

Date: 09 July 2025

To: MEMBERS OF SOUTH YORKSHIRE PENSIONS
AUDIT & GOVERNANCE COMMITTEE

Oakwell House
2 Beevor Court
Pontefract Road
Barnsley
S71 1HG

www.sypensions.org.uk

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

South Yorkshire Pensions Audit & Governance Committee
Thursday, 17 July 2025

A meeting of South Yorkshire Pensions Audit & Governance Committee will be held at
Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley, S71 1HG on Thursday,
17th July, 2025 at 10.00 am.

The agenda is attached.

Yours sincerely

G Graham

George Graham
Director and Clerk

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Distribution: Councillor Roy Bowser (Chair), Councillor Jason Charity, Councillor Simon Clement-Jones, Councillor David Fisher, Councillor Ken Guest and Councillor Trevor Smith

SOUTH YORKSHIRE LOCAL PENSION BOARD

**THURSDAY, 17 JULY 2025 AT 10.00 AM, OAKWELL HOUSE, 2 BEEVOR COURT,
PONTEFRACT ROAD, BARNSELEY, S71 1HG**

AGENDA

	Item	Timings	Page
1	Welcome, Introductions and Apologies		
2	Announcements		
3	<p>Urgent Items</p> <p>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.</p>		
4	<p>Items to be considered in the absence of the public and press</p> <p>To identify items where resolutions may be moved to exclude the public and press. (For items marked * the public and press may be excluded from the meeting.)</p>		
5	Declarations of Interest		
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11	External Auditors - VFM Risk Assessment to 31 March 2025 and Verbal Progress Update		69 - 82

RESOURCES			
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14	Annual Procurement Report		259 - 266

SOUTH YORKSHIRE PENSIONS AUTHORITY AUDIT COMMITTEE**6 MARCH 2025**

PRESENT: Councillor Donna Sutton (Chair)

Councillors: James Church, Simon Clement-Jones, and David Nevett

Trade Unions: Phil Boyes (UNITE) and Garry Warwick (GMB)

Independent Member: Emma Dawson

Officers: George Graham (Director), Gillian Taberner (Assistant Director - Resources), William Goddard (Head of Finance and Performance), Annie Palmer (Team Leader – Governance) and Gina Mulderrig (Governance Officer)

Caroline Hollins (Corporate Assurance BMBC)

Elizabeth Wharton (External Audit KPMG)

Apologies for absence were received from Nicola Doolan-Hamer, Councillor David Fisher, and Councillor Neil Wright.

1 **APOLOGIES**

Apologies were noted as above.

2 **ANNOUNCEMENTS**

None.

3 **URGENT ITEMS**

None.

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

None.

5 **DECLARATIONS OF INTEREST**

None.

6 **MINUTES OF THE MEETING HELD ON 5/12/2024**

RESOLVED: The minutes of the meeting held on 5 December 2024 were agreed as a true record.

7 **2024/25 QUARTER 4 INTERNAL AUDIT PROGRESS REPORT**

The Corporate Assurance Manager presented the report to provide a summary of the Corporate Assurance Team's internal audit activity completed, and the key issues arising from it, for the period 18th November 2024 to 23rd February 2025.

Members noted that there were 6 audit reviews due to be completed before the end of March 2025, including the Investments: Climate Change and Zero Carbon audit review, which was marked as still in the pre-planning phase in the report and queried whether these were on track for completion.

The Corporate Assurance Manager explained that progress had been made since the report had been written and that all reviews were now in progress or at draft / final report stage and were all expected to be completed by the end of March 2025.

Members noted the revised plan days with an increased number of days on Pensions Administration and asked for further details on this.

The Corporate Assurance Manager explained that a review of Customer Services including the Contact Centre was requested that wasn't in the original plan. This was requested as part of assurance required by the Data Protection Officer (DPO) and the additional days required were met by re-allocating unused days from other areas of the plan as shown in the report.

RESOLVED: Members considered the report and as necessary requested further information and/ or explanations from the Corporate Assurance Team.

8 INTERNAL AUDIT PLAN 2025/26

The Corporate Assurance Manager presented the draft Corporate Assurance Plan for 2025-26 to members of the Audit and Governance Committee.

Members noted the increase of allocated days in the indicative plan for 2025/26 to 207 from 200 in 2024/25 and asked for further details on this decision.

The Corporate Assurance Manager explained that the increase was not down to any issues or concerns but in anticipation of expected workload including plans to look at areas not covered in 2024/25.

Members noted the scope of the draft Corporate Assurance Plan included the internal auditors providing 'advice, support and guidance' in certain areas and questioned how this would affect the independence of any future audit reviews in these same areas.

The Corporate Assurance Manager explained that, when any advice, support and guidance was issued by named corporate assurance officers, alternative officers would consequently conduct the audit review of that area to provide the required independent assurance.

Members asked whether the internal auditors were satisfied there were no emerging risks.

The Corporate Assurance Manager assured the Committee that every area had been considered and discussed with senior SYPA officers and there were no emerging risks to note. However, it was also explained that, due to the current levels of economic

uncertainty, there was an increased likelihood of significant risks emerging throughout the audit cycle that were not identified (or in existence) at the time of planning and that, if such items were identified, the audit approach would be amended accordingly and any changes communicated to the Audit and Governance Committee.

