPS guidance and regulatory requirements. This approach ensures continuity of purpose while enabling the Authority to respond effectively to emerging challenges and expectations arising from the evolving legislative and policy landscape.
- 5.6 Appendices C to E provide a progress update following the first year of the People, ICT and Diversity, Equality and Inclusion strategies.
- 5.7 The Corporate Planning Framework has been developed holistically with each element forming a key pillar of the whole and all of these aligned to achieve success. The work to develop this has been done with a forward-looking view, taking account of the wider environment and potential changes that will affect the LGPS over the time horizon, but also with a continued emphasis on never losing sight of our core purpose of delivering for our scheme members.

## 6 **Implications**

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

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

**Will Goddard**

**Acting Assistant Director – Resources & Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

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2026 - 2029

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## Foreword

South Yorkshire Pensions Authority exists solely to meet the needs of its customers, whether they are scheme members or scheme employers. The Corporate Planning Framework sets out how we will approach that task and is fully reviewed every three years in line with the triennial cycle of valuations for the Fund. This was undertaken last year for the 2025 to 2028 period. In the interim, the Corporate Strategy is updated annually, and this 2026 to 2029 update is the first annual update of this cycle.

This update of the strategy takes place in the context of very significant and far-reaching reform in the LGPS – with the Pension Schemes Bill progressing through Parliament and expected to receive royal assent in the coming months, the forthcoming period will focus on moving from debating the changes to implementing them effectively.

As we move into the 2026/27 financial year, the Authority and the Fund start from a strong position. The 2025 valuation confirmed a healthy funding position resulting in reductions to employer contributions. The Border to Coast pooling partnership is increasing in size with the addition of seven new partner funds and making good progress on developing capabilities to deliver the changes required from the Bill. The Authority has robust governance arrangements in place as evidenced from conclusions of an independent review in 2024 and is well prepared for evolving these to meet the new requirements.

The challenges in the year ahead will encompass the need to work through how to deliver the changes from the Bill in practice, working with our partners and stakeholders and remaining focussed on ensuring long term Fund success for our scheme members and employers. At the same time, we will not lose sight of our core purpose and what we are here for – to act as stewards of the pension savings of our scheme members. The Authority's strategy and plans will therefore navigate attention to change and risk management whilst continuing to consolidate and build on the progress made in the last few years on our service delivery.

This Corporate Strategy update therefore represents an emphasis on core priorities – ensuring workload demands are met through well planned resourcing and optimal use of technology, achieving effective implementation of the investment strategy and responsible investment goals, and providing the organisational infrastructure to enable success and deliver excellence for all of our customers.

Councillor Donna Sutton  
Chair  
South Yorkshire Pensions Authority

Gillian Taberner  
Director  
South Yorkshire Pensions Authority

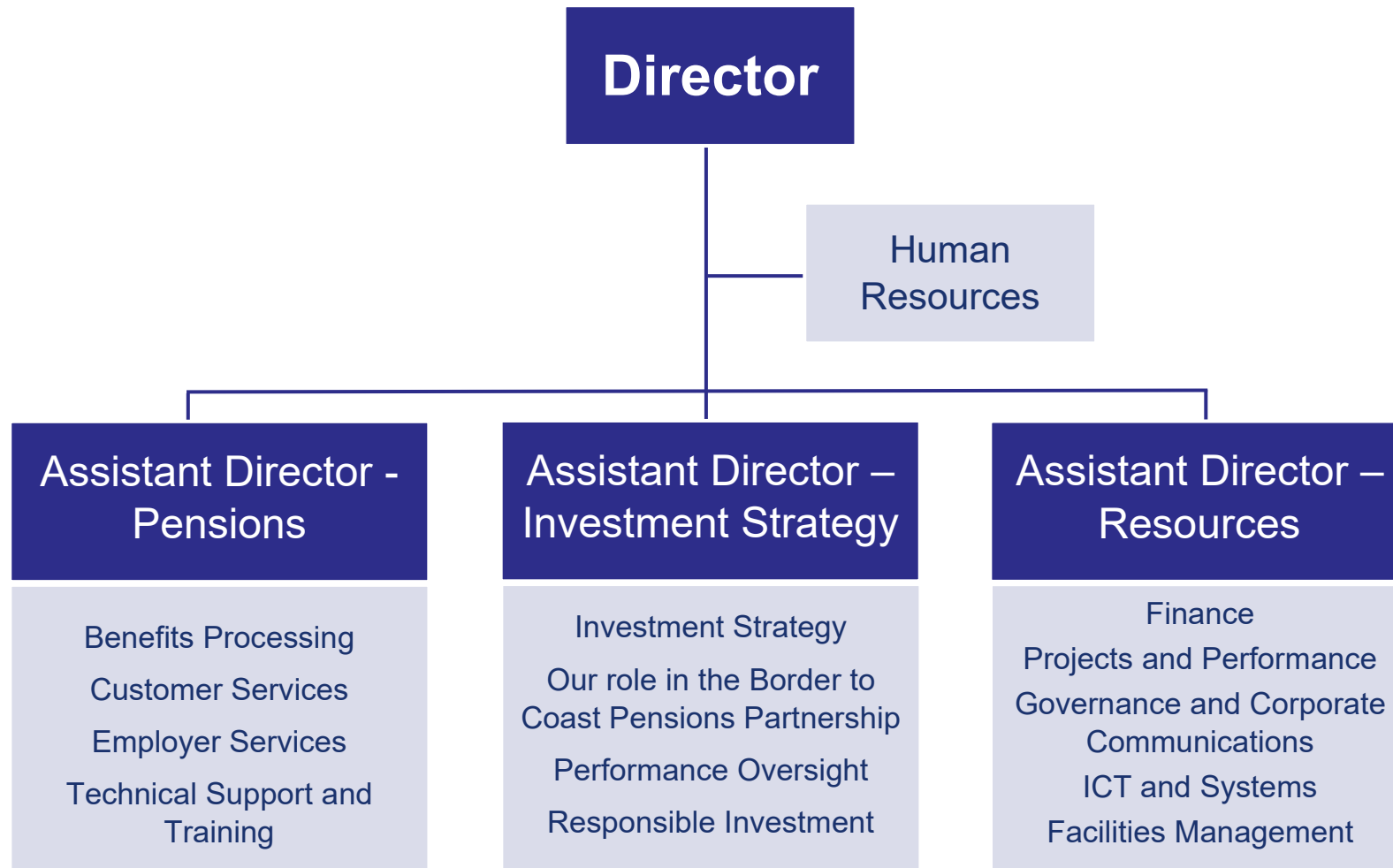
## Our Organisation

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

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

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

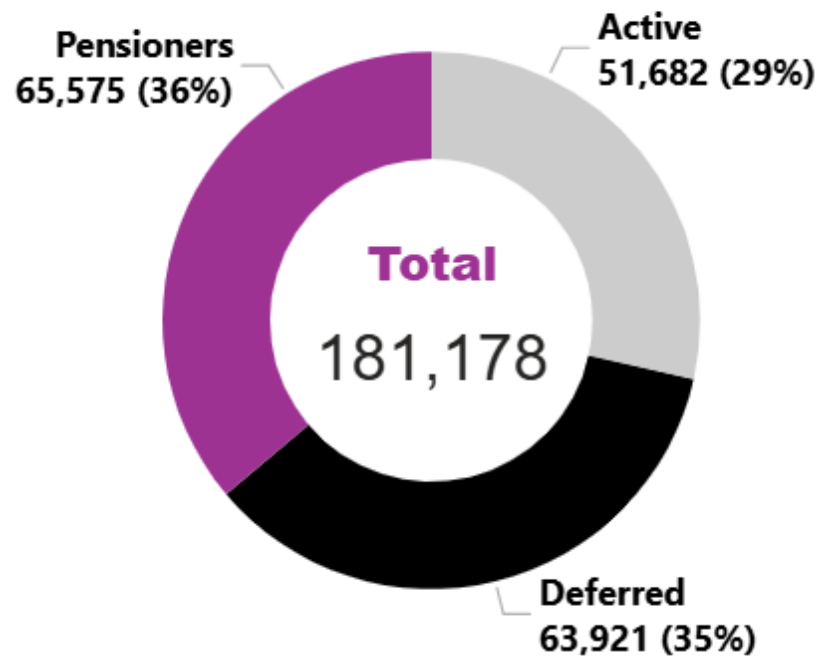




The Authority employs around 140 people (131 FTE) in total who work in a hybrid model, from our Oakwell House office in Barnsley.

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

Membership



Scheme Employers  
with active members

571

Assets Under  
Management

£11,086 million

Net Investment  
Income in 2024/25

£69 million

Total Contributions  
Received in 2024/25

£307 million

Total Benefits Paid  
in 2024/25

£458 million

*All figures shown are as at 31 March 2025 unless otherwise stated.*

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

Our mission:

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

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

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

## Customer Focus

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

## Listening to Stakeholders

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

## Valuing Employees

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

## Effective Governance

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

## Investment Returns

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

## Responsible Investment

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

## Scheme Funding

## How we go about fulfilling our objectives

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

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

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

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

**Management Behaviours Demonstrated by:**

We take responsibility for improvement - within a clear framework

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

We all get behind a common goal

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

We involve and engage people in decisions that will affect them

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

## What we are going to do over the next three years

### The Planning Context

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

Broadly, the context for developing the Corporate Strategy is defined by the policy and regulatory environment alongside operational plans and considerations.

### The Policy and Regulatory Environment

During 2025/26, the policy landscape for the LGPS has moved from high-level proposals to concrete legislative and regulatory change with the introduction of the Pension Schemes Bill, currently working its way through the legislative process with Royal Assent expected in early 2026.

The Government carried out a consultation in December 2025 on two draft statutory instruments that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These are the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 and the Local Government Pension Scheme (Amendment) Regulations 2026. These regulations will be supported by statutory guidance and require compliance from 1 April 2026, subject to passage of the Bill. The main requirements in these regulations include the following.

#### Pooling and Investment:

- Administering authorities (AAs) required to delegate the implementation of their investment strategy to their asset pool.
- AAs required to take principal investment advice from their pool.
- All assets to be controlled and managed by the relevant asset pool.
- Minimum standards for pools, including FCA authorisation and capacity to manage local investments.
- AAs required to co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company.



#### Governance:

- AAs required to have regular independent governance reviews aligned with valuation cycles.
- AAs to have a Governance Strategy, Training Strategy and Conflicts of Interest Policy – these may be combined into one document.
- Requirement to appoint / designate a Senior LGPS Officer by 1 October 2026.
- Requirement to appoint an Independent Person by 1 October 2026, who will be a non-voting member, to advise on all matters relating to investment, administration and governance.

During 2025, the Government also carried out two consultations focused on LGPS benefits and administration, Access and Fairness and Access and Protections. The main proposals from these two consultations are summarised as follows.

#### Access and Fairness:

- Survivor benefits – proposals to reform survivor benefits to address inequalities that have arisen over a number of years. This will include equalising survivor benefits and the retrospective removal of the age limit (75) for death grant eligibility. The retrospective nature of the proposed changes will present significant administrative complexity challenges.
- Gender Pensions Gap – proposals to better understand the gender pensions gap and steps to try and reduce this. The proposals include a requirement for each fund to report on the whole fund gender pensions gap and on the gap for applicable employers. Additionally, changes are proposed to how pension contributions apply to certain breaks in service, including to make unpaid additional maternity leave pensionable at employer cost.
- Opt-outs – proposals aimed at addressing a general LGPS lack of information and understanding about which scheme members are opting out and why. This includes proposing that AAs will be required to report on opt-outs in annual reports and that a new Opt-out form will be developed by the Scheme Advisory Board to capture better information on reasons for and circumstances of opt-outs.
- Various other proposals to address and correct technical issues.

#### Access and Protections:

- Normal Minimum Pension Age (NMPA) – the Finance Act 2022 increased the NMPA from age 55 to 57 to take effect from 1 April 2028. This consultation sets out proposals for how this will be applied and implemented in the LGPS, including protections measures.
- LGPS access for councillors and mayors – Proposals to re-instate access to the LGPS for councillors in England and to offer access to the LGPS for mayors.
- Academy consolidation – Academy schools currently participate in the fund in which the school is located. Multi-Academy Trusts (MATs) can run academy schools across several different LGPS fund areas and the 2013 regulations allow for them to apply for a direction from the Secretary of State (SoS) to substitute a different administering authority as their appropriate administering authority. The consultation contains proposals to put criteria for applications for directions into legislation, and to remove the requirement for SoS consent where all criteria are met.
- New Fair Deal – Proposals that aim to bring pension protections for outsourced workers in local government in line with the government's Fair Deal guidance of 2013.

The breadth and impact of all these changes in policy and regulation across all of the Authority's workstreams presents a challenging and demanding agenda, alongside delivering on business as usual.

There are clearly risks arising from all of this to the Authority's ability to achieve its objectives. These risks are reflected in the risk register included in this strategy and will remain subject to regular and careful scrutiny to proactively plan mitigations as circumstances evolve.

In preparing ourselves for the challenges ahead, the Authority will continue to rely on the core strengths of the organisation, our pooling partnership, and the LGPS sector more widely – collaboration and sharing of best practice, commitment to innovation and learning from others, and using our experience and influence to help shape how policy intent can best be delivered in practice.

### Operational Considerations

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

The process of prioritisation undertaken to arrive at the areas of work included in the plan below has focused on balancing the need to deal with the issues which deliver the most immediate impact on our corporate objectives, maintaining the momentum achieved in the last two years, with the need to prepare for and implement the reforms arising from the Pension Schemes Bill and regulations, which are likely to require significant attention and time over the coming year.

## The Plan

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

The plan is organised around the following six themes.

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

Underpinning this Corporate Strategy are the other elements of the overall corporate planning framework – the Medium Term Financial Strategy, the People Strategy, the ICT Strategy and our Diversity, Equality and Inclusion (DEI) Scheme. These each contain a range of specific plans and are referenced within the corporate plans below for delivery over the relevant period. Annual progress updates on each of the People, ICT and DEI strategies are presented separately for information.

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
Pension Administration		AD – Pensions				
PA1	Ensure the Benefits Team is equipped with the appropriate resourcing capacity and capabilities to effectively <b>manage outstanding, current and future casework volumes</b> to meet agreed performance expectations.	01/02/2026	31/03/2028	SM - Benefits	Customer Focus Scheme Funding Effective Governance Listening to stakeholders	ADM-002 Backlogs in workflows
PA2	Implement the outcomes from the <b>Access &amp; Fairness and Access &amp; Protections</b> Government consultations.	01/04/2026	31/03/2028	AD - Pensions	Customer Focus Scheme Funding Effective Governance Listening to stakeholders	ORG-004 Compliance with Regulations
PA3	Implement the <b>McCloud Remedy</b> successfully.	01/04/2024	31/08/2026	AD – Pensions	Customer Focus Scheme Funding	ADM-003 Failure to deliver McCloud rectification  ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
PA4	Further develop the <b>Data Quality Improvement Plan</b> to comply with TPR, Dashboard, Valuation & McCloud.	01/04/2026	31/03/2027	SM – Technical Support and Training	Customer Focus Scheme Funding Effective Governance	ADM-001 Poor data quality ADM-003 Failure to deliver McCloud rectification ORG-004 Compliance with Regulations
PA5	Ensure <b>Pensions Administration software system</b> is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible.	01/04/2024	31/03/2029	AD – Pensions and Head of ICT	Customer Focus Effective Governance	ADM-001 Poor data quality ADM-002 Backlogs in workflows
PA6	Implement the <b>Pensions Dashboard</b> to required timescales.	01/09/2024	31/10/2026	SM – Customer Services and Head of ICT	Customer Focus Effective Governance	ORG-004 Compliance with Regulations
<b>Investment Strategy</b>				<b>AD – Investment Strategy</b>		
IS1	Ensure 2026 <b>Strategic Asset Allocation</b> changes are implemented effectively by Border to Coast.	01/04/2026	31/03/2029	AD – Investment Strategy	Listening to Stakeholders Investment Returns Responsible Investment	IAF-001 Market movements IAF-002 Climate Change

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
					Scheme Funding	IAF-003 B2C Strategic Plan ORG-004 Compliance with Regulations
IS2	Continue to develop and deliver our <b>Place Based Impact Investment</b> approach.	Ongoing throughout 2026 to 2029		Investment Manager	Investment Returns Listening to stakeholders	IAF-001 Market movements IAF-004 Cashflows
IS3	Continue the progress towards the Authority's ambition of <b>Net Zero 2030</b> . <i>[This strategic objective will be reviewed and updated if necessary following outcomes of ISS review in March 2026]</i>	Ongoing throughout 2026 to 2029		Investment Manager	Investment Returns Responsible Investment Listening to Stakeholders Scheme Funding	IAF-001 Market movements IAF-002 Climate Change
IS4	Complete the <b>transition of legacy assets</b> portfolio to <b>Border to Coast</b> .	01/04/2025	30/06/2026	AD – Investment Strategy	Investment Returns	IAF-003 B2C Strategic Plan IAF-010 Policy environment

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
IS5	Contribute to the development of new collective <b>Oversight Model of Border to Coast</b> .	01/01/2026	31/12/2026	AD – Investment Strategy	Investment Returns Responsible Investment Listening to Stakeholders Scheme Funding Effective Governance	IAF-003 B2C Strategic Plan IAF-010 Policy environment ORG-004 Compliance with Regulations
<b>Corporate Organisation</b>				<b>AD – Resources</b>		
CO1	Develop and deliver an <b>Environmental Sustainability plan</b> for our operations.	01/01/2026	31/03/2027	Head of ICT and Operations Management Officer	Effective Governance	IAF-002 Climate Change GOV-003 Delivery of Corporate Strategy
CO2	Ensure the <b>Diversity, Equality and Inclusion Scheme</b> is delivered effectively.	01/04/2025	31/03/2028	AD – Investment Strategy	Customer Focus Valuing Employees Effective Governance	ORG-004 Compliance with Regulations



Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
CO3	Deliver the <b>Social Media Strategy</b> to communicate and promote the Authority's work and achievements.	01/04/2025	31/03/2028	Director and Communications Business Partner	Effective Governance Valuing Employees	GOV-003 Delivery of Corporate Strategy  IAF-010 Policy environment  PEO-002 Employee vacancy level
CO4	Develop the reporting and usage of management information within the <b>Performance Management Framework</b> , to empower staff to improve efficiency and effectiveness across the Authority.	01/04/2026	31/03/2029	Head of Finance & Performance and SM – Programmes & Performance	Effective Governance Customer Focus Valuing Employees	GOV-003 Delivery of Corporate Strategy  ORG-004 Compliance with Regulations
<b>Governance and Partnerships</b>				<b>Director and AD – Resources</b>		
GP1	Implement changes to <b>Fund Governance</b> required under the <b>Pension Schemes Act</b> and associated regulations and statutory guidance.	01/04/2026	31/10/2026	AD – Resources and Head of Governance & Corporate Services	Effective Governance	GOV-003 Delivery of Corporate Strategy  IAF-010 Policy environment  ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
GP2	Maintain Authority's level of influence as <b>a partner fund within</b> the expanded <b>Border to Coast</b> partnership - including implementation of the 2030 strategy and monitoring effective delivery of changes required under the Pension Schemes Act.	Ongoing throughout 2026 to 2029		Director	Effective Governance Listening to Stakeholders Investment Returns Responsible Investment	IAF-003 B2C Strategic Plan IAF-010 Policy environment ORG-004 Compliance with Regulations
GP3	Ensure continuous improvement of the Authority's <b>Governance arrangements</b> to meet good practice – including compliance with TPR General Code and commissioning next independent governance review.	Ongoing throughout 2026 to 2029		AD – Resources and  Head of Governance & Corporate Services	Effective Governance Listening to Stakeholders	IAF-010 Policy environment ORG-004 Compliance with Regulations
GP4	Support <b>Authority and LPB members</b> to develop the <b>knowledge and skills</b> required to perform their roles effectively.	Ongoing throughout 2026 to 2029		Head of Governance & Corporate Services	Effective Governance	GOV-001 Member knowledge and understanding

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
Our People				Director		
OP1	Produce and implement a separate <b>Workforce Plan</b> to identify and plan how to meet future people resourcing needs, including succession planning.	01/09/2026	31/03/2027	Director and HR Business Partner	Valuing Employees Effective Governance	PEO-002 Employee vacancy level PEO-003 Single person risk
OP2	Ensure the effective delivery of <b>Our People Strategy</b> .	01/04/2025	31/03/2028	Director and HR Business Partner	Valuing Employees Effective Governance Listening to Stakeholders	PEO-002 Employee vacancy level PEO-003 Single person risk ORG-004 Compliance with Regulations
Information Technology				AD – Resources and Head of ICT		
IT1	Maintain and continually strengthen our cyber security defences – including embedding and continued development of the <b>Cyber Security Strategy</b> .	Ongoing throughout 2026 to 2029		Head of ICT and SM – ICT Infrastructure	Effective Governance	ORG-002 Cyber security attack ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
IT2	Ensure the effective delivery of the <b>ICT Strategy</b> .	01/04/2025	31/03/2028	Head of ICT and SM – ICT Infrastructure	Effective Governance Customer Focus Valuing Employees Listening to Stakeholders	GOV-003 Delivery of Corporate Strategy ORG-002 Cyber security attack ORG-004 Compliance with Regulations

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

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

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

Over the coming year, the performance management framework will be further embedded to enhance the corporate performance reports with a wider range of performance indicators across our services and information presented in dashboards that will assist in providing a clear view to enable and inform decision making and identification of areas where action is needed to improve.

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

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

## 1. Pension Administration

Success in this area will be measured and evidenced through:

- ◆ Performance indicators and quantitative measures evidencing incoming work being completed within agreed timescales, updates through quarterly reports to Local Pension Board and regular reports to the Authority.
- ◆ Key projects for Access & Fairness and Access & Protections changes, McCloud Remedy, Pensions Dashboard, System developments and Data Quality improvement plan – delivered to target timescales, with progress throughout being reported.
- ◆ Outcomes will be measured through:
  - ◇ Regular surveys of scheme membership.
  - ◇ Complaints – numbers received, resolved, amounts paid in customer compensation.
  - ◇ Numbers of breaches recorded and reported.
  - ◇ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

## 2. Investment Strategy

Success in this area will be measured and evidenced through:

- ◆ The performance indicators on investment returns set out in the quarterly investment performance reports, and in the annual report including:
  - ◇ Fund level investment returns compared to the benchmark and actuarial assumption.
  - ◇ The trend in investment income achieved compared to assets under management.
  - ◇ Investment returns by asset class and the asset specific benchmark.
- ◆ Development of the oversight model of the Pool will inform the measures to be used in relation to how well the strategic asset allocation is being implemented, the effectiveness of delivery of other investment management services including as principal source of advice. However this is developed, it will form a core part of the quarterly reporting to the Authority.

- ◆ Indicators for success in responsible investment will include the trend in level of carbon emissions and in the ESG score from equity portfolios compared to benchmark indices.
- ◆ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

### 3. Corporate Organisation

Success in this area will be measured and evidenced through:

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

### 4. Governance and Partnerships

Success in this area will be measured and evidenced through:

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

## 5. Our People

Success in this area will be measured and evidenced through:

- ◆ The range of measures set out in the separate People Strategy 2025 – 2028, and the annual progress update report presented to the February Authority meeting.
- ◆ Outcomes reported each year in the Authority's Annual Report.

## 6. Information Technology

Success in this area will be measured and evidenced through:

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



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

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

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

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

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

A summary of the register as at the latest review of the Authority in December 2025 is shown below. The first table lists each risk on the register, and this is followed by a summary matrix showing the relative scores and rating of each risk. The full risk register is available with the quarterly performance reports on the Authority's website.

<b>Risk Reference</b>	<b>Risk</b>
<b>ADM-001</b>	Poor data quality
<b>ADM-002</b>	Backlogs in workflows
<b>ADM-003</b>	McCloud rectification
<b>GOV-001</b>	Local Pension Board and Authority Members knowledge and understanding
<b>GOV-003</b>	Delivery of key objectives in Corporate Strategy
<b>GOV-004</b>	Failure to apply data protection requirements
<b>IAF-001</b>	Material changes to the value of investment assets and/or liabilities
<b>IAF-002</b>	Failure to mitigate the impact of climate change
<b>IAF-003</b>	Border to Coast Strategic plan
<b>IAF-004</b>	Imbalance in cashflows
<b>IAF-005</b>	Employer contributions become unaffordable
<b>IAF-010</b>	The Pensions Review
<b>ORG-002</b>	Cyber Security attack
<b>ORG-004</b>	Failure of the Authority to comply with relevant Regulations
<b>ORG-009</b>	Major ICT failure
<b>PEO-002</b>	High level of vacancies within the organisation
<b>PEO-003</b>	Single points of failure in specialist knowledge roles



### Corporate Risk Register Matrix at December 2025

Impact	5 Very High			IAF-004	IAF-002	
	4 High		GOV-003	ADM-001 GOV-004 ORG-004 ORG-009	ADM-002 ADM-003 IAF-001 ORG-002	
	3 Medium			IAF-003 IAF-005 IAF-010 PEO-002 PEO-003	GOV-001	
	2 Low					
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very High
		Likelihood				

## What is it all going to cost?

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

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

### Operating Budget

The Operating Budget is the cost of running the Authority's activities including Pension Administration, oversight of the Investment Strategy and the costs of Governance. These costs, like a council budget, are controllable and the Director is accountable to the members of the Authority for spending within the budget. The table below gives a summary of the budget for 2026/27 and forecasts for future years.

The budget requirement in 2026/27 has increased by £0.350 million on the previous year. This reflects the impact of the 2026/27 estimated pay award costing £0.226 million. The total increase is offset by a decrease in employer pension contributions resulting in a decrease in pension costs of (£0.121 million). The remaining increase in the budget for 2026/27 relates to the general increase in staffing and running costs based on assumptions around contractual indexation alongside plans for specific projects and work required to be delivered in the year. This equates to a 2.5% increase in cost per scheme member. More detail is available in the Medium-Term Financial Strategy and the Budget report presented to the February Authority meeting each year.

South Yorkshire Pensions Authority Operating Budget	2025/26 Forecast Outturn	2026/27 Budget	2027/28 Estimate	2028/29 Estimate
	£	£	£	£
Pensions Administration	4,001,960	4,230,590	4,351,570	4,476,070
Investment Strategy	660,990	546,480	560,800	575,500
Resources	1,438,440	1,649,490	1,698,240	1,748,440
ICT	1,638,970	1,813,960	1,860,840	1,908,970
Central Costs	809,820	838,540	858,270	878,480
Democratic Representation	150,100	173,870	178,690	183,640
Unfunded Liabilities	312,000	289,000	299,980	311,380
<b>Subtotal Revenue Expenditure:</b>	<b>9,012,280</b>	<b>9,541,930</b>	<b>9,808,390</b>	<b>10,082,480</b>
Capital Expenditure	130,000	45,000	45,900	46,820
Financing Expenditure	36,910	34,450	31,430	28,260
MRP Charge	3,450	48,480	59,370	62,540
Contribution to/from Reserves	175,000	20,000	20,000	(40,000)
Levy on District Councils	(312,000)	(289,000)	(299,980)	(311,380)
<b>Total Charge to Pension Fund</b>	<b>9,045,640</b>	<b>9,400,860</b>	<b>9,665,110</b>	<b>9,868,720</b>

## Pension Fund Forecast

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

Fund Financial Forecast	Actual 2024/24 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m	Forecast 2028/29 £m
<i>Dealings with members, employers and others directly involved in the scheme:</i>					
Contributions receivable & transfers in from other pension funds	(307)	(332)	(259)	(266)	(274)
Benefits payable and payments to or on account of leavers	458	473	408	410	424
<b>Net (additions) / withdrawals from dealings with members</b>	<b>151</b>	<b>141</b>	<b>149</b>	<b>144</b>	<b>150</b>
Management expenses	103	122	125	128	131
Net returns on investments	(382)	(1,270)	(1,002)	(1,043)	(1,098)
<b>Net (increase)/decrease in the Fund during the year</b>	<b>(128)</b>	<b>(1,007)</b>	<b>(728)</b>	<b>(771)</b>	<b>(817)</b>
Net Assets of the Fund at 1 April	(10,984)	(11,112)	(12,119)	(12,847)	(13,618)
<b>Net Assets of the Fund at 31 March</b>	<b>(11,112)</b>	<b>(12,119)</b>	<b>(12,847)</b>	<b>(13,618)</b>	<b>(14,435)</b>
Management Expenses as Percentage of Average Net Assets	0.93%	1.05%	1.00%	0.97%	0.93%

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

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

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



## What part will our people play?

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

We now employ just over 131 Full Time Equivalents (around 140 people) across our services as shown in the table below.

	2024/25 Establishment FTE	2025/26 Establishment FTE	2026/27 Establishment FTE
Pensions Administration	77.7	77.2	77.3
Investment Strategy	4.0	4.0	3.0
Resources (including ICT)	47.3	47.7	47.1
Central Costs (Director and HR)	1.0	1.0	3.8
<b>Total</b>	<b>130.0</b>	<b>129.9</b>	<b>131.2</b>

Following a period of expansion, 2025/26 marked a shift towards consolidation, with changes to the establishment kept deliberately limited. The focus moved to embedding new roles, developing skills, and maximising the effectiveness and performance of the existing workforce. This stabilising approach continues into 2026/27, with only minor adjustments planned. During this period, workforce planning will be undertaken to ensure the Authority is strategically positioned for the future. This will take account of increasing regulatory demands and growing volumes of incoming work, balanced against anticipated efficiencies from technology and performance improvements.

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

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

## Document Control Details

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# 2026 Progress Update

# 2025 - 2028

# Corporate Strategy 2025 – 2028: Progress Update February 2026

## Introduction

The SYPA Corporate Strategy is subject to a comprehensive review every three years, with lighter annual updates undertaken throughout the strategic period.

The most recent full review was completed in February 2025. As a result, last year's strategy has been reviewed, and a refresh has been undertaken to inform the new Corporate Strategy for 2026–2029.

The actions table within the Corporate Strategy 2026–2029 sets out the commitments that will be delivered over the life of the strategy. The table below provides a detailed change log outlining the key differences and updates from the Corporate Strategy 2025 – 2028 approved in February 2025.

## Adjustments to the 2025 – 2028 Corporate Strategy

The following table sets out the actions from the 2025-2028 Corporate Strategy and provides a comment on their status and any changes made to each of these when taking forward to the 2026 – 2029 Corporate Strategy.

Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
Pension Administration					
PA1	Clear the remaining <b>Backlogs</b> of casework and ensure arrangements in place to prevent further backlogs developing.	01/02/2024	<b>31/03/2026</b>	Updated	<p>The original timescale target was revised from 31 Dec 2025 to 31 March 2026 and the work is on schedule to be completed by this target date.</p> <p>Completed before 1 April 2026. An updated action focussing on the on-going management of workloads has been added to replace this one in the 2026 – 2029 strategy.</p>
PA2	Plan and deliver the <b>Valuation 2025</b> , including increased engagement with employers.	01/09/2024	31/12/2025	Completed	Valuation report was signed off by Authority on the 18 <sup>th</sup> of December 2025. The last remaining action of this project – data on the Gender Pensions Gap – is with the actuary for completing, this work will be completed by the end of March 2026.
PA3	Implement the <b>McCloud Remedy</b> successfully.	01/04/2024	<b>31/08/2026</b>	Updated	Challenges with the Pension Administration Software led to delays in 2025, with a determination to delay made by the Authority in June 2025. The target date was revised from 31/08/2025 to 31/08/2026.

Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
PA4	Deliver the <b>Data Quality Improvement Plan</b>	01/04/2024	31/03/2026	Completed	The Data Improvement Plan is on track for being completed in March 2026 as expected. An updated action to reflect the ongoing requirement to develop and improve that plan has been added to the 2026 to 2029 strategy.
PA5	Ensure <b>Pensions Administration software system</b> is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible.	01/04/2024	31/03/2028	No Change	Improvements have been made to Scheme Member and Employer Web portals. An Automation module for workload processing went live in January 2026. The positive actions deemed there was no requirement to make changes to this action.
PA6	Implement the <b>Pensions Dashboards</b> to required timescales.	01/09/2024	Connect by 31/10/2025	Completed.	The original target to connect was met in December 2025. The action has now been updated in the 2026 to 2019 strategy to the next phase of synchronising live membership data with the Dashboard infrastructure.
<b>Investment Strategy</b>					
IS1	Plan and deliver the <b>2026 Investment Strategy Statement</b> review, including increased stakeholder consultation.	01/11/2024	31/03/2026	Completed	This action is on schedule for being completed by the end of March 2026. A new action to ensure the implementation of the revised strategic asset allocation has been added to the 2026 to 2029 strategy.
IS2	Continue to develop and deliver our <b>Place Based Impact Investment</b> approach.	Ongoing throughout 2025 to 2028		No Change	Implementation of local housing allocation is being finalised. All other local allocations have been made and managers are looking for opportunities to deploy capital. The 2026

Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
					Investment Strategy review will determine how this action develops.
IS3	Continue the progress towards the Authority's ambition of <b>Net Zero 2030</b> .  [This strategic objective will be reviewed and updated if necessary following outcomes of ISS review in March 2026]	Ongoing throughout 2025 to 2028		No Change	Interim 2025 emission reduction targets on listed portfolios have been met. This action is subject to review alongside the 2026 Investment Strategy review.
IS4	Undertake <b>transition of legacy assets</b> portfolio to <b>Border to Coast</b> .	01/04/2025	<b>30/06/2026</b>	Revised Date	The target date has been revised from 31 March 2026 to 30 June 2026 in line with Border to Coast's revised timetable.
<b>Corporate Organisation</b>					
CO1	Develop and deliver an <b>Environmental Sustainability plan</b> for our operations.	01/01/2026	31/03/2027	No Change	The first draft of the Environmental Sustainability Strategy 2026-2030 has been developed - to be reviewed internally prior to sending to external specialists for review.
CO2	Ensure the <b>Diversity, Equality and Inclusion Scheme</b> is delivered effectively.	01/04/2025	31/03/2028	No Change	Annual progress update provided separately in the reporting pack.

Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
CO3	Plan and implement a <b>Media Strategy</b> to ensure we communicate and promote the Authority's work and achievements.	01/04/2025	31/03/2026	Completed	The strategy was produced in 2025 completing the original action.  The action has been updated to focus on ongoing delivery in the 2026 to 2029 strategy.
CO4	Embed the <b>Performance Management Framework</b> and use this to <b>deliver improvements in reporting</b> of management information.	01/04/2025	31/03/2026	Updated	The original framework was developed as planned and is continuing to be embedded. This action has been updated in the 2026 to 2029 strategy. As well as delivering new Performance Dashboards there will be a focus on supporting managers to understand the new insights available and use these to support data-driven decisions.
<b>Governance and Partnerships</b>					
GP1	Implement the <b>Good Governance outcomes</b> arising from the Government's <b>Fit for the Future</b> consultation.	01/07/2025	31/03/2028	Updated	This action was subject to waiting for regulations and guidance from Government. This has been issued in draft during December 2025 and the Authority is well prepared for implementing the requirements. The action has been updated accordingly for the 2026 to 2029 strategy.



Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
GP2	Maintain Authority’s level of influence as a partner fund within <b>Border to Coast</b> – including input to the implementation of the 2030 Strategy.	Ongoing throughout each year of this strategy		No Change	This is a continuing priority and is being achieved to date through the involvement of the Director and the AD - Investment Strategy in officer groups and working parties on key changes. The wording of the action has been updated to reflect current context in the 2026 to 2029 strategy.
GP3	Ensure continuous improvement of the Authority's <b>Governance arrangements</b> to meet good practice – including compliance with TPR General Code.	Throughout each year of this strategy		No Change	Significant progress made resulting in increased module compliance.
GP4	Support <b>Authority and LPB members</b> to develop the <b>knowledge and skills</b> required to perform their roles effectively.	Throughout each year of this strategy		No Change	100% compliance against mandatory training completed with current and new members. Launch of the member self-assessment and annual L&D plan review have been received positively and identified areas for training in 2026/27.
Our People					
OP1	Produce and implement a separate <b>Workforce Plan</b> to identify and plan how to meet future people resourcing needs, including succession planning.	01/07/2025	31/03/2026	Updated	This objective is dependent on the HR and Payroll System being in place to provide the data required; that is now scheduled to be delivered Q1 and Q2 of 2026/27. Therefore, the action has been updated in the 2026 to 2029 strategy with a revised target timescale of 31 March 2027.

Ref	Strategic Action	Timescale		Status	Update Comments
		From	To		
OP2	Ensure the effective delivery of <b>Our People Strategy</b> .	01/04/2025	31/03/2028	No Change	Annual progress update provided separately in the reporting pack.
<b>Information Technology</b>					
IT1	Maintain and continually strengthen our cyber security defences – including development and implementation of an updated <b>Cyber Security Strategy</b> .	Throughout each year of this strategy		No Change	The actions defined in the Cyber Security Strategy are on target for completion.
IT2	Ensure the effective delivery of the <b>Technology Strategy</b> .	01/04/2025	31/03/2028	No Change	Annual progress update provided separately in the reporting pack.

## New Actions added to the Corporate Strategy 2026 - 2029

The actions below are those that have been newly added to the corporate plan for the forthcoming period.

Ref	Strategic Action	Timescale		Rationale for adding
		From	To	
Pension Administration				
PA2	Implement the outcomes from the <b>Access &amp; Fairness and Access &amp; Protections</b> Government consultations.	01/04/2026	31/03/2028	The Access & Fairness and Access & Protections consultations were issued during 2025. The implementation of the consultation outcomes has therefore been added as a key priority for the Authority in the new corporate strategy.
Investment Strategy				
IS5	Contribute to the development of new collective <b>Oversight Model of Border to Coast</b> .	01/01/2026	31/12/2026	Following the introduction of the Pension Schemes Bill, the Authority’s relationship with Border to Coast is evolving. The Authority will play a key role in the development of a new collective Oversight Model to ensure that Border to Coast is delivering in line with agreed objectives, expectations and statutory requirements.

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## 2026 Progress Update

# 2025 - 2028

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## Introduction

Our People Strategy forms part of South Yorkshire Pensions Authority's corporate planning framework, which is updated every three years in line with the triennial cycle of our funding valuations and investment strategy reviews. The 2025-2028 People Strategy was approved in February 2025 and is published on the Authority's website at: [Corporate Plans](#).

This document sets out an update on progress made on the planned actions during 2025/26, the first year of the strategy period.

## Action Plan and Progress Update 2026

The plans set out in the 2025 to 2028 strategy are organised around the following four themes.

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

The following table provides a progress update on each of the planned actions.

In summary, the updates show that progress is being made across a number of areas, although it has been necessary to defer some of the originally planned timescales. This has largely been a knock-on effect of the timing and workload impact of the separate project to procure and implement a new HR and Staff Payroll software system. A system was procured during 2025 and is being configured and implemented from January 2026 with an aim to go live in July 2026. The work involved means that there is very little capacity in the small HR team for other projects during this period. However, the efficiencies and the functionality that the new system will deliver once successfully embedded, will enable much improved capacity to focus on key strategic themes and plans going forward.

Additionally, as part of planning for resilience and succession within the team, work is under way on development of a new role to bring into the HR team during the coming year and this will further strengthen the resourcing to meet work demands that have increased in line with the growth in the staffing establishment that has taken place over the last two years.

The results of the 2025 employee engagement survey, reported to the Authority in December, showed an extremely impressive increase in our net promoter score from +7 in 2023 to +43 this time. The results also showed strong improvements across all four measures of engagement covered in the survey: My Role, Leadership & Management, Professional Development and Working Environment. This provides assurance that our aims in relation to people are being effectively delivered in overall terms.



Ref	Strategic Action	Timescale		Progress 2025/26
		From	To	
1. Recruit and retain a workforce fit to meet the needs of the organisation now and in the future.				
RR1	Develop and implement a workforce plan.	April 2025  Revised to Sept 2026	Sept 2026  Revised to June 2027	Delayed. The development of the workforce plan is dependent on the implementation of the new HR System. This is now in progress with a target live date of July 2026 – therefore the timescale for the workforce plan has been revised accordingly.
RR2	Provide recruitment and selection training to all managers and others involved in making recruitment decisions.	February 2025	July 2025	Completed.
RR3	Ensure recruitment practices and procedures are updated to use a broad range of advertising methods and to ensure the process is inclusive to attract a diverse pool of potential candidates.	April 2025	Dec 2025  Revised to Dec 2026	In Progress. Guidance on procedures and unconscious bias training delivered to recruiting managers in 2025. A recruitment service is used that places advertisements across a wide range of platforms.  Further development of the policy for recruitment and selection will take place during 2026 to build on the progress made.
RR4	Provide a welcoming, positive and well administered on-boarding experience for all those starting their employment journey with SYPA.	Ongoing throughout the strategy period.		Being delivered effectively as evidenced from feedback from new starters in the period and their line managers.
RR5	Undertake regular benchmarking of our pay and benefits (once every 3 years) to ensure we remain aware of our position within the employment market.	October 2026	June 2027	Due to commence during 2026/27.

Ref	Strategic Action	Timescale		Progress 2025/26
		From	To	
2. Invest in and support the development of our people.				
PD1	Develop and deliver a Learning and Development Strategy – that will set out how we’ll provide career paths for people, including apprenticeships, a career progression scheme applied to various roles across SYPA, and strategic planning of training to equip individuals with the knowledge and skills needed to achieve our goals.	April 2025	April 2026 and ongoing	<p>In progress. A corporate career grade scheme document in the process of being drafted to set out procedures and assessment criteria for progressing through the different stages of career-graded roles.</p> <p>For 2025/26 a central training and development plan for the year was created and delivered based on analysis of appraisal outcomes and this will be repeated in 2026/27. Pensions administration staff are being supported to undertake LGPS professional qualifications.</p> <p>The next stage will be to develop an overarching Learning &amp; Development Strategy for the organisation – the timescale for this will follow after the HR system implementation and aligned with workforce planning.</p>
PD2	Review and update the existing annual appraisal process to ensure it is fit for purpose in providing the framework in which to set objectives, reflect on performance and support personal and professional development goals.	July 2025  <b>Revised to Oct 2026</b>	December 2025  <b>Revised to Mar 2027</b>	<p>Delayed. The timescale for this action has been deferred due to the delay in the HR System implementation. The plan is for the process to be reviewed and updated as part of incorporating the process, workflows and documents into the new HR System, which will be done as part of developing the system following its initial ‘go live’.</p>
3. Ensure that leadership and management at all levels of the organisation is the best that it can be.				

Ref	Strategic Action	Timescale		Progress 2025/26
		From	To	
LM1	Develop a framework of skills and expected standards of the “SYPA Manager” supported by appropriate training and development.	July 2025	June 2026	On track. A second ‘Manager Development Programme’ is being delivered from Oct 2025 to Mar 2026 for two cohorts of New Managers and Aspiring Managers. The professional trainer will be working with the participants and using feedback from the previous programme in order to start drafting a framework that will then be further developed working with HR, senior managers and the leadership team.
LM2	Develop and implement a new manager induction programme.	July 2025	June 2026 <b>Revised to June 2027</b>	<p>Delayed. The aim is to develop a targeted set of materials and training that will include an online learning path specifically for those newly appointed to a manager role at SYPA, alongside planned core training delivered on a rolling programme basis.</p> <p>Whilst the work on these has been delayed due to other workload priorities, specific training for new managers is being delivered – recruitment and selection training in 2025, the new manager cohort of the development programme currently in progress and support and advice available from the HR team.</p>

Ref	Strategic Action	Timescale		Progress 2025/26
		From	To	
LM3	Explore the possibility of introducing a mentoring scheme for those in or aspiring to a management role.	During the 2025/26 financial year.  <b>Further progress required in 2026/27.</b>		Started. One mentoring relationship for a service manager has been introduced as a semi-informal trial exercise. The next step will be to identify options to commission support from an external learning & development specialist to assist in exploring and developing further. The aim is to progress this during the next financial year.
LM4	Introduce a 360-degree feedback process to be incorporated into the annual appraisal of all employees with line management responsibilities.	To be phased in over the period covered by this strategy.		In progress. A process for 360-degree feedback is in place for the members of the Senior Management Team and used annually since 2024.  The next phase will be to pilot a process for Service Managers and Heads of who report directly to the Assistant Directors. The timing for this may be affected by the other HR team priorities in 2026 but will target the 2027 annual appraisal round.

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

PC1	Develop and implement a Health and Wellbeing Strategy.	April 2025	February 2026  <b>Revised to March 2027</b>	Delivery of a wide range of health and wellbeing support and initiatives is well embedded and during 2025/26 has included continued monthly 'morning mix' events for employees on topics encompassing physical, emotional, mental and financial wellbeing. A series of Stress Awareness sessions were delivered for all staff in November, including dedicated sessions for managers with additional content on supporting their team
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Ref	Strategic Action	Timescale		Progress 2025/26
		From	To	
				<p>members. An enhanced version of our Employee Assistance Programme (EAP) is being introduced in February 2026 to add further support for employees including face-to-face as well as telephone counselling, access to life and leadership coaching, and a targeted menopause support programme using CBT. (Cognitive behaviour therapy).</p> <p>However, the production of a documented Health &amp; Wellbeing Strategy has been delayed to the next financial year.</p>
PC2	Undertake a project to define and promote our 'Employee Value Proposition'.	Sept 2025 <b>Revised to Apr 2027</b>	Sept 2026 <b>Revised to Sept 2027</b>	Delayed. The original target for this was overly ambitious in the context of other plans and priorities.
PC3	Continue to build on and further develop the range of internal communication and engagement routes for all our people – including biennial away days, SMT Question Time, Have Your Say, and others.	Ongoing throughout the strategy period.		Being delivered effectively. All staff away day held in September 2025 with very positive feedback, SMT question time held in April and September, additional Director briefing and Q&A held in January 2026. Employee engagement survey in October 2025 showed excellent net promoter score of 43 and improvements across all measures of engagement.

## Document Control Details

Publication	People Strategy – Progress Update
Period covered	01 April 2025 to 31 March 2026
Owners	Director and HR Business Partner
Document Date	12 February 2026
Prepared For	Full Authority
Next Review Date	February 2027

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## 2026 Progress Update

# 2025 - 2028

The ICT Strategy 2025-28 was approved at the February 2025 Authority meeting and is published online alongside the suite of Corporate Plans and Policies: [Corporate Plans](#). This document provides an annual update on progress for the period April 2025 to March 2026.

The following chart provides a summary of the status of the action plan after year one of the three-year Strategy.



A detailed review of the Strategy including progress updates is set out in the following table.



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Ref	Strategic Action	Timescale		Progress
		From	To	
Maintain and develop our ICT Infrastructure to meet current and future organisational needs				
ICT1-A	Deliver improvements and upgrades to the Authority’s ICT infrastructure	Ongoing throughout the strategy period		On schedule.
ICT1-B	Procure and implement a next generation ICT helpdesk system	01/11/2025	28/02/2026	Completed.
ICT1-C	Develop a fully revised and updated Business Continuity Strategy for ICT related functions	01/01/2025	30/06/2025	Completed.
ICT1-D	Deploy the Microsoft 365 E5 stack (compliance and security tools) to maximise return on investment and to reduce associated costs.	Ongoing throughout the strategy period		On schedule.
Using technology to support innovation and digital inclusion in how customers can access our services				
ICT2-A	Deliver improvements to the scheme member online portal ( <i>MyPension</i> ) by simplifying registration, improving security, and increasing functionality.	01/04/2025	30/06/2025	Completed.
ICT2-B	Deliver improvements to the employer online portal ( <i>EmployerHub</i> ) by increasing functionality and reporting.	01/05/2025	31/07/2025	Completed.
ICT2-C	Review the existing technology in the Oakwell House Events Room and implement upgrades to facilitate hybrid meetings and improved broadcasting of Authority meetings.	01/04/2025	30/04/2026	Ahead of schedule. Review undertaken and upgrade work now scheduled for April 2026.

Ref	Strategic Action	Timescale		Progress
		From	To	
ICT2-D	Support the implementation of the Pensions Dashboard to required timescales.	01/04/2025	31/10/2026	<p>Timescale amended: previously to be completed by 30/06/2026 – now to be completed by 30/04/2026.</p> <p>On schedule.</p> <p>Original Strategy included a deadline of 31/10/2025 for connecting, which has been completed. New timescale to of 31/10/2026 is to support the remaining implementation tasks; aligns with the Corporate Strategy 2026-2029.</p>
<i>Using technology to deliver efficient business processes</i>				
ICT3-A	Continue the implementation of Power BI to provide more accessible management information and reporting across the organisation.	Ongoing throughout the strategy period		On schedule.
ICT3-B	Support the implementation of an integrated HR, Staff Payroll and Time and Attendance system.	01/04/2025	31/07/2026	<p>Delayed due to resourcing.</p> <p>Timescale amended: previously to be completed by 31/12/2025 – now to be completed by 31/07/2026.</p>
ICT3-C	Ensure the contract for the Pensions Administration software system is managed effectively and that procurement activity and decisions are undertaken in good time ahead of the end of the existing contract.	01/07/2025	30/09/2026	<p>On schedule.</p> <p>The contract is being proactively managed through relationship management arrangements with the supplier. To ensure service continuity and allow sufficient time for future procurement activity, the contract has</p>

Ref	Strategic Action	Timescale		Progress
		From	To	
				recently been extended by a further 12 months to February 2028.
ICT3-D	Support the development of the Pensions Administration software system and investigate the utilisation of Automation tools to achieve maximum efficiencies.	01/04/2025	30/04/2026	Ahead of schedule. Timescale amended: previously to be completed by 30/09/2026 – now to be completed by 30/04/2026.
ICT3-E	Investigate the future possibility of how Artificial Intelligence (AI) tools might be used by the organisation – including assessment of potential benefits as well as the need for additional and robust governance and controls requirements.	01/07/2026	31/03/2027	Delayed pending the completion of action ICT4-D on data security aspects of Information Governance. Timescale amended: previously 01/04/2025 to 31/12/2025 - now 01/07/2026 to 31/03/2027.
<b>Keeping our data safe and secure</b>				
ICT4-A	Maintain and continually strengthen our cyber security defences – including as part of this, developing and implementing an updated, internal-facing Cyber Security Strategy.	Ongoing throughout the strategy period – with the Cyber Security Strategy in place by September 2025.		On schedule. The Cyber Security Strategy has been approved. An annual update for Authority and LPB members on this area is being introduced from July 2026.
ICT4-B	Ensure that our cyber and information security capabilities are thoroughly embedded and tested – through activities including (but not limited to) annual IT Health Checks, ensuring continued Cyber Essentials Plus accreditation, specialist training and CPD for	Ongoing throughout the strategy period		On schedule.

Ref	Strategic Action	Timescale		Progress
		From	To	
	all IT staff, promotion of user awareness through regular and frequent training and exercises.			
ICT4-C	Demonstrate compliance with the TPR General Code of Practice in relation to Maintenance of IT Systems and Cyber Controls	01/04/2025	30/09/2026	Delayed due to resourcing. Whilst we are largely compliant, there remains an action required to embed a process of ongoing assessment of the security and controls of third-party providers to supplement the robust process already in place when procuring new providers. Timescale amended: previously to be completed by 31/08/2025 – now to be completed by 30/09/2026.
ICT4-D	Support the work to improve data security aspects of Information Governance including the update and implementation of revised data classification, retention, encryption and minimisation policies and procedures.	01/02/2026	30/06/2026 and ongoing thereafter	Delayed due to resourcing. Work is now in progress in close collaboration with the Governance team as part of their wider information governance project. Timescale amended: previously 01/02/2025 to 31/03/2026 - now 01/02/2026 to 30/06/2026.
ICT4-E	Continue the rolling programme of review of all ICT Policies to ensure these are current, sufficient, and fit for purpose.	01/10/2024	30/04/2026 and ongoing thereafter	Delayed due to resourcing. Work is in progress with several new policies drafted and due to be reviewed for approval by SMT.

Ref	Strategic Action	Timescale		Progress
		From	To	
				Timescale amended: previously to be completed by 31/10/2025 – now to be completed by 30/04/2026.

## Document Control Details

Publication	ICT Strategy 2025 – 2028: Progress Update February 2026
Period covered	April 2025 to March 2026
Owner	Head of ICT
Document Date	12 February 2026
Prepared For	Full Authority
Next Review Date	February 2027

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## 2026 Progress Update

# 2025 - 2028

Ref	Strategic Action	Timescale	Progress Update January 2026
<b>1. Make our services more accessible to disabled customers</b>			
DE1-A	Continue to develop communications channels where necessary to enable customers to contact us in ways that are accessible to them.	Ongoing throughout 2025-2028	Ongoing workstream over the period – we'll provide updates when applicable.
DE1-B	Publicise the opportunity to receive information in accessible formats for customers.	Ongoing throughout 2025-2028	SYPA newsletters all reference the availability of accessible formats.  Accessibility statement included on the SYPA website, setting out the availability of other formats (braille, audio, etc.).
DE1-C	Accessibility audit of website to be undertaken.	March 2026	Accessibility audit has been undertaken, which the IT team is assessing. This will lead to the production of guidelines for updating the website on an ongoing basis.
DE1-D	Ensure public areas of our office at Oakwell House are accessible to disabled customers.	Ongoing throughout 2025-2028	Initially completed in 2022 – but this is regularly reviewed.
DE1-E	Ensure when we use other venues for events that these are fully accessible.	As required.	This is a consideration when selecting venues for all SYPA events.
DE1-F	Ensure disabled customers are fully aware of our disability access initiatives and how to request or participate in these if needed.	March 2028	Covered under DE1-B. Accessibility statement considered compliant but will need re-testing before March 2028. On track.
<b>2. Through engagement with scheme members and employers, promote equality and inclusion, and help bring people from different backgrounds together</b>			
DE2-A	Identify whether any group with protected characteristics is underrepresented in the membership of the Pension Fund when compared to their representation within the employer's workforce.	April 2026	Behind schedule due to work pressures. Proposing that timescale is deferred to September 2026. First stage will be asking the question of Employers in our March newsletter.



Ref	Strategic Action	Timescale	Progress Update January 2026
DE2-B	Identify potential causes of any underrepresentation and design and implement a communications strategy to address it.	September 2026	<p>SYPA will be running an International Women’s Day session for members in March 2026, exploring the gender pay and pensions gap and the related impact of the menopause.</p> <p>We are targeting the summer 2026 launch of a TikTok channel to engage younger members.</p> <p>Sharia Law &amp; The LGPS article included in Active &amp; Deferred newsletter Nov 2024</p> <p>We have targeted members who have opted out with an article on re-joining the scheme – Deferred Newsletter 2024.</p>
DE2-C	Establish an internal group to ensure all accessibility issues are considered and improved or changes implemented on a regular basis. To include representatives from Customer Services, Communications, ICT and Operations. Meetings to be held every 6 months.	September 2025	Behind schedule due to work pressures. A working group for “Member Booklet/Factsheet/Website update and redesign” has now been established, however. First meeting took place in January 2026.
<b>3. Ensure decision-making in the Authority is informed by a robust and clear impact assessment of how people with protected characteristics will be affected, taking action to reduce any inequalities where appropriate.</b>			
DE3-A	Develop an Equality Impact Assessment (EIA) process for all new or revised policies or services. This should enable robust, timely and proportionate EIAs to be developed and reported to decision-makers.	December 2025  <b>Revised to June 2026</b>	Work has progressed on developing a process for completing Impact Assessment, but this still requires further work and consultation which has meant we did not achieve the December 2025 deadline. Given the importance of this piece of work and the consultation still required, a revised deadline of June 2026 is proposed.

Ref	Strategic Action	Timescale	Progress Update January 2026
DE3-B	Provide appropriate employees with the necessary training and support to undertake the EIA process.	March 2026 <b>Revised to Sept 2026</b>	Revised date of September 2026 to align with the timescales of item DE3-A.
DE3-C	Provide elected members with appropriate training and awareness in all matters pertaining to diversity, equality and inclusion to ensure robust decision making.	June 2026 <b>Revised to Sept 2026</b>	Revised date of September 2026 to align with the timescales of item DE3-A and DE3-B.
<b>4. Ensure the diversity of our workforce reflects that of the customers we serve.</b>			
DE4-A	Continue to monitor and report on workforce diversity, including annual reporting & identify areas of under-representation and develop plans to address these. (Part of the People Strategy).	March 2027	On track. Equality information now captured during induction process for all new starters. Next DEI survey to be carried out in 2026/27.
DE4-B	Provide Recruitment and Selection, including Unconscious Bias, training to all recruiting managers.	June 2025	Complete. This will now be an ongoing item.

Ref	Strategic Action	Timescale	Progress Update January 2026
DE4-C	Include above training in induction process for all newly appointed managers.	December 2025	<p>Complete.</p> <ul style="list-style-type: none"> <li>Unconscious Bias training undertaken by all Managers during 2025.</li> <li>Recruitment and Selection training was undertaken for new recruiting managers in March and September 2025.</li> <li>Since October 2024, a legislative change has put a direct responsibility on employers to prevent harassment in the workplace, with particular emphasis on sexual harassment. A training video has been produced, reinforcing the role SMT, managers and employees have. This was issued as a mandatory training requirement in February 2025.</li> <li>The work on embedding Recruitment &amp; Selection and Unconscious Bias training into induction for all newly appointed managers will form part of work on the wider Learning &amp; Development strategy over 2026/27.</li> </ul>
<b>5. Ensure the workforce culture, environment, policies, and practices are safe, accessible, and inclusive for people with protected characteristics.</b>			
DE5-A	Consult with employees to better understand their experience of working for the Authority.	March 2026	<p>Completed.</p> <p>Employee engagement survey conducted in September 2025 with additional questions on inclusivity and ability to express authentic self. Results communicated, with actions to be confirmed and taken forward in 2026. Following a suggestion from an employee, an action was taken in January 2026 to add personal pronouns in email signatures.</p>
DE5-B	Establish a Working Group which reflects the workforce to champion DEI issues within SYPA.	December 2025	This has not been completed due to workload pressures on AD – Investment Strategy and small HR team in 2025 from corporate priorities of investment

Ref	Strategic Action	Timescale	Progress Update January 2026
		<b>Revised to September 2026</b>	strategy review and HR system project. Revised target date of September 2026 now set as more realistically achievable and plans being put in place to source some external support with this.
DE5-C	Ensure all employees are fully aware of expectations with regards equality and diversity and how to report any concerns, through induction and training programmes and that these issues are reflected in the appraisal process.	Ongoing throughout 2025-2028	Mandatory training in DEI refreshed and updated as part of Corporate Training in 2024/25. DEI Awareness is incorporated as part of the induction process undertaken by all new employees.  Mandatory refresher training will be scheduled for every 2 years going forwards.
<b>6. Identify and reduce, where statistically possible, any pay gaps that exist associated with gender, disability or ethnicity.</b>			
DE6-A	Monitor and report on the gender pay gap annually.	Annually in 2025 - 2028	Gender Pay gap reported in the Authority's annual report each year – most recent was the 2024/25 annual report.
DE6-B	Explore the possibility of introducing statistical measures in relation to disability and ethnicity in the context of our small size.	March 2027	On track. Targeted this action for completion during 2026/27.
DE6-C	Deliver group coaching programme for female employees once every two years.	June 2026	The RiSE group coaching programme is being delivered for 10 female participants during Jan-March 2026. An agreement is in place with the provider to deliver this again for the Authority in January – March 2028.

## Document Control Details

Publication	Diversity, Equality & Inclusion Scheme 2025 – 2028: Progress Update February 2026
Period covered	April 2025 to March 2026
Owner	Assistant Director – Investment Strategy
Document Date	12 February 2026
Prepared For	Full Authority
Next Review Date	February 2027

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<b>Subject</b>	Procurement Forward Plan 2026 - 2029	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Acting Assistant Director – Resources		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Annie Palmer Team Leader Governance	<b>Phone</b>	01226 666404
<b>E Mail</b>	<a href="mailto:APalmer@sypa.org.uk">APalmer@sypa.org.uk</a>		

## 1 **Purpose of the Report**

- 1.1 To present the Authority's Procurement Forward Plan to members for approval.

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## 2 **Recommendations**

- 2.1 Members are recommended to:
- Approve the Procurement Forward Plan 2026 to 2029 presented at Appendix A.**

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## 3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:  
**Effective and Transparent Governance**  
 To uphold effective governance showing prudence and propriety at all times.
- 3.2 The monitoring and planning of future procurement activity is part of meeting good governance requirements, particularly relating to procurement and financial management, and also ensures greater transparency.

## 4 **Implications for the Corporate Risk Register**

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

## **5      Background and Options**

- 5.1      The Authority's Contract Standing Orders (CSO's) sets out the framework in which the Authority complies with public contracts regulations. The CSO's capture the requirement to publish details of all contracts over a certain value threshold, and this is managed via the e-tender system and associated contracts register, which is publicly available via the system.
- 5.2      The Procurement Forward Plan at Appendix A is published separately on the Authority's website and sets out the potential planned procurement activity that has been identified for the forthcoming three-year period. This forward plan aligns with the Authority's strategic and financial planning framework and contributes to the delivery of strategic objectives and facilitates compliance with legislative and regulatory requirements.
- 5.3      The plan attached at Appendix A reflects that as an organisation, our procurement activity is relatively low in both volume and value, although we do have a small number of high-value contracts within this.
- 5.4      The planned procurement route column demonstrates that wherever possible and appropriate, we will make use of frameworks for procurement as this provides assurance through the due diligence process undertaken by the framework providers on all suppliers available through those frameworks, it also ensures advice is available from the framework providers and represents an efficient and effective route for our needs. It is important to note though in this context, that even when using frameworks, we do ensure our own checks and balances, including around data protection, technical fit for our IT security arrangements, third party risk assessments and compliance with our CSOs are fully followed.
- 5.5      We do not have the capacity or need to have our own team of qualified procurement professionals, but members of our Governance team take the lead on supporting procurement compliance. They receive regular training and maintain their knowledge on current procurement rules and regulations. They also have access to specialist advice from CIPFA's procurement network adviser and organise training for relevant managers involved in procurement activity when required. Additionally, legal advice and support is available and when appropriate, will be sought and may include assistance with reviewing contracts prior to contract completion and signature.
- 5.6      Two significant items to highlight from the plan attached at Appendix A are as follows.
- 5.7      The existing contract for the Facilities Management Service currently runs to May 2026 with an option to extend for up to 3 years. The review of this procurement has already commenced, including a value for money assessment and service review of the current provision, to assess the potential for the extension of the contract. If the contract is not extended the procurement route would be via an existing framework agreement.
- 5.8      The existing contract for the Pensions Administration software system currently runs to February 2027, with an option to extend for up to 4 years in increments of 12-months. Officers are in the process of exercising the Authority's right to extend the contract for a further 12-months, initially taking the new contract to February 2028. The plan includes resourcing time for the required activities to assess and make a decision regarding any further extensions, due at least one year before the new contract end date. The procurement route would be to use the relevant National LGPS Framework for this.
- 5.9      The procurement plan is kept under review throughout the year. It is based on requirements identified from the existing contracts register, relevant end dates of current contracts where a renewal or retender will be required, and known requirements for any new purchases with a minimum value of £30,000, inclusive of VAT.



- 5.10 The Governance Team carry out a detailed monthly review of the contracts register and of information held on the e-tendering system to ensure accuracy of published information. If this identifies any new contracts / contract renewals, these will be added into the plan.
- 5.11 The team also co-ordinate a quarterly review of the procurement plan by key officers with relevant responsibilities to highlight any new requirements that need to be considered and planned.

## **6 Implications**

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

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

**William Goddard**

**Acting Assistant Director – Resources**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

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Service Area	Contract Title	Project Reason New Requirement Contract Expiring	Estimated Procurement Start Date	Estimated Contract Start Date	Estimated Contract Length in months Potential extensions in brackets	Estimated contract value (inclusive of possible extensions)	Planned Procurement Route
ICT - Operations	Facilities Management Service Contract	Existing Contract Expiry but with Potential to Extend	Nov-25	May-26	24 (+36)	£500,000	Framework
Finance and Performance	Finance Accounting System	Existing Contract Expiry	Feb-26	Oct-26	48(+24)	£195,800	TBC
ICT - Systems	Pensions Administration System	Existing Contract Expiry but with Potential to Extend	Feb-26	Feb-27	60 (+48)	TBC - in region of £1,500,000	Framework
Governance & Corporate	Performance and Risk Management System	Existing Contract Expiry	Jun-26	Jan-27	36	£60,000	Framework
Pensions Administration	Actuarial Services	Existing Contract Expiry but with Potential to Extend	Jun-26	Nov-26	60(+48)	TBC	Framework
Finance and Performance	Insurance Provider	Existing Contract Expiry	Jul-26	Apr-27	24	£125,870	Open Tender
ICT	M365 E5 3 Year Subscription	Existing Contract Expiry	Jul-26	Oct-26	36	£180,000	Framework
ICT	Broadband Provider	Existing Contract Expiry	Aug-26	Dec-26	60	£35,000	TBC
ICT	Cloud Storage and Virtual Recovery Platform	Existing Contract Expiry	Jan-27	Apr-27	12(24)	£47,000	TBC
Governance & Corporate	Independent Investment Adviser	Existing Contract Expiry but with Potential to Extend	Jul-27	Oct-27	36(84)	£280,000	FTS - Above Threshold
ICT	Cyber Security Management	Existing Contract Expiry	Oct-27	Feb-28	36	£55,000	TBC
Governance & Corporate	Democratic Services Software	Existing Contract Expiry	Nov-27	May-28	84	£119,600	Framework
Resources	HR and Staff Payroll System	Existing Contract Expiry with the Option to extend	Apr-28	Oct-28	36	£45,000	TBC
ICT	Helpdesk System	Existing Contract Expiry	May-28	Nov-28	36	£48,000	Framework
ICT	Telephony	Existing Contract Expiry	Jul-28	Oct-28	36	£66,000	TBC

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<b>Subject</b>	<b>Pensions Authority Budget 2026/27</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Chief Finance Officer		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Melanie Priestley Acting Head of Finance & Performance	<b>Phone</b>	01226 666442
<b>E Mail</b>	<a href="mailto:mpriestley@sypa.org.uk">mpriestley@sypa.org.uk</a>		

## **1 Purpose of the Report**

- 1.1 To present the Authority budget proposals for 2026/27 for approval.

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## **2 Recommendations**

- 2.1 Members are recommended to:
- a. Approve the 2026/27 budget for the Authority, a total of £9,400,860.**

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## **3 Link to Corporate Objectives**

- 3.1 This report sets out the budget for 2026/27 and the proposals are prepared on the basis of providing sufficient resources to support the delivery of all the corporate objectives set out below.
- 3.2 The budget preparation and approval process itself links to the 'Effective and Transparent Governance' objective by ensuring that the financial plans are transparent, are subject to proper scrutiny and oversight, and that the Authority is accountable for its use of resources.

### **Customer Focus**

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

### **Listening to our stakeholders**

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

### **Investment Returns**

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

## **Responsible Investment**

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

## **Scheme Funding**

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

## **Effective and Transparent Governance**

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

## **Valuing and engaging our Employees**

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

## **4 Implications for the Corporate Risk Register**

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

## **5 Background and Options**

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

### *Financial Context*

- 5.2 The running costs of the Authority are met from the Pension Fund in accordance with regulations and do not therefore fall on Council Tax, nor is the Authority reliant upon Government grant funding. As such, the Authority is less exposed to the wider constraints on the public sector financial environment than our colleagues in the major employing organisations within the Pension Fund. There is, however, an imperative to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund.
- 5.3 The table on the following page shows the proposed budget for 2026/27 and the main changes within this when compared to the budget for the 2025/26 year.

Table 1: South Yorkshire Pensions Authority – Operating Budget 2026/27

Operational Budget	2025/26 Revised Budget	Transfers Between Budget Heads	Salaries Budget Movement	Other Budget Movements	2026/27 Budget for Approval
<b>Cost of Services</b>					
1) Pensions Administration	3,961,370	0	129,550	139,670	4,230,590
2) Investment Strategy	666,630	0	(59,790)	(60,360)	546,480
3) Resources	1,585,950	(49,680)	72,470	40,750	1,649,490
4) ICT	1,790,060	(39,800)	68,370	(4,670)	1,813,960
5) Central Costs	815,010	48,150	(5,170)	(19,450)	838,540
6) Democratic Representation	156,100	0	0	17,770	173,870
Residual Unfunded Liabilities of South Yorkshire County Council	312,000	0	0	(23,000)	289,000
<b>Subtotal Revenue Expenditure</b>	<b>9,287,120</b>	<b>(41,330)</b>	<b>205,430</b>	<b>90,710</b>	<b>9,541,930</b>
Capital Expenditure	130,000	0	0	(85,000)	45,000
Minimum Revenue Provision Charge	3,450	41,330	0	3,700	48,480
Financing/Interest Charge	36,910	0	0	(2,460)	34,450
Levy on District Councils for Residual Liabilities	(312,000)	0	0	23,000	(289,000)
<b>Subtotal before transfers to / (from) reserves</b>	<b>9,145,480</b>	<b>0</b>	<b>205,430</b>	<b>29,950</b>	<b>9,380,860</b>
Appropriations to / (from) Reserves Total	(94,650)	0	0	114,650	20,000
<b>Grand Total</b>	<b>9,050,830</b>	<b>0</b>	<b>205,430</b>	<b>144,600</b>	<b>9,400,860</b>

<b>2025/26 Budget £</b>	<b>Total Charge to the Pension Fund comprises:</b>	<b>2026/27 Budget £</b>
6,462,580	Administration Expenses	6,926,160
838,890	Investment Management Expenses	720,930
1,749,360	Oversight & Governance Expenses	1,753,770
<b>9,050,830</b>		<b>9,400,860</b>

5.4 The overall budget requirement is for a total of £9,400,860 representing a total increase of £350,030 on the previous annual budget of £9,050,830.