RESOLVED: Members agreed that:

- i. the draft Corporate Assurance Plan for 2025-26 was approved in principle whilst acknowledging the need for the Head of Corporate Assurance, in consultation with the Director and the Chief Finance Officer, to exercise her professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- ii. the Audit and Governance Committee receive quarterly monitoring reports from the Head of Corporate Assurance to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan.

9 EXTERNAL AUDIT PLAN - AUDIT OF YEAR ENDING 31 MARCH 2025
(AUTHORITY)

Elizabeth Wharton, Senior Manager at the external auditor (KPMG), presented the External Audit Plan and Strategy for South Yorkshire Pension Authority for the year ending 31 March 2025. The external auditor explained that the materiality level for the Authority had been increased from 2% to 2.5% as a result of having a better understanding from the work done in the first year that has enabled the auditors to conclude certain risks are not present. She also highlighted that there were no other changes to the significant audit risks in the plan compared to last year.

RESOLVED: Members received and noted the External Auditor's Audit Plan for the year ending 31 March 2025 for the Pension Authority.

11 ACCOUNTING POLICIES FOR THE YEAR ENDING 31 MARCH 2025

The Head of Finance and Performance presented the report providing members of the Audit & Governance Committee with an opportunity to review and approve the accounting policies in line with best practice.

He highlighted that the main change to the accounting policies for 2024/25 was in regard to accounting for leases as a result of accounting standard *IFRS 16 Leases* being adopted in the CIPFA Code. It was explained that there was only one material lease held by the Authority that would be affected by this change, and that a de-minimis threshold for leases had been set in the accounting policy at £10,000 which is in line with the Authority's capitalisation threshold as per guidance from CIPFA.

RESOLVED: Members noted the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with requirements set out in the CIPFA Accounting Code of Practice.

16 AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT 2024/25

The Assistant Director - Resources presented the Committee's annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.

RESOLVED: Members

- a. Approved the Annual Report of the Audit and Governance Committee for 2024/25 as attached at Appendix A; and**
- b. Delegated to the Head of Governance and Corporate Services approval to update the Annual Report for publication to reflect the attendance at and outcomes of this meeting and the final outcomes of internal audit reviews completed by the end of the year**

10 **EXTERNAL AUDIT PLAN - AUDIT OF YEAR ENDING 31 MARCH 2025 (FUND)**

Elizabeth Wharton, the external auditor from KPMG, presented the External Audit Plan and Strategy for South Yorkshire Pension Fund for the year ending 31 March 2025. She highlighted the following:

- The approach to setting materiality was the same as last year, set at a level of 1% of total assets.
- The audit plan has taken into account key developments including that the Fund has transferred all but three commercial properties to a pooled vehicle with Border to Coast and that the Fund has appointed a new custodian, which will be implemented from 1 April 2025.
- There are fewer risks set out in the plan – this does not mean there will be less audit work but reflects the impact of the change noted above regarding directly held property and that there is now a better understanding of the risks involved and where audit work will be focussed.
- The audit team includes a refresh with a new in-charge who is very experienced alongside consistency from the continued involvement of the Director and Senior Manager for the audit.
- Audit fees are set out on page 15 of the plan report covering both Authority and Fund audits. It was noted that the fee shown here for the 2023/24 IAS19 assurance letters was subject to approval by PSAA (Public Sector Audit Appointments Ltd).

Members welcomed the increase in materiality for the Authority and the lowering of the risk level across Authority and Fund and acknowledged the positive development of the working relationship between SYPA and KPMG over the last year allowing the external auditors to increase understanding and provide more detailed feedback.

Members asked if KPMG were on track to deliver the accounts audit for approval and finalisation by September 2025 as stated in the plans for the Authority and for the Fund.

The Senior Manager explained that there was a robust plan in place to deliver the audit by September 2025 as stated in the report and that KPMG would continue to work closely with SYPA to communicate progress made by using a tracker and holding regular meetings.

Members asked for clarification on the rotation of SYPA's assigned audit team at KPMG. The Senior Manager explained that Richard Lee was the engagement lead for SYPA and that 2025/26 would be his second year in this position. It was explained

that engagement leaders are required to rotate after 5 years (or 5 sets of accounts) meaning Richard Lee had a remaining 4 years (or 4 complete sets of accounts) as external audit lead to SYPA and that there were no other members of the team who needed to consider this requirement.

RESOLVED: Members received and noted the External Auditor's Audit Plan for the year ending 31 March 2025 for the Pension Fund.

13 PROGRESS ON ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2024/25

The Assistant Director – Resources presented the Committee with an update on current progress against the Annual Governance Statement action plan as part of the assurance process in preparation of the 2024/25 Annual Governance Statement.

Members welcomed the progress detailed in the report, in particular the progress on the Pensions Administration Improvement and Backlog Clearance Plan. The Director added that, at the time of the meeting, 63% of the backlog had been cleared and that progress was continuing and on track.

Members asked how they would be informed of the progress of the action plan to the end of 2024/25.

The Assistant Director – Resources explained that the Annual Governance Statement 2024/25 showing all progression on the agreed actions would be brought to the first meeting of the Authority in 2025/26 (5 June 2025) for member consideration and approval.

RESOLVED: Members

a. Noted and welcomed the progress being made; and

b. Considered if any further information or explanation was required from officers

14 PROGRESS ON AGREED MANAGEMENT ACTIONS

The Team Leader – Governance presented the report to update Members on the actions being taken in response to audit review findings during the current financial year and in previous financial years.

RESOLVED: Members:

a. Noted the progress being made on implementing agreed management actions; and

b. Considered if any further information or explanation was required from officers.

15 AUDIT & GOVERNANCE COMMITTEE EFFECTIVENESS REVIEW REPORT 2024/25

The Assistant Director - Resources presented the results of the Committee's review of its effectiveness in 2024/25.

RESOLVED: Members agreed the Effectiveness Review report at Appendix A and the recommended actions therein.

17 WORK PROGRAMME, GOVERNANCE AND TRAINING DATES 2025/26

The Team Leader – Governance presented the proposed 2025-26 work programme for the Committee for approval. The Team Leader – Governance asked for requests from members for training topics related to the upcoming work programme to be covered in bitesize briefing sessions of approximately 30-minutes provided immediately following each formal meeting. Suggested topics included Corporate Assurance, Risk Management, Accounting Practices, Gifts and Hospitality and Conflicts of Interest and the Team Leader – Governance welcomed further suggestions following the meeting with a schedule to be shared once confirmed.

RESOLVED: Members approved the 2025/26 work programme attached at Appendix A.

12 ANNUAL REVIEW OF GOVERNANCE COMPLIANCE STATEMENT 2024/25

The Director presented the report and sought the Audit & Governance Committee's approval of the annual update of the Governance Compliance Statement for 2025

RESOLVED: Members approved the Governance Compliance Statement at Appendix A.

CHAIR

Agenda Item

Subject	Internal Audit Annual Report 2024/25	Status	For Publication
Report to	Audit and Governance Committee	Date	17/07/2025
Report of	Head of Corporate Assurance (Head of Internal Audit)		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	sharonbradley@barnsley.gov.uk		

1. Purpose of the Report

- 1.1 To report on the Corporate Assurance Team's completed assignments relating to the 2024/25 internal audit plan, agreed management actions and also the Head of Corporate Assurance's (as the Head of Internal Audit) assurance opinion based on the work undertaken.

2 Recommendation

- 2.1 *Members are recommended to consider and receive the report.*

3. Background Information

- 3.1 The Audit and Governance Committee has responsibility for reviewing the adequacy of the Authority's corporate governance arrangements, including those relating to internal control and risk management. The reports issued by Corporate Assurance are a key source of assurance contributing to the evidence the Committee receives to assure them that the governance, risk and internal control environment is adequate and operating as intended.

At the end of the financial year, the Head of Corporate Assurance (the designated Head of Internal Audit) produces an Annual Report, which provides an overall opinion on the adequacy of the Authority's governance, risk and internal control environment and compliance with it during the year.

4. Implications

- 4.1 The proposals outlined in this report have the following implications

Financial	The cost of the services of the internal audit services provided by the Corporate Assurance Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration

	of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

Sharon Bradley CMIIA

Head of Corporate Assurance (Head of Internal Audit)

Background Papers	
Document	Place of Inspection
Background papers and other sources of reference include: Internal Audit Charter 2024-26, Annual Plan 2024-25, Individual Internal Audit Reports, MK Insight (Audit Management System), Public Sector Internal Audit Standards (PSIAS)	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

South Yorkshire Pensions Authority Corporate Assurance (Internal Audit) Annual Report 2024/25

Audit and Governance Committee

17th July 2025

The matters arising in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

CORPORATE ASSURANCE (INTERNAL AUDIT) ANNUAL REPORT 2024/25

Purpose of this report

To report on the Corporate Assurance Team's completed internal audit assignments relating to the 2024/25 Plan, agreed management actions and the Head of Corporate Assurance's assurance opinion on the Authority's internal control, risk management and governance arrangements based on the work undertaken.

Background

In accordance with statutory best practice provided by the Public Sector Internal Audit Standards (PSIAS), there is a requirement that the Head of Corporate Assurance (Internal Audit) (HoCA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control based on the audit work undertaken. For the Authority, the appropriate member body is the Audit and Governance Committee.

The Accounts and Audit Regulations require all local authorities to publish an Annual Governance Statement (AGS) providing a narrative on the Authority's internal control, risk management and governance framework, the results of the annual review process and detailing any actions to be taken in respect of any identified weaknesses. The AGS will address all aspects of corporate governance including internal control and risk management arrangements, in addition to financial controls.

This report provides a summary of key issues arising from the work of Corporate Assurance covered in the 2024/25 Internal Audit Plan and up to the point of preparing this report, which contributes to the overall assurance opinion the HoCA is able to give the Audit and Governance Committee. The work of Corporate Assurance has been undertaken throughout the year with no impairment to our independence or objectivity.

Although providing an important and significant contribution to the assurances the Audit and Governance Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Audit and Governance Committee will receive the AGS for 2024/25 at the July meeting. The Audit and Governance Committee are therefore encouraged to consider this annual report in the context of broader sources of assurance.