5.5 The total proposed increase in the budget for 2026/27 and how this translates into Cost Per Member, is analysed in the tables below.

<b>Budget Increase</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Increase</b>
Budget Total	£9,050,830	£9,400,860	£350,030
	<b>Estimated 31/03/2026</b>	<b>Estimated 31/03/2027</b>	<b>Increase</b>
Membership Totals	183,530	185,920	2,390
Total Cost Per Member	£49.32	£50.56	£1.24
<b>Increase as %</b>			<b>2.5%</b>

5.6 The table above shows that the increase in the proposed budget for 2026/27 is equivalent to a 2.5% increase in cost per member. The cash limit for the budget increase – based on our own self-imposed guideline (set out in the Medium Term Financial Strategy) of the weighted average of pay inflation (at 3.5% for 2026/27) and CPI inflation (at 3.2% in November 2025) – would equate to 3.4%. Therefore, the increase proposed within this budget is below the guideline by 0.9%.

#### *Salaries Budget Movement*

5.7 The total increase of £205,430 on salaries budgets is analysed in the table below.

<b>Employee Budget (Salary + On-costs)</b>	<b>Budget £</b>
<b>2025/26 Employee Budget</b>	<b>6,442,860</b>
Pay award inflation estimated at 3.5%	225,940
2026/27 Increase in National Insurance Costs	40,080
2026/27 Decrease in Employer Pension Contributions	(121,140)
Deletion of 1.0 FTE within Investment Strategy	(67,130)
Addition of 1.0 FTE within Governance and Corporate Services	58,560



<b>Employee Budget (Salary + On-costs)</b>	<b>Budget £</b>
Addition of 1.0 FTE Apprentice role within ICT	32,400
Other Changes (E.g. Career grade progression, incremental progression, hours changes, etc.)	32,400
Increase in Vacancy Allowance	4,320
<b>Total Movement</b>	<b>205,430</b>
<b>2026/27 Employee Budget</b>	<b>6,648,290</b>

- 5.8 An assumption of 3.5% has been used for pay inflation. No formal offer from the employer side of the NJC has yet been made. This assumption of 3.5% is deemed to be a prudent estimate taking into account pay awards in recent years and the current financial climate.
- 5.9 The 2025 valuation of the Fund showed a strong funding position for the Fund as a whole and for the Authority's position as an employer. This has resulted in a reduction in the Authority's employer contribution rate from 14.4% last year to 11.4% for the period April 2026 to March 2029. The new rate comprises 16.2% primary contribution rate and -4.8% secondary rate. This reduction has driven a net decrease in budgeted pension costs of £121,140.
- 5.10 Deletion of 1.0 FTE Investment Analyst post within Investment Strategy. This role became vacant in December. The main responsibilities of this role were focussed on management of the legacy assets portfolio, which will be transferring to be fully managed by the Pool during the first quarter of 2026. Consequently, it is not proposed to fill this vacancy and instead to remove it from the staffing budget and establishment.
- 5.11 An addition of one new service manager position within Governance and Corporate Services. This is being proposed after careful review and consideration of the resourcing needs in this area going forward. The role is designed to provide additional capacity, resilience and support in particular to the Head of Governance & Corporate Services to meet the increasing demands required to ensure a robust framework of governance, compliance and controls within the context of the regulatory environment, including the new requirements coming through in the Pension Schemes Bill. The new role is also part of succession planning and risk management of single person risk.
- 5.12 An addition of one new apprentice role within ICT. This will be to support the Operations Management Officer and has been created following a review of what was needed in this area after the previous role of Business Support Officer was left vacant in 2025. That vacant role and associated budget were transferred to fill a gap in the Corporate Services team.
- 5.13 The Authority sets a vacancy allowance when preparing the budget to allow for the effects of staff turnover and time taken to recruit which can result in periods of posts being vacant. This allowance has been set at -1.0% (in line with 2025/26) of the total salaries budget. In 2026/27 the vacancy allowance has been removed for smaller teams with minimal staff movement to reduce budget variances. The net impact is a small decrease in total vacancy allowance, leading to the overall minor cost increase of £4,320.

*Workforce and Pay Policy*

- 5.14 Having invested in a substantial amount of growth in the overall staffing establishment in 2023/24 and 2024/25, there was only minimal change to staffing numbers in 2025/26. The proposals for 2026/27 include a minor overall increase of 1.3 FTE. The table below shows the impact of individual movements proposed.

	2025/26 Establishment	Transfers Between Budget Heads	Miscellaneous Changes	Growth	2026/27 Establishment
	FTE	FTE	FTE	FTE	FTE
Pensions Administration	77.2	0.0	0.1	0.0	77.3
Investment Strategy	4.0	0.0	0.0	-1.0	3.0
Resources	28.4	-1.8	0.2	1.0	27.8
ICT	19.3	-1.0	0.0	1.0	19.3
Central Costs	1.0	2.8	0.0	0.0	3.8
<b>Total</b>	<b>129.9</b>	<b>0.0</b>	<b>0.3</b>	<b>1.0</b>	<b>131.2</b>

- 5.15 The transfers between budget heads represents the movement of the small HR team from Resources to Central Costs. This aligns the team with the new organisational hierarchy, as they report directly to the Director.
- 5.16 The variance within the Minor Changes column represents minor increases in hours within Pensions Administration and Resources.
- 5.17 As shown in the table above, there are two items of growth proposed in Resources and ICT – this is the addition of 2.0 FTEs. A service manager role within Governance and Corporate Services and an Apprentice role within ICT as noted in paragraphs 5.11 and 5.12 above. This growth is partially offset by the deletion of 1 FTE within Investment Strategy, as noted at paragraph 5.10 above.
- 5.18 The Authority produces a Pay Policy Statement which sets out its arrangements for pay and reward. The updated Pay Policy Statement for 2026 is elsewhere on this agenda.

#### *Other Budget Movements*

- 5.19 Table 1 at paragraph 5.3 sets out the net budget impact of various specific changes to individual budget items within running costs. The total shown (before transfers to / from reserves) in this column of £29,950 is analysed with explanations for the budget movements in the following table.

Item of Expense	Detail	Total £
<b>Pensions Administration</b>		<b>139,670</b>
<b>Resource Planning Budget</b>	A resource planning budget is proposed to meet potential costs in relation to development and implementation of plans around workforce resilience and sustainability within Pensions Administration in 2026/27. The focus of this budget will be to support our strategic objective of ensuring the Benefits Team is suitably equipped to effectively manage outstanding, current and future casework volumes. Analysis and planning is currently in progress to ensure any changes proposed will be evidence-based and informed by a sound assessment of future demands as well as future impact of efficiencies from use of technology. Pending completion of that work, it is not possible to propose specific changes to staffing and employee budgets at this stage.	130,000

Item of Expense	Detail	Total £
	However, the opportunity is now being taken to propose this amount as a separate budget line that can be utilised during the year and directed as appropriate to best meet the need and achieve the most positive impact on service delivery.	
<b>Hybrid Mail</b>	The Authority has a new contract in place for Hybrid Mail, the system that distributes communications to members of the scheme. The contract renewal will bring improvements in quality and additional services / functionality that will enhance efficiency in our operations. This has resulted in an increase in the annual cost for the service.	13,000
<b>Professional Consultancy Fees</b>	In 2025/26 a budget was introduced for external support in the design and production of member communications. The required work and associated costs are now being met within the budgeted resources of the Communications team (within Resources); therefore, this professional consultancy budget for pensions administration is no longer required.	(10,000)
<b>Other Professional Services</b>	Review of costs in 2025/26 has identified a steady increase in the volume of death certificates needing to be obtained and consequently this additional budget amount is required.	1,500
<b>Miscellaneous</b>	Net total increase on other budget lines driven by increasing benchmarking costs, training and conferences requirements, offset by reducing usage for items such as recruitment advertising and address tracing.	5,170
<b>Investment Strategy</b>		<b>(60,360)</b>
<b>Consultancy Fees</b>	The Investment Strategy Statement is reviewed triennially alongside the valuation process, with the support of external consultants. A reserve is built up to meet these costs in every third year. The costs for the latest review fell into 2025/26, so the budget for 2026/27 is a reduced amount to meet the contribution to the reserve only. This will be reviewed again in light of the move to the Pool company providing the principal source of advice for the Fund in future.	(40,000)
<b>Bloomberg License</b>	The Authority currently holds two licenses for Bloomberg, software which supports investment decisions. Having reviewed the usage of the license, and the expected requirements with the further transition of assets to Border to Coast, the decision has been made to reduce to one license. Following the final transition of the remaining legacy assets it is anticipated that the remaining licence will no longer be required.	(20,000)
<b>Miscellaneous</b>	Net total decrease on other budget lines drive by a reduction in the benchmarking costs, training requirements and long service and recognition, offset by an increase in investment advisor fees.	(360)
<b>Resources</b>		<b>40,750</b>
<b>Assistant Director – Resources Contingency</b>	A contingency budget is included to meet potential costs in relation to transitional arrangements following the completion of recruitment to the Assistant Director - Resources post.	26,300

Item of Expense	Detail	Total £
<b>Income</b>	<p>With effect from 1st April 2026, the number of Employers within the Scheme will reduce. This is a result of a change whereby each Multi Academy Trust (MAT) and all of the individual academies that are part of it will be treated as one scheme employer, instead of the current situation where each individual academy is treated as a separate employer. Consequently, the administration costs that are recovered for collating information for the Actuary, based on the number of different individual employers, will reduce by an estimated £13,300.</p> <p>Additionally, an income stream of £5,100 for meeting the costs associated with fulfilling the Secretariat role to the Border to Coast Joint Committee will no longer be required as this role is being transferred to one of the incoming Partner Funds within the pool. This change and the rationale for it were previously communicated to the Authority.</p>	18,400
<b>Other Professional Services</b>	<p>There is a net total decrease comprising the following items:</p> <p>a) A reduction of (£5,000) for non-recurrent costs utilised in 2025/26 on additional consultancy, to support work on making greater use of available functionality in the democratic reporting system to improve efficiency and effectiveness.</p> <p>b) An increase of £2,700 for support with producing the SYPA In Focus Video and Annual Report.</p>	(2,300)
<b>Miscellaneous</b>	Net total decrease due to other minor changes following a review of a number of budgets for items such as long service award, training, corporate subscriptions and recruitment.	(1,650)
<b>ICT</b>		<b>(4,670)</b>
<b>Cyber Security</b>	The Authority continues to place a strong emphasis on continually enhancing our Cyber Security defences, through the delivery of our Cyber Security Strategy. The main driver of the budget increase is the implementation of Cyber Security Insurance, to mitigate the impact of any Cyber Security attack in the worst-case scenarios.	31,500
<b>Professional Training</b>	In previous years, heavily discounted training has been secured for the ICT and Pensions Systems team, however the discounts are no longer available, resulting in an increased cost. Additionally, new staff within the team require a more substantial training programme, therefore driving the increase in the 2026/27 budget.	18,500
<b>Software Costs</b>	<p>There is a net total decrease comprising the following items:</p> <p>a) The HR &amp; Payroll System was procured in September 2025, with the majority of the implementation costs falling in 2025/26. The certainty of the new contract costs has reduced the budget by (£35,750).</p> <p>b) The 2025/26 Pensions Administration System budget included substantial, one-off implementation costs for a new Automation Module. The successful delivery of this module has resulted in the budget reducing by (£33,810).</p> <p>c) The Finance System budget has increased by £9,270. To unlock additional benefits from the system we have had to expand the user base across the Authority, resulting in an increase to the number of user licences required.</p>	(49,550)

Item of Expense	Detail	Total £
	d) The other software costs budget has increased by £10,740. The main driver of the increase is our next Microsoft 365 contract due in October 2026.	
<b>Miscellaneous</b>	Net total decrease on other budget lines driven by a reduction in the telephony costs, warranties usage and hardware requirements.	(5,120)
<b>Central Costs</b>		<b>(19,450)</b>
<b>Corporate Contingency</b>	The corporate contingency budget included last year, relating to senior management succession planning and Director transitional arrangements is no longer required.	(55,950)
<b>Premises</b>	A decrease in premises costs driven in the main by a reduction in utility costs and also by a reduction in Business Rates for Oakwell House resulting from changes introduced by Government to the business rates multipliers.	(14,400)
<b>Professional Consultancy Fees</b>	The Authority's first Environmental Strategy is currently being drafted by Officers. To ensure we are delivering a robust, relevant and proportional Strategy, external consultancy will be required to support this, as a one-off exercise.	20,000
<b>Insurance</b>	For 2025/26 we 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 timing of the new contract meant it was not included at the correct cost in the 2025/26 budget, leading to the increase for 2026/27.	9,630
<b>Service Level Agreements</b>	The Service Level Agreements for HR and Internal Audit services, provided by Barnsley MBC, are increasing in cost due to inflation.	6,400
<b>External Audit</b>	Public Sector Audit Appointments Ltd (PSAA) have confirmed the audit contract scale fees for the audit of 2024/25, and this has been used to estimate the fee for the 2025/26 audit to be included in the 2026/27 budget requirements. The scale fees include provisions for additional audit work required as a result of changes to auditing standards, and inflationary uplifts.	5,140
<b>Professional Training</b>	Increased Corporate training budget to support the delivery of key development programmes for staff across the Authority.	3,940
<b>Miscellaneous</b>	Net total increase on other budget lines due to contractual inflation, plus other minor changes, following review of a number of budgets for items such as the apprenticeship levy, corporate subscriptions and health, safety and wellbeing.	5,790
<b>Democratic Representation</b>		<b>17,770</b>
<b>Authority and Committees</b>	There is a total increase comprising the following items: a) The Access and Protections consultation proposes to provide LGPS access for councillors and mayors, expected to be with effect from 01 April 2026. A prudent budget has been set to cover the cost of employer contributions on the allowances for Councillor members of the Authority, at a cost of £11,780.	15,960

Item of Expense	Detail	Total £
	b) Other minor changes, following review of a number of budgets for items including allowances, training, professional fees and other minor running costs totalling £4,180.	
<b>Local Pension Board</b>	Net total increase due to inflation, plus other minor changes, including allowances, adviser fees and training	1,810
<b>Capital Expenditure</b>		<b>(85,000)</b>
<b>ICT Hardware</b>	The 2025/26 budget included non-recurrent investment in the Events Room, to provide better facility for the hosting and streaming of public meetings held as hybrid events. The works had been due to be completed in January 2026; however, these have slipped to April 2026. The underspend in 2025/26 will be transferred to Reserves ahead of the usage in 2026/27. The 2026/27 budget contains the ICT replacement programme for laptops and a server replacement.	<b>(85,000)</b>
<b>MRP</b>		<b>3,700</b>
<b>MRP</b>	In line with the 2024/25 CIPFA Code of Practice changes to IFRS 16 - Leases, the Authority requires a separate budget for MRP charges. This replaces the budget line previously held within central costs for lease rental adjustment. The total cost of the Financing and MRP charges represents the rent payments for the Oakwell House lease.	3,700
<b>Financing/Interest Charges</b>		<b>(2,460)</b>
<b>Financing/Interest Charges</b>	In line with the 2024/25 CIPFA Code of Practice changes to IFRS 16 - Leases, the Authority requires a separate budget for Financing charges. The total cost of the Financing and MRP charges represents the rent payments for the Oakwell House lease.	<b>(2,460)</b>
<b>Total Other Budget Movements</b>		<b>29,950</b>

### Reserves

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

Reserve	Forecast Balance 1 April 2026	Contributions to Reserves £	Contributions from Reserves £	Estimated Balance 31 March 2027
Corporate Strategy Reserve	153,855	20,000	0	173,855
ICT Reserve	269,360	0	0	269,360
Capital Projects Reserve	116,380	0	0	116,380
<b>Total Earmarked Reserves</b>	<b>539,595</b>	<b>20,000</b>	<b>0</b>	<b>559,595</b>
<b>Net total transfer (from) reserves:</b>		<b>20,000</b>		

- 5.21 The Corporate Strategy reserve is held for providing additional funds required for one-off corporate plan projects and to mitigate risk. The planned transfer to this reserve in 2026/27 relates to a contribution for the costs of the triennial investment strategy review. The changes arising from the Pension Schemes Bill, involving a move to the Pool providing our principal source of advice in future, means that there remains some uncertainty over what costs may be required for the next review in 2028/29. Therefore, we will continue with setting aside this amount in 2026/27 and will review the position and requirements for this item when preparing next year's budget.
- 5.22 The ICT reserve holds funds from the income generated from the sales of internally developed software to other pension funds and previous ICT budget underspends. The reserve is used to provide funding for the enhancement of ICT systems and infrastructure as required to support the delivery of corporate objectives. There are no planned transfers to this reserve in 2026/27.
- 5.23 The Capital Projects reserve holds funds required for one-off costs of large capital projects. The plans for this reserve relate to setting aside and drawing down of funds as appropriate for meeting future costs of various ICT Hardware replacement and purchasing programmes, as well as for larger maintenance and/or upgrade projects that may be required in future years on the Oakwell House office. There are no planned movements to or from this reserve for 2026/27.

#### *Local Pension Board*

- 5.24 Included within the Democratic Representation budget shown above is the budget for the Local Pension Board, a total of £52,810.
- 5.25 A draft budget for the Board totalling £52,810 was considered at their meeting on 6 November 2025 and the Board recommended this to the Authority for approval.

#### *Report Under Section 25 of the Local Government Act 2003*

- 5.26 Part 2 of the Local Government Act 2003 contains a series of duties and powers that give statutory support to aspects of good financial management within local government.
- 5.27 Section 25 requires the statutory chief finance officer to report to an Authority on the robustness of the estimates included in the budget and the adequacy of the proposed reserves when it is making its decision on determining the council tax. Whilst the Pensions Authority budget does not have any direct impact on council tax, it is nevertheless good practice to apply the same requirement here.
- 5.28 In considering the robustness of any estimates, the following issues are taken into account:
  - a. The reasonableness of the underlying budget assumptions.
  - b. The extent to which known costs and pressures have been recognised in the proposed budget.
  - c. A review of risks associated with the budget.
  - d. The alignment of resources with the Authority's service and organisational priorities.
  - e. The strength of financial management and reporting arrangements.
- 5.29 The preparation of the 2026/27 budget reflects the continued embedding of improvements and benefits realisation following the investment in staffing growth seen in recent years through various corporate resourcing and resilience projects. As well as the continued review of the Authority's needs relating to delivery of day-to-day operations and the planned requirements for delivering the corporate plan and addressing the risks facing the organisation as detailed in the corporate risk register. The budget growth of 2.5% in 2026/27 (7.3% in 2025/26) reflects the settling of



organisational growth and change, despite persistent inflation. It should be noted this position has been supported by the reduction in the Authority's employer contributions as referenced at paragraph 5.9.

- 5.30 Detailed budget monitoring is carried out throughout the year and reported on quarterly. This ensures that budgeted resources going forward are determined and allocated to reflect the actual needs of the organisation.
- 5.31 Employee costs make up approximately 71% of the overall budget. The budget estimates for employee costs have been prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental progression, and the estimates include additional costs arising on employers' national insurance as set out in the relevant section above.
- 5.32 As outlined in the table and explanations at paras 5.8 above, an assumption of 3.5% has been used for estimating pay award inflation. The actual pay award is not yet known and will be determined by the National Joint Council for Local Government Services. We have not received any indication of what the employer side will offer. In 2025/26 the pay award was 3.2% on all scale points. The assumption of 3.5% for the 2026/27 budget is considered to be appropriate and prudent based on the best information available at this time and taking account of the potential for the award to be set using a fixed cash amount, as seen in previous years. Considering the wider public sector pay policy constraints and the pressures on Local Government finances, the risk that the pay award will be higher than the 3.5% assumption used is considered to be minimal. There is a risk that it could be lower, in which case this would result in an under-spend.
- 5.33 The budget estimates have been developed specifically to align with the Authority's corporate strategy and priorities.
- 5.34 The budget is monitored regularly throughout the year and forecast outturn and variances reported to the Authority every quarter. During 2025/26, work has commenced on developing understanding and involvement of budget managers across the Authority. This will continue into 2026/27 with developments in reporting and external training planned for budget managers.
- 5.35 The Chief Finance Officer therefore considers that the estimates included in the budget are robust.
- 5.36 The reserves held by the Authority are required to fund specific expenditure in future years or are required to provide risk finance. As set out in the Medium Term Financial Strategy, our policy is to limit the total amount held in the revenue earmarked reserves to no more than 10% of the total budget.
- 5.37 The proposed reserves total of £560k forecast at 31 March 2027, as set out in the table at 5.20 above, represents 6% of the total budget for 2026/27 and is therefore well below our self-imposed limit.
- 5.38 The reserves position has been strengthened by forecast underspends in 2025/26, placing the Authority in a robust financial position moving into 2026/27. This improved resilience provides greater flexibility to respond to future financial pressures and planned capital requirements.
- 5.39 The proposals at paragraphs 5.21 to 5.23 include one transfer into the corporate reserve and no other transfers into or drawdowns from the other reserves for this year. During 2026/27, a strategic review of reserves will be undertaken to ensure that balances remain adequate and appropriately aligned to forthcoming priorities, including potential capital requirements such as the laptop replacement programme, major software projects, and any required works to Oakwell House.
- 5.40 As Chief Finance Officer, I consider the balance on reserves forecast at 31 March 2027 to be at a level that I judge to be adequate for the Authority's needs for the year ahead,



as we head into a period within which the context will be small contributions to our reserves.

- 5.41 In practice, as the Authority's expenditure is almost entirely funded by the Pensions Fund which has an asset value of just over £12 billion, there is little risk associated with the balance of reserves. Nevertheless, the required budgetary control is applied, and the aim is to ensure that the Authority's reserves are adequate to meet the organisation's needs and manage risk without the need to request any further resourcing from the Fund beyond the proposals in this report.

### *Conclusion*

- 5.42 The budget proposals outlined in this report are based on a continued approach of comprehensively reviewing the resource needs in the context of the Authority's current and future requirements. The areas suggested for additional investment have been carefully identified to link to and support the achievement of the Corporate Strategy objectives.

## **6 Implications**

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

Financial	As set out in the body of the report.
Human Resources	The budget proposals include the addition of staff resources in certain areas as set out in the table and commentary at paragraphs 5.14 to 5.18.
ICT	The budget proposals include specific resources for the development of the ICT infrastructure and systems available as set out in the main body of the report.
Legal	The setting and monitoring of the budget requirement ensures that the Authority complies with the Local Government Act 2003.
Procurement	The budget proposals include resources to support any procurement activity that will need to be undertaken. The procurement forward plan is elsewhere on this agenda for approval.

**Will Goddard**

**Acting Assistant Director – Resources & Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Budget working papers	Oakwell House, 2 Beever Court, Pontefract Road, Barnsley, S71 1HG

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<b>Subject</b>	<b>Medium Term Financial Strategy 2026/27 to 2028/29</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Chief Finance Officer Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
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## 1 **Purpose of the Report**

- 1.1 To present the Authority's Medium Term Financial Strategy 2026/27 to 2028/29 for consideration and approval.

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## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. Approve the Medium Term Financial Strategy 2026/27 to 2028/29**

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## 3 **Link to Corporate Objectives**

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

### **Customer Focus**

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

### **Listening to our stakeholders**

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

## **Investment Returns**

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

## **Responsible Investment**

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

## **Scheme Funding**

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

## **Effective and Transparent Governance**

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

## **Valuing and engaging our Employees**

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

## **4 Implications for the Corporate Risk Register**

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

## **5 Background and Options**

- 5.1 The attached MTFS presents the financial forecasts for the Authority and for the Fund. The MTFS has been fully reviewed and refreshed to reflect a strengthened Value for Money-based approach, ensuring that financial planning, resource allocation and investment decisions are clearly aligned to the efficient, economic and effective delivery of services. The financial strategy is designed to support the delivery of the policy position and objectives set out in the Corporate Strategy and continues to be updated annually alongside that strategy to ensure that financial and corporate objectives remain aligned.
- 5.2 The review has enhanced the quality and robustness of its financial analysis within the MTFS by transitioning from the use of SF3-based analysis to the CEM benchmarking reports for Pensions Administration and Investment Strategy. This change provides a more comprehensive and consistent analytical framework, improving the comparability and reliability of financial information used to inform decision-making.
- 5.3 The MTFS also provides a framework of rules within which the Authority will determine the resources available to fulfil its functions. In the updated MTFS attached, this framework remains in place and the specific measurable financial objectives and limits within it have been updated as appropriate to reflect the outcomes of the Value for Money analysis and meet the needs and circumstances of the Authority over the next three years.

## **6 Implications**

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

Financial	As set out in the MTFS attached.
Human Resources	The Authority operational budget includes an assumption of a pay award of 3.5% for 2026/27 and 3% p.a. over the remaining period of the MTFS; the actual pay awards will be determined by the National Joint Council for Local Government Services.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

**Will Goddard**

**Gillian Taberner**

**Acting Assistant Director – Resources**

**Director**

**& Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Budget and MTFS working papers	Oakwell House, 2 Beavor Court, Pontefract Road, Barnsley, S71 1HG

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# 2026 - 2029

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# 1. Foreword

## 1.1 Foreword to the Medium-Term Financial Strategy 2026/27 to 2028/29

- 1.1.1 This Medium-Term Financial Strategy (MTFS) has been prepared by the South Yorkshire Pensions Authority and covers the three-year period from April 2026 to March 2029. Over this period, the Authority will continue to support the delivery of its Corporate Strategy, building on recent service and organisational improvements, while completing the transition of the Authority's remaining investment assets into the pooling arrangements provided by the Border to Coast Pensions Partnership
- 1.1.2 The MTFS addresses both the costs of operating the Authority and the income and expenditure of the Pension Fund. While routine Authority running costs, such as staffing and support services, can be forecast with a reasonable degree of certainty, projecting Pension Fund income and expenditure is inherently more complex due to market conditions, investment performance and demographic factors.
- 1.1.3 The strategy is underpinned by a number of key assumptions, which are clearly identified throughout this document. These assumptions are kept under regular review through ongoing budget monitoring and are refreshed as part of the annual update of the MTFS to ensure that the strategy remains relevant and robust.
- 1.1.4 The MTFS, together with the annual budget, represents the financial expression of the Authority's policy and strategic objectives as set out in the Corporate Strategy. As such, the MTFS is reviewed and updated each year to reflect changes in priorities, risks and the wider operating environment.
- 1.1.5 Although the Authority is less directly exposed to some of the financial pressures facing the wider public sector than the Scheme employers, it prioritises responsibly managing its resources prudently and efficiently. The Authority must ensure that its expenditure supports strong governance, effective administration and sound investment decision-making, without adversely impacting the overall performance or sustainability of the Pension Fund. This MTFS sets out how the Authority intends to achieve these aims in a clear and transparent manner.

## 2. Setting the context for the Medium Term Financial Strategy

### 2.1 Public Sector Finance

- 2.1.1 The public sector financial environment remains a key factor shaping the context within which this Medium Term Financial Strategy is developed. Issues such as national pay awards directly influence both elements of the Fund's liabilities and the Authority's operating cost base, therefore they have a material impact on medium term financial planning.
- 2.1.2 Decisions on local government finance affect both the Authority and the Pension Fund. Historically, growth in local government funding has tended to lag wider public sector expenditure, while pay awards have broadly mirrored headline public sector settlements. This dynamic continues to place pressure on local authority budgets and, by extension, on scheme employers.
- 2.1.3 Inflationary pressures and wider demand-led cost increases remain significant challenges for local government. Although recent financial settlements have included additional funding, including for social care, a substantial proportion of this is reliant on council tax increases. Overall, the financial environment for local government remains constrained, with limited flexibility for absorbing further cost pressures.
- 2.1.4 The national pay award for 2025/26, agreed in July 2025, provided a 3.2% increase to each scale point. This followed three consecutive years of awards set at a fixed £ amount on each scale point (up to SCP43) which were proportionally more costly to employers in percentage terms, given the higher proportions of staff at the lower end of the pay scale. The move to a percentage-based award does not reduce overall pay pressure and when combined with ongoing inflation, suggests that this level of pay awards are likely to persist in the short to medium term.
- 2.1.5 Given the pattern of recent pay settlements, it is reasonable to assume that headline pay increases in the medium term may remain in the range of 3–4%. This is likely to require many employers, including schools and colleges, to continue identifying year-on-year savings. These pressures have wider implications for the Pension Fund, including impacts on employer affordability, workforce dynamics, early retirements, contribution income, benefit payments and strain costs. These factors must be reflected in forecasts of Fund income and expenditure and considered as part of contribution rate discussions at each actuarial valuation.

### 2.2 The Pensions Sector

- 2.2.1 Developments in the wider pensions sector influence the Authority and the Fund, albeit often indirectly. For example, changes in funding levels across private sector defined benefit schemes can affect demand for specific asset classes, such as index-linked gilts, potentially impacting asset prices, availability and the Fund's ability to invest efficiently.
- 2.2.2 Broader sector trends also tend to shape developments within the LGPS over time. These include regulatory priorities, such as the continuing emphasis on data quality and governance, as well as technological change, including increased use of digital communication and new approaches to member engagement and service delivery.
- 2.2.3 Within the LGPS, funding positions have continued to strengthen, with many funds now reporting significant surpluses rather than deficits. This creates new strategic challenges, including how best to maintain strong funding levels while managing risk and supporting employer affordability. As anticipated, the 2025 triennial valuation has resulted in net reductions in employer contribution rates across the Fund.

- 2.2.4 From April 2026, Phase One of the Access and Fairness changes will be implemented. These reforms include changes relating to survivor benefits and death grants, gender pension gap benefits and reporting, the McCloud remedy, abolition of lifetime allowance protections, five-year refunds and other related amendments. These changes will have implications for the Authority's pension administration workload, systems and member communications, all of which need to be considered within the MTFS.

## **2.3 The Economic Environment**

- 2.3.1 The wider economic environment continues to influence the Fund through its impact on both assets and liabilities. Investment performance is affected by financial market conditions, while inflation and interest rates are key inputs into actuarial assumptions used to value the Fund's liabilities.
- 2.3.2 Forecasting movements in economic indicators remains highly uncertain. Accordingly, this strategy is based on assumptions that are already embedded within the actuarial valuation framework, including assumed long-term investment returns. While this does not eliminate forecasting risk, it ensures that the MTFS is grounded in assumptions that have been subject to robust independent testing.

## **2.4 The Starting Point**

- 2.4.1 The starting position is a critical factor in shaping the MTFS. For the Authority, this includes the current cost base for administration and fund management, as well as the financial position of the Pension Fund itself. Based on the 2025 actuarial valuation, the Fund's overall funding position has improved significantly compared with the 2022 valuation; from 119% to 142%.
- 2.4.2 The valuation has resulted in reductions to employer contribution rates. This is forecast to further increase the net cash outflows from the Fund (the difference between cash received from contributions and cash to be paid out for benefits), which will need to be met by harvesting income generated from the Fund's investments and the means of increasing the level of available income on this scale will be a key debate within the work to revise the investment strategy which is currently being undertaken.
- 2.4.3 The Fund's improved funding position has direct strategic implications. A higher level of surplus and reductions in employer contribution rates leads to considerations for managing investment risk and different options in regard to the strategic asset allocation, with an emphasis on a shift towards lower-volatility and income-generating assets. These asset classes, while supportive of funding stability, are typically more expensive to manage, leading to an increase in the Fund's cost base. In this context, the focus on net-of-fees returns remains central, as both gross and net outcomes ultimately affect funding and contribution requirements.
- 2.4.4 The 2025 valuation outcome will inform the current review of the Investment Strategy Statement, due for publication by 31 March 2026, and provides an important foundation for the financial assumptions set out in this MTFS.

### 3. Financial Objectives

#### 3.1 Introduction

- 3.1.1 For any strategy it is important to understand what you are aiming to achieve. This is no less true of this MTFS, and this section sets out objectives in relation to how we are looking to achieve Value for Money (VFM). To establish how we will achieve VFM, we need to understand how we are performing in comparison to similar LGPS funds.

#### 3.2 Comparative Analysis

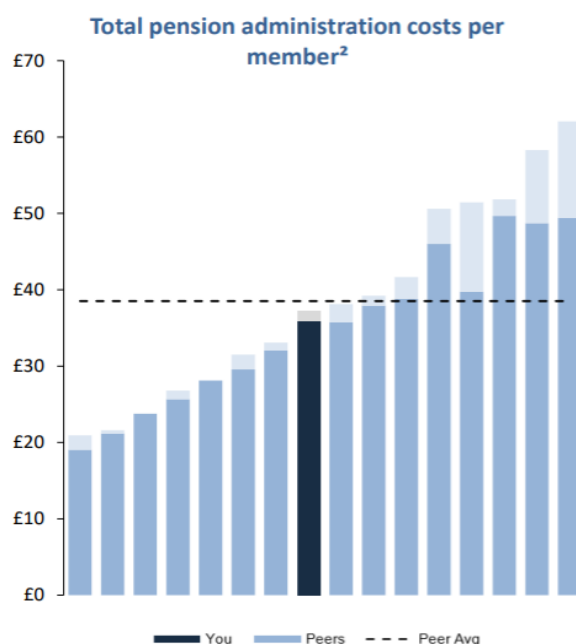
- 3.2.1 In previous strategies the comparator data used to compare SYPA with other LGPS funds was the annual SF3 return completed by all English and Welsh funds and submitted to MHCLG.
- 3.2.2 Whilst SF3 returns remain a useful source of nationwide data, they provide only limited insight into efficiency and VFM due to only capturing cost information without the context of service quality. Similarly, the wide range of size and types of Fund across England and Wales included in SF3 data makes it difficult to draw meaningful comparisons against which to benchmark the level of our own costs.
- 3.2.3 Therefore, the Authority participates in two separate benchmarking exercises – one for Pensions Administration and one for Investments. Both are delivered by a company called CEM. Within each exercise, our costs and our data on service provision and outcomes are captured and compared to a suitable peer group comprising other LGPS funds as well as funds from other pension schemes. As such, the CEM benchmarking results offer a more robust and transparent assessment, adjusting for scale, capturing full investment costs and linking expenditure directly to service quality and outcomes. This provides a stronger and more reliable foundation for medium-term financial planning.

#### 3.3 CEM - Pensions Administration 5-year period to 31st March 2025

##### Cost

- 3.3.1 The diagram and chart below show how the Authority's Pension Administration costs compare with the peer group for 2024 and 2025.