The financial budget for the Internal Audit service provided by the Corporate Assurance Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Corporate Assurance's opinion is provided reflecting all the work undertaken at the point of the approval of the AGS and Accounts.

Head of Corporate Assurance's Indicative Opinion on the Effectiveness of the Authority's Governance, Risk and Internal Control Environment

The Audit and Governance Committee has received progress reports throughout the year. In each of these reports an indicative **reasonable** annual assurance opinion had been given reflecting on an incremental basis an overall satisfactory level of internal controls and their application and also satisfactory governance and risk arrangements.

Taking the whole year into account, the reviews completed and status of the approved annual plan (in terms of amendments and deferrals requested by management in year), it is appropriate to give an overall **reasonable** (positive) assurance opinion for the year. The information supporting this opinion is provided below.

The general financial pressures on the public sector, coupled with significant legislative and organisational changes in the pensions arena will in turn place pressure on the capacity of senior management that if not managed effectively could give rise to threats to the effectiveness of the control, risk and governance framework. The Authority's Senior Management Team will need to remain focused on maintaining a sound internal control, risk and governance framework – i.e. 'staying safe' in 2025-26 and beyond. The 2025-26 Internal Audit Plan aims to support the Authority and Senior Management through this period as well as focus on particular areas of activity and responsibility identified as higher risk.

The Head of Corporate Assurance is conscious of the extent and nature of overall scrutiny, oversight and challenge the Authority is subject to. Of particular importance is the good and effective working relationship between the Corporate Assurance Team and senior management and other managers, to ensure an efficient review is delivered and resources are directed to the most important areas of risk.

Although review work aims to cover a broad range of services, systems and areas of Authority activity, it needs to be recognised that coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly, the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Director regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.

There have been plan amendments in year relating to four areas where Internal Audit was to provide advice, support and guidance to management during the internal developmental (project) work. However, for a number of reasons, these were scaled back and/ or deferred into 2025/26. Refer to page 7 and also Appendix B for details.

To remind the Committee, assurance opinions are classified within a range of four options, two positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exists that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable Assurance	A sufficient framework of key controls exists that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	Risk exists of objectives not being achieved due to the absence of key controls in the system.	A significant breakdown in the application of key controls.
	No Assurance	A significant risk exists of objectives not being achieved due to the absence of controls in the system.	A fundamental breakdown in the application of all or most controls.

The Corporate Assurance Team seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2024-25, no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this annual assurance opinion.

Summary of the Corporate Assurance Team's Internal Audit Work and Coverage 2024-25

The Corporate Assurance Team aims to utilise a risk-informed approach to planning its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by the work undertaken. The Corporate Assurance Team was able to use the Strategic and Operational Risk Registers to contribute to the planning of coverage. The planning process and details of the 2024-25 Plan were reported to the Audit Committee in the March 2024 meeting.

The Audit and Governance Committee has received reports at each meeting that incorporate the results of review work and management's response on a continuous basis. A summary of the finalised reports for 2024-25 is at Appendix A.

At the beginning of the year provision is made in the allocation of corporate assurance resources for unplanned work, through a contingency. As requests for review work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.

It should also be noted that internal audit work is variable both in its nature and timing. The risk-informed approach aims to ensure the highest priority work is undertaken. As with all plans, the Plan was determined at a particular point in time (March 2024) utilising information available and has been subject to changes in certain areas. The Audit and Governance Committee should be assured that within the finite resources available to Corporate Assurance, the key risks identified have either received attention during the year or are reflected in the plan for 2025-26.

2024-25 Internal Audit Plan Progress

The following table shows the delivery of the corporate assurance planned days for 2024-25 (incl. days spent on completing 2023-24 work in Q1 of the financial year), with a breakdown per Service Area. A further table confirms the number of planned assignments for the 2024-25 planned days and those completed at the time of drafting this report.

As at financial year end, we had delivered 88% of the planned days (12% of the planned days remained in contingency i.e. unallocated at year end) and a total of 15 formal reports have now been completed. The majority of work was scheduled to be undertaken towards the end of the financial year and Corporate Assurance profiled their resources accordingly.

Two reviews were deferred into 2025-26, these being the provision of advice / support to management during the design and implementation of the new Staff Payroll and HR System and the new Investment Management System. There was a reduction in time required to advise and support management in the Business Continuity Arrangements due to an external consultant being commissioned by management in-year. Also, a reduction in time required in-year to develop a Performance Management Framework. Refer to Appendix B for details.

Delivery of 2024-25 Plan – Days Delivered as at 31st March 2025

	Original plan days	Revised plan days	Actual days (% of revised days)
Finance	80	77	76.5 (99%)
Pensions Administration	10	18	17 (94%)
Investment Strategy	26	17	16.9 (99%)
Authority Wide	54	49	49.8 (102%)
Corporate Services	28	16	16.3 (102%)
Contingency	2	23	
Chargeable Planned Days	200	200	176.5 (88%)

Delivery of 2024/25 Plan – Planned Assignments Delivered as at 15th June 2025

	Planned Assignments	Actual Assignments Completed
Finance	8	8
Pensions Administration	1	2*
Investment Strategy	2	2
Corporate Services	1	1
Authority Wide	2	2
	14	15

* There has been one change to the 2024-25 plan during the year which resulted in an additional review relating to the Customer Service Contact Centre being incorporated into the plan (as part of the utilisation of the DPO assurance days).

Summary of Governance, Risk and Internal Control Issues Arising from Corporate Assurance's Internal Audit Work in 2024-25

Corporate Assurance has completed 15 individual reviews of aspects of the Authority's governance, risk and internal control framework during 2024-25 that resulted in a formal report. These reviews sought to identify, test and review various controls to ensure management were meeting their responsibilities to establish and adhere to appropriate systems of internal control.

A summary of the assurance opinions given for the 15 reports issued, where an assurance opinion was provided, are shown below together with a comparison to 2023/24 and 2022/23.

Assurance Opinion		2024/25 Completed		2023/24		2022/23	
		No.	%	No.	%	No.	%
Positive Opinions	Substantial	12	80%	8	57%	3	27%
	Reasonable	3	20%	5	36%	8	73%
Negative Opinions	Limited	0	0%	1	7%	0	0%
	No Assurance	0	0%	0	0%	0	0%
TOTAL		15	100%	14	100%	11	100%

Across the various completed pieces of work 13 implications were reported and management actions agreed. These are summarised below:

	2024/25		2023/24		2022/23	
AMA Category	No.	%	No.	%	No.	%
High	0	0%	0	0%	1	4%
Medium	1	8%	9	50%	14	58%
Low	12	92%	9	50%	9	38%
Total	13	100%	18	100%	24	100%

One medium (8%) and twelve low (92%) categorised management actions were made in relation to reviews completed during 2024/25. In all cases, management have agreed to implement the required actions and set timescales for implementation. There were no high categorised management actions identified from any of the reviews.

Although there has been significant pressure on management throughout the year and across all services, Corporate Assurance has continued to get good co-operation from management across the Authority and at various levels.

Details of the key issues arising from these reviews have been presented to the Audit and Governance Committee in the progress reports at each meeting.

As stated in the progress reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential/risk* that losses or inefficiencies could occur.

An important part of Corporate Assurance's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority, all eight reviews resulted in substantial assurance in 2024/25.

Corporate Assurance monitors the implementation of management actions. The progress is reported to the Audit and Governance Committee via the internal audit progress reports. These include the priority level and status of newly added management actions. As at 15th June 2025, there were no management actions that remained outstanding six months after the original agreed implementation date and/or that had 3 revisions to the original agreed implementation date.

The timeliness of when management implement their agreed actions has been generally satisfactory throughout the year, with reasons provided where original agreed dates have not been met and revised dates provided.

Other Corporate Assurance work undertaken

Corporate Assurance undertake work in other areas that doesn't necessarily produce a report or a specific opinion. However, all corporate assurance work is considered in the preparation of this annual report. The table below shows the areas of other Corporate Assurance activity.

Corporate Assurance (Internal Audit) Activity	Description
Follow-up of Agreed Management Actions	Regular work undertaken to follow-up of agreed management actions.
Liaison, Planning and Feedback	Meeting with Senior Management regarding progress of corporate assurance work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters.
Advice – DPO Assurance	A review of documentation (where required).
Audit and Governance Committee Support	Time taken in the preparation of Committee reports, Member training (where required), general support and development.
Chairs Briefing	To provide training and support to the Chair of the Audit Committee on audit & risk.
NFI	Time allocated to undertake the National Fraud Initiative data matching exercise.
Project / Programme Management	To provide high level advice, support and guidance to the newly appointed Project Manager, during the development and implementation of a programme/ project management framework.

Appendix A

Summary of Corporate Assurance (Internal Audit) Reports 2024-25

Assignment	Assurance Opinion	Number of implications raised:			Total	Agreed
		High	Medium	Low		
Authority Wide: Data Protection / UK GDPR – Data Breaches & DPIAs	Reasonable	0	0	2	2	2
Authority Wide: Pentana Risk Management System – PIR	Substantial	0	0	1	1	1
Finance: Purchase Management (Purchase to Pay)	Substantial	0	0	2	2	2
Finance: Main Accounting	Substantial	0	0	0	N/A	N/A
Finance: Other Benefits (incl. Transfer Values / Lump Sums / Rechargeable Pensions)	Substantial	0	0	0	N/A	N/A
Finance: Valuation of Assets	Substantial	0	0	0	N/A	N/A
Finance: Treasury Management	Substantial	0	0	0	N/A	N/A
Finance: Pensions (UPM) Payroll	Substantial	0	0	0	N/A	N/A
Finance: Staff Payroll	Substantial	0	0	0	N/A	N/A
Finance: Fund Contributions	Substantial	0	0	0	N/A	N/A
Pensions Admin: Pensions Administration System	Reasonable	0	1	2	3	3
Pensions Admin: Customer Services including Contact Centre	Reasonable	0	0	3	3	3
Corporate Services: Corporate Strategy / HR Strategy	Substantial	0	0	1	1	1
Investment Strategy: Investment Strategy and Decision Making	Substantial	0	0	0	0	N/A
Investment Strategy: Climate Change and Net Zero Carbon	Substantial	0	0	1	1	1
Total		0	1	12	13	13