	<u>£ 000s</u>		<u>£ per member</u>		
	You 2025	You 2024		You 2025	You 2024
Project costs	236	174	3.42	1.30	0.97
Business-as-usual costs	6,514	5,809	35.09	35.95	32.29
Total administration costs	6,750	5,983	38.51	37.26	33.26



- 3.3.2 The pension administration costs of £37.26 per member were £1.26 below the adjusted peer average of £38.51. To make a fairer comparison CEM adjust (or 'normalise') business-as-usual peer costs to eliminate the effect of economies of scale. This places the Fund in the lower-cost quartile within the peer group.
- 3.3.3 It should be noted that we have seen 18.7% average cost increases in the last two years. These cost increases have been driven by an increasing headcount at the Authority. The staffing increases were required to address organisational resilience and sustainability; the 2026/27 budget includes minor increases to the headcount.
- 3.3.4 The Authority is currently delivering pension administration at a cost below comparable schemes, despite some of the cost challenges of being a single purpose pensions authority.

#### Service

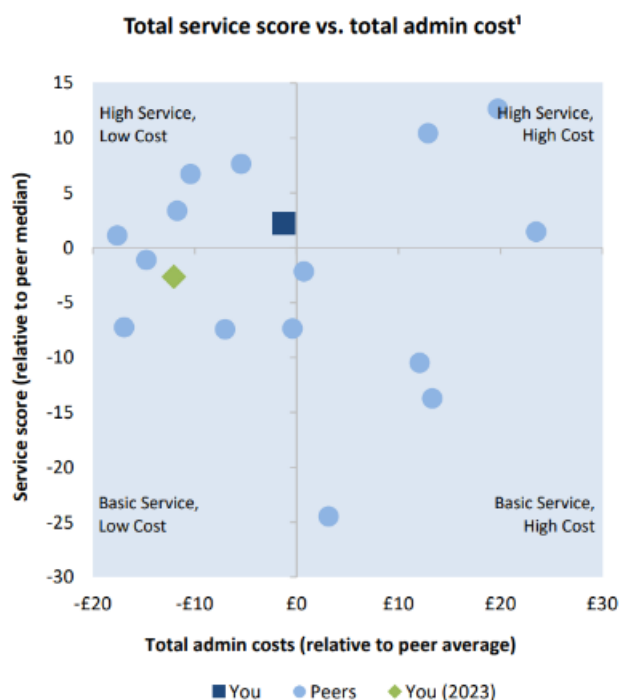
- 3.3.5 The overall service score for the year was 68/100, above the peer median of 66. This score has increased 3 points since the last benchmarking exercise. The score can be broken down across scheme members as follows.

Scheme Member Group	SYP A Score	Peer Median
Active	58	56
Deferred	64	63
Pensioners	80	76

- 3.3.6 The Pensions Administration service scores shown above are strong and trending in the right direction. However, within a continuous improvement environment, we will always look to focus on areas where we can improve further:
- Tracing Members
  - Pension Set Ups
  - Death In Service and
  - Deferment
- Focussing on improving our processes and procedures in the above areas will help increase our service score.

### Value for Money (VFM)

- 3.3.7 A holistic assessment of cost and service is essential to forming a robust VFM judgement. The chart below illustrates the Authority's position using the CEM Benchmarking results.



- 3.3.8 The Authority is positioned in the High Service, Low Cost quadrant for pensions administration. This reflects a strong value for money position, with service levels improving since 2023, while recognising that costs have increased over the same period.

### 3.4 CEM – Investment Strategy 5-year period to 31st March 2025

#### Cost

- 3.4.1 The 2024/25 CEM Investment Benchmarking report showed our investment costs were higher than the LGPS peer group benchmark set by CEM, shown in the diagram below.

#### Your cost versus the CEM LGPS (after adjusting for asset mix differences)

	£000s	bps
Your investment cost	102,303	99.7
CEM LGPS universe cost	91,045	88.8
<b>Difference</b>	<b>11,258</b>	<b>11.0</b>

- 3.4.2 The key drivers of our higher than peer group benchmark costs are:
- The Fund has a higher allocation to private and alternative assets (34% of assets) compared to LGPS peers (27%). These asset classes are the most expensive and account for approximately 90% of total investment costs.

- b) 80% of assets are managed through pooled vehicles, significantly above the LGPS average of 51%. There is not a direct correlation between pooled costs and non-pooled costs, however the nature of our actively managed and private funds makes them more expensive.
  - c) Non- pooled private market mandates added 7.3 bps (£7.5m) relative to peers, largely reflecting fee levels in private equity, private credit and infrastructure. The higher fees in private markets are driven by higher performance fees, which correlate with strong investment returns.
- 3.4.3 The strategic asset allocation clearly is the prime driver in increasing the cost base of the Fund ahead of the benchmark. The cost level and the reasons outlined above for this need to be assessed in the context of the returns generated from the asset mix and the wider strategic aims being delivered, for example place-based impact and responsible investment.

#### *Returns*

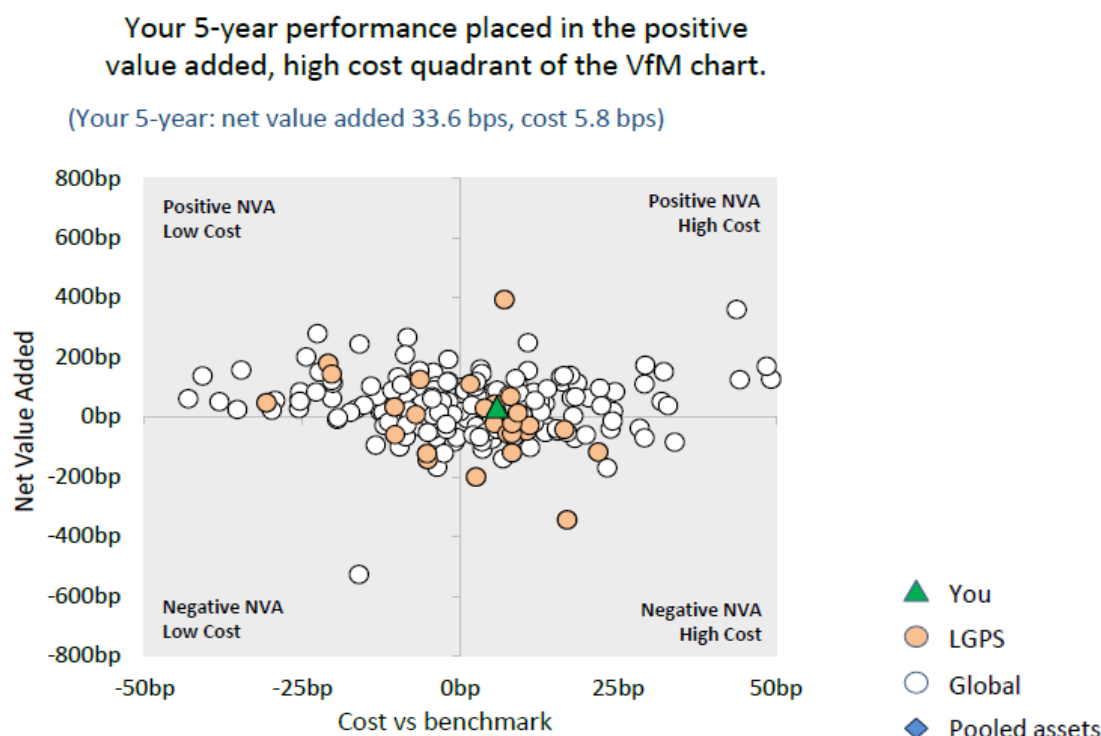
- 3.4.4 Over the five years to 31 March 2025 the Fund had a net total return of 7.3%, below the CEM LGPS median of 8.4%. However, the Fund's own benchmark over the same period was 6.5%, meaning performance was ahead of our own benchmark.
- 3.4.5 The CEM report enables performance to be assessed through the lens of Net Value Added (NVA) from active management. NVA measures the outperformance generated by active implementation decisions. Over the five-year period, the Fund achieved an NVA of 0.3% per annum, equating to approximately £156 million of additional value attributable to active investment decisions. This performance compares favourably with the CEM LGPS median of -0.2% per annum, demonstrating the positive contribution of active management to overall returns.
- 3.4.6 Whilst headline returns are below the CEM LGPS peer group benchmark, the Fund has generated positive net value added and is ahead of its own benchmark over the last 5 years.

#### *Risk*

- 3.4.7 The Fund's asset risk and risk-adjusted returns are equal to the LGPS median figures. This indicates the Fund's investment strategy is taking no more relative risk than CEM's LGPS peer group. SYPA's risk-adjusted returns have also been in-line with the LGPS peer group median over a 10-year period to 31 March 2025.
- 3.4.8 The Fund's Funding level is 4% higher than the LGPS median in the peer group, showing the Fund is performing strongly whilst maintaining a similar level of risk to other LGPS funds.

#### *Value For Money (VFM)*

- 3.4.9 A holistic assessment of cost, return and risk is essential to forming a robust VFM judgement. The following chart illustrates the Authority's position using the CEM benchmarking results.



- 3.4.10 The CEM framework assesses net value added relative to costs. The chart above shows that over the 5-year period we have positive value added with that higher cost base.
- 3.4.11 The Fund demonstrates VFM over the medium term, supported by positive net value added, strong funding and a prudent risk profile. However, higher costs increase the importance of understanding the underlying drivers (an element of which will be performance-related fees from assets meeting and exceeding hitting their targets) and ensuring that all our investments continue to deliver VFM.

### 3.5 Conclusions

- 3.5.1 This piece of work demonstrates that the Authority has strengthened its approach to assessing value for money by moving beyond high-level statutory comparisons and adopting more robust, outcome-focused benchmarking through CEM. This provides a clearer and more reliable basis for medium-term financial planning.
- 3.5.2 In Pensions Administration, the Authority is delivering services at a cost below comparable schemes while achieving above-median service outcomes. Despite recent cost increases driven by necessary staffing growth to improve resilience and sustainability, the Authority remains positioned in the High Service, Low Cost quadrant, evidencing strong value for money. Service performance is improving and is supported by a clear understanding of areas for further operational improvement.
- 3.5.3 In Investment Strategy, the Fund's higher cost base is largely explained by deliberate strategic asset allocation decisions, particularly higher exposure to private and alternative assets. While headline returns are below the CEM peer group median, the Fund has outperformed its own benchmark, generated positive net value added over the medium term, and maintained a prudent risk profile consistent with peers.
- 3.5.4 The Fund's overall value for money position is positive when assessed holistically. Over the medium term, higher investment costs have been justified by net value added, strong



funding levels and controlled risk. However, the emergence of negative value added in the most recent year reinforces the importance of continued scrutiny of costs and investment outcomes.

- 3.5.5 Taken together, the CEM benchmarking results provide assurance that the Authority is currently delivering value for money across both Pensions Administration and Investment Strategy and has a sound process in place for keeping this under regular review to ensure that we do not become complacent but continue to challenge and assess the effectiveness of our use of resources.

### 3.6 Financial Objectives

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

*"To deliver high-quality pension administration and investment outcomes at an appropriate and controlled cost, ensuring that all expenditure is justified by service quality, performance and long-term value for money."*

- 3.6.2 In setting financial objectives, the Authority must recognise its scale and operating model, ensuring that savings targets are achievable and do not undermine service delivery or long-term value for money.
- 3.6.3 For Pensions Administration, the financial objective is framed:

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

Cash Limits for Operating Budget	2026/27 Baseline £ / Member	2027/28 Cash Limit <sup>2</sup> £ / Member	2028/29 Cash Limit <sup>2</sup> £ / Member
Administration Service <sup>1</sup>	£37.25	£38.26	£39.29
Authority Operational Budget <sup>1</sup>	£50.56	£51.93	£53.33

#### Notes

1. The cost per member is based on the relevant totals included within the Authority's operational budget as presented for approval at the Authority's February 2026 meeting.

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

3. Membership is assumed to increase at 1.3% per year in line with recent trends.

- 3.3.1 This approach is intended to provide a clear and disciplined framework for controlling cost growth while allowing efficiency gains and productivity improvements to be reinvested in service quality and operational resilience. It is aligned with the Authority's value for money

objectives, balancing affordability with the need to maintain above-median service outcomes for scheme members.

- 3.3.2 The Authority recognises, however, that as a maturing pension fund, changes in membership profile, employer numbers and workload characteristics may affect the appropriateness of a purely inflation-based cost constraint over time. In particular, slower membership growth or shifts in member mix may limit the extent to which rising costs can be absorbed on a per-member basis.
- 3.3.3 Accordingly, this objective will be kept under review to ensure it remains realistic, deliverable and consistent with sustaining service standards and long-term value for money. Any material departure from this objective will be supported by clear evidence, including benchmarking and workload analysis.
- 3.3.4 Investment costs are inherently linked to the value and composition of the Fund's assets. The Authority's investment strategy includes a deliberate allocation to private and alternative asset classes, which are structurally more expensive than listed assets but are expected to deliver improved diversification and enhanced long-term, risk-adjusted returns. Accordingly, any financial objective relating to investment costs must recognise this strategic intent and should not impose artificial constraints that could prevent the Authority from making appropriate long-term investment decisions.
- 3.3.5 The Authority's primary investment objective remains to achieve the best possible net-of-fees, risk-adjusted returns consistent with the actuarial return requirement (currently 6% per annum). Investment costs must therefore be assessed in the context of the value delivered, rather than in isolation.
- 3.3.6 Given these considerations, framing a simple cost-limiting objective for investments is challenging. However, an appropriate and proportionate objective is as follows:

*"In any financial year, the Authority will seek to manage investment management costs at a level that is broadly consistent with, or lower than, the median of the CEM benchmarking peer group, recognising that short-term deviations may arise as a result of strategic asset allocation decisions. Any deviations over the medium term will be analysed to ensure they are proportional to our asset mix."*

- 3.3.7 This objective provides a discipline around cost control while allowing flexibility for the Authority to invest in asset classes and structures that are expected to enhance long-term value for money. It also reflects the Authority's position as a maturing fund, where changes in cashflow, membership profile and asset mix may influence both cost levels and investment implementation over time.
- 3.3.8 The Authority recognises that, as the Fund matures, the balance between cost, liquidity, risk and return may evolve. Investment cost objectives will therefore be kept under regular review to ensure they remain appropriate, deliverable and aligned with the Fund's funding position and long-term objectives.
- 3.3.9 The financial objectives set out above will be reviewed annually as part of the MTFs, taking into account their impact on the Authority's overall financial position and its ability to deliver corporate objectives.

## 4. Financial Forecasts

### 4.1 Forecast Assumptions

4.1.1 All financial forecasts are dependent on a series of assumptions. The key assumptions underpinning this MTFS are set out below:

- **Pay** – Pay awards are assumed to average 3.5% in 2026/27 and 3.0% per annum over the remainder of the MTFS period. These assumptions reflect the average of recent local government pay settlements and are considered a prudent basis for medium term planning given current Local Government challenges and inflationary conditions.
- **Prices** - CPI inflation at September 2025 was **3.8%**, which will be applied to active and deferred pension accounts and pensions in payment for 2026. The Authority's operating budget for 2026/27 includes inflationary uplifts for major contracts at the relevant **CPI or RPI rates**, in line with contractual terms. Given recent volatility in inflation, assumptions for the remainder of the MTFS period are based on estimates tailored to the specific cost category being forecast, rather than a single blanket inflation rate where appropriate.
- **Contribution Income and Benefits Payments** – A forecast of contribution income and benefit payments is provided by the Fund's actuary based on the most recent actuarial valuation results, incorporating assumptions on membership profile, pay growth, retirements and longevity.
- **Investment returns** are assumed to be in line with the long-term return assumptions used in the actuarial valuation. This ensures consistency between funding, investment and financial planning assumptions.
- **External investment management costs** have been forecast with reference to the Fund's strategic asset allocation, expected levels of investment performance, and existing contractual commitments. The forecast also reflects the ongoing transition of assets into pooled investment structures and the associated impact on costs.

4.1.2 Based on current information, these assumptions are considered reasonable and proportionate for the purposes of medium-term financial planning. The Authority recognises, however, that uncertainty remains due to the evolving external regulatory environment, the Fund's maturing membership profile and continued financial pressures across Local Government. Assumptions and forecasting methodologies will therefore be kept under regular review throughout the MTFS period to ensure they remain robust, responsive and aligned with the Authority's and Fund's operating context.

## 4.2 Operational Budget Forecast

4.2.1 The forecast operational budget for the South Yorkshire Pensions Authority over the period 2025/26 to 2028/29 is summarised in the table below.

South Yorkshire Pensions Authority Operating Budget	2025/26 Forecast Outturn	2026/27 Budget	2027/28 Estimate	2028/29 Estimate
	£	£	£	£
Pensions Administration	4,001,960	4,230,590	4,351,570	4,476,070
Investment Strategy	660,990	546,480	560,800	575,500
Resources	1,438,440	1,649,490	1,698,240	1,748,440
ICT	1,638,970	1,813,960	1,860,840	1,908,970
Central Costs	809,820	838,540	858,270	878,480
Democratic Representation	150,100	173,870	178,690	183,640
Unfunded Liabilities	312,000	289,000	299,980	311,380
<b>Subtotal Revenue Expenditure:</b>	<b>9,012,280</b>	<b>9,541,930</b>	<b>9,808,390</b>	<b>10,082,480</b>
Capital Expenditure	130,000	45,000	45,900	46,820
Financing Expenditure	36,910	34,450	31,430	28,260
MRP Charge	3,450	48,480	59,370	62,540
Contribution to/from Reserves	175,000	20,000	20,000	(40,000)
Levy on District Councils	(312,000)	(289,000)	(299,980)	(311,380)
<b>Total Charge to Pension Fund</b>	<b>9,045,640</b>	<b>9,400,860</b>	<b>9,665,110</b>	<b>9,868,720</b>

4.2.2 The budget for 2026/27 and the MTFS covering the period to 2028/29 have been developed against a backdrop of continuing cost pressures and operational demands. The principal drivers for expenditure growth are set out in more detail in the Budget Report presented alongside this Strategy.

4.2.3 The 2026/27 budget reflects a continued focus on ensuring that the Authority is appropriately resourced to meet the challenges anticipated over the next three years, as set out in the Corporate Strategy. Following significant investment in additional staffing capacity over the past three years, the overall staffing establishment for 2026/27 shows only minimal net growth.

4.2.4 Ongoing work to address existing work processes, increase automation, improve data quality and deliver on significant projects such as McCloud rectification and the Pensions Dashboard requires continued review of Pensions Administration resourcing. This is intended to ensure the service is appropriately and sustainably resourced to meet both current demands and anticipated future workloads. A resource planning budget has therefore been included within the financial plan to accommodate the outcomes of this work.

4.2.5 The estimates for 2027/28 and 2028/29 are derived by projecting the 2026/27 budget forward, removing one-off items, and applying appropriate inflationary assumptions where necessary.

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

- **Pay settlements and inflation** - there remains a risk that pay awards, or inflation, may exceed the levels assumed in the forecast. While the local government and wider public sector continue to face significant financial pressures, the 2025/26 pay settlement was agreed at a lower level than originally budgeted. Based on the limited information currently available, a 3.5% pay award has been assumed for 2026/27, with a return to 3% from 2027/28 in line with the expected inflation trajectory based on economists' and OBR forecasts. The 2026/27 assumption has been set prudently to mitigate the risk of higher than anticipated settlements in a volatile economic environment.
- **Deterioration in budgetary control** - budgetary controls and financial management processes are well established and subject to regular internal audit review. Ongoing development of the budget monitoring process will further strengthen budgetary control through more detailed reporting, enhanced training, and clearer allocation of budget responsibility to service managers. There is no indication of any likely deterioration in this area.
- **Loss of external income** - this risk is mitigated through prudent budgeting assumptions, including the exclusion of uncertain or sporadic income streams such as additional software sales. Where possible, longer-term agreements are secured with customers, with staggered end dates to avoid a concentration of contract expiring in any single year.

4.2.7 Overall, the operational budget is considered to be relatively low risk and straightforward when compared with the Fund Forecast. It is significantly smaller in scale and subject to far less volatility. While it receives proper scrutiny, as a cost ultimately borne by Fund participants, any variances are unlikely to have a material impact on the overall financial position or long-term sustainability of the Fund.

### 4.3 Pension Fund Forecast

4.3.1 The table below summarises the forecast position of the South Yorkshire Pension Fund for the current year and the three years thereafter.

South Yorkshire Pension Fund	Actual	Forecast	Forecast	Forecast	Forecast
Financial Forecast	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
<i>Dealings with members, employers and others directly involved in the scheme:</i>					
Contributions receivable & transfers in from other pension funds	(307)	(332)	(259)	(266)	(274)
Benefits payable and payments to or on account of leavers	458	473	408	410	424
<b>Net (additions) / withdrawals from dealings with members</b>	<b>151</b>	<b>141</b>	<b>149</b>	<b>144</b>	<b>150</b>
Management expenses	103	122	125	128	131
Net returns on investments	(382)	(1,270)	(1,002)	(1,043)	(1,098)
<b>Net (increase)/decrease in the Fund during the year</b>	<b>(128)</b>	<b>(1,007)</b>	<b>(728)</b>	<b>(771)</b>	<b>(817)</b>
Net Assets of the Fund at 1 April	(10,984)	(11,112)	(12,119)	(12,847)	(13,618)
<b>Net Assets of the Fund at 31-March</b>	<b>(11,112)</b>	<b>(12,119)</b>	<b>(12,847)</b>	<b>(13,618)</b>	<b>(14,435)</b>
Management Expenses as Percentage of Average Net Assets	0.93%	1.05%	1.00%	0.97%	0.93%

4.3.2 The Pension Fund forecast is inherently more susceptible to forecasting uncertainty than the operational budget. While historic trends and actuarial assumptions provide a sound basis for estimation, the Fund has limited control over several key drivers, including the number of retirements in any given year, individual decisions regarding commutation of pension to lump sum, mortality experience and the volume of transfers into and out of the Fund. Although the forecasts are based on the best information available and adjusted for known one-off events and inflation where appropriate, there remains a significant degree of year-to-year variability that is difficult to predict with precision.

4.3.3 The forecast Fund value at the end of the current year reflects the challenging and volatile external investment environment experienced through 2024/25 and into 2025/26. While market conditions have shown some signs of stabilisation, the outlook continues to be shaped by wider economic uncertainty. The forecast nevertheless assumes a gradual improvement in conditions, which supports a projected increase in Fund valuation over the medium term.

4.3.4 A key feature of the forecast is the expectation of a continuing net cash outflow from the Fund arising from dealings with members. As benefit payments increasingly exceed contributions received, there is a growing requirement to meet liabilities through the harvesting of investment income. This is a structural consequence of the Fund's maturity and is expected to remain a long-term challenge rather than a temporary position.

4.3.5 The principal risks and uncertainties affecting the Fund forecast are as follows:

- **Financial market volatility** - fluctuations in financial markets will directly affect both asset values and levels of investment income. Large market movements can therefore result in material variances from forecast positions. While the Fund's diversified strategic asset allocation is designed to mitigate volatility, the risk of market dislocation remains and is currently heightened by ongoing international trade tensions and broader geopolitical uncertainty.
- **Employer workforce reductions** – a further significant round of service reductions among major employers could lead to workforce contraction, reducing the number of active contributors, while increasing the imbalance between contributions received and benefits paid. Beyond adjustments to the Strategic Asset Allocation to emphasise income generation and returns above actuarial assumptions, there are limited mitigating actions available to the Fund in these circumstances.
- **Investment pooling outcomes** – Border to Coast has to date delivered broadly in line with agreed plans. There is a greater level of uncertainty at this review of the MTFS in relation to outcomes for costs of pooling as a result of the significant changes taking place to comply with the Government's fit for the future reforms. The pool company are developing a range of capabilities in order to deliver the increased requirements placed on them at the same time as the partnership is increasing in size and scale with the addition of 7 new partner funds to the existing 11. The changes also mean that all assets of all the funds are required to be fully managed by the pool. It should be expected that over the medium term, these changes will increase the likelihood of costs being contained due to economies of scale etc.

Any underperformance or failure to deliver anticipated benefits will continue to be addressed through collective engagement and challenge by the partner funds. A key priority in the coming year for the partnership is the development of a collective model for oversight of the pool's performance.

4.3.6 Overall, the forward forecast continues to reflect a challenging and uncertain economic environment. However, actuarial assumptions underpinning the forecast anticipate continued positive investment returns, as inflationary pressures ease and financial markets stabilise over the medium term. This outlook reinforces the importance of the Fund not only maintaining a focus on risk adjusted net-of-fees returns and resilient income streams within the revised strategic asset allocation, but also of ensuring robust oversight of Border to Coast's implementation of the strategy and that outcomes align with the Fund's long-term objectives and return expectations.

## 5. Policy on Reserves

### 5.1 Reserves

5.1.1 Reserves are funds that are set aside for two principal purposes:

- To provide capacity to respond to unforeseen events requiring additional resources; and
- To set aside funding in advance for specific, planned projects or initiatives.

5.1.2 As all of the Authority's costs (other than the unfunded former SYCC liabilities, met by a levy on the district councils) are ultimately met by the Pension Fund, the case for holding reserves as a general contingency differs from that of a local authority. In the event of an unforeseen incident, such as damage to buildings or systems, the associated costs would fall to the Pension Fund. Given that the Fund is approximately 1,260 times larger than the Authority's operational budget, such costs would not be material in the context of the Fund overall.

5.1.3 There is, however, a clear rationale for holding reserves to support planned expenditure. The ability to carry forward underspends to fund future projects provides an incentive for managers to operate within approved budgets and supports more effective medium term financial planning.

5.1.4 A balance must nevertheless be maintained. Allowing reserves to accumulate beyond a reasonable level would, in effect, withhold cash from the Pension Fund that could otherwise be invested. For this reason, a limit is placed on the level of operational reserves to ensure that reserves remain proportionate to the Authority's scale and purpose. The Authority's policy is therefore framed:

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

5.1.5 The forecast outturn for 2025/26, after planned transfers to reserves, indicates a small underspend against budget. Strong budgetary control during the year has enabled the Authority to transfer resources into reserves, strengthening its capacity to meet future requirements in a controlled and planned manner.

5.1.6 The forecast level of reserves over the medium term is set out in the table below.



South Yorkshire Pensions Authority Earmarked Reserves	Forecast Balance at 31 March 2026 £	Forecast Balance at 31 March 2027 £	Forecast Balance at 31 March 2028 £	Forecast Balance at 31 March 2029 £
<i>Operational Revenue Reserves:</i>				
Corporate Strategy Reserve	153,855	173,855	193,855	153,855
ICT Reserve	269,360	269,360	269,360	269,360
Capital Projects Reserve	116,380	116,380	116,380	116,380
<b>Total Reserves</b>	<b>539,595</b>	<b>559,595</b>	<b>579,595</b>	<b>539,595</b>
<i>Reserves as % of Budget</i>	<i>6.0%</i>	<i>6.0%</i>	<i>6.0%</i>	<i>5.5%</i>

5.1.7 The table above shows that the current financial plans provide for contributions to operational revenue reserves in 2026/27 and 2027/28, followed by a planned drawdown of reserves in 2028/29. Earmarked reserves will continue to be kept under regular review, and any proposed transfers to or from individual reserves will be reported to the Authority for approval, based on the recommendation of the Chief Finance Officer. This will be undertaken through the Authority's established quarterly reporting of management accounts and financial forecasts.

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<b>Subject</b>	<b>Treasury Management Strategy Statement 2026/27</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Chief Finance Officer		
<b>Equality Impact Assessment</b>	Not Required	Attached	N/a
<b>Contact Officer</b>	Melanie Priestley, Acting Head of Finance and Performance	<b>Phone</b>	01226 666442
<b>E Mail</b>	<a href="mailto:mpriestley@sypa.org.uk">mpriestley@sypa.org.uk</a>		

## 1 Purpose of the Report

- 1.1 To comply with: the Local Government Act 2003 and supporting regulations, CIPFA's *Treasury Management in the Public Services: Code of Practice 2021 Edition*, and *Prudential Code for Capital Finance in Local Authorities 2021 Edition* and the Ministry for Housing, Communities and Local Government's (MHCLG) *Statutory Guidance on Local Government Investments 3<sup>rd</sup> Edition (2018)*.

## 2 Recommendations

- 2.1 Members are recommended to:
- a. **Approve the 2026/27 Treasury Management and Annual Investment Strategy, and the treasury & prudential indicators set out in this report;**
  - b. **Approve the Treasury Management Policy Statement attached at Appendix B;**
  - c. **Approve the Treasury Management Practices attached at Appendix C; and**
  - d. **Approve the Minimum Revenue Provision statement as set out in this report.**

## 3 Link to Corporate Objectives

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

### **Investment Returns**

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

### **Effective and Transparent Governance**

To uphold effective governance always showing prudence and propriety.

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

#### **4     Implications for the Corporate Risk Register**

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

#### **5     Background and Options**

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

#### ***Reporting Requirements***

- 5.7     The Authority will receive reports on its Treasury Management activities including, as a minimum, an annual strategy for the forthcoming year (this report), an annual report

after year end, and interim updates as part of the quarterly corporate performance reports (rather than the minimum six-monthly report required by the Code).

- 5.8 This annual strategy report is forward looking and includes:
- a. the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators;
  - b. the Treasury Management Policy Statement, at Appendix B;
  - c. the Treasury Management Practices, at Appendix C;
  - d. an Investment Strategy, (the parameters on how the treasury management investments are to be managed); and
  - e. To the extent that they apply in this Authority, capital plans, prudential indicators and minimum revenue provision policy statement.
- 5.9 The responsibility for the implementation and regular monitoring of its treasury management policies and practices remains with the full Authority, and responsibility for the execution and administration of treasury management decisions is delegated to the Authority's Section 73 Officer (the Chief Finance Officer), who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management. In accordance with the Authority's financial regulations, responsibility for the day-to-day application of the strategy is delegated to the Head of Finance and Performance, who is the Deputy S.73 Officer. Both officers are professionally qualified CIPFA members.

#### *Training*

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

#### *Use of External Service Providers*

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

- b. BGC Partners
- c. Imperial Treasury Services
- d. MUFG Pension and Market Services

#### *Annual Investment Strategy*

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

#### *Risk Assessment and Credit Ratings*

- 5.19 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
  - a. No new investments will be made;
  - b. Any existing investments that can be recalled or sold at no cost will be; and
  - c. Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.20 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above investment criteria.
- 5.21 A summary of the treasury investments held at 31 December 2025 is attached in Appendix A to this report.

#### *Treasury and Prudential Indicators*

- 5.22 The CIPFA Treasury Management and Prudential Codes require local authorities to set and monitor against specified indicators for prudence and sustainability. The indicators specified relate to capital expenditure and financing, external debt and affordability. The majority of these are not directly relevant in the Authority's context.
- 5.23 Capital Expenditure
- 5.24 Capital Expenditure is that which is incurred on assets that provide service potential for more than one year such as buildings, equipment and IT software. The Authority incurs very limited capital expenditure, and this will always be on behalf of the Fund and financed by the Fund.
- 5.25 It is estimated that during the forthcoming financial year, capital expenditure will be £45,000.
- 5.26 Capital Financing Requirement
- 5.27 The capital financing requirement (CFR) reflects an authority's underlying need to finance capital expenditure by borrowing or other long term liability arrangements.

- 5.28 The Authority has a CFR of Nil. Capital expenditure is incurred on behalf of the Fund and is financed by the Fund so there has been no underlying need to borrow. The estimated CFR for the next three-year period (2026/27 to 2028/29) is Nil. Based on current plans, any capital expenditure to be undertaken in this period will be fully financed in the year in which it is incurred from available reserves as outlined above.
- 5.29 External Debt
- 5.30 For the reasons outlined above, the Authority has no requirement to undertake external borrowing in its own right under the powers granted in the Local Government Act 2003.
- 5.31 Therefore, the indicators for gross external debt and the capital financing requirement and actual external debt are not applicable.
- 5.32 Whilst there is no expectation of any external borrowing requirement, the Authority nevertheless sets and keeps under review the Authorised Limit and Operational Boundary indicators as required by the Prudential Code.
- 5.33 Both the authorised limit for its gross external debt and the operational boundary should be consistent with the Authority's plans for capital expenditure, financing and treasury management activities.
- 5.34 The limits for the Authority are therefore set as follows.

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Authorised Limit	£750,000	£750,000	£750,000
Operational Boundary	£500,000	£500,000	£500,000

#### Affordability

- 5.35 The Prudential Code sets out the need for local authorities to ensure that the revenue implications of capital finance, including financing costs, are properly taken into account and in assessing affordability, authorities should consider the council tax implications of capital, borrowing and investment decisions. As all expenditure of this Authority is on behalf of and recharged to the Fund, there are no direct implications for taxpayers. However, we do have a responsibility to manage the resources for which we are responsible in such a way that our expenditure does not negatively impact on the overall performance of the Pension Fund. Therefore, affordability is a key consideration when making decisions on capital expenditure and financing.
- 5.36 The indicator of the ratio of financing costs to net revenue stream is not applicable as there are no financing costs expected for the Authority in the forthcoming period and up to 2028/29.

#### *Minimum Revenue Provision (MRP) Statement*

- 5.37 The Authority is required to have regard to the statutory guidance on MRP issued by the Ministry for Housing, Communities and Local Government's (MHCLG). MRP is a provision for the repayment of debt based on paying off the accumulated capital financing requirement through an annual charge to the revenue account. The statutory guidance requires that authorities make an MRP charge that is deemed to be prudent and to have their policy on MRP approved by the equivalent of Full Council in advance of each year.
- 5.38 In previous years the Authority has not made a charge for MRP as any capital expenditure was fully financed from reserves. However, the 2024/25 CIPFA Code of Practice adopted a new accounting standard IFRS16 – Leases. The new standard resulted in a change to the Authorities accounting policies agreed March 2025 as the lease for Oakwell House became a Right of Use asset. The change includes the requirement to make a MRP charge to the revenue account.

- 5.39 Following the Implementation of IFRS 16 Leases, MRP charges required in the next three years are as follows:

	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
MRP Charge	£48,480	£59,370	£62,540

- 5.40 Under IFRS 16, the Authority recognises right-of-use assets with associated lease liabilities. In line with statutory MRP guidance, the lease liabilities give rise to a capital financing requirement, and the Authority provides MRP equal to the principal element of lease payments each year. Depreciation on right-of-use assets is charged to the Comprehensive Income and Expenditure Statement but reversed through the Movement in Reserves Statement, with MRP charged to the General Fund in its place. This approach is considered prudent and aligns the charge with the repayment of the liability over the lease term.
- 5.42 Should the capital plans of the Authority change and lead to a CFR the policy for the MRP charge for other assets will be to apply the 'Asset Life Method Equal Instalments' set out as Option 3 in the MHCLG Statutory Guidance. Using this method, MRP is calculated based on the estimated useful life of the assets created. This provides for a reduction in the borrowing needs over approximately the useful life of the asset.

## **6 Implications**

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

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

**Will Goddard**

**Acting Assistant Director – Resources and Chief Finance Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	



## Appendix A – Treasury Portfolio

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

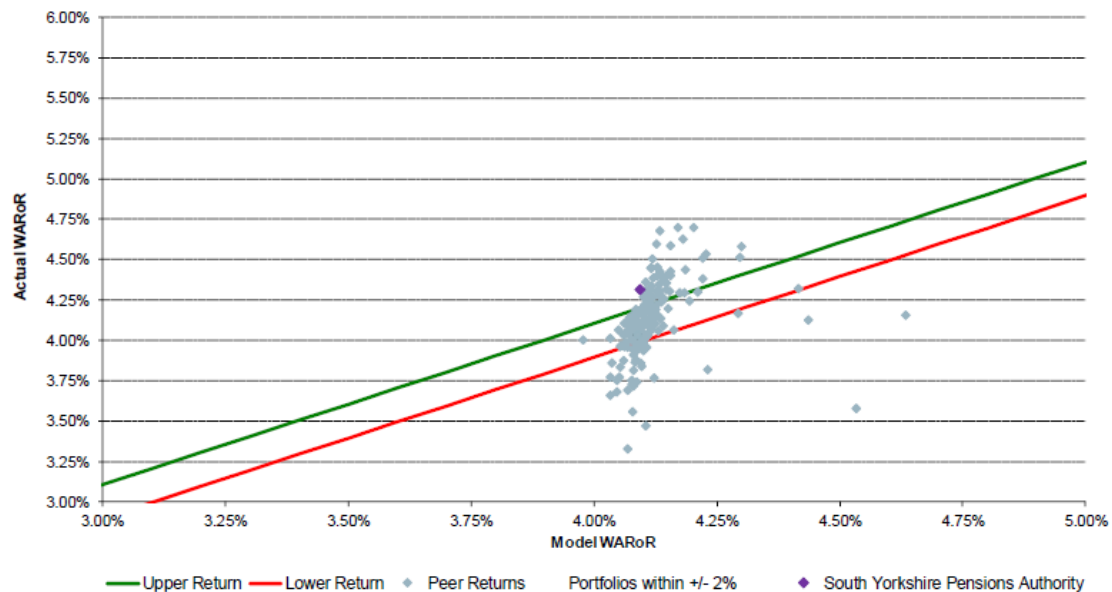
South Yorkshire Pensions Authority Treasury Portfolio		Actual		Current	
		01/04/2025		31/12/2025	
Treasury Investments by Counterparty		£m	%	£m	%
Banks		60	61%	64	52%
Local Authorities		0	0%	0	0%
Money Market Funds		39	39%	59	48%
<b>Total Treasury Investments</b>		<b>99</b>	<b>100%</b>	<b>123</b>	<b>100%</b>

The following table analyses the treasury investments held as at the end of quarter 3, by the period to maturity at investment, and shows the average interest rate achieved; the decrease seen in the average interest rate can be attributed to the changing external environment and a reduced interest rate with our new Custodian from 1<sup>st</sup> April 2025.

Treasury Portfolio Treasury Investments by Maturity As at 31/12/2025	Average Interest Rate	Banks	LA	MMF	Total	Allocation
Immediate - Bank Account	1.72%	29	0	0	<b>29</b>	24%
Immediate - MMF	3.63%	0	0	59	<b>59</b>	48%
1 to 3 Months	0.00%	0	0	0	<b>0</b>	0%
3 to 6 Months	4.03%	17	0	0	<b>17</b>	14%
6 to 9 Months	4.05%	8	0	0	<b>8</b>	6%
9 to 12 Months	4.18%	10	0	0	<b>10</b>	8%
<b>Total</b>	<b>3.52%*</b>	<b>64</b>	<b>0</b>	<b>59</b>	<b>123</b>	<b>100%</b>
<i>* Note - no weighting for funds invested.</i>						

The chart below has been provided by MUFG Corporate Markets, our Treasury Management Advisors. The chart models the weighted average rate of return against the actual weighted average weight of return, for clients with MUFG in our peer group.

### Population Returns against Model Returns



South Yorkshire Pensions Authority	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
	4.32%	4.09%	0.22%	3.99%	4.20%	Above

The rate of return being achieved is ahead of the modelling rate, and above the upper return line, putting us in a good position within the peer group. This is being achieved whilst keeping the primary focus of our Treasury Management Strategy on security and liquidity of funds.

## Appendix B – Treasury Management Policy Statement

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

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

## Appendix C – Treasury Management Practices

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

### 1 TMP1 Risk Management

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

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

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

#### 1.1 Credit and counterparty risk management

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

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements. The Authority's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations, sitting within section 1.1.2. The detailed policies and procedures that will form the schedule to accompany these TMPs was completed during 2025.

##### 1.1.2 Policy on environmental, social and governance (ESG) considerations

The organisation's counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at an individual investment level.

ESG is an area that CIPFA is still working on after the 2022 revised codes. In particular, work will be needed to coordinate the priority which needs to be given to issues of security, liquidity and yield while also accommodating ESG considerations as a fourth priority and principle to apply.

The assessment and implementation of ESG considerations are better developed in equity and bond markets than for short-term cash deposits, primarily due to the wider scope of

potential investment opportunities. Furthermore, there is a diversity of market approaches to ESG classification, analysis and integration. This means that a consistent and developed approach to ESG for public service organisations, focussed more on typical Treasury-type investments, is currently difficult to achieve. CIPFA, therefore, recommends authorities to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies.

CIPFA does not expect that SYPA's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

The Authority understands that anything too "broad" in its approach could have a material impact on potential available counterparties, which could then limit diversification and/or security considerations in investment processes. Furthermore, SYPA is clear that when choosing between two counterparties that pass all relevant "security and liquidity" tests, the additional implementation of an ESG policy may mean that a lower investment rate is achieved by choosing the counterparty that passes the Authority's ESG requirements.

Typical ESG considerations are shown below. Please note that these are examples of ESG factors that are considered by Credit Rating Agencies, such as Fitch, Moody's and Standard & Poor's when assigning credit ratings to counterparties. The credit ratings provided by these agencies are also used as the basis for selecting suitable counterparties by the Authority.

**Environmental:**

Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impacts.

**Social:**

Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.

**Governance:**

Management structure, governance structure, group structure, financial transparency.

The Authority is supportive of the Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)) and will seek to bring ESG (Environmental, Social and Governance) factors into the decision-making process for Treasury-type investments. The Authority is appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systematic and transparent way. The Authority uses rating from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

*"We, the undersigned, recognise that environmental, social and governance (WSG) factors can affect borrowers' cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.*

*At a sovereign level, risks related to natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is*

*true for local government and special purpose vehicles issuing project bonds. Such events can result in bond price volatility and increase the risk of defaults.*

*In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systematic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.*

*In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer's creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issues ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.*

*With this in mind, we share a common vision to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness."*

For short term Treasury-type investments with counterparties, the Authority uses the ratings provided by MUFG which include Fitch, Moody's and Standard & Poor's to assess creditworthiness, which include analysis of ESG factors when assigning ratings.

## 1.2 Liquidity risk management

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

## 1.3 Interest rate risk management

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

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

## 1.4 Inflation risk management

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

## 1.5 Legal and regulatory risk management

The Authority will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] *Counterparty credit risk management*, it will ensure that there is evidence of



counterparties' powers, authority and compliance in respect of the transactions they may effect with the Authority, particularly with regard to duty of care and fees charged.

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

#### 1.6 Operational risk, including fraud, error and corruption

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

### 2 TMP2 Performance Measurement

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

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

### 3 TMP3 Decision Making and Analysis

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

### 4 TMP4 Approved Instruments, Methods and Techniques

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

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

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

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



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

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

#### 6 TMP6 Reporting Requirements and Management Information Arrangements

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

The Authority members will receive as a minimum:

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

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

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

#### 7 TMP7 Budgeting, Accounting and Audit Arrangements

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

treasury management activities, decisions made, and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

#### 8 TMP8 Cash and Cash Flow Management

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

#### 9 TMP9 Money Laundering

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

#### 10 TMP10 Training and Qualifications

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

The responsible officer will ensure that Authority members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities. Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements, including a knowledge and skills schedule, are detailed in the schedule to this document.

#### 11 TMP11 Use of External Service Providers

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

with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

## 12 TMP12 Corporate Governance

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

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

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<b>Subject</b>	<b>Pay Policy Statement 2026</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
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## **1 Purpose of the Report**

- 1.1 To secure approval of the updated Pay Policy Statement for 2026.
- 

## **2 Recommendations**

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

## **3 Link to Corporate Objectives**

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

### **Effective and Transparent Governance**

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

### **Valuing and Engaging Our Employees**

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

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

## **4 Implications for the Corporate Risk Register**

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

## **5 Background and Options**

- 5.1 The Localism Act 2011 requires local authorities to produce a Pay Policy Statement each year. While the full terms of the Act do not apply to the Authority it is good practice to set out a public statement of how the Authority addresses issues of pay and reward particularly for senior employees.
- 5.2 The Pay Policy Statement at Appendix A sets out the Authority's grading structure and reflects the most recent NJC pay award agreed for 2025/26, which took effect from 1 April 2025. The statement will require further revision for any pay award settled by the NJC for the financial year commencing 01 April 2026.
- 5.3 The Statement includes information on the ratio between higher and lower paid roles across the Authority. The key metric here is the Hutton review's finding that the highest paid role should be paid no more than 20 times the lowest paid. The ratio for the Authority's highest to lowest paid roles is 5.7 times which is significantly less than this.

## **6 Implications**

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

Financial	There are no direct financial implications arising from this report. The costs of the Authority's remuneration for employees are fully reflected in the budget.
Human Resources	A clear and transparent pay policy is a key element in the Authority's overall approach to people management.
ICT	None.
Legal	Whilst not a legislative requirement, the production of a statement of this sort is good practice.
Procurement	None.

**Gillian Taberner**

**Director**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>



# Pay Policy Statement 2026/27

<b>Version</b>	<b>Pay Policy Statement</b>	<b>Date</b>	<b>Details of Updates</b>
V1	Draft for Full Authority approval	February 2026	-



## 1. Introduction

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

## 2. Other legislation relevant to pay and remuneration

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

## 3. Pay structure

- 3.1. The Authority’s pay structure of spinal column points and grades is set out in Appendix A. This reflects the nationally agreed pay award backdated to 1st April 2025, including the impact of the average national pay award on the locally determined spinal points.
- 3.2. Annual salary increases for all staff (including senior managers) are set through national negotiations between the local government employers and the recognised trades unions within the National Joint Council for Local Government Services.
- 3.3. Where evidence exists of recruitment and retention issues, it may be necessary to make additional payments to reflect pay levels in the wider labour market to attract and retain employees with particular skills, knowledge and experience. In such instances the Authority will use evidence of relevant market comparators, using data sources available within the local government sector, the financial services sector and beyond as appropriate and will review any such payments at regular intervals of no longer than every three years.

## 4. Definitions

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

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

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

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

4.3. Remuneration is defined as the pay an individual receives.

## 5. Director remuneration

5.1. The pay grade for the Director spans four spinal column points, in common with most other roles on the Authority's pay structure. The range is shown in the following table.

Grade	SCP	Salary at 01/04/2026 (Pending any agreed pay award for 2026/27)
N	56	£135,328
	57	£136,696
	58	£138,076
	59	£139,471

5.2. The current postholder took up the role on 1 October 2025 and was appointed on SCP 56. Progression through the grade will occur through the payment of an additional annual increment on 1st April each year, until the top of the grade is reached.

5.3. The Director's remuneration is determined by the Authority. The terms and conditions of service relating to this post are in accordance with the Joint Negotiating Committee for Local Authority

Chief Officers, with the exception that annual pay increases are tied to the headline increase in the main pay scale of the National Joint Council for Local Government Services.

- 5.4. The last review of the Director role salary was undertaken by Authority Members in June 2022, when the salary level (then at a spot rate, now representing the maximum point on the grade) was fixed at the median for similar roles in comparable local government pension funds, and the changes agreed took effect from 1 July 2022.

#### Additional Allowances

- 5.5. The Director is not entitled to any additional allowances such as homeworking allowance.
- 5.6. Rules in relation to reimbursement of travel and subsistence etc. expenses are the same as for all other posts within the Authority. The role is designated as a casual car user for the purposes of mileage expenses. The Director has the same access to the Authority's salary sacrifice schemes for AVCs and lease car as all other posts within the Authority.
- 5.7. The Authority's flexi-time scheme does not apply to the Director.

## **6. Assistant Director remuneration**

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

Post	Grade	SCP Range	Salary Range at 01/04/2026 (Pending any agreed pay award for 2026/27)
Assistant Director – Investment Strategy	M	52 to 55	£93,559 - £102,865
Assistant Director – Pensions	M	52 to 55	£93,559 - £102,865
Assistant Director – Resources	M	52 to 55	£93,559 - £102,865

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

#### Additional Allowances

- 6.4. The Assistant Directors are each designated as casual car users.
- 6.5. All members of staff, with the exception of the Director, who participate in the Authority's Hybrid Working Policy receive a £26 per month homeworking allowance. Assistant Directors are eligible to receive this allowance.
- 6.6. Any other allowances relating to the posts are the same as for all other posts within the Authority, for example, reimbursement of fuel expenditure for business travel, and the ability to claim reimbursement for relevant professional subscriptions. The Assistant Directors have the same access to the Authority's salary sacrifice schemes for AVCs and lease car as all other posts within the Authority.

- 6.7. The Assistant Director – Investment Strategy receives an additional market supplement equivalent to 20% of salary reviewable at least every three years, reflecting the additional remuneration required to attract and retain a suitably qualified role holder for this post as evidenced by benchmarking of pay against comparable roles.
- 6.8. The Authority's flexi-time scheme does not apply to Assistant Directors.

## 7. Monitoring Officer remuneration

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

Grade	SCP Range	Salary Range at 01/04/2026 (Pending any agreed pay award for 2026/27)
L	48 to 51	£69,175 - £78,321

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

### Additional Allowances

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

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

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

## 9. Salary on appointment

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

## 10. Performance Related Pay

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

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

- 11.1. The following information is provided to assist with understanding the ratio calculations. Figures shown are based on pay data on 1 April 2025.

Director Salary	£135,328
Chief Officer Median Salary	£99,656
Authority Median Full Time Salary	£34,434
Authority Lowest Full Time Salary	£24,413

### 11.2. Pay Ratios

Post	Benchmark Salary	Ratio at 1 April 2024	Ratio at 1 April 2025
Director's Salary	Chief Officer Median Salary	1: 1.4	1: 1.4
Director's Salary	Authority Median Salary	1: 4.1	1: 4.1
Chief Officer Median Salary	Authority Median Salary	1: 2.9	1: 2.9
Director's Salary	Authority Lowest Salary	1: 5.7	1: 5.7
Chief Officer Median Salary	Authority Lowest Salary	1: 4.0	1: 4.1

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

## 12. Lowest paid employee

- 12.1. The lowest grade in the pay structure is Grade A, scale points 2 - 3 (£24,413 - £24,796) at 01/04/2025. This grade is used for Apprentice roles only. The lowest salary that an employee other than an apprentice can receive is on Grade B, scale points 4 - 7 (£25,185 - £26,403). The lowest actual salary currently being paid on this grade is SCP 4, £25,185.

## 13. Termination payments

- 13.1. The Authority's redundancy policy applies equally to all employees regardless of their grade. A redundancy payment will be paid to an employee when their post is made redundant and there are no suitable redeployment opportunities.
- 13.2. The Authority does not have a policy which allows for the automatic enhancement of an employee's pensionable service on termination

## 14. Employer pension contributions

- 14.1. The Authority contributes to the Local Government Pension Scheme for all its employees who are members equally at a percentage rate of employees' pensionable pay. This rate is set by

the actuary for the South Yorkshire Pension Fund and is reviewed every three years. The rate paid from 1 April 2023 to 31 March 2026 was 14.4%. Following the latest triennial valuation at 31 March 2025, the rate that will be paid from 1 April 2026 to 31 March 2029 will be 11.4% of employees' pensionable pay.

## 15. Employee pension contributions

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

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

- 15.2. The contribution bands are reviewed on 1 April each year. The bands that will take effect from 1 April 2026 are not yet available.

## 16. Engagement of former Chief Officers in receipt of pensions

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

## 17. Publication of the policy

- 17.1. This policy will be published on the Authority's website. In addition, for posts where the full-time equivalent salary is at least £50,000 the Authority will publish further information as required by the Accounts and Audit Regulations 2015 in its annual statement of accounts.

## 18. Review of the Pay Policy Statement

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

**Pay and Grading Structure**

Korn Ferry Job Reference Level	Korn Ferry Evaluation Score Range	Grade	SCP	2025/26  FTE Salary from 1 April 2025	2026/27  FTE Salary from 1 April 2026 <i>(Pending any pay award to be agreed by NJC)</i>
Level 8	85 - 113	A	2	24,413	<b>24,413</b>
			3	24,796	<b>24,796</b>
Level 9	114 - 134	B	4	25,185	<b>25,185</b>
			5	25,583	<b>25,583</b>
			6	25,989	<b>25,989</b>
			7	26,403	<b>26,403</b>
Level 10	135 - 160	C	8	26,824	<b>26,824</b>
			9	27,254	<b>27,254</b>
			10	27,694	<b>27,694</b>
			11	28,142	<b>28,142</b>
Level 11	161 - 191	D	12	28,598	<b>28,598</b>
			13	29,064	<b>29,064</b>
			14	29,540	<b>29,540</b>
			15	30,024	<b>30,024</b>
Level 12	192 - 227	E1	17	31,022	<b>31,022</b>
			18	31,537	<b>31,537</b>
			19	32,061	<b>32,061</b>
		E2	21	33,143	<b>33,143</b>
			22	33,699	<b>33,699</b>
			23	34,434	<b>34,434</b>
Level 13	228 - 268	F	24	35,412	<b>35,412</b>
			25	36,363	<b>36,363</b>
			26	37,280	<b>37,280</b>
			27	38,220	<b>38,220</b>
Level 14	269 - 313	G	28	39,152	<b>39,152</b>
			29	39,862	<b>39,862</b>
			30	40,777	<b>40,777</b>
			31	41,771	<b>41,771</b>

## Pay and Grading Structure

Korn Ferry Job Reference Level	Korn Ferry Evaluation Score Range	Grade	SCP	2025/26 FTE Salary from 1 April 2025	2026/27 FTE Salary from 1 April 2026 <i>(Pending any pay award to be agreed by NJC)</i>
Level 15	314 - 370	H	32	42,839	<b>42,839</b>
			33	44,075	<b>44,075</b>
			34	45,091	<b>45,091</b>
			35	46,142	<b>46,142</b>
Level 16	371 - 438	I	36	47,181	<b>47,181</b>
			37	48,226	<b>48,226</b>
			38	49,282	<b>49,282</b>
			39	50,269	<b>50,269</b>
Level 17 (i)	439 - 478	J	40	51,356	<b>51,356</b>
			41	52,413	<b>52,413</b>
			42	53,460	<b>53,460</b>
			43	54,495	<b>54,495</b>
Level 17 (ii)	479 - 518	K	44	56,818	<b>56,818</b>
			45	59,146	<b>59,146</b>
			46	61,474	<b>61,474</b>
			47	63,802	<b>63,802</b>
Level 18	519 - 613	L	48	69,175	<b>69,175</b>
			49	72,221	<b>72,221</b>
			50	75,271	<b>75,271</b>
			51	78,321	<b>78,321</b>
Level 19 / 20	614 - 879	M	52	93,559	<b>93,559</b>
			53	96,607	<b>96,607</b>
			54	99,656	<b>99,656</b>
			55	102,865	<b>102,865</b>
Level 21	>879	N	56	135,328	<b>135,328</b>
			57	136,696	<b>136,696</b>
			58	138,076	<b>138,076</b>
			59	139,471	<b>139,471</b>

**Notes:**

The following points in the NJC scale are not used:

- 16
- 20

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



<b>Subject</b>	<b>Fit for the Future – Pension Schemes Bill Update</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
<b>Contact Officer</b>	Gillian Taberner Director	<b>Phone</b>	01226 666420
<b>E Mail</b>	<a href="mailto:gtaberner@sypa.org.uk">gtaberner@sypa.org.uk</a>		

## **1 Purpose of the Report**

- 1.1 To update members on the status of the Pension Schemes Bill and the responses submitted by officers to consultations on associated regulations and draft guidance issued for consultation.

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## **2 Recommendations**

- 2.1 Members are recommended to:
- Note the updates included in this report.**
  - Indicate whether there are any particular concerns for officers to factor into the ongoing work to prepare for complying with the new requirements.**

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## **3 Link to Corporate Objectives**

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

### **Investment Returns**

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

### **Responsible Investment**

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

### **Effective and Transparent Governance**

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

The implementation of the changes required by the Pension Schemes Bill (the Bill) and the associated regulations and statutory guidance could have a significant impact on the way in which the Authority achieves its corporate objectives.

#### **4     Implications for the Corporate Risk Register**

- 4.1     The Government's proposals directly impact the risks on the corporate risk register related to the Pensions Review and the delivery of the Border to Coast Strategic Plan. As things become clearer following the Bill's passage and the Government's response to the regulations and guidance consultations these risks will be updated. These two risks are being actively focussed on whilst officers undertake the planning and work required to prepare for and implement the changes required.

#### **5     Background and Options**

- 5.1     Following the Government's pensions review and the "LGPS – Fit for the Future" consultation outcomes, the Pension Schemes Bill was published and is now progressing through the parliamentary process. The Bill is currently at Committee stage in the House of Lords.
- 5.2     The Government issued two draft statutory instruments for consultation that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These are:
- a. the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 and
  - b. the Local Government Pension Scheme (Amendment) Regulations 2026.
- 5.3     These regulations will be supported by statutory guidance and require compliance from 1 April 2026, subject to passage of the Bill. The Government issued a draft version of the statutory guidance in a closed consultation with administering authorities, through the Scheme Advisory Board.
- 5.4     Both consultations were for a short period only; the consultation on the regulations was issued on 20 November and required responses submitted by 2 January. The closed consultation on the draft guidance was issued on 8 December with responses required by 12 January.
- 5.5     The main requirements in these regulations and supporting guidance include the following.
- 5.6     *Pooling and Investment*
- a. Administering authorities (AAs) required to delegate the implementation of their investment strategy to their asset pool.
  - b. AAs required to take principal investment advice from their pool.
  - c. All assets to be controlled and managed by the relevant asset pool.
  - d. Minimum standards for pools, including FCA authorisation and capacity to manage local investments.
  - e. AAs required to co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company.
- 5.7     *Governance*
- a. AAs required to have regular independent governance reviews aligned with valuation cycles.
  - b. AAs to have a Governance Strategy, Training Strategy and Conflicts of Interest Policy – these may be combined into one document.

- c. Requirement to appoint / designate a Senior LGPS Officer by 1 October 2026.
  - d. Requirement to appoint an Independent Person by 1 October 2026, who will be a non-voting member, to advise on all matters relating to investment, administration and governance.
- 5.8 The Authority's officers contributed to the development of a collective response from Border to Coast to both consultations. In addition, we submitted separate responses on behalf of the Authority to both consultations.
- 5.9 It remains the case that the Authority is broadly welcoming of the changes and is committed to delivering the policy intent effectively. In this respect, from both a pooling and our individual fund governance perspective, we are starting from a strong position with the right foundations in place to achieve this.
- 5.10 The detail in the regulations and in the statutory guidance are very important for ensuring that the requirements can be practically delivered. The main points in the responses to the Government therefore focus on the key issues where it is considered that further clarity is required or where there are practical considerations that may require amending to ensure that the intent can be achieved in reality.
- 5.11 This includes a specific issue for the Authority in our context as a single purpose administering authority, with regard to the wording in the draft regulations on the role of the Senior LGPS Officer. Our response at Appendix C highlights this and provides a suggested amendment to address the issue.
- 5.12 The following appendices are attached to this report.
- a. Appendix A: Draft LGPS Pooling, Management and Investment of Funds Regulations 2026
  - b. Appendix B: Draft LGPS Amendment Regulations 2026
  - c. Appendix C: SYPA submitted response to the consultation on the above draft regulations.
  - d. Appendix D: SYPA submitted response to the closed consultation on the draft statutory guidance.
  - e. Appendix E: Copy of the Scheme Advisory Board's published response to the closed consultation on the draft statutory guidance.
- 5.13 The consultations have provided welcome further detail that officers are now using in preparing more detailed plans to ensure that the Authority will be compliant. This has been factored into the Corporate Strategy plans and into work on the corporate risk register.
- 5.14 Whilst we await the Government outcomes of the consultations, we will be planning the actions required to implement the changes and a further update on our plans will be brought to the Authority in their March meeting.

## **6 Implications**

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

Financial	It is too early to make a precise assessment of the financial implications of these proposals. However, there will be some, such as the need to budget for regular independent governance reviews, and the costs of the new independent person role, although these may be met at least partly through making changes to the current independent investment adviser arrangements. It is not possible to provide details on such costs at this stage.
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Human Resources	The requirements for knowledge and understanding apply to officers as well as members and there will need to be work undertaken to ensure that the workforce plan and broader learning and development plan meet the requirements once finalised.
ICT	None
Legal	The Authority will need to take steps to ensure that it is able to demonstrate compliance with the legislation once passed and the regulations and statutory guidance.
Procurement	There will be a need to procure a provider for the regular independent governance reviews, and potentially the independent person. This will be factored into future procurement plans.

**Gillian Taberner**

**Director**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Local Government Pension Scheme (England and Wales): Fit for the future – government response	<a href="#"><u>Local Government Pension Scheme (England and Wales): Fit for the future – government response - GOV.UK</u></a>

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STATUTORY INSTRUMENTS

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2026 No.

**PUBLIC SERVICE PENSIONS, ENGLAND AND WALES****The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026***Made* - - - -

\*\*\*

*Laid before Parliament*

\*\*\*

*Coming into force*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and paragraphs 11, 12 and 13 of Schedule 3 to, the Public Service Pensions Act 2013 (“the 2013 Act”)(a), and sections 1 and 2 of the Pensions Schemes Act 2026(b).

In accordance with section 21(1) and (5) of the 2013 Act(c), the Secretary of State has consulted such persons and the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the 2013 Act, these Regulations are made with the consent of the Treasury.

**PART 1**

## Introductory

**Citation, commencement and extent**

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.

(2) Subject to regulation 21(2), these Regulations come into force on 1st April 2026.

(3) These Regulations extend to England and Wales.

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(a) 2013 c. 25. See section 2 of, and Schedule 2 to, the Act as to how the power is exercisable by the Secretary of State. Section 3(1) of the Act was amended by section 94(2) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7) (“the 2022 Act”) and section 7(2) of the Pension Schemes Act 2026 (c. xx) (“the 2026 Act”). Section 3(2) of the Act was amended by section 94(3) of the 2022 Act and section 7(2) of the 2026 Act. Paragraph 12 of Schedule 3 to the Act was amended by section 100 of the 2022 Act.

(b) 2026 c. ?? (“the 2026 Act”).

(c) Section 21(5) was inserted by section 7(3) of the 2026 Act.

## Interpretation

### 2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000(**a**);

“the 2013 Regulations” means the Local Government Pension Scheme Regulations 2013(**b**);

“the 2014 Regulations” means the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014(**c**);

“the 2026 Act” means the Pension Schemes Act 2026;

“authority” means an administering authority listed in Part 1 of Schedule 3 to the 2013 Regulations;

“fund money” means money that is or should be in a pension fund maintained by an authority;

“the relevant asset pool company” means, in relation to an authority, the asset pool company in which that authority is participating, in accordance with regulation 7(1) or a direction made under regulation 9(1)(a);

[“the relevant strategic authority”, in relation to an authority, means the strategic authority [for the area within which that authority is situated/set out in guidance published by the Secretary of State from time to time].]

“the Scheme” means the scheme established by the 2013 Regulations;

“strategic authority” includes, for the purposes of section 2(5)(d) of the 2026 Act, a unitary district council or a county council designated by the Secretary of State as a single foundation strategic authority under section 3(1) of the [English Devolution and Community Empowerment Act 2026(**d**)].

(2) Any restrictions imposed by these Regulations apply to authorities which have the power within section 1 of the Localism Act 2011 (local authority’s general power of competence)(**e**) or section 5A(1) of the Fire and Rescue Services Act 2004(**f**) (powers of certain fire and rescue authorities) in the exercise of those powers.

(3) Any authority which does not have the powers mentioned in paragraph (2) has, by virtue of these Regulations, the power to do anything authorised or required by these Regulations.

## PART 2

### Investments, Funds and Borrowing

#### Investments

### 3.—(1) In these Regulations “investment” includes—

- (a) a contract entered into in the course of dealing in financial futures, traded options or derivatives;

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(a) 2000 c. 8.

(b) S.I. 2013/2356.

(c) S.I. 2014/525.

(d) 2026 c. xx.

(e) 2011 c. 20.

(f) 2004 c. 21; section 5A was inserted by section 9(1) of the Localism Act 2011. It was moved under a new heading by paragraph 6 of Part 1 of Schedule 1 to the Policing and Crime Act 2017 (c. 3), and amended by paragraph 7, Part 1 of Schedule 1, and paragraph 112, Part 2 of Schedule 2, of that Act.

- (b) a contribution to a limited partnership in an unquoted securities investment partnership;
  - (c) a contract of insurance if it is a contract of a relevant class, and is entered into with a person within paragraph (2) for whom entering into the contract constitutes the carrying on of a regulated activity within the meaning of section 22 of the 2000 Act(a).
- (2) A person within this paragraph, for the purposes of paragraph (1)(c), is a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities)(b) to effect or carry out contracts of insurance of a relevant class.
- (3) A contract of insurance is a contract of a relevant class for the purposes of paragraphs (1)(c) and (2) if it is—
- (a) a contract of insurance on human life or a contract to pay an annuity on human life where the benefits are wholly or partly to be determined by reference to the value of, or income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or an index of, the value of property of any description (whether or not so specified), or
  - (b) a contract to manage the investments of pension funds, whether or not combined with a contract of insurance covering either conservation of capital or payment of minimum interest.
- (4) For the purposes of this regulation—
- “limited partnership” has the meaning given by section 3(1) of the Limited Partnerships Act 1907(c);
- “recognised stock exchange” has the same meaning as in section 1005 of the Income Tax Act 2007(d);
- “traded option” means an option quoted on a recognised stock exchange;
- “unquoted securities investment partnership” means a partnership for investing in securities which are not quoted on a recognised stock exchange when the partnership buys them.

#### **Management of a pension fund**

4.—(1) In addition to any sum otherwise required to be credited by virtue of the 2013 Regulations or the 2014 Regulations, an authority must credit to its pension fund(e)—

- (a) the amounts payable by it or payable to it under regulations 15(3)(b), 67 and 68 of the 2013 Regulations (employer’s contributions and further payments)(f),
- (b) all amounts received under regulation 69(1)(a) of the 2013 Regulations (member contributions),
- (c) all income arising from investment of the fund, and
- (d) all capital money deriving from such investment.

(2) In the case of an authority which maintains more than one pension fund, as respects sums which relate to specific members, the references in this regulation to the authority’s pension fund

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- (a) Section 22 was amended by section 7(1) of the Financial Services Act 2012 (c. 21), section 27(4)(a) of the Financial Guidance and Claims Act 2018 (c. 10), section 69(3) of the Financial Services and Markets Act 2023 (c. 29), and by S.I. 2018/135.
  - (b) Part 4A of the 2000 Act was inserted by section 11(2) of the Financial Services Act 2012.
  - (c) 1907 c. 24; the definition of “limited partnership” was inserted by section 109(2) of the Economic Crime and Corporate Transparency Act 2023 (c. 56).
  - (d) 2007 c. 3; section 1005 was substituted by paragraph 1 of Schedule 26 to the Finance Act 2007 (c. 11), and amended by paragraph 55 of Part 3 of Schedule 2 to the Taxation (International and Other Provisions) Act 2010 (c. 8).
  - (e) An administering authority is required to maintain a pension fund by regulation 53(1) of, and paragraph 1 of Schedule 3 to, the 2013 Regulations.
  - (f) Regulation 15(3)(b) has been amended by S.I. 2015/755. Regulation 68 has been amended by S.I. 2018/493.

are to be read as references to the fund which is the appropriate fund<sup>(a)</sup> for the member in question in accordance with the 2013 Regulations.

(3) Interest under regulation 71 of the 2013 Regulations (interest on late payments by Scheme employers) must be credited to the pension fund to which the overdue payment is due.

(4) An authority must pay from its pension fund—

- (a) any benefits to which any person is entitled by virtue of the 2013 Regulations or the 2014 Regulations, and
- (b) any interest to which any person is entitled by virtue of regulation 14 of the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023<sup>(b)</sup> (interest on payments under the statutory underpin).

(5) Any costs, charges and expenses incurred in administering a pension fund may be paid from the fund, except for charges prescribed by regulations made under sections 23, 24 or 41 of the Welfare Reform and Pensions Act 1999<sup>(c)</sup> (charges in relation to pension sharing costs).

### **Restriction on power to borrow**

5.—(1) Except as provided in this regulation, an authority must not borrow money where the borrowing is liable to be repaid out of its pension fund.

(2) Subject to paragraph (3), an authority may borrow, by way of temporary loan or overdraft which is liable to be repaid out of its pension fund, any sums which it may require for the purpose of—

- (a) paying benefits due under the Scheme, or
- (b) meeting investment commitments arising from the implementation of a decision [which is required by its investment strategy,] to change the balance between different types of investment.

(3) An authority may only borrow money under paragraph (2) if, at the time of the borrowing, the authority reasonably believes that the sum borrowed, and interest charged in respect of that sum, can be repaid out of its pension fund within 90 days of the borrowing.

### **Separate bank account**

6.—(1) An authority must hold all fund money in a separate account kept by it with a deposit-taker.

(2) An authority must secure that the deposit-taker may not exercise a right of set-off in relation to the account referred to in paragraph (1) in respect of any other account held by the authority or any party connected to the authority.

(3) In this regulation—

“deposit-taker” means—

- (a) a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities) to carry on the activities specified by Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (accepting deposits)<sup>(d)</sup>;
- (b) the Bank of England;

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(a) See regulation 53(2) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

(b) S.I. 2023/972.

(c) 1999 c. 30; as to which see S.I. 2000/1049, 2005/2877 and 2016/289.

(d) S.I. 2001/544, amended by S.I. 2002/682; there are other amending instruments but none is relevant.



- (c) the National Savings Bank.

## PART 3

### Asset pool companies

#### Participation in an asset pool company

7.—(1) On and after the day on which these Regulations come into force, an authority must participate<sup>(a)</sup> in an asset pool company<sup>(b)</sup> with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.

(2) Subject to regulation 22, an authority may only participate in one asset pool company at any time.