Appendix B

Plan Amendments During the Year

Assignment	Outline Scope / Purpose	Reason for Plan Amendment
Performance Management Framework	To provide advice, support, and guidance to management during the design and implementation of the Performance Management Framework.	Advice, support and guidance on implementation of the Performance Management Framework deferred to 2025/26.
Business Continuity Planning	To provide assurance that the lessons learned and innovative working practices arising from the reactive phase to the pandemic and also the revised arrangements following the office move have been considered and factored into BAU (where required). The BCP Plans have been revised, updated and tested.	Corporate Assurance work scaled back due to reduced level of support required by management following appointment of an external consultant to review the Authority's Business Continuity arrangements.
Staff Payroll and HR System – Design and Implementation	To provide advice, support and guidance to management during the design and implementation stages of the Payroll and HR System(s). Currently Flexipay and T&A. The systems and processes need modernising incl. workflows e.g. online expenses claims, and better interfacing with the Internet site for recruitment.	Deferred to 2025 by management.
Investment Management System – Design and Implementation	To provide advice, support and guidance to management during procurement and implementation of the new Custodian.	Deferred to 2025/26 to allow for the Contract arrangements with the new Custodian to be fully established.

Agenda Item

Subject	Internal Audit Progress Report	Status	For Publication
Report to	Audit and Governance Committee	Date	17/07/2025
Report of	Head of Corporate Assurance (Internal Audit)		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	SharonBradley@barnsley.gov.uk		

1. Purpose of the Report

- 1.1 The purpose of this report is to provide a summary of the Corporate Assurance Team's internal audit activity completed, and the key issues arising from it, for the period 1st April 2025 to 29th June 2025.
- 1.2 To provide information regarding the performance of the Corporate Assurance Team during the period.

2 Recommendation

- 2.1 **It is recommended that Members consider the report and as necessary request further information and/ or explanations from the Corporate Assurance Team or Management.**

3 Background Information

- 3.1 The Audit and Governance Committee has responsibility for reviewing the adequacy of the Authority's corporate governance arrangements, including those relating to internal control and risk management. The reports issued by the Corporate Assurance Team are a key source of assurance contributing to the evidence the Committee receives to assure them that the internal control environment is operating as intended.
- 3.2 The Head of Corporate Assurance produces an Annual Report (reported into the July Committee meeting), which provides an overall opinion on the adequacy of the Authority's control environment and compliance with it during the year.

4. Implications

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

Financial	The cost of the services of the Internal Audit service provided by the Corporate Assurance Team is contained within the budget and is periodically invoiced.
Human Resources	n/a
ICT	n/a
Legal	Section 73 of the Local Government Act 1985 requires the Authority to make arrangements for the proper administration of its financial affairs; and Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to maintain an adequate and effective system of Internal Audit (Corporate Assurance) of its accounting records and of its system of internal control. This report does not contain any information which is exempt under the Freedom of Information Act 2000.
Procurement	n/a

Background Papers	
Document	Place of Inspection
Background papers and other sources of reference include: Corporate Assurance Mandate and Charter 2025-28, Annual Plan 2025-26, Individual Assurance Reports, MK Insight (Audit Management System), Global Internal Audit Standards UK 2025	Barnsley Metropolitan Borough Council, Westgate Plaza, Barnsley.

South Yorkshire Pensions Authority Corporate Assurance (Internal Audit) Progress Report

Audit and Governance Committee

17th July 2025

The matters arising in this report are only those which came to our attention during our corporate assurance work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

CORPORATE ASSURANCE (INTERNAL AUDIT) PROGRESS REPORT

1st April 2025 to 29th June 2025

Purpose of this report

This report has been prepared to update the Committee on our activity for the period 1st April 2025 to 29th June 2025, bringing to your attention matters that are relevant to your responsibilities as members of the Authority's Audit and Governance Committee. The report also provides information regarding the performance of the Corporate Assurance Team during the period.

Corporate Assurance (Internal Audit) Plan Progress 2025-26

The following table shows the progress of the corporate assurance plan 2025-26 up to the 29th June 2025, analysed by the number of planned assignments and days delivered by Service Area.

To date, we have delivered 10% of the total planned days. The 2025/26 plan (as in previous years) is profiled more heavily towards the end of the financial year and Corporate Assurance has profiled its resources accordingly.

Position as at 29th June 2025- Plan Days Delivered

2025/26 Plan	Original Plan Days	Revised Plan Days	Actual days (% of revised days)
Finance & Resources	75	75	2 (10%)
Pensions Administration	28	28	7 (35%)
Authority Wide	79	79	11 (55%)
Investment Strategy	8	8	0 (0%)
Corporate Services	15	15	0 (0%)
Contingency	2	2	
Chargeable Planned Days	207	207	20 (10%)

Position as at 29th June 2025 – Planned Assignments With Report

	Planned assignments in year	Assignments to be completed in period	Actual assignments completed in period	Actual assignments completed to date
Finance & Resources	9	0	0	0
Pensions Administration	4	0	0	0
Investment Strategy	0	0	0	0
Corporate Services	1	0	0	0
Authority Wide	4	0	0	0
Total	18	0	0	0

Changes to the 2025/26 Plan

At the beginning of the year provision is made in the allocation of corporate assurance resources for unplanned work, through a contingency. As requests for work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. There have been no changes to the plan during this period.