#### Permission for asset pool company to carry out regulated activities

8.—(1) Before managing any funds or other assets of the Scheme for which an authority is responsible, the relevant asset pool company must obtain permission from the Financial Conduct Authority under Part 4A of the 2000 Act to carry out the regulated activities specified in the Schedule to these Regulations.

(2) The authority mentioned in paragraph (1) must take appropriate steps to ensure that the relevant asset pool company has complied with any requirements in—

- (a) that paragraph, and
- (b) the 2000 Act.

(3) In this Regulation, “regulated activities” has the meaning given by section 22 of the 2000 Act.

#### Directions by the Secretary of State - participation

9.—(1) Subject to paragraph (2), the Secretary of State<sup>(c)</sup> may make a direction requiring—

- (a) that an authority specified in the direction must participate in an asset pool company specified in the direction;
- (b) that an authority specified in the direction must stop participating in an asset pool company specified in the direction;
- (c) that an asset pool company specified in the direction (and any authority already participating in that asset pool company) must take the steps specified in the direction to enable another authority to comply with a direction made under sub-paragraph (a) or (b).

(2) Before making a direction under paragraph (1), the Secretary of State must consult—

- (a) any asset pool company or authority that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a), and

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(a) For these purposes, “participate” and related expressions in relation to an asset pool company are defined by section 1(9)(b) of the 2026 Act.

(b) For these purposes, “asset pool company” is defined by section 1(9)(a) of the 2026 Act.

(c) For these purposes, “the responsible authority” is defined by section 7(1) of the 2026 Act, and means, in relation to a scheme for local government workers in England and Wales, the Secretary of State.

- (c) any other person whom the Secretary of State considers that it would be appropriate to consult.

## PART 4

### Investment strategy

#### Formulation of investment strategy

**10.**—(1) The relevant asset pool company must provide an authority with proper advice (whether directly or indirectly) about their investment strategy(a).

(2) After considering the advice referred to in paragraph (1), an authority must formulate an investment strategy in accordance with the requirements set out in—

- (a) regulation 11, and
- (b) guidance issued from time to time by the Secretary of State.

(3) Where exceptional circumstances apply (as specified in guidance issued from time to time by the Secretary of State), an authority may also take proper advice about their investment strategy from an independent person who is not connected with the relevant asset pool company.

(4) In this regulation, “proper advice” means the advice of a person whom the authority reasonably considers to be qualified by their ability in, and practical experience of, financial matters.

#### Contents of investment strategy

**11.**—(1) An investment strategy must include—

- (a) a requirement to invest fund money in a wide variety of investments,
- (b) the authority’s high-level financial objectives,
- (c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed,
- (d) the authority’s priorities and preferences regarding responsible investment, including how social, environmental and corporate governance considerations are to be taken into account in the selection, non-selection, retention and realisation of investments,
- (e) the authority’s policy on the exercise of the rights (including voting rights) attaching to investments,
- (f) subject to paragraph (4), a high-level objective on local investments(b), including a target range for those investments as a proportion of the total value of the pension fund, and
- (g) a high-level strategic asset allocation.

(2) For the purposes of paragraph (1)(b), the authority’s high-level financial objectives must—

- (a) be consistent with that authority’s funding strategy statement, and
- (b) have regard to the matters specified in regulation 62(6)(b) of the 2013 Regulations(c).

(3) In setting the high-level objective specified in paragraph (1)(f), an authority must have regard to the local economic priorities of the relevant strategic authority (including any local growth plan, if applicable).

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(a) For these purposes, “investment strategy” is defined at section 2(5) of the 2026 Act.

(b) For these purposes, “local investments” is defined at section 2(5) of the 2026 Act.

(c) Regulation 62(6)(b) was amended by S.I. 2015/755.

(4) Paragraph (1)(f) does not apply to an investment strategy formulated by the Environment Agency(a).

(5) Formulation of the high level strategic asset allocation referred to in paragraph (1)(g) may be delegated by the authority to the relevant asset pool company.

(6) An investment strategy may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority, within the meaning of section 212 of the Local Government and Public Health Involvement in Health Act 2007(b).

(7) In this regulation—

“combined authority” means an authority established under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”)(c);

“combined county authority” means an authority established under section 9(1) of the Levelling-up and Regeneration Act 2023 (“the 2023 Act”)(d);

“funding strategy statement” means the statement required by regulation 58 of the 2013 Regulations(e);

“local growth plan” means—

- (a) in respect of a combined authority, a local growth plan under section 107L of the 2009 Act(f);
- (b) in respect of a combined county authority, a local growth plan under section 32A of the 2023 Act(g).

### **Publication of investment strategy**

**12.—**(1) An authority must publish a statement of its investment strategy formulated under regulation 10(2) (“an investment strategy statement”) in accordance with the requirements set out in guidance issued by the Secretary of State from time to time.

(2) An authority must publish the first investment strategy statement under paragraph (1) on or before [30th September 2026].

(3) For the purposes of paragraph (2), an investment strategy formulated under regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (investment strategy statement) (“a 2016 strategy”) may be treated as an investment strategy formulated under regulation 10(2), provided that the 2016 strategy—

- (a) was formulated on or after 1st October 2025, and
- (b) complies with the requirements set out in—
  - (i) regulation 11, and
  - (ii) any guidance issued under regulation 10(2)(b).

(4) Before publishing an investment strategy statement, an authority must consult—

- 
- (a) The Environment Agency refers to the body corporate established under section 1 of the Environment Act 1995 (c. 25).
  - (b) 2007 c. 28; section 212 was amended by paragraph 369 of Part 3 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 (c. 13), paragraph 82 of Schedule 12 to the Local Audit and Accountability Act 2014 (c. 2), and by S.I. 2022/372.
  - (c) 2009. c. 20. Section 103 has been relevantly amended by sections 12(2) and 14(2) of the Cities and Local Government Devolution Act 2016 (c. 1), and paragraph 189 of Schedule 4 to the Levelling-up and Regeneration Act 2023 (c. 55).
  - (d) 2023 c. 55.
  - (e) Regulation 58 of the 2013 Regulations was amended by S.I. 2015/755 and 2016/946.
  - (f) 2009 c. 20. Section 107L was inserted by paragraph 1(1) of Schedule 19 to the English Devolution and Community Empowerment Act 2026.
  - (g) Section 32A was inserted by paragraph 1(3) of Schedule 19 to the English Devolution and Community Empowerment Act 2026.

- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations(a),
  - (b) the relevant strategic authority,
  - (c) any person specified in guidance issued by the Secretary of State from time to time, and
  - (d) any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy.
- (5) Paragraph (4) may be satisfied—
- (a) in relation to any Scheme employer or member of the Scheme, by consultation with a representative for that employer or member;
  - (b) by consultation before, as well as after, the coming into force of these Regulations.
- (6) In this regulation, “member of the Scheme” and “Scheme employer” have the same meanings as in the 2013 Regulations.

### **Implementation of investment strategy**

**13.—**(1) The relevant asset pool company must take all reasonable steps to implement an authority’s investment strategy.

(2) [In implementing the authority’s high-level objective specified in regulation 11(1)(f), the relevant asset pool company must give proper consideration to local investment opportunities [and projects], including those identified and developed in accordance with regulation 17(1)].

### **Review of investment strategy**

**14.—**(1) An authority must, from time to time, and in any case within 18 months of each valuation date—

- (a) carry out a review of its investment strategy (“the strategy”),
- (b) if necessary, revise the strategy, and
- (c) publish a statement of the strategy as revised (“revised investment strategy statement”).

(2) Before publishing a revised investment strategy under paragraph (1)(c), the authority must comply with the consultation requirements in regulation 12(4).

(3) In this regulation, “valuation date” means the date in respect of which an actuarial valuation of the assets and liabilities of each of the authority’s pension funds is obtained in accordance with regulation 62(1)(a) of the 2013 Regulations(b).

### **Directions by the Secretary of State - investment strategy**

**15.—**(1) Paragraph (2) applies where the Secretary of State is satisfied that an authority has failed to comply with guidance issued under regulation 10(2)(b) in formulating its investment strategy.

(2) Where this paragraph applies, the Secretary of State may make a direction requiring that authority to make such specified changes to its investment strategy as the Secretary of State considers appropriate, within the time period specified in the direction.

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(a) See regulation 53(2) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

(b) Regulation 62(1)(a) requires an authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and on 31 March in every third year afterwards. The first valuation date after these Regulations come into force will be 31 March 2028.

(3) Before making a direction under paragraph (2) in respect of an authority, the Secretary of State must consult that authority.

## PART 5

### Asset management

#### Management of funds or other assets by relevant asset pool company

16.—(1) Within the period of 21 days from the date on which it first participates in an asset pool company under regulation 7(1), an authority must ensure that the funds or other assets of the Scheme for which that authority is responsible (other than money needed for making payments under the Scheme from the pension fund maintained by the scheme manager) are—

- (a) subject to paragraph (2), held on behalf of the authority by the relevant asset pool company, and
- (b) properly managed<sup>(a)</sup> by that company with a view to implementing the authority's investment strategy.

(2) Paragraph (3) applies to any funds or assets of the Scheme for which an authority is responsible which is it not practicable for that authority to transfer to the relevant asset pool company within the period specified in paragraph (1).

(3) Where this paragraph applies to a particular fund or asset, the relevant asset pool company may determine that that fund or asset will be transferred to and held by that company—

- (a) at such time as that company may determine, and
- (b) in accordance with such transitional arrangements as that company may determine.

## PART 6

### Local Investments

#### Co-operation with the relevant strategic authority

17.—(1) Subject to paragraph (2), an authority must co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities.

(2) The requirement in paragraph (1)—

- (a) may be delegated by the authority to the relevant asset pool company, and
- (b) does not apply to the Environment Agency.

## PART 7

### Guidance and directions

#### Guidance

18. The Secretary of State may issue guidance in relation to the following matters—

- (a) participation by an authority in an asset pool company;

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<sup>(a)</sup> For these purposes, “management” and related expressions, in relation to the funds and assets of a scheme for local government workers, are defined at section 7(1) of the 2026 Act.

- (b) asset management;
- (c) the authority's role in formulating an investment strategy;
- (d) provision of proper advice to the authority on an investment strategy by an asset pool company;
- (e) implementation of an investment strategy by an asset pool company;
- (f) governance of asset pool companies;
- (g) transparency and reporting requirements;
- (h) local investment;
- (i) powers for the Secretary of State to give directions under regulations 9 and 15;
- (j) [collaboration between asset pool companies].

### **Directions by the Secretary of State - asset management**

**19.**—(1) Paragraph (2) applies where the Secretary of State is satisfied that an asset pool company, without good reason, is failing, or has failed, to comply with guidance issued under regulation 18.

(2) Where this paragraph applies, the Secretary of State may give a direction to that asset pool company under this paragraph requiring it to comply with that guidance.

(3) Where the Secretary of State gives a direction under paragraph (2), the direction must specify the date of issue, and the contents, of the guidance with which the asset pool company is required to comply.

(4) Where paragraph (5) applies, the Secretary of State may give a direction under this paragraph to an asset pool company specified in the direction requiring that company to carry out any investment management activities<sup>(a)</sup> specified in the direction in a specified manner.

(5) This paragraph applies where the Secretary of State is satisfied that the asset pool company is managing funds or assets of the Scheme for which an authority is responsible in a manner that is detrimental to—

- (a) one or more of its partner funds,
- (b) all of its partner funds (and their members and employers), or
- (c) the Scheme as a whole.

(6) Before issuing any direction under paragraph (2) or paragraph (4), the Secretary of State must consult—

- (a) any asset pool company that may be specified in the direction,
- (b) any authority already participating in that asset pool company,
- (c) the Financial Conduct Authority, and
- (d) any other person whom the Secretary of State considers that it would be appropriate to consult.

(7) In this regulation, “partner funds” means, in relation to any funds or assets of the Scheme managed by an asset pool company and for which an authority is responsible, any funds or assets of the Scheme managed by that company for which another authority is responsible.

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<sup>(a)</sup> For these purposes, “investment management activities” is defined in section 1(3) of the 2026 Act.

## PART 8

### Consequential amendments, revocations and transitional provisions

#### Consequential amendments

20.—(1) The 2013 Regulations are amended as follows.

(2) In regulation 57 (pension fund annual report)—

(a) in paragraph (1), for sub-paragraph (i)(a) substitute—

“(i) the current version of the investment strategy statement published under regulation 12 (publication of investment strategy), or revised investment strategy statement published under regulation 14 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;

(ia) a report explaining the authority’s progress during the year against the high-level objective on local investments set out in the strategy referred to in regulation 11(1)(f) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 as a consequence of regulation 10(2)(a) of those Regulations;”;

(b) after paragraph (1) insert—

“(1A) Paragraph (1)(ia) does not apply to the Environment Agency.”.

(3) In regulation 58(4) (funding strategy statement), for sub-paragraph (b)(b) substitute—

“(b) the current version of the investment strategy statement published under regulation 12 (publication of investment strategy), or revised investment strategy statement published under regulation 14 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(4) In regulation 69(2) (payment by scheme employers to administering authorities), for sub-paragraph (b) substitute—

“(b) paragraph (1)(c) does not apply where the cost of administration of the fund is paid out of the fund under regulation 4(5) (payments into and out of a pension fund) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(5) The amendments made by this regulation apply in relation to a scheme year beginning on or after 1st April 2026.

(6) In this regulation, “scheme year” has the meaning given by Schedule 1 (interpretation) to the 2013 Regulations.

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(a) Regulation 57(1)(i) was substituted by S.I. 2016/946.

(b) Regulation 58(4)(b) was substituted by S.I. 2016/946.

## **Revocations and transitional provisions**

**21.**—(1) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016<sup>(a)</sup> are revoked.

(2) For the period starting at the time that these Regulations come into force and ending on the earliest of—

- (a) the date that an authority publishes the first investment strategy statement under regulation 12(1), or
- (b) [29th September 2026],

Part 4 of these Regulations only applies to an authority to the extent necessary to enable that authority to formulate and publish the first investment strategy statement under regulation 12(2).

## **Transitional provisions - participation in asset pool company**

**22.** Where, on and after the day on which these regulations come into force—

- (a) an authority participates in an asset pool company (“Company A”) (whether under regulation 7(1) or otherwise), and
- (b) that authority participates in another asset pool company (“Company B”), either—
  - (i) under regulation 7(1), or
  - (ii) in accordance with a direction made under regulation 9(1)(a),

regulation 7(2) does not apply to that authority during the period of [28 days] beginning with the date on which the authority first participates in Company B.

We consent to the making of these Regulations.

Two of the Lords Commissioners of His Majesty's Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Minister of State  
Ministry of Housing, Communities and Local Government

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<sup>(a)</sup> S.I. 2016/946.



## SCHEDULE

Regulation 8(1)

### Specified regulated activities

Regulated activity	Provision specifying regulated activity
Advising on investments	Article 53(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (“RAO 2001”)(a)
Agreeing to carry on specified kinds of regulated activity	Article 64 of RAO 2001(b)
Dealing in investments as agent	Article 21 of RAO 2001(c)
Establishing, operating or winding up a collective investment scheme	Article 51ZE of RAO 2001(d)
Making arrangements for another person to make deals in investments	Article 25(1) of RAO 2001(e)
Making arrangements with a view to transactions in investments	Article 25(2) of RAO 2001
Managing an authorised Alternative Investment Fund (“AIF”)	Article 51ZC of RAO 2001
Managing an unauthorised AIF	Article 51ZC of RAO 2001
Managing assets belonging to another person	Article 37 of RAO 2001(f)

- (a) S.I. 2001/544 (“RAO 2001”). Article 4 of RAO 2001 provides that the following provisions of Part II of the Order specify kinds of activity for the purposes of section 22(1) of the 2000 Act, and accordingly any activity of one of those kinds which is carried on by way of a business and relates to an investment of a kind specified by any provision of Part III and applicable to that activity is a regulated activity for the purposes of the 2000 Act. Article 53(1) was numbered as such by S.I. 2016/392, and was amended by S.I. 2003/1476, 2017/488 and 2017/500.
- (b) Article 64 was amended by S.I. 2002/682, 2006/3384, 2009/1389, 2013/1773, 2017/488, 2018/135 and 2018/1253.
- (c) Article 21 was amended by S.I. 2003/1476, 2006/3384, 2017/488 and 2021/90.
- (d) Articles 51ZA to 61ZG were substituted, for article 51 as originally enacted, by S.I. 2013/1773.
- (e) Article 25(1) was amended by S.I. 2003/1476 and 2017/488. Article 25(2) was amended by S.I. 2017/488. Article 25(3) was amended by S.I. 2006/3384 and 2024/105.
- (f) Article 37 was amended by S.I. 2017/488.

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make provision in relation to the management and investment of pensions funds by asset pool companies on behalf of administering authorities who are required to maintain such funds by the Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356) (“the 2013 Regulations”). They revoke and replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2016/946) (“the 2016 Regulations”).

Part 1 of the Regulations makes introductory provision.

Regulation 1 deals with citation, commencement and extent. These Regulations extend to England and Wales. Regulation 2 defines certain key terms used in the Regulations.

Part 2 of the Regulations makes provision about investments, funds and borrowing.

Regulation 3 defines what is meant by an “investment” for the purposes of these Regulations. Regulations 4, 5 and 6 replicate provision made by the 2016 Regulations. Respectively, they set out which payments must be made into and out of the pension fund, restrict powers of borrowing, and require pension fund money to be held in a separate account.

Part 3 of the Regulations makes provision about asset pool companies.

Regulation 7 requires administering authorities to participate in an asset pool company, in order for that company to manage the pension fund. In general, an administering authority must only participate in one asset pool company at any time.

Regulation 8(1) requires asset pool companies to obtain permission from the Financial Conduct Authority (“FCA”) to carry out the regulated activities specified in the Schedule to the Regulations prior to managing an authority’s pension fund. Regulation 8(2) requires that authority to take appropriate steps to ensure that the asset pool company has obtained such permission, and has complied with the requirements in the Financial Services and Markets Act 2000 (c. 8).

Regulation 9 allows the Secretary of State to make a direction about certain matters related to participation in an asset pool company, and makes provision about who should be consulted before such a direction is made.

Part 4 makes provision about the investment strategy which must be formulated by administering authorities.

Regulation 10 requires an asset pool company to provide proper advice to an administering authority about their investment strategy (whether directly or indirectly). Once that advice has been provided, regulation 10 requires administering authorities to formulate an investment strategy. Regulation 10(2)(b) confers a power on the Secretary of State to issue guidance from time to time about the required contents of an investment strategy. Regulation 10(2) permits administering authorities to take supplementary advice about their investment strategy from a suitably qualified independent person in exceptional circumstances which will be specified in guidance issued by the Secretary of State.

Regulation 11 contains requirements as to the contents of an investment strategy.

Regulation 12 requires administering authorities to publish their investment strategy. It requires that the first such strategy must be published on or before [30 September 2026], and sets out who

must be consulted before publication. Regulation 12 also makes provision as to how an authority may meet this requirement by publishing an investment strategy formulated under the 2016 Regulations, provided that the strategy was formulated on or after 1 October 2025 and complies with the requirements contained in regulation 11 and in any guidance issued under regulation 10(2)(b).

Regulation 13 provides that asset pool companies must take all reasonable steps to implement the investment strategy of an authority participating in that pool company. Regulation 13(2) provides that an asset pool company must give proper consideration to local investment opportunities in implementing an authority's high-level objective on local investments.

Regulation 14 requires administering authorities to carry out a review of their investment strategy from time to time, and in any case within 18 months of the date in respect of which an actuarial valuation of the assets and liabilities of each of their pension funds is obtained under regulation 62(1)(a) of the 2013 Regulations.

Regulation 15 confers a power on the Secretary of State to make a direction to an authority to make specified changes to its investment strategy in circumstances where they are satisfied that the authority has failed to comply with guidance issued under regulation 10(2)(b) as to the required contents of an investment strategy.

Part 5 makes provision about asset management.

Regulation 16 requires that administering authorities must ensure that, subject to certain exceptions, pension funds are held on their behalf by the relevant asset pool company within 21 days of first participating in that pool company, and are properly managed by the pool company with a view to implementing their investment strategy.

Regulation 17 requires administering authorities to co-operate with the relevant strategic authority to identify and develop appropriate investment opportunities. This requirement does not apply to the Environment Agency, and may be delegated to the asset pool company in whom the authority is participating.

Regulation 18 confers a power on the Secretary of State to issue guidance to authorities and asset pool companies about various matters connected to these Regulations.

Regulation 19 confers a power on the Secretary of State to give a direction to an asset pool company who is failing, or has failed, to comply with guidance issued under regulation 18. It also specifies whom the Secretary of State should consult before giving such a direction. It also confers a power on the Secretary of State to give a direction to an asset pool company to carry out investment management activities specified in the direction in a specified manner in certain circumstances.

Part 6 makes revocations, and consequential and transitional provisions.

Regulation 20 makes consequential amendments to the 2013 Regulations to insert references in appropriate places to the investment strategy required by regulation 10, and makes other consequential amendments.

Regulation 21 revokes the 2016 Regulations, and makes transitional provisions that will apply until an administering authority has published its first investment strategy under these Regulations.

Regulation 22 makes transitional provisions about participation in an asset pool company, which disapplies regulation 7(2) for a specified period of time in circumstances where an authority decides to participate in an alternative asset pool company.

[An impact assessment in relation to the Pension Schemes Bill was updated and re-published on [8 July 2025] and can be found here: [https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact\\_assessment2.pdf](https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact_assessment2.pdf). This document remains an accurate assessment of the impacts of this instrument.]/[A full impact assessment has not been produced for this instrument as it has no, or no significant, impact on the private or voluntary sectors.]

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STATUTORY INSTRUMENTS

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2026 No.

**PUBLIC SERVICE PENSIONS, ENGLAND AND WALES****The Local Government Pension Scheme (Amendment) Regulations  
2026***Made* - - - -

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*Laid before Parliament*

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*Coming into force* - -*1st April 2026*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and Schedule 3 to, the Public Service Pensions Act 2013 (“PSPA 2013”)(a) and [section 5 of the Pension Schemes Act 2026(b)].

In accordance with section 21(1) and (5)(c) of the PSPA 2013, the Secretary of State has consulted such persons and the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the PSPA 2013, these Regulations are made with the consent of the Treasury.

**Citation, commencement and extent**

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Amendment) Regulations 2026.

(2) These Regulations come into force on [1st April 2026].

(3) These Regulations extend to England and Wales.

**Amendment of the Local Government Pension Scheme Regulations 2013**

2. The Local Government Pension Scheme Regulations 2013(d) are amended in accordance with regulations 3 to 10 .

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(a) 2013 c. 25. Section 3 was amended by section 94 of the Public Service Pensions and Judicial Offices Act 2022 (c. 7) and section 7 of the Pension Schemes Act 2026 (c. X). Schedule 3 was amended by section 100 of the Public Service Pensions and Judicial Offices Act 2022. See section 2 of and Schedule 2 to the Public Service Pensions Act 2013 as to how the power is exercisable by the Secretary of State.

(b) c. xx

(c) Section 21(5), as inserted by section 7 of the Pension Schemes Act 2026 (c. XX), provides that any consultation on the provision made under Chapter 1 of Part 1 of the Pensions Scheme Act 2026 can be satisfied by consultation carried out before that Act came into force.

(d) S.I. 2013/2356, amended by S.I. 2015/57, 2015/755, 2016/946 and 2023/522; there are other amendments not relevant to these Regulations.

### Insertion of new regulation 53A

#### 3. After regulation 53 (Scheme managers)(a) insert—

##### **“Appointments that must be made by administering authorities**

**53A.**—(1) Every administering authority must, by the date specified in paragraph (2), appoint an officer (“the senior LGPS officer”) who has a senior responsibility across all pension functions of the authority in accordance with guidance issued by the Secretary of State(b).

(2) The date specified in this paragraph is—

- (a) in respect of the first appointment of a senior LGPS officer, [1st October 2026];
- (b) in respect of any subsequent appointment of a senior LGPS officer, six months from the date on which the previous senior LGPS officer’s appointment ended.

(3) The senior LGPS officer must ensure that each pension fund maintained by the administering authority is appropriately managed and resourced in respect of all matters relating to the Scheme (such as administration, investment and governance), in accordance with guidance issued by the Secretary of State(c).

(4) The senior LGPS officer must not be any person who is at the same time—

- (a) an officer with responsibility for the proper administration of an authority’s financial affairs under section 151 of the Local Government Act 1972 (financial administration)(d), section 73 of the Local Government Act 1985 (financial administration)(e), or section 6 of the Local Government and Housing Act 1989 (officer responsible for financial administration of certain authorities)(f);
- (b) a head of paid service under section 4(1)(a) of the Local Government and Housing Act 1989 (designation and reports of head of paid service)(g);
- (c) a monitoring officer under section 5(1)(a) of the Local Government and Housing Act 1989(h).

(5) If an administering authority delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person as a non-voting member of that committee or sub-committee to advise on investment strategy, governance and administration.

(6) If an administering authority delegates its functions, or part of its functions, under these regulations to the senior LGPS officer, then it must appoint an independent person to support that officer.

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(a) Regulation 53 was amended by S.I. 2015/57.

(b) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

(c) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

(d) 1972 c. 70. Section 151 was renumbered by regulation 5(2) of S.I. 2021/1349 (W. 348) and amended by regulation 5(3) of S.I. 2021/1349 (W. 348).

(e) 1985 c. 51. Section 73 was amended by paragraph 61(2) and (3) of Schedule 6 to the Local Democracy, Economic Development and Construction Act 2009 (c. 20), paragraph 8 of Schedule 5 to the Cities and Local Government Devolution Act 2016 (c. 1) and paragraph 77 of Schedule 4 to the Levelling-up and Regeneration Act 2023 (c. 55).

(f) 1989 c. 42.

(g) 1989 c. 42, to which there are amendments not relevant to these Regulations.

(h) 1989 c. 42, to which there are amendments not relevant to these Regulations.

(7) If an administering authority is required to appoint an independent person under paragraph (5) or (6), it must make the appointment—

- (a) by the date specified in paragraph (8), and
- (b) in accordance with guidance issued by the Secretary of State<sup>(a)</sup>.

(8) The date specified in this paragraph is—

- (a) in respect of the first appointment of an independent person, [1st October 2026];
- (b) in respect of any subsequent appointment of an independent person, six months from the date on which the previous independent person's appointment ended.

(9) Nothing in this regulation affects the responsibilities of an authority's officer under section 151 of the Local Government Act 1972, section 73 of the Local Government Act 1985 or section 6 of the Local Government and Housing Act 1989.”;

#### **Revocation of regulation 55**

4. Omit regulation 55 (administering authorities: governance compliance statement)<sup>(b)</sup>.

#### **Insertion of new regulations 55A and 55B**

5. Before regulation 56 (accounts and audit) insert —

#### **“Administering authorities: governance strategy, training strategy and conflicts of interest policy**

**55A.**—(1) An administering authority must prepare —

- (a) a governance strategy,
- (b) a training strategy, and
- (c) a conflicts of interest policy.

(2) A governance strategy is a document setting out—

- (a) whether the authority delegates its functions, or part of its functions, under these Regulations to a committee, a sub-committee or the senior LGPS officer of the authority;
- (b) if the authority does so—
  - (i) the terms, structure, and operational procedures of the delegation,
  - (ii) the frequency of any committee or sub-committee meetings,
  - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members and—
    - (aa) if so, whether those representatives have voting rights, or
    - (bb) if not, how the views of Scheme employers and members will be represented in the governance of the fund, and
  - (iv) how the authority will ensure that it has appointed an independent person in accordance with regulation 53A,

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(a) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

(b) Regulation 55 was amended by S.I. 2015/57.

- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State<sup>(a)</sup> and, to the extent that it does not so comply, the reasons for not complying, and
- (d) details of the terms, structure, and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment)<sup>(b)</sup>.

(3) A training strategy is a document setting out how the authority will ensure that any persons to whom regulation 55B(1) or (2) (administering authorities: knowledge and understanding requirement for relevant persons) applies will meet the knowledge and understanding requirement in paragraph (3) of that regulation.

(4) A conflicts of interest policy is a document setting out the authority's approach to identifying, monitoring and managing actual, potential and perceived conflicts of interest in relation to the Scheme.

(5) For the purposes of paragraph (4), conflicts of interest include—

- (a) individual conflicts relating to members of a committee or sub-committee, or any officer, of the authority,
- (b) conflicts between the authority's role as administering authority and its role in any other capacity, and
- (c) conflicts relating to—
  - (i) the authority's participation in an asset pool company, or
  - (ii) any other administering authority participating in that asset pool company.

(6) An administering may publish any two or more of the documents under paragraph (1) combined in a single document or publish them separately.

(7) An administering authority must review and, if appropriate update its governance strategy, training strategy, and conflicts of interest policy—

- (a) at least once in each valuation period, and
- (b) without delay after any significant change to any of the matters specified in paragraphs (2) to (5).

(8) Before preparing or updating a governance strategy, training strategy, or conflicts of interest policy, an administering authority must consult such persons as it considers appropriate.

(9) An administering authority must publish updated versions of its governance strategy, training strategy, and conflicts of interest policy, where updates are made to any of them.

(10) In preparing, reviewing, updating and publishing any document under this regulation, an administering authority must act in accordance with guidance issued by the Secretary of State<sup>(c)</sup>.

(11) In this regulation—

- 
- (a) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.
  - (b) Regulation 106 was inserted by S.I. 2015/57.
  - (c) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.



“asset pool company” has the meaning given in [section 1(9)(a) of the Pension Schemes Act 2026];

“publishing” includes publishing on the internet.

### **Administering authorities: knowledge and understanding requirement for relevant persons**

**55B.**—(1) This paragraph applies to any person who is—

- (a) a member of a committee,
- (b) a member of a sub-committee, or
- (c) an officer

to whom an administering authority has delegated its functions, or part of its functions, under these Regulations.

(2) This paragraph applies to any person who is a senior LGPS officer.

(3) A person to whom paragraph (1) or (2) applies must within a reasonable period after being appointed—

- (a) be conversant with—
  - (i) the rules of the Scheme, and
  - (ii) any document recording policy about the administration of the Scheme which is for the time being adopted in relation to the Scheme;
- (b) have knowledge and understanding of the law relating to pensions.

(4) The degree of knowledge and understanding required by paragraph (3) is that appropriate for the purposes of enabling that person to properly exercise their functions that have been delegated by the administering authority in accordance with guidance issued by the Secretary of State(a).”.

### **Amendment to regulation 57**

**6.** In regulation 57(1) (pension fund annual report)—

- (a) in the opening words, for “contains” substitute “includes the text of or a link to”;
- (b) in sub-paragraph (e), for “the statement under regulation 55 (governance compliance statement)” substitute “the documents under regulation 55A (governance strategy, training strategy and conflicts of interest policy)”.

### **Amendment to regulation 58**

**7.** In regulation 58(4)(b) (funding strategy statement), for sub-paragraph (a) substitute—

“(a) guidance given by the Secretary of State(c); and”.

- 
- (a) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.
  - (b) Regulation 58(4) was amended by S.I. 2015/755 and 2016/946.
  - (c) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

## **Amendment to regulation 59**

### **8. In regulation 59 (pension administration strategy)—**

- (a) in paragraph (1)—
  - (i) for “may” substitute “must”;
  - (ii) omit “such of”;
  - (iii) omit “as it considers appropriate”;
  - (iv) omit the words from “and” to the end;
- (b) omit paragraph (2)(f);
- (c) for paragraph (3) substitute—

“(3) An administering authority must review and, if appropriate, revise its pension administration strategy—

  - (a) at least once in each valuation period, and
  - (b) without delay after any material change in its policies in relation to any of the matters contained in the strategy.”;
- (d) after paragraph (6), insert—

“(6A) In preparing, updating and publishing its pensions administration strategy an administering authority must act in accordance with guidance issued by the Secretary of State(a).”.

## **Insertion of new regulation 117**

### **9. After regulation 116 (Scheme advisory board: additional functions)(b) insert—**

#### **“Independent Governance Reviews**

**117.—**(1) An administering authority must arrange for governance reviews(c) to be carried out in accordance with this regulation.

(2) The Secretary of State may, by written direction, require an administering authority to arrange for a suitable person to carry out an ad hoc governance review(d) at the authority’s expense.

(3) The period of review(e) in respect of a governance review under paragraph (2) is the period specified by the Secretary of State in the written direction.

(4) An administering authority must, if it is not required to arrange for an ad hoc governance review to be carried out before then, arrange for a suitable person to carry out a first periodic governance review(f) by 31st March 2028 at the authority’s expense.

(5) The period of review in respect of a governance review under paragraph (4) is the period between—

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- (a) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.
  - (b) Regulation 116 was inserted by S.I. 2015/57 and amended by S.I. 2023/522.
  - (c) See [section 5(2)(a) of the Pension Schemes Act 2026] for the definition of “governance review”.
  - (d) See [section 5(2)(c) of the Pension Schemes Act 2026] for the definition of “ad hoc governance review”.
  - (e) See [section 5(2)(a) of the Pension Schemes Act 2026] for the definition of “period of review”.
  - (f) See [section 5(2)(b) of the Pension Schemes Act 2026] for the definition of “periodic governance review”.

- (a) the date on which that first periodic governance review is arranged, and
  - (b) [1st April 2025].
- (6) An administering authority must arrange for a suitable person to carry out a further periodic governance review by the date in paragraph (7) at the authority's expense.
- (7) The date in this paragraph is the end of the valuation period following the valuation period in which the most recent governance review was arranged under—
- (a) paragraph (2),
  - (b) paragraph (4), or
  - (c) paragraph (6).
- (8) The period of review in respect of a governance review under paragraph (6) is the period between—
- (a) the date on which that further periodic governance review is arranged, and
  - (b) the date on which the most recent governance review was arranged under paragraph (2), paragraph (4) or paragraph (6).
- (9) The cost of arranging a governance review under paragraph (2), paragraph (4) or paragraph (6) must be treated by the authority as an expense occurred in administering the pension fund for the purposes of [regulation 4(5) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016<sup>(a)</sup>/regulation 4(5) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026<sup>(b)</sup>].
- (10) For the purposes of paragraph (2), paragraph (4) and paragraph (6), a “suitable person” is any person who—
- (a) is independent of both the Secretary of State and the administering authority, and
  - (b) in the reasonable opinion of the administering authority has sufficient knowledge and understanding of the rules of the Scheme to enable them to properly conduct the review.
- (11) A person carrying out a governance review under paragraph (2), paragraph (4) or paragraph (6) must—
- (a) do so in accordance with guidance issued by the Secretary of State about the carrying out of such reviews<sup>(c)</sup>, and
  - (b) as soon as practicable after completing the review—
    - (i) prepare a report on the review, and
    - (ii) send a copy of the report to the Secretary of State and to the administering authority.
- (12) An administering authority must, as soon as practicable after receiving a copy of a report under paragraph (11)(b)(ii), publish that report.

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<sup>(a)</sup> S.I. 2016/946, to which there are amendments not relevant to these Regulations.

<sup>(b)</sup> S.I. 2026/XXXX.

<sup>(c)</sup> Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and [Section 5(1)(b) of the Pension Schemes Act 2026], which authorises the Secretary of State to make regulations for or in connection with the issuing of guidance by the Secretary of State to persons carrying out governance reviews about the carrying out of such reviews., provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

(13) In arranging and publishing the report of a governance review under this Regulation, an administering authority must act in accordance with guidance issued by the Secretary of State(a).”.

## Amendments to Schedule 1

### 10. In Schedule 1 (interpretation)—

(a) after the definition of “Scheme year” insert—

““senior LGPS officer” has the meaning given in regulation 53A(1);”;

(b) at the end insert—

““valuation period” means the period between each valuation date under regulation 62 (actuarial valuation of pension funds).”.

We consent to the making of these Regulations

*[Signature 1]*

*[Signature 2]*

Two of the Lords Commissioners of Her Majesty's Treasury

Signed by authority of the Secretary of State for Communities and Local Government

*[Signature]*

Minister of State

Ministry of Housing, Communities and Local Government

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(a) Section 3(3)(c) of the Public Service Pensions Act 2013 (c. 25), which enables these Regulations to allow any person to exercise a discretion, and paragraph 12(a) of Schedule 3 to that Act, which enables the Secretary of State (as the responsible authority) to give guidance to administering authorities (as scheme managers) about the administration and management of the Scheme, provide the power for these Regulations to refer to guidance given by the Secretary of State from time to time.

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations amend the Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356, “the 2013 Regulations”), which established the Local Government Pension Scheme for England and Wales (“LGPS”) and required certain local authorities to maintain a pension fund (“administering authorities”). These regulations make changes in respect of the governance requirements which apply to LGPS administering authorities.

Regulation 3 inserts a new regulation 53A into the 2013 Regulations, which introduces new requirements for administering authorities to appoint an officer with overall delegated responsibility for the scheme, and to appoint an independent person to support any committee, sub-committee or officer who is delegated functions under the 2013 Regulations.

Regulation 4 revokes regulation 55 of the 2013 Regulations, which requires administering authorities to produce a governance compliance statement. Regulation 5 inserts a new regulation 55A, which replaces this with a requirement for administering authorities to produce a governance strategy, a training strategy, and a conflicts of interest policy.

Regulation 5 also inserts a new regulation 55B, which sets out a new requirement for persons to whom functions have been delegated under the regulations, and the named officer appointed under regulation 53A, to meet a “knowledge and understanding” requirement similar to the one that applies to members of a local pension board under section 248A of the Pensions Act 2004 (c. 35)..

Regulation 6 amends regulation 57 of the 2013 Regulations to provide that administering authorities may now include links to the documents referred to in their annual report, rather than having to include the full text of those documents, and to reflect the changes made by regulations 4 and 5.

Regulation 7 amends regulation 58 of the 2013 Regulations to clarify that administering authorities must prepare their funding strategy administering in accordance with guidance issued by the Secretary of State rather than guidance issued by the Chartered Institute of Public Finance and Accountancy .

Regulation 8 amends regulation 59 of the 2013 Regulations to make it a requirement for authorities to prepare a pension administration strategy, to review that strategy at least once per valuation period or following material changes, and to require administering authorities to follow guidance published by the Secretary of State when preparing, updating, and publishing the strategy.

Regulation 9 inserts a new regulation 117 into the 2013 Regulations, which requires administering authorities to arrange for governance reviews to be carried out by an independent person.

Regulation 10 amends Schedule 1 to the 2013 Regulations to insert new definitions used by these Regulations.

No impact assessment has been produced for this instrument as no, or no significant, impact on the private or voluntary sectors is foreseen.

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## Open consultation

### Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation

#### Scope of this consultation

The draft regulations apply to Local Government Pension Scheme administering authorities and their asset pools.

#### Geographical scope

These draft statutory instruments relate to England and Wales only.

#### Impact Assessment

The proposed interventions affect the investment of assets by LGPS administering authorities. These authorities are all public sector organisations, so no impact assessment is required. An [impact assessment of the LGPS measures in the Pension Schemes Bill can be found in table 4f](#).

## Introduction

The Local Government Pension Scheme (LGPS) in England and Wales plays a vital role in securing the retirement futures of millions of public sector workers. As one of the largest funded defined benefit schemes in the world, the LGPS is a significant investor with the potential to boost growth across the country alongside delivering its core duty to make long-term stable returns to pay pensions.

The LGPS is a single scheme, but it is managed locally by 86 administering authorities (AAs) who are mostly upper-tier and unitary local authorities. To address this fragmentation and deliver efficiencies and expertise by investing at greater scale, from 2015 the AAs came together into eight LGPS asset pools to manage their investments. These pools have delivered significant savings but there is substantial variation in the operation of the pools and the proportion of assets under pool management, limiting scale and impact.

In November 2024 the government launched the [Fit for the Future consultation](#). This sought views on proposals aimed at further unlocking the investment potential of the scheme through further consolidation, improved governance, and building on successes as a local investor. Following extensive engagement with stakeholders, the government published [its response](#) in May 2025, confirming its intention to implement the majority of the proposals. These reforms are designed to provide long-term clarity and sustainability, putting the scheme on the strongest possible footing for the future.

As part of the Pensions Review reforms, the government wrote to each pool asking for proposals setting out how it would achieve the new minimum standard requirements for investment management. Two pools (Access and Brunel) submitted proposals which did not meet the ambitious intent of the reforms and their AAs were asked to select one of the remaining six pools to join. The government has set a deadline for all the twenty-one AAs affected to have joined their new pool by 1 April 2026.

Primary legislation to implement the reforms is being taken forward through the [Pension Schemes Bill](#), which is currently progressing through Parliament. This consultation seeks views on two draft statutory instruments that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These reforms will fully consolidate the scheme into asset pools and introduce minimum operating standards for asset pool companies, strengthen the governance of AAs and pools, and boost LGPS investment in their localities and regions:

### **The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026**

These regulations will replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and give legal effect to the proposals set out in the Pooling and Local Investment chapters of the ‘Fit for the Future’ consultation.

They will:

- require AAs to delegate the implementation of their investment strategy to their asset pool
- require AAs to take principal investment advice from their pool
- require all assets to be controlled and managed by the relevant asset pool
- provide backstop powers for the Secretary of State to direct AAs to participate in specific pools, and for specific pools to facilitate participation
- establish minimum standards for pools, including FCA authorisation and capacity to manage local investments
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with limited flexibility in specific cases.

### **The Local Government Pension Scheme (Amendment) Regulations 2026 These regulations will implement the proposals in the Governance chapter of the consultation.**

They will:

- strengthen governance arrangements for administering authorities



- require regular governance reviews aligned with valuation cycles
- provide powers for the Secretary of State to direct governance reviews where necessary
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with lead in periods for specific requirements.

Both sets of regulations will be supported by guidance issued by the Secretary of State as detailed in Chapters 2 and 3 below. The government is in the process of engaging with stakeholders on the content of these pieces of guidance through Local Government Association working groups.

The government invites responses to this consultation from all stakeholders, including AAs, pools, scheme members, scheme employers, advisors, the Local Government Association, and the wider pensions and investment community. Your views will help shape the final regulations and ensure they are effective, proportionate, and aligned with the long-term interests of the LGPS.

The Department's preference is for responses to the consultation to be made via Citizen Space where possible. You do not need to respond to all questions. If making any comments in addition to responses to the questions asked, please be explicit as to the regulation numbers your comments refer to. If you are responding to the consultation via email, please be clear which questions you are responding to.

### **Public Sector Equalities Duty**

The Department's policies, guidance and procedures aim to ensure that the equalities impact of any decisions, new policies or policy changes upon groups with protected characteristics is properly considered, and that in formulating them the Department has had due regard to its obligations under the Public Sector Equality Duty at s.149(1) of the Equality Act 2010.

As part of the government's response to its 'Local Government Pension Scheme - Fit for the Future' consultation published 29 May 2025, the government invited views on the impact of the proposals on people who share a protected characteristic. The government considers that the package of reforms will not affect any particular group with protected characteristics adversely. It has considered carefully all of the responses and the specific concerns raised. There will be no change to member contributions or benefits as a result of the proposals in the consultation.

### **Next steps**

Following consideration of the comments received on this consultation, we will take steps to finalise the draft regulations prior to laying these in Parliament. We intend that

the final regulations will come into force on 1 April 2026, subject to the timing of the passage of the Pension Schemes Bill through Parliament.

In parallel to the consultation, we are engaging with guidance working groups with the Scheme Advisory Board to consider stakeholder feedback on draft guidance notes which will accompany and refer to these regulations. We will provide an update on that workstream in our government response to this consultation.

### **Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations**

This draft statutory instrument is designed to deliver the policy proposals from the pooling and local investment chapters of the Fit for the Future consultation. The new regulations would replace the existing Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ('the 2016 regulations'), and include provisions to replicate existing powers in those regulations where these need to continue in some form under the new regime.

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by two lots of guidance: revised Investment Strategy Statement Guidance and a new piece of Asset Pooling Guidance.

This section of the consultation asks about each part of the statutory instrument in turn, with general questions at the end.

#### **Part 1 – Introductory (Regulations 1 and 2)**

Part 1 of the regulations set out citation and commencement details for the regulations (Regulation 1) and definitions of how terms used in the regulations should be understood (Regulation 2).

##### **Question 1**

Do you have any comments on the drafting of regulations 1 and 2?

No

#### **Part 2 – Investments, funds and borrowing (Regulations 3-6)**

Regulation 3 sets out what is included in the term 'investment' for the purposes of these regulations. The regulation is comparable to Regulation 3 of the 2016 regulations.

Regulation 4 defines the amounts that an AA must credit to its pension fund, in addition to those required by virtue of the 2013 and 2014 regulations. This is comparable to Regulation 4 of the 2016 regulations.

Regulation 5 would prevent AAs from borrowing, except where this is required to pay benefits under the scheme or to meet investment commitments arising from a change in asset allocation. This regulation is comparable to Regulation 5 of the 2016 regulations.

Regulation 6 would require all pension fund money to be held in a separate bank account kept with a deposit taker. This regulation is comparable to regulation 6 of the 2016 regulations.

## **Question 2**

Are there any further types of investment that should be included in Regulation 3, or any that are no longer considered relevant?

**No**

## **Question 3**

Is there any scenario where an authority would still need to borrow to meet the type of commitment outlined in Regulation 5(2)(b) once all assets are pooled?

**This would be rare, although it would be helpful to retain the flexibility for Funds to borrow on this limited and clearly defined basis.**

## **Question 4**

Do you have any other comments on Regulations 3-6?

**No**

## **Part 3 – Asset pool companies (Regulations 7-9)**

Regulation 7 would require all LGPS AAs to participate in an asset pool company from the day that the regulations take effect. This participation must be for the purpose of the company managing the assets that the AA is responsible for. AAs can only participate in one asset pool at a time, except where they are in the process of transitioning from one pool to another (Regulation 22).

Regulation 8 would require an asset pool company to be regulated by the FCA for, at a minimum, the activities listed in the schedule to the regulations before managing any assets of the scheme. The list in the schedule is not intended to preclude asset pool companies from holding additional authorisations. AAs are also required to take appropriate steps to ensure their asset pool has complied with the requirements of Regulation 8(1) and the Financial Service and Markets Act 2000.

Regulation 9 would allow the Secretary of State to direct an AA to participate, or to not participate, in a particular asset pool. The Secretary of State may also direct the

receiving pool to accept the fund as a member. The regulation also sets out who the Secretary of State must consult prior to making such a direction.

#### **Question 5**

Are the activities listed in the schedule ones that all LGPS asset pools would reasonably be expected to need in order to carry out the activities expected of them?

**Yes**

#### **Question 6**

Do you have any other comments on Regulations 7-9?

**For Regulation 8, while the activities stated appear to be reasonable, we would question whether listing these in the regulations is future proofed (both for future changes in Financial Service regulation given the ongoing initiative to simplify FCA regulatory activities, and that Pool operating models may change in the future, changing which permissions Pool companies need). An alternative may be to be more explicit about the services you expect the pool to carry out (and then the FCA will agree which permissions are required).**

**Regulation 9 – a direction to a pool to accept an authority should perhaps include reference to this being subject to any Regulatory provisions. This may be the intent behind 9(2)(c) but it could put FCA-regulated pools in a very difficult position if the FCA was not supportive of further expansion (for whatever reason). It also runs the risk of impacting the rights of existing shareholders; we would welcome an amendment that explicitly provides a level of protection for existing shareholders, e.g. with shareholder consent consistent with its shareholder agreement.**

#### **Part 4 – Investment Strategy (Regulations 10-15)**

Regulation 10 would require asset pool companies to provide their participating authorities with advice about their investment strategy. This advice can be developed in house or procured by the asset pool company. AAs may only take advice from sources other than their asset pool company in exceptional circumstances that will be set out in guidance.

Regulation 10 also requires AAs, after considering advice provided to them by their asset pool company, to formulate an investment strategy in accordance with Regulation 11 and guidance issued by the Secretary of State. The government intends to release updated Investment Strategy Statement Guidance in conjunction with these regulations coming into force.

Regulation 10 replaces the requirements in Regulation 7(1) of the 2016 regulations.

Regulation 11(1) sets out what must be included in the investment strategy in implementation of the proposal in [paragraph 28 of the Fit for the Future consultation](#). This replaces the requirements in Regulation 7(2) of the 2016 regulations.

Regulation 11(2) requires an AA's investment strategy to be consistent with the authority's funding strategy statement and to have regard to the need to maintain as consistent a primary employer contribution rate as possible.

Regulations 11(3) and 11(4) relate to the high-level objective on local investment that would be required by Regulation 11(1)(f) in implementation of the proposals in [paragraphs 75-77 of the Fit for the Future consultation](#). Regulation 11(3) requires an AA to have regards to the local economic priorities of the relevant strategic authority, including any local growth plan where this is applicable.

Regulation 11(4) exempts the Environment Agency from the requirement to include a high-level objective on local investment in their investment strategy. This is in recognition of the fact that this organisation operates, and members of its two pension funds are based nationally rather than in any one local area.

Regulation 11(5) allows an AA to delegate the formulation of its strategic asset allocation to its asset pool company. Regulation 11(6) replicates the existing requirement in Regulation 7(4) of the 2016 regulations for an investment strategy not to permit more than 5% of an authority's investments to be invested in entities connected with that authority.

Regulation 12 replaces the existing requirements in Regulation 7(5) and 7(6) of the 2016 regulations. It would require AAs to publish a statement of their investment strategy. The first investment strategy statement must be published within 6 months of these Regulations coming into force. Regulation 12 would also require administering to consult specified persons on their proposed investment strategy prior to publishing it.

Regulation 13 would require asset pool companies to take all reasonable steps to implement an authority's investment strategy, which must be produced in accordance with guidance issued by the Secretary of State. It also requires asset pool companies to give proper consideration to local investment opportunities.

Regulation 14 would require AA to review, revise (if necessary) and publish their investment strategy from time to time and within 18 months of each valuation date. In practice, this means that AAs would have 6 months from the latest date at which they can receive their actuarial valuation data to review, revise and republish their investment strategy. This replaces the requirement in Regulation 7(7) in the 2016 regulations.

Regulation 15 would give the Secretary of State power to direct an AA to change its investment strategy in the event that the Authority have failed to comply with guidance.

The Secretary of State would be required to consult the authority prior to making such a direction. This regulation partly replaces provisions in Regulation 8 of the 2016 regulations.

#### **Question 7**

Do you agree that the requirements in Regulation 11(2), for the financial objectives in the investment strategy statement to be consistent with the funding strategy statement and to have regard to the requirement to maintain consistent primary employer contribution rates, are helpful?

**Yes**

#### **Question 8**

In relation to regulation 12, does a deadline of 30th September 2026 allow sufficient time to allow AAs to publish an investment strategy in line with the new requirements?

**Whilst a deadline of 30<sup>th</sup> Sept 2026 may be possible for some, given the scale of activity required it might be more helpful to set a deadline of 31 March 2027. This is particularly pertinent given it remains unclear when the Act and associated Regulations and Guidance will be finalised and implemented. A challenge for the LGPS will be that all Funds will be attempting to undertake the same activity in a short space of time whilst relying on the same, finite source of adviser capacity.**

#### **Question 9**

Are there any other persons (including organisations) in addition to those currently listed in Regulation 12(3) that all AAs should always be required to consult on the contents of their investment strategy?

**Just to clarify, the list of those who should be consulted is contained in Regulation 12(4) – not 12(3) as specified in the question.**

**No. We note the current regulations include “and any other relevant stakeholders”. It would be helpful to retain this as part of 12(4).**

#### **Question 10**

Is the wording of Regulation 13(1) sufficiently clear that the responsibility for implementing the investment strategy is fully on the asset pool company, while giving sufficient scope for flexibility where market conditions or other factors make it impracticable to fully realise all the aims of the investment strategy?

**Yes**

#### **Question 11**

In relation to Regulation 14, do you agree it is appropriate to link the three-yearly review of the investment strategy to the triennial valuation?

**Yes**

#### **Question 12**

Is 18 months from the valuation date an appropriate timescale for AAs to review, revise, and publish their investment strategy?

**Yes**

#### **Question 13**

Do you have any other comments on Regulations 10-15?

**We would question whether 11(3) as currently worded – requiring an authority to “have regard to the local economic priorities of the relevant strategic authority” – risks creating a dependency that might delay progress of ISSs in the context that it is possible that not all strategic authorities will have been fully established and have their economic priorities clearly defined.**

#### **Part 5 – Asset Management (Regulation 16)**

Regulation 16 would require the funds and other assets of the scheme to be held and managed by the asset pool company within 21 days of an AA first participating in the pool. Where this is not reasonably practicable, the asset pool company is responsible for determining when, and under what arrangements, an asset should be transferred.

#### **Question 14**

Is 21 days an appropriate time period for an asset pool company to be managing AA assets?

**No. This is incredibly tight given the legal process required to achieve this. A 3-month window would be more appropriate. Nonetheless we welcome the flexibility contained in 16(2) and 16(3).**

#### **Question 15**

Do you have any other comments on Regulation 16?

**Regulation 16 states that assets should be “held and managed by the asset pool company”. As the pool company may not hold the assets (e.g. legacy private markets will continue to be held by the AA but managed by the pool, we suggest that this should instead state that assets should be “held or managed” by the pool company.**

**We welcome the flexibility provided in 16(2) and 16(3).**

## **Part 6 – Local Investments (Regulation 17)**

Regulation 17 would require AAs to co-operate the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company and does not apply to the Environment Agency. The relevant strategic authority is defined in Regulation 2.

### **Question 16**

Do you have any comments on Regulation 17?

No

## **Part 7 – Guidance and Directions (Regulations 18 and 19)**

Regulation 18 would permit the Secretary of State to issue guidance to AAs and asset pool companies about certain matters specified in the regulation.

Regulation 19 would allow the Secretary of State to direct an asset pool company to comply with guidance, and to direct an asset pool company to carry out particular investment management activities in a manner specified in the direction. Regulation 19 also clarifies the circumstances in which these directions can be given and requires that certain specified bodies are consulted prior to directions being given.

### **Question 17**

Do you agree with the list of issues that the Secretary of State can issue guidance about in Regulation 18?

Yes

### **Question 18**

Do you have any other comments about Regulations 18 or 19?

No

## **Part 8 – Consequential amendments, revocations and transitional provisions (Regulations 20-22)**

Regulation 20 details the amendments that would be required to the 2013 regulations to allow these regulations to work properly.

Regulation 21 would revoke the 2016 regulations. It would also allow that until an authority has published its first investment strategy in compliance with these regulations, or until 29 September 2026 at the latest, Part 4 of these regulations would only apply to the extent necessary to enable the authority to formulate and publish its investment strategy.



Regulation 22 would exempt an AA that is changing asset pool from the requirement to participate in only one asset pool, for a period of 28 days. This is to allow the AA to be a member of both its old and new asset pool company while the transition is taking place.

#### **Question 19**

Is there anything in the 2016 regulations that needs to be replicated here in some form to allow the scheme to operate as intended?

**No**

#### **Question 20**

Is 28 days an appropriate length of time to allow an AA to participate in both its 'old' and 'new' pool to allow transitional processes to take place?

**No. Whilst we appreciate the desire for a time limited period, 28 days is insufficient. We would propose a period of three months in line with our response to Q14 above.**

**It would also be helpful to have a similar framing as is proposed for Regulation 16(2) and 16(3).**

#### **Question 21**

Do you have any other comments about Regulations 20-22?

**No**

#### **Overarching questions**

#### **Question 22**

Is there anything else that should be included in these Regulations to allow them to deliver their intended impact? Are there any additional provisions in the 2016 Regulations that need to be replicated here in some way?

**No**

#### **Question 23**

The government collected views on whether the reforms would benefit or disadvantage protected groups when consulting on the Fit for the Future policy proposals in autumn 2024. Is there anything in these regulations that you think will disproportionately impact groups with protected characteristics relative to other groups?

**No**

## **Local Government Pension Scheme (Amendment) Regulations 2026**

This draft statutory instrument is designed to deliver the policy proposals from the governance chapter of the Fit for the Future consultation and the associated government response. The statutory instrument makes changes to the Local Government Pension Scheme Regulations 2013 ('LGPS Regulations 2013').

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by guidance on governance, including guidance on governance strategies, independent governance reviews and administration strategies. The government intends to issue guidance in conjunction with the regulations coming into force.

### **Part 9 - Governance strategy, training strategy and conflict of interest strategy**

The statutory instrument revokes Regulation 55 of the LGPS Regulations 2013 (which requires AAs to produce a governance compliance statement) and inserts new Regulation 55A into the LGPS Regulations 2013. Regulation 55A(1) creates the overall requirement for an AA to prepare a governance strategy, a training strategy, and a conflict of interests policy. Regulation 55A(6) sets out that the three documents may be combined, but that this is not a requirement.

Regulation 55A(2) sets out what a governance strategy is and what it must contain. It mirrors the existing requirements for what must be included in a governance compliance statement in current Regulation 55, with two additions. The first addition requires AAs to set out how the views of members and employers are taken into account, if there are no representatives on the pension committee. The second addition relates to the new requirement to appoint an independent person to the pension committee.

Regulation 55A(3), (4) and (5) define the new requirements for a training strategy and a conflict of interests policy.

Regulation 55A(7) sets out that the three documents must be reviewed at least once in each valuation period, or if there is a significant change to any of the matters contained within them.

Regulation 55A(8) and (9) set out that the AA must consult such persons as it sees appropriate when preparing or updating any of the three documents, and must publish the documents. This mirrors existing Regulation 55(3) and (4).

Regulation 55A(10) sets out that AAs must act in accordance with guidance on any of the three documents.

Regulation 55A(11) defines terms.

## **Question 24**

Do you agree that new Regulation 55A delivers the government's intent for the governance strategy, training strategy and conflict of interest policy, in line with the Fit for the Future consultation and response?

Yes

#### **Part 10 - Senior LGPS officer**

The requirement for a senior LGPS officer, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous senior LGPS officer's appointment ended.

Regulation 53A(1) sets out the requirement to appoint a senior LGPS officer, and 53A(3) defines the officer's role. The new regulation also requires that AAs must appoint senior LGPS officers, and senior LGPS officers must carry out their roles in accordance with guidance issued by the Secretary of State. Some administering authorities may have officers who already fulfil a similar role, and these officers can be appointed as the senior LGPS officer, provided that they meet the new requirements and are in accordance with guidance.

Regulation 53A(4) also sets out that the same person cannot hold both the role of senior LGPS officer and the local authority's section 151 officer, head of paid service or monitoring officer. Regulation 53A(9) clarifies that the creation of the new role does not affect the existing responsibilities of the section 151 officer. The statutory guidance will go into more detail on how the two roles interact.

Regulation 55A(2) sets out that where an administering authority delegates its functions an officer rather than a committee or sub-committee, it must be to the senior LGPS officer.

#### **Question 25**

Do you agree that new Regulation 53A delivers the government's intent for the senior LGPS officer in line with the Fit for the Future consultation and response?

**Whilst the regulation delivers the Government's intent on the whole, there is an issue with how this regulation is currently drafted that affects any single purpose pensions authority such as ourselves at South Yorkshire Pensions Authority. Specifically, regulation 53A(4) (b) which precludes the Senior LGPS Officer from being the Head of Paid Service. This is of course perfectly sensible for administering authorities that are part of a larger council but for single purpose pensions authorities, the most senior officer of the Authority would logically hold both the Head of Paid Service and the Senior LGPS Officer roles. This is the case for South Yorkshire Pensions Authority. The implication of the draft regulations as**

currently written would require the Director to give up one of these roles and allocate it to another member of their management team, which would not be practical, could result in potential confusion and/ or conflict within the leadership team, and wouldn't represent value for money.

We would suggest that a sub clause to provide a suitable exception/flexibility for single purpose pensions authorities in respect of 53A (4) (b) only would resolve this issue whilst retaining the delivery of the Government's intent.

One way of achieving this could be to:

Amend 53A(4) to read: *Where an administering authority is a principal local authority [or appropriate legislative term] the senior LGPS officer must not be any person who is at the same time –*

And add a new 53A(5) to read:

*Where an administering authority is a single purpose authority established under the Local Government Act 1985 [add other legislation or use a different framing like for the purpose of administering an LGPS pension fund] the senior LGPS officer –*

*(a) Must be the head of paid service under section 4(1)(a) of the Local Government and Housing Act 1989 (designation and reports of head of paid service)(g) where an employee of the single purpose authority, [this would cater for the eventuality of the HoPS being an officer of a constituent council which is possible, if unlikely in the current world]*

*(b) Must not be any person who is at the same time an officer with responsibility for the proper administration of an authority's financial affairs under section 151 of the Local Government Act 1972 (financial administration)(d), section 73 of the Local Government Act 1985 (financial administration)(e), or section 6 of the Local Government and Housing Act 1989 (officer responsible for financial administration of certain authorities)( f );*

*(c) Must not be any person who is at the same time a monitoring officer under section 5(1)(a) of the Local Government and Housing Act 1989(h).*

## **Part 11 – Independent person**

The requirement for an independent person, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous independent person's appointment ended.

Regulation 53A(5) and (7) sets out the requirement, where an AA delegates to a committee or subcommittee, to appoint an independent person as a non-voting to

advise on all matters relating to the scheme (such as administration, investment and governance). Regulation 53A(6) and (7) sets out that where an AA delegates to the senior officer, an independent person must be appointed to support them.

Regulation 53A(8) sets out that appointment must be in accordance with guidance issued by the Secretary of State.

## **Question 26**

Do you agree that new Regulation 53A delivers the government's intent for the independent person in line with the Fit for the Future consultation and response?

**Given the scope of support required across Governance, Administration and Investments, it may be appropriate or necessary to appoint more than one Independent Person. As such, amend (and other subsequent references):**

**(5) If an administering authority delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person as a non-voting member of that committee or sub-committee to advise on investment strategy, governance and administration.**

**to:**

**(5) If an administering authority delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person(s) as a non-voting member of that committee or sub-committee to advise on investment strategy, governance and administration.**

**The October deadline for appointment of an LGPS Senior Officer and Independent Person(s) may be challenging given the need for an appropriate recruitment process and because Funds will all be procuring the same advisers from the same finite pool of capacity at the same time. A deadline of 31 March 2027 would be welcomed.**

## **Part 12 - Knowledge and understanding**

The requirement for knowledge and understanding requirement for relevant persons, is created by new Regulation 55B of the LGPS Regulations 2013 which mirrors the requirements on pension board members under section 248A of the Pensions Act 2004.

Regulation 55B(1) and (2) defines relevant persons.

Regulation 55B(3) defines the degree of knowledge and understanding required as being conversant with the rules of the Scheme and any document recording policy about the

administration of the Scheme, in addition to knowledge and understanding of the law relation to pensions.

Regulation 55B(4) sets out that the requirements apply within a reasonable period of being appointed.

#### **Question 27**

Do you agree that new Regulation 55B delivers the government's intent for the knowledge and understanding requirements in line with the Fit for the Future consultation and response?

**Yes**

#### **Part 13 - Administration strategy**

The statutory instrument makes amendments to Regulation 59 of the LGPS Regulations 2013 to require administering authorities to prepare an administration strategy, rather than making this optional (as is currently the case).

The statutory instrument also creates requirements that the administration strategy must be reviewed at least once in each valuation period and must be in accordance with guidance issued by the Secretary of State.

#### **Question 28**

Do you agree that Regulation 59 delivers the government's intent for the administration strategy in line with the Fit for the Future consultation and response?

**Yes**

#### **Part 14 - Independent governance reviews**

The requirement for independent governance reviews, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 117 of the LGPS Regulations 2013, and enabled by clause 5 of the Pension Schemes Bill.

Regulation 117(1) sets out the requirement to arrange for independent governance reviews, and regulation 117(2) sets out the power for the Secretary of State to direct an authority to arrange an ad hoc independent governance review. 117(3) sets out that the period of review in respect of an ad hoc governance review is specified by the Secretary of State.

Regulation 117(4) sets out the requirement for the first periodic governance review to be arranged (if the authority is not required to arrange an ad hoc governance review before then) by 31st March 2028. Regulation 117(5) sets out that the period of review in a periodic governance review is between the date on which that first periodic governance review is arranged and 1st April 2025.

Regulation 117(6), (7), and (8) set out when further periodic governance reviews are required to take place and the period of review which they cover. The effect is that an authority will be required to arrange a governance review at least once in every valuation period, and that the review will cover the period since the last governance review was arranged.

Regulation 117(9) sets out that authorities may pay the costs of arranging a governance review from the fund.

Regulation 117(10) defines a 'suitable person' who can carry out a governance review as being a person who is independent of both the Secretary of State and the authority and who has sufficient knowledge and understanding of the rules of the Scheme.

Regulation 117(11) sets out that the suitable person must carry out the governance review in accordance with guidance issued by the Secretary of State, and that after completing the review, they must send a copy of their report as soon as practicable to the Secretary of State and the AA.

Regulation 117(12) and (13) and that the AA must publish the report as soon as practicable, and in accordance with guidance issued by the Secretary of State.

## **Question 29**

Do you agree that new Regulation 117 delivers the government's intent for the independent governance reviews in line with the Fit for the Future consultation and response?

**Yes. We'd welcome further discussion on how this can be delivered in a robust, sustainable and cost-effective manner.**

## **About this consultation**

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access

regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process, please contact us via the [complaints procedure](#).

## **Personal data**

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

### **1. The identity of the data controller and contact details of our Data Protection Officer**

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or by writing to the following address:

\$A Data Protection Officer, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF \$A

### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.



We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

### **Sensitive types of personal data**

Please do not share [special category](#) personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By ‘special category personal data’, we mean information about a living individual’s:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life
- sexual orientation

By ‘criminal offence data’, we mean information relating to a living individual’s criminal convictions or offences or related security measures.

### **3. Our legal basis for processing your personal data**

This is a statutory consultation required by Section 21 of the Public Service Pensions Act 2013.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by MHCLG of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or ‘criminal offence’ data (terms explained under ‘Sensitive Types of Data’) which you submit in response to this

consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

#### **4. With whom we will be sharing your personal data**

MHCLG may appoint a 'data processor', acting on behalf of the Department and under our instruction, to help analyse the responses to this consultation. Where we do, we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

#### **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for two years from the closure of the consultation, unless we identify that its continued retention is unnecessary before that point.

#### **6. Your rights, e.g. access, rectification, restriction, objection**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the

ICO: [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or Knowledge and Information Access Team, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF.

#### **7. Your personal data will not be sent overseas.**

#### **8. Your personal data will not be used for any automated decision making.**

#### **9. Your personal data will be stored in a secure government IT system.**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.

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Dear MHCLG Colleagues,

South Yorkshire Pensions Authority is pleased to provide the following response to the closed consultation on the draft statutory guidance.

We are submitting our own response in addition to having contributed to the collective response of our Border to Coast Pooling Partnership. Whilst we endorse that collective response, the following provides some additional and complementary feedback from our perspective as an individual Administering Authority. We have not repeated the feedback already provided in the Border to Coast response.

South Yorkshire Pensions Authority is responsible for administering the South Yorkshire Pension Fund – with over £11.5 billion assets and over 181,000 scheme members. We are a single purpose pensions authority created under the Local Government Act 1985 and membership of the Authority comprises 12 elected members from the 4 Councils in South Yorkshire as well as 3 non-voting, co-opted members from three trades unions to represent scheme member views. The South Yorkshire Local Pension Board (LPB) assists the Authority in securing compliance with scheme regulations and other legislation relating to governance and administration of the South Yorkshire Pension Fund. The LPB comprises 5 scheme employer representatives and 5 scheme member representatives as well as an independent adviser to the Board.

Yours Sincerely,

*Gillian Taberner*

**Gillian Taberner**

**Director**

South Yorkshire Pensions Authority

T: 01226 666420

E: [gtaberner@sypa.org.uk](mailto:gtaberner@sypa.org.uk)

## **Guidance on Asset Pooling**

### Chapter 1 - Introduction

No comments.

### Chapter 2 – Asset pool companies

No comments.

### Chapter 3 – Asset management

No comments.

### Chapter 4 – Local Investment

No comments.

### Chapter 5 - Reporting

No additional comments to those in the Border to Coast collective response.

### Chapter 6 – Pool governance

#### Holding the Pool to Account - Paras 6.13 - 6.16:

Further to the comments in the collective response, whilst the process of developing the oversight model is ongoing within the partnership, our own view at SYPA on these paragraphs is that we agree with the guidance as drafted - we agree that there should only be limited use of external consultants for oversight because of the potential risk of losing internal expertise at AA's – if the work required on oversight is 'outsourced' to consultants, what role would that leave for experienced investment officers in AA teams? Whilst AA's retain the responsibility for holding the pool to account, there is a need for them to retain appropriate expertise in order to do this effectively without the need for reports from external consultants as outlined in the guidance. We recognise that there is a range of size and resourcing across different AA's and we're strongly in favour of AA collaboration and sharing of the internal investment expertise that is available across our partner funds to support the oversight process.

### Chapter 7 – Directions

No additional comments.

## Guidance On Preparing and Maintaining an Investment Strategy Statement

### Chapter 1 – Introduction

No comments.

### Chapter 2 – The roles of the Administering Authority and the Pool

No additional comments.

### Chapter 3 – Investment objectives

Para 3.9 lists topics that should not be considered by the AA when setting ISS objectives, that should also not be covered in the ISS and that the AA has no role in making decisions about. The listed topics include the style of asset management – such as active or passive management.