Final Reports Issued

There have been no final reports issued during the period relating to the 2025/26 plan. All final reports issued relating to 2024/25 are included in the Head of Corporate Assurance's Annual Report.

Other Corporate Assurance work undertaken

Assurance Activity	Description
Follow-up of Agreed Management Actions (AMAs)	Regular work undertaken to follow-up agreed management actions.
Planning, Liaison and Feedback	Meeting and corresponding with Senior Management regarding progress of assurance work, future planning, and general client liaison.
Advice	General advice to services regarding controls, risk, or governance.
Audit and Governance Committee Support	Time taken in the preparation of Audit and Governance Committee reports, Member training (as required), general support and development.
Audit and Governance Committee Awareness Session	To provide training and support to members of the Audit & Governance Committee on the Assurance Framework and also Global Internal Audit Standards UK.
National Fraud Initiative	Time allocated to provide assurance that the NFI data matching exercises have been undertaken.
Annual Governance Statement Process	To provide advice, support and challenge to management during the drafting of the Annual Governance Statement.
DPO Assurance	Time allocated for IA to undertake reviews commissioned by the Data Protection Officer.
Data Quality	To provide advice, support and guidance re data ownership, quality and integrity across the organisation. To include a review of the Data Quality Improvement Plan.
Performance Management Framework	To provide advice, support, and guidance to management during the design and implementation of the Performance Management Framework.
Contract Management	To provide advice, support and guidance to management during the development and implementation of a Contract Management Framework.
Staff Payroll and HR System – Design and Implementation	To provide advice, support, and guidance to management during procurement and implementation of the new Staff Payroll and HR System.
Contract Management – New Custodian	To provide advice, support and guidance to management on contract management arrangements following appointment of the new Custodian.
Investment Oversight Model	To provide advice, support and guidance to management following implementation of the Investment Oversight Model.

Work in Progress

The following table provides a summary of the internal audit reviews in progress at the time of producing this report:

Directorate- Assurance Assignment	Pre-Planning	Work in Progress	Draft Report
Pensions Admin: Child Pensions Review		✓	
Service Wide: Procurement Compliance		✓	
Finance: Treasury Management		✓	
Finance: Fund Contributions		✓	
Service Wide: Member Learning & Development		✓	
Service Wide: Cybersecurity	✓		

Follow-up of Corporate Assurance Report Management Actions

The following table shows the status of agreed management actions due for completion during the period:

Management Action Classification	Followed up	Not Yet Due	Closed - Implemented	Revised target date agreed	Awaiting Update From Mgt
High	0	0	0	0	0
Medium	1	0	0	1	0
TOTAL	1	0	0	1	0

The Corporate Assurance Team continues to get good co-operation from management including the Senior Management Team (SMT) and as such is able to closely monitor any implications that may arise from a delay in the implementation of management actions.

Corporate Assurance Team performance indicators and performance feedback for 2024/25 (Quarter 4)

The Corporate Assurance Team's performance against a number of indicators is summarised below. The Service uses a range of performance indicators to monitor operational efficiency. Quarterly performance of the function is satisfactory and all PIs for the year are either on or exceed target levels.

Ref.	Indicator	Frequency of Report	Target 2024/25	This Period	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an assurance report.	Quarterly	95%	100%	100%

Ref.	Indicator	Frequency of Report	Target 2024/25	This Period	Year to Date
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final assurance reports issued within 10 working days of completion and agreement of the draft assurance report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	68%	78%	69%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0 days	3.69 days
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total costs v budget.	Quarterly	Within budget	Yes	Yes

Performance indicator definitions and supporting information

PI Ref	Indicator	Comments
1.1	Percentage of favourable questionnaire responses received (noted “good” or “very good”) relating to work concluding with an assurance report.	Client Sponsor and Operational Lead Questionnaires are circulated at the end of each piece of work. The questionnaires ask specific questions covering the effectiveness of pre-planning, communication, timing, and quality of the assurance report/output. An overall assessment is sought as to the overall value of the work. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the assurance process are monitored and improved.
2.1	Percentage of final assurance reports issued within 10 working days of completion and agreement of the draft assurance report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of Senior Corporate Assurance staff to clear the report and any issues the Service’s quality assessment process highlights along with the availability of the client sponsor.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of the Corporate Assurance Team taking into account allowances for administration, general management, training, and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	The Corporate Assurance Team place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total costs v budget.	This is a simple overall measure to note whether the Service’s expenditure for the year has been kept within the budget.

Head of Corporate Assurance's Opinion

The Head of Corporate Assurance, as Head of Internal Audit for the Authority, must deliver an annual assurance opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

At this point in the year, based on work completed to date, it is anticipated that a **Reasonable** (positive) overall assurance opinion will be provided.