This is at odds with the Pooling guidance which states that:

*“... when deciding on whether to use passive or active investment management styles, pools must take account of their AAs preferences as set out in the ISS guidance, but have the final decision on which style to use in order to maximise the benefits of scale and best achieve AAs’ investment objectives”.*

Our view is that this Pooling guidance, allowing for AA’s to state their preferences for active vs. passive in their ISS and requiring Pools to take account of this whilst still retaining the final decision, is the best way for this to be dealt with in order to achieve the policy intentions and we would request that the ISS guidance is amended to reflect this.

### Chapter 4 – Strategic asset allocation

No comments.

### Chapter 5 – Responsible investment

No additional comments to the Border to Coast group response; we would just add that we also endorse the comments in the Scheme Advisory Board’s consultation response on this subject – which we reviewed after the Board published this on their website.

### Chapter 6 – Local investment

No additional comments.

## Chapter 7 – Review, consultation and publication

No additional comments.

## Chapter 8 – Directions by Secretary of State

No comments

# **Guidance On Fund Governance**

## Chapter 1 – Introduction

No comments.

## Chapter 2 – Knowledge and understanding

No additional comments.

## Chapter 3 – Senior LGPS Officer

In our response to the consultation on the Local Government Pension Scheme (Amendment) Regulation 2026, we have pointed out that the wording of new Regulation 53A does not account for all LGPS structures and specifically could negatively impact single purpose pensions authorities such as ourselves. We would therefore request that the guidance wording is amended accordingly to acknowledge the differences for single purpose pensions authorities.

This is particularly relevant in terms of paragraph 3.16 on Appointing a Senior LGPS Officer – where the guidance states that the appointment should be made by the Head of Paid Service – as discussed in our response to the regulations consultation, in our context as an SPPA, the Senior LGPS Officer role is naturally the Director of the organisation who is also the Head of Paid Service. Therefore, as the Head of Paid Service, the Director / Senior LGPS Officer must be a member appointment in our context, and we would request the wording in paragraph 3.16 to be amended to allow for this scenario.

We would be happy to contribute to any further discussion on the detail concerning this part of the guidance in any way deemed appropriate.



#### Chapter 4 – Independent person

The comments provided in the Border to Coast collective response are strongly supported by SYPA.

In addition, we would also emphasise that the guidance as currently drafted in respect of the Independent Person role indicates a much broader remit and involved role than we had previously understood from the Government’s response to the Fit for the Future (FFF) consultation.

We are supportive of the overall intent from the FFF consultation of having an Independent Person role (possibly shared across more than one individual) to support the committee (the Authority in our own case) by providing additional independent and professional expertise – in a non-voting capacity. But we are concerned that the guidance seems to take this much further and does not provide the clarity that we require to deliver this policy intent effectively and compliantly. We would draw attention to the Scheme Advisory Board’s response to this consultation in this respect, which we would echo.

We would be happy to contribute to any further discussion on the detail concerning this part of the guidance in any way deemed appropriate.

#### Chapter 5 – Independent Governance Reviews

Whilst not making additional comment to that of the Border to Coast collective response, we do wish to emphasise the feedback in relation to para 5.40 in particular – that the bar for achieving a ‘green’ rating is potentially unduly high with the current calibration risking effective AAs being awarded only ‘amber’. We would also draw attention to the Scheme Advisory Board’s comments on this issue in their response, which we also support.

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**Local Government Pension Scheme England and Wales  
Scheme Advisory Board (SAB)**

**Local Government Pensions Team, Ministry of Housing,  
Communities and Local Government (MHCLG)**

Response via email to [lgpensions@communities.gov.uk](mailto:lgpensions@communities.gov.uk).

09 January 2026

**Local Government Pension Scheme in England and Wales:  
closed consultation on draft guidance**

This response is submitted on behalf of the Local Government Pension Scheme (LGPS) Advisory Board (England and Wales) which is a body set up under Section 7 of the Public Service Pensions Act 2013 and the LGPS Regulations 110-113.

The Board's purpose is to:

- Provide advice to the Secretary of State and to administering authorities (AA) on “the desirability of changes to the scheme” and “in relation to the effective and efficient administration and management” of the LGPS
- Provide a framework to encourage best practice, increase transparency and coordinate technical and standards issues across the sector

Membership of the Board includes equal number of voting members representing employers and employees. Non-voting members and advisors also support the Board. There are around 18,000 employers participating in the Scheme and therefore on the Board and its sub-committees there are representatives of some of the larger employer groups (further/higher education institutions and academy schools).

Secretariat services are provided by the Local Government Association and separate Advisory Boards have been established for the LGPS in Scotland and in Northern Ireland.

Yours sincerely,  
**Councillor Roger Phillips**  
**Chair of the Board**

# Local Government Pension Scheme England and Wales

## Scheme Advisory Board (SAB)

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## **Overall response regarding the implementation challenge**

1. In line with its statutory role, the Board has continued to engage with MHCLG via the formal consultations and in regular informal meetings to try to get the best successful implementation of the government's objectives. We will be sending detailed comments on the guidance back to officials by the deadline of 12 January 2026 but are publishing this document in the meantime, for transparency to Board and Committee members and administering authorities, this summary of the main points we will be making.

2. Once the final guidance is issued, we will continue working with AA, pools and MHCLG to have a smooth implementation period and keep new arrangements under review in case any further fine-tuning is needed.

3. The Board appreciates that after many years of policy drift in relation to LGPS, the government is keen to make changes as quickly as possible. However, changes are being made at the same time across almost every aspect of the scheme (covering member benefits, fund governance and pooling arrangements). At the same time as funds are trying to address significant administrative challenges such as McCloud implementation, anticipating other member benefit changes with two consultations issued in 2025, preparations for dashboards and the need to recruit and retain a highly skilled and dedicated workforce.

4. In this context, we would like to warn that we foresee some scheme risks in terms of:

- a) Insufficient attention to thinking through the process and timescale for transition, including the most effective sequencing of the different changes that AAs are being asked to implement,
- b) So many changes happening at the same time creates a risk that each is given the necessary attention for the most effective delivery of it
- c) It also seems that the detailed policy intent in some areas is still unclear or ambiguous and the rushed delivery of regulations to meet the 1 April timetable and statutory guidance with a timetable spanning the Christmas period exacerbating this.

5. There is a risk in this to MHCLG, that its policy may be implemented poorly, too hastily or in ways that diverge from its underlying intention. At the same time. there are risks to AAs, including sub-optimal implementation and the possibility of enforcement action by The Pensions Regulator (TPR) or MHCLG should they inadvertently misunderstand what is being asked of them.

6. To enhance the clarity and usability of the guidance, the Board recommends that it includes explicit and consistent cross-references to the relevant regulations. This will help ensure that users can easily understand the regulatory context underpinning the guidance. For example, within the investment strategy section, it would be beneficial to reference [draft Regulation 11\(1\)\(b\)](#) in Chapter 3, which sets out the requirements for high-level investment objectives.

## Local Government Pension Scheme England and Wales

### Scheme Advisory Board (SAB)

7. The Board would therefore welcome the opportunity to work with MHCLG on a detailed, deliverable “roadmap” that brings together the multiple strands of change required locally, while recognising the need for an iterative approach within LGPS, providing space for discovery, testing, and refinement to ensure new ways of working are effectively embedded.

## Fund governance guidance

### General comments

8. The secretariat acknowledges that drafting is still underway in some areas of the governance guidance and due to a tight timescale to issue the guidance to administering authorities, some feedback from the Board’s working groups was not able to be properly considered by MHCLG before the guidance was shared more widely. Therefore, the Board acknowledges that in some areas this guidance requires further work, specifically:

- Guidance for a Governance Strategy, Training Strategy and Conflicts of interest, as introduced by new regulation 55A which are not currently covered in the draft guidance issued.
- Further work with the TPR on guidance as how to deal with reporting breaches specifically for LGPS. While [existing guidance](#) on assessing breaches for materiality is helpful, the Board suggested further guidance from TPR in [our response](#) to the TPR consultation on the enforcement strategy.

9. On the matter of conflict of interest the Board notes that guidance on conflicts of interest are covered in the pooling guidance paragraphs 6.17 to 6.19, however would note that there are other conflicts of interest the AAs Conflict of Interest policy should address, such as conflicts between the AAs interest and scheme employers in relation to contribution rate setting and conflicts in local investment between the interests of the fund and the interests of the AA (e.g. as housing authority, collector of business rates etc).

### Knowledge and understanding

10. The guidance needs further work to further develop and distinguish between operational knowledge and strategic/oversight knowledge for each role in scope of the guidance, including clarification whether the role of the independent person should be included in the guidance.

11. The secretariat intends to work with MHCLG to provide more information and unpack each of the key areas of knowledge and understanding and what further Board guidance may be needed.

12. Under monitoring and reporting, we suggest that MHCLG consider what further guidance could be provided to assist AA experiencing consistent non-compliance in

### Scheme Advisory Board secretariat

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The Board secretariat is provided by the Local Government Association

## **Local Government Pension Scheme England and Wales**

### **Scheme Advisory Board (SAB)**

engaging with its training policy and how requirements should be reported for key decisions.

### **Senior LGPS officer**

13. We believe that there are a number of key items which currently do not feature in the list of responsibilities of the senior LGPS officer. Whilst the Board acknowledges that the list is not exhaustive these are omissions which we believe are critical to the role to be included in this guidance:

- a) Responsibility for robust monitoring and review of employer risk, participation in the fund and importance of clear, timely communications with employers
- b) More explicit references to responsibility for workforce and safeguarding the fund from being impacted by policies implemented by the AA
- c) Administration governance, business planning and contract management
- d) Responsibility for key performance indicators (KPIs) and ensuring high-quality service to scheme members
- e) Relationship with independent person: the guidance should clarify what “direct relationship” means (e.g., is there an expectation of regular meetings separate from the formal committee meetings?)

### **Independent person (IP)**

14. The Board has a number of queries and comments in relation to the drafting of this section of the guidance.

- a) Capacity and conflicts: The guidance should consider limits on number of appointments with different AAs that an individual could undertake and what the attendance requirements are
- b) Contract length: Three-year contracts may be too short; the guidance should provide more flexibility
- c) Role clarity: The guidance should further define the scope of the role, appointment process, reporting lines, and whether advice should be professional (which would require the IP to have liability insurance) or non-professional
- d) Further consideration is needed on whether the IP role is supporting, as opposed to being a member of the committee
- e) Concurrent appointments to new roles and significant change in structure with both IP and senior LGPS officer being made within 6 months is a significant risk
- f) We would welcome clarity on whether the IP needs to be one person or could be filled by different individuals who collectively meet the specification (the Board would prefer that it is one person)
- g) Either more clarity or permission to experiment should be given in relation to how this role interacts with other roles (new and existing) within the fund

### **Scheme Advisory Board secretariat**

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The Board secretariat is provided by the Local Government Association

## **Local Government Pension Scheme England and Wales**

### **Scheme Advisory Board (SAB)**

- h) We agree that having been appointed to a National Framework is a suitable way to ensure that individuals have the required expertise, to ensure remuneration is appropriate, consistent and to help make the appointment process more efficient. However, the timescales involved in setting up such a framework and then funds using it to call-off to find their own IP would make the 1 October 2026 deadline virtually impossible to achieve.

### **Independent Governance Review (IGR)**

15. The Board would like to see more clarity on the intended process after preparation of an IGR with a 'red rating' including what TPR understands its powers to be. In the absence of specific guidance from TPR on breach reporting, we will advise AAs to apply the general considerations on breach reporting to apply to the requirements in this guidance.

16. We also feel that the 'red/amber/green' ratings need to be rethought. It does not seem appropriate that full compliance is only rated 'amber' which has connotations of warning/concern. Also, the "red" category contains outcomes that will require intervention and those that do not. For consistency, cases where the assessor recommends intervention should be clearly identified. For similar reasons of consistency and transparency, MHCLG should also be required to draw up an intervention policy.

17. There appear to be gaps in the criteria. While paragraphs 5.16-5.39 are modelled on the [TPR General Code](#), certain areas, covered in the Code, regulations or otherwise, that we would have expected the guidance to address are not included. These areas include, for example:

- Member representation,
- Equality Diversity and Inclusion (EDI),
- Participation in pooling governance,
- Relations with TPR and procedure for breach reporting,
- Administration governance,
- Contract management,
- Knowledge and understanding,
- Links to internal and external audit,
- Monitoring of key performance indicators i.e. service level agreements to monitor pool and administration arrangements.

18. There are also missing links to other requirements of the regulations which ought to be checked in the IGR (e.g., production and delivery of the fund's communications policy).

19. The IGR period for getting all 86 AAs' IGR reviewed within this valuation cycle, already started in April 2025 (so one year has passed already), is unlikely to be deliverable. As well as AAs' own processes, potential suppliers are likely to need time to scale up their existing offer.



## **Local Government Pension Scheme England and Wales**

### **Scheme Advisory Board (SAB)**

20. We would welcome consideration of whether AAs' can allow their existing governance consultant providers to undertake the new IGR requirements. These are likely to have a good understanding of how the fund operates in practice.

21. The proposed requirements on publication of meeting records needs to be reviewed alongside and be consistent with the general provisions on how local authority decisions are published. These are set out in detail in the [Openness of Local Government Bodies Regulations 2014](#).

### **Board supplementary changes to the Local Government Pension Scheme (Amendment) Regulations 2026 amending regulations**

22. The Board submitted a [response](#) to the [Fit for the Future - technical consultation](#) but since this has been published and the guidance reviewed in further detail, the Board has some further suggestions:

- a) Regulation 53A(5) should be amended to read (changes in red): “(5) If an AA delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person to attend that committee or sub-committee and support it in relation to its investment strategy, governance and administration functions”. This is so that the IP is not counted as a non-voting member of the committee. Membership of committees is covered in over-riding legislation and AAs own council-wide constitutions and adding in a further non-voting member can have unintended, negative consequences and upset the balance of existing committees.
- b) Regulation 53A should allow the Secretary of State to issue guidance on the role of the independent person, and not just on the appointment process
- c) Regulation 55a (2) b should be amended so that the governance strategy explains the basis on which it will allow the use of substitutes
- d) Regulation 55A (2) setting out what the governance strategy should include a requirement for a terms of reference for the committee and board (which would form part of the AA's constitution where relevant), include a requirement on how the chosen structure and delegation will best deliver the LGPS for the fund's stakeholders, a requirement for a remuneration policy, appointment and removal of members and consequences of non-compliance with the knowledge and understanding requirements in the training policy.

## **Draft pooling guidance**

### **Asset pool companies & asset management**

23. The guidance (at paragraphs 2.3 and 3.1) sets deadlines of 28 days and 21 days respectively for an AA to transfer assets from one pool to another when it changes the pool that it participates in. The feedback we have received from funds and their advisers is that this timescale is inadequate. It is not clear how these time periods have been chosen and AAs should have regard to their fiduciary duties in doing this properly, rather than being rushed into sub-optimal timing choices due to arbitrary targets set in Whitehall.

24. The guidance on responsible investment needs to be clearer as to what happens in the event of a conflict between what the pool believes is practicable and the administering authorities responsible investment policy. As written, the guidance is capable of being read as meaning that pools can simply set aside responsible investment (RI) policies that they feel are not practicable. It seems that there is not even an obligation on them to inform the AA that they have done so.

25. In the Board's view, the balancing on financial and non-financial factors is a key part of the fiduciary duty. The [advice from Nigel Giffin KC](#) is also clear that this decision sits with the AA. If the pool believes that application of an RI policy is "impracticable" (presumably on cost grounds although this isn't defined) then this is information that needs to be fed back to the AA for it to reassess whether the balance between financial and non-financial considerations is being made appropriately. However, that is a decision for the AA and not the pool, which should always respect the AA's communicated RI policy.

26. The "exceptional circumstances" in which AAs can take investment advice independently of the pool are still unclear. The Board would like further discussion with MHCLG on this and on their understanding of how oversight of fiduciary management services works in the private sector. We are concerned that the way that MHCLG has talked about independent advice has evolved and the policy thinking still seems a bit hazy in relation to this. This uncertainty is creating anxiety for many AAs (for example in [this article](#) in LGC).

### **Local Investment**

27. In paragraph 4.3, the guidance helpfully acknowledges that AAs may accept lower returns for local investment, but the Board would argue that this does need to be based on specific non-financial benefits that the AA has assessed as being worth the trade-off. To be consistent with the fiduciary duty, the AA needs to retain a decision-making role in relation to the balance between returns, risk and any wider benefits that are considered. The correct role for the pool would be to help provide the evidence base for that judgement to be exercised.

## **Local Government Pension Scheme England and Wales**

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28. The guidance does not say much more about how pools will co-operate with Strategic Authorities (SAs) and what the legal obligation to help SAs to “develop” proposals means in practice. The Board acknowledges that this may be a work in practice, and the way it works in established areas (like Greater Manchester) may be different from how it will work with completely the new SAs that are yet to come into being. However, we feel that in order to manage expectations between AAs, SAs and pools further detail (or examples) need to be given or the uncertainty explicitly acknowledged in the guidance and partners given the licence to be innovative.

### **Pool governance**

29. The Board are disappointed at the very limited role that is set out for member representatives within pooling structures. In the Government response to the Fit for the Future consultation, the position was that it would be for the owners of each Pool to determine the appropriate form of member involvement. In the draft guidance, this position is altered, by giving the steer that “it will not generally be appropriate for the scheme member or employer representatives to have a voting role in pool decision making.” This change is not explained and is an inappropriate extension of the guidance in an area which should be for local determination. It should be for the partner funds, as the Pool owners, to decide their policy in this area.

30. The guidance also sets out that “it is not essential for member or employer representatives to attend meetings themselves.” Again, we believe that this is a matter that is properly for the owners of the Pools to determine. In addition, the governance of most pools includes a range of other committees and boards where attendance and/or voting rights are likely to be appropriate, but the guidance does not have anything to say about this.

31. In the view of the Board, there is space for significant voting roles for member representatives on bodies like shareholder committees (as the members are in effect the beneficial owners of the funds). The guidance doesn’t attempt to go into that level of detail, but as with the previous comment it would be helpful for the guidance, even if it doesn’t want to specify particular roles and leave these for local determination, to give examples or encouragement for AAs and the pool companies to find meaningful roles for member representatives within their particular governance structures.

32. The Board has previously taken advice from Burges Salmon on whether Conflicts of Interest (Col) arise on the requirement for funds to take principal investment advice to from their asset pool company on their investment strategy, due to the asset pool company responsibility for implementing the investment strategy. The advice set out in paragraph 4.5 of the Burges Salmon advice notes areas of potential Col that would need to be managed.

33. The Board notes that guidance on Col are covered in paragraphs 6.17 to 6.19 and welcomes the link to FCA authorisation that requires an effective Col policy, alongside the requirement for asset pool companies to review staff remuneration and performance management policies avoid misaligned incentives but believes the

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guidance should provide clearer guidance on practical steps to enable consistency between Col policies.

### **Directions**

34. As previously shared, the Board has real concerns over the breadth of the powers granted to the SoS in relation to the making of directions to pools. While the current Pensions Minister has offered reassurances during the passage of the Pension Schemes Bill, these powers will remain on the statute book indefinitely and future ministers may not be so respectful of the current non-politically partisan nature of the scheme. We therefore seek clear assurances that the direction making power must not be used to further political aims but should be used consistently with the fiduciary duty of the funds and the pools.

35. In that context it is worth noting that paragraph 7.2 says that the SoS will only intervene when it is “in the best interests of the scheme to do so.” The Board would like to clarify whether MHCLG intends this to mean the scheme as a whole, rather than a specific pool or its partner funds. It is possible that the Minister considers it necessary to require a pool to act in a way that may not be in its own interest but serves the interests of the scheme as a whole. That is not in itself unreasonable but is something that we think it would be clear about and noting the implications of it.

36. The Board believes the process around giving directions to the pool is better and fairer than the process outlined in the ISS guidance for AAs funds. It is not clear if that is deliberate or they are simply at different stages of drafting. We believe the processes for fund and pools should both have procedural fairness and if anything, be applied with greater respect for the margin of discretion that AAs rightly have given their separate and more direct accountability back to scheme members and local scheme employers.

## **Draft Investment Strategy Statement (ISS) guidance**

### **The roles of the AA and the pool**

37. We would like to see a reference to the Code of Transparency in this guidance, as there is the pooling guidance. While the pool is able to use the cost transparency data in relation to decisions over particular managers, the AA does also need this information as part of its consideration of whether the pool is delivering a value for money service to it.

38. The Board believe that the guidance should be clearer on the role of the Independent Person and local pension board (LPB) in deciding the strategy. The LPB role is especially important given that funds' role in the future is going to be less around decisions on investment than governance of the decision-making process that largely happens at the pool level.

## Local Government Pension Scheme England and Wales

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#### Investment objectives

39. We would like to see the ISS guidance draw out guidance on priorities and preferences under [draft regulation 11\(1d\)](#). The pooling guidance in paragraph 3.6 draws out that using passive or active management styles would be an AA preference that pools must take account of, but the ISS guidance only refers to this to confirm style of investment management should not be considered as a ‘high-level’ objective and is silent on the matter of priorities and preferences in an ISS.

#### Responsible Investment (RI)

40. The Board believes that while it is helpful to have a section on RI, the issue is so important to scheme members and employers, it should also be reflected as an integral part of section 3 on investment objectives (especially given the sometimes-blurry line between financial and non-financial factors in relation to considerations such as climate change).

41. The Board believes that paragraph 5.6 could usefully be unpacked to give more guidance on how financial and non-financial factors are considered. In particular, the extent to which wider societal benefits can be taken into consideration and what kind of weight might be put upon them. It might be helpful here to include references to the legal advice recently obtained by the Board from Nigel Giffin KC, who deals with this in some depth.

42. The Board notes that paragraph 5.9 of the guidance refers to “the pool’s RI approach where they have adopted one.” The pooling guidance makes no reference to pools having an independent RI approach and it is not clear to the Board that it would be appropriate for a pool to have an approach that was not just the aggregation of the partner funds’ approach. Pools having their own, independent RI policy risks creating greater difficulties in achieving consensus amongst all partners. It also raises questions of accountability given the pool is not directly accountable to scheme members or scheme employers.

43. As mentioned above, the Board believes that pools should respect the RI policies set by the AAs, but they do have two important roles in relation to them:

- a) To provide AAs with information about the financial impact of adopting certain RI policies; and
- b) To provide a forum whereby partner funds can discuss and agree common ground in their RI policies where possible.

44. The Board does not believe that pools should be able to set aside an RI policy of an AA on the grounds that they do not consider it to be “practicable” (a term which is not defined in the guidance).

45. The Board believes paragraph 71 of the [government response](#) is more helpful at than the paragraph 5.11 in the guidance in explaining how the pool should work with AAs when setting and implementing responsible investment policy. The consultation response is the preferred approach as it is less prescriptive and encourages collaboration between funds and pools. The wording at 5.11 in the draft guidance lacks clarity on what actions are required and who determines what is “reasonable”

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or “possible.” If pools cannot meet the AA’s objectives, they should explain why and propose options for discussion, rather than simply overriding the AA’s approach.

46. Paragraph 5.15 seems to be inconsistent with what was in the Fit for the Future Government Response, which said that while pools would do the implementation of the stewardship role, e.g. voting, engaging etc, they would do so in line with the investment objectives set by the AA. The draft now says, “Stewardship and engagement should be delivered in line with a pool-wide policy developed by the pool in discussion with partner AAs.” Which means that it is the pool’s policy, and not the AA’s investment objectives which determine how the pool engages. And the pool’s policy will be decided ‘in discussion’ and not necessarily in agreement with, the AAs. Given that the AA remains, in many cases, the legal owner of the assets then they should have the final say on how any voting rights that accompany that ownership is deployed.

### Directions

47. As previously shared, the Board has real concerns over the breadth of the powers being taken by the SoS in relation to the making of directions to AAs. These powers are wider and are much clearer in intent than was the case with the 2016 Regulations. When those regulations were going through Parliament the then Local Government Minister, Marcus Jones, gave this commitment to Parliament:

*"On the backstop provision, the Government have made it absolutely clear that that is to be a backstop power. I would liken it to the current best value provisions that allow the Government to intervene in a local authority should it not be delivering best value for the residents it serves... The intention is to use this backstop provision sparingly and only when it is necessary to step in to protect the interests of both the scheme members and the local taxpayers, who might have to step in and bail out the LGPS if the investments are not made in a way that provides the best return from those funds."*

48. The Board would like to see the regulations and the guidance strengthened to be explicit that:

- a) Directions and intervention would only be used where necessary to protect the interests of members or scheme employers.
- b) The SoS would be clear as to the evidence and analysis he was relying on to reach that view and share that with the fund affected as part of the consultation.
- c) The consultation would give the fund the opportunity to “comply or explain”.
- d) That the reasonableness of a SoS decision to issue a direction would be capable of being tested in court, not simply whether the direction itself had been complied with.
- e) That the consultation would include member representatives and any others with a legitimate interest in the decision.
- f) That any direction would be specific, time-limited and proportionate to the necessity to protect members’ interests.

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49. The board welcomes the requirement at paragraph 8.2 to receive relevant evidence from the bodies listed (including the Board itself) but there are still questions on what report MHCLG envisages in these circumstances.

### **Closing comments**

50. The Board would welcome the chance to collaborate with MHCLG on developing a clear, practical roadmap that brings together all the different strands of change required at the local level.

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<b>Subject</b>	<b>Governance Meeting Calendars 2026-27</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	12 February 2026
<b>Report of</b>	Monitoring Officer		
<b>Equality Impact Assessment</b>	Not Required	Attached	Na
<b>Contact Officer</b>	Joanne Stone Head of Governance and Corporate Services	<b>Phone</b>	01226 666418
<b>E Mail</b>	jstone@sympa.org.uk		

## 1 **Purpose of the Report**

- 1.1 To present Members with the proposed 2026-27 Governance Meetings Calendar for review and approval.
- 

## 2 **Recommendations**

- 2.1 Members are recommended to:
- a. Approve the 2026/27 Governance Meetings calendar and outline work programme attached at Appendix A.**
- 

## 3 **Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:  
Effective and Transparent Governance.
- 3.2 To uphold effective governance always showing prudence and propriety.
- 3.3 The planned programme of meetings supports the operation of effective and transparent governance arrangements.

## 4 **Implications for the Corporate Risk Register**

- 4.1 There are no direct implications for specific risks on the register.

## 5 **Background and Options**

- 5.1 Attached at Appendix A is a schedule of meeting dates and outline work programme for meetings of the Authority and its Committees for the 2026/27 municipal year.
- 5.2 The Appendix contains a front-page summary of the scheduled meeting dates for the Authority, its Committees and the Local Pension Board. A separate page for the Authority and for the Audit & Governance Committee is also included setting out an outline of their draft work programmes for the 2026/27 year.
- 5.3 A full review has been undertaken, and meeting dates have, where possible, been checked against the meeting calendars of the four district councils, known dates of external conferences, and school-term dates, to attempt to avoid any clashes.
- 5.4 Members are however asked to note that not all of the district councils have finalised their meeting calendars for 2026/27 at the time of this report and therefore it has been necessary to prepare the proposed calendar attached with reference to provisional dates only for the districts based on the previous year's meeting dates. Should any clashes arise following confirmation of dates from district councils, we will consult members as to any changes deemed necessary at the earliest opportunity.
- 5.5 A full annual training and development programme and calendar will be provided to the Authority's March 2026 meeting within the Member Learning and Development Strategy 2026/27.
- 5.6 Members are asked to consider and approve the schedule of meeting dates for 2026/27 shown at Appendix A.

## **6 Implications**

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

Financial	None
Human Resources	None
ICT	None
Legal	None
Procurement	None

**Jo Stone**

**Head of Governance & Corporate Services and Monitoring Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
None	-

Authority Meeting Dates 2026/27		
Date of Meeting	Time	Venue
Thursday 11 June 2026	13:00 - 15:30	Oakwell House
Thursday 10 September 2026	10:00 - 12:30	Oakwell House
Thursday 10 December 2026	10:00 - 12:30	Oakwell House
Thursday 11 February 2027	10:00 - 12:30	Oakwell House
Thursday 11 February 2027 Effectiveness Review	13:00- 14:30	Oakwell House
Thursday 18 March 2027	10:00 - 12:30	Oakwell House

Audit & Governance Committee Meeting Dates 2026/27		
Date of Meeting	Time	Venue
Thursday 09 July 2026	10:00 - 12:00	Oakwell House
Thursday 01 October 2026	10:00 - 12:00	Oakwell House
Thursday 03 December 2026	10:00 - 12:00	Oakwell House
Thursday 03 December 2026 Effectiveness Review	12:30 - 13:30	Oakwell House
Thursday 11 March 2027	10:00 - 12:00	Oakwell House

Staffing Committee Meeting Dates 2026/27
To be arranged as required.

Appointments and Appeals Committee Meeting Dates 2026/27		
Date of Meeting	Time	Venue
To be arranged as required.		

Local Pension Board Meeting Dates 2026/27		
Date of Meeting	Time	Venue
Thursday 06 August 2026	10:00 - 12:00	Oakwell House
Thursday 12 November 2026	10:00 - 12:00	Oakwell House
Thursday 25 February 2027	10:00 - 12:00	Oakwell House
Thursday 25 February 2027 Effectiveness Review	12:30 - 14:30	Oakwell House
Thursday 22 April 2027	10:00 - 12:00	Oakwell House

Authority Meeting Dates 2026/27		
Date of Meeting	Time	Venue
Thursday 11 June 2026	13:00 - 15:30	Oakwell House
Thursday 10 September 2026	10:00 - 12:30	Oakwell House
Thursday 10 December 2026	10:00 - 12:30	Oakwell House
Thursday 11 February 2027	10:00 - 12:30	Oakwell House
Thursday 11 February 2027 Effectiveness Review	13:00- 14:30	Oakwell House
Thursday 18 March 2027	10:00 - 12:30	Oakwell House

June 2026 Meeting
<p>Membership, Political Balance &amp; Appointments to Committees  2025/26 Quarter 4 Corporate Performance Report  2025/26 Quarter 4 Investment Performance Report (Incl. Advisers' Commentary)  2025/26 Quarter 4 Responsible Investment Update  SYPA Responsible Investment Policies Annual Review &amp; Net Zero Action Plan  Pensions Administration Improvement Plan Update  Authority Effectiveness Review Report  Governance, Regulatory and Policy Update  Audit &amp; Governance Committee Annual Report 2025/26  Local Pension Board Annual Report 2025/26  Annual Governance Statement 2025/26  Update on Communications, Consultation and Engagement Strategy Action Plan  Decisions taken between meetings</p>

September 2026 Meeting
<p>2026/27 Quarter 1 Corporate Performance Report  2026/27 Quarter 1 Investment Performance Report (Incl. Advisers' Commentary)  2026/27 Quarter 1 Responsible Investment Update  Pensions Administration Improvement Plan Update  Chair of Local Pension Board Report to Authority  Governance, Regulatory and Policy Update  Decisions taken between meetings  Border to Coast Annual Review</p>

December 2026 Meeting
<p>2026/27 Quarter 2 Corporate Performance Report  Approval of the Levy 2027/28  2026/27 Quarter 2 Investment Performance Report (Incl. Advisers' Commentary)  2026/27 Quarter 2 Responsible Investment Update  Annual Review of Border to Coast Corporate Governance &amp; Voting and Climate Change Policies  Pensions Administration Improvement Plan Update  Chair of Local Pension Board Report to Authority  Governance, Regulatory and Policy Update  Decisions taken between meetings  Independent Investment Advisers' Appraisal</p>

February 2027 Meeting
<p>Corporate Strategy 2027/28 to 2029/30  Procurement Forward Plan 2027/28 to 2029/30  Budget 2027/28  Medium Term Financial Strategy 2027/28 to 2029/30  Treasury Management Strategy 2027/28  Pay Policy Statement  Decisions taken between meetings  Draft Governance Meetings and Training Calendar 2027/28  Border to Coast Implementation Plan and Budget  Debt Write Offs</p>

February 2027 Effectiveness Review Meeting
<p>Authority Effectiveness Review 2026/27</p>

March 2027 Meeting
<p>2026/27 Quarter 3 Corporate Performance Report  2026/27 Quarter 3 Investment Performance Report (Incl. Advisers' Commentary)  2026/27 Quarter 3 Responsible Investment Update  SYPA Responsible Investment Policies Annual Review  Pensions Administration Improvement Plan Update  Chair of Local Pension Board Report to Authority  Governance, Regulatory and Policy Update  Members' Learning and Development Strategy 2027/28  Decisions taken between meetings  Director's Appraisal</p>

Audit & Governance Committee Meeting Dates 2026/27		
Date of Meeting	Time	Venue
Thursday 09 July 2026	10:00 - 12:00	Oakwell House
Thursday 01 October 2026	10:00 - 12:00	Oakwell House
Thursday 03 December 2026	10:00 - 12:00	Oakwell House
Thursday 03 December 2026 Effectiveness Review	12:30 - 13:30	Oakwell House
Thursday 11 March 2027	10:00 - 12:00	Oakwell House

July 2026 Meeting
<p>Internal Audit Annual Report 2025/26  2026/27 Quarter 1 Internal Audit Progress Report  Internal Audit Charter 2026 to 2029  External Auditors - Progress Update on Audit of 2025/26  Draft Statement of Accounts 2025/26  Progress on Agreed Management Actions  Annual Review of Members Register of Interests and Gifts and Hospitality</p>

October 2026 Meeting
<p>2026/27 Quarter 2 Internal Audit Progress Report  Internal Audit Effectiveness Report  External Auditor's Report on the 2025/26 Audit - Pension Fund  External Auditor's Report on the 2025/6 Audit - Pensions Authority  External Auditor's Annual Report 2025/26  Approval of the Statement of Accounts 2025/26  Letter of Representation 2025/26  2025/26 Authority Annual Report  Progress on Agreed Management Actions</p>

December 2026 Meeting
<p>2026/27 Quarter 3 Internal Audit Progress Report  Internal Audit 2027-28 Plan Consultation Paper  Annual Review of Risk Management Framework  Progress on Agreed Management Actions  Progress on Annual Governance Statement Action Plan</p>

December 2026 Effectiveness Review Meeting
<p>Audit &amp; Governance Committee Effectiveness Review</p>

March 2027 Meeting
<p>2026/27 Quarter 4 Internal Audit Progress Report  Internal Audit Plan 2027/28  External Audit Plan - Audit of Pension Fund Year Ending 31 March 2027  External Audit Plan - Audit of Pensions Authority Year Ending 31 March 2027  Audit &amp; Governance Committee Effectiveness Review Report 2026/27  Audit &amp; Governance Committee Annual Report 2026/27  Annual Review of the Draft Governance Compliance Statement 2026/27  Draft Annual Governance Statement 2026/27  Compliance with The Pensions Regulator General Code of Practice  Progress on Agreed Management Actions  Meeting Calendars and Work Programme 2027/28  Accounting Policies for Year Ending 31 March 2027</p>

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