Corporate Assurance Contacts

Contact	Title	Contact Details
Sharon Bradley	Head of Corporate Assurance	Mobile: 07795 305846 Email: SharonBradley@barnsley.gov.uk
Caroline Hollins	Corporate Assurance Manager	Mobile: 07809 103249 Email: CarolineHollins@barnsley.gov.uk

KEY TO CORPORATE ASSURANCE (INTERNAL AUDIT) GRADINGS AND CLASSIFICATION OF IMPLICATIONS

1. Classification of Implications (impact)

High	Requires immediate action – imperative to ensuring the objectives of the system under review are met.
Medium	Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
Low	Action is advised to enhance control or improve operational efficiency.

2. Assurance Opinions

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	None	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.

Agenda Item

Subject	Annual Review of Effectiveness of Corporate Assurance (Internal Audit)	Status	For Publication
Report to	Audit and Governance Committee	Date	17/07/2025
Report of	Head of Corporate Assurance (Internal Audit)		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	SharonBradley@barnsley.gov.uk		

1. Purpose of the Report

- 1.1 The purpose of this paper is to inform the Committee of the current position in terms of the self-assessment to measure compliance against the new Global Internal Audit Standards UK (GIAS) that became effective on 1st April 2025. The requirement to undertake an annual self-assessment, to have an external quality assessment (EQA) every 5 years and to maintain a Quality Assurance and Improvement Programme (QAIP) for the Corporate Assurance (Internal Audit) function is required by the GIAS (this was also a requirement of the previous standards).

2. Recommendation

- 2.1 **Members consider and assess the proposed QAIP Framework which sets out how it will meet the requirements set out in the GIAS.**
- 2.2 **That the Committee receives a mid-year update report to confirm progress made in the implementation of the QAIP.**

3. Background Information

- 3.1 The GIAS replaced the Public Sector Internal Audit Standards (PSIAS) that had been in place since April 2017. Within the standards is the requirement for the Head of Corporate Assurance (Internal Audit) to develop and maintain a Quality Assurance and Improvement Programme (QAIP).
- 3.2 The particular standards in the GIAS are:
- 8.3 and 8.4 – Quality and External Quality Assessment, which are included under Domain Three, Governing the Internal Audit Function and
 - 12.1 – Enhancing Quality, which is included under Domain Four, Managing the Internal Audit Function.

- 3.3 The GIAS, akin to the previous professional standards, incorporate the duty to undertake an annual self-assessment and an independent external assessment against the GIAS once every five years. An independent external assessment was undertaken during 2021 and reported to the Audit & Governance Committee in September 2021. This assessment confirmed that the Internal Audit function was in full conformance with the PSIAS. The next EQA is due in Autumn 2026 and the Committee will be consulted on this prior to a provider being procured.
- 3.4 It is important for the Corporate Assurance Team and client organisations that the requirements of professional standards are met and are seen to be met. A framework has been developed to ensure all aspects of the GIAS are considered and factored into how the Corporate Assurance function is resourced, managed, assurance work is identified and delivered, and personal professional standards are met.
- 3.5 The full GIAS covering Quality is attached as Appendix 1. Note that the GIAS refers to the *chief audit executive* as a generic term for the officer responsible for the Corporate Assurance (Internal Audit) function. Also, the term '*board*' is used which in the public sector context is the audit committee. CIPFA have produced a Code of Practice to provide guidance to ensure consistency in how the GIAS are interpreted specifically in a UK local government context.
- 3.6 A self-assessment has been undertaken by the Head of Corporate Assurance against the Global Internal Audit Standards (GIAS), the CIPFA Code of Practice and also CIPFA Application Note. The outcomes of the self-assessment are included at Appendix 2 in terms of actions required to ensure full compliance with the Standards and/ or to continuously improve and enhance the Function.
- 3.7 In order to ensure continuous improvement and focus on quality and conformance, a Corporate Assurance Manager has been designated the responsibility to maintain and manage the QAIP and general quality process. The Action Plan will, as previously, be updated and discussed with the management team on a quarterly basis.
- 3.8 The following actions are undertaken on an annual basis (and then as and when required during the financial year):-
- a) Each member of the team completes an annual declaration of interests form, to identify any potential areas of conflict for which they will not be assigned Corporate Assurance work. This is a Code of Conduct and GIAS requirement, to demonstrate Corporate Assurance's continued independence and objectivity.
 - b) Each member of the team has regular formal one to ones with their direct line manager, with learning and development opportunities identified being recorded on the Function's Training Plan and monitored.

- 3.9 Clearly, ensuring a Corporate Assurance function meets all its professional standards is vitally important to provide client organisations with the best possible service. However, faced with increasing pressure on assurance days it is equally essential to balance the input of resources to manage quality and professional standards compliance against actually delivering the assurance function. A key role of the Head of Corporate Assurance and the Corporate Assurance Managers is to constantly review this balance.

4. List of Appendices

Appendix 1 - Global Internal Audit Standards - Extract
Appendix 2 - QAIP Action Plan

Sharon Bradley CMIIA
Head of Corporate Assurance (Internal Audit)

Contact Officer: **Sharon Bradley CMIIA**
Head of Corporate Assurance (Internal Audit)
sharonbradley@barnsley.gov.uk
Tel: 07795305846

GLOBAL INTERNAL AUDIT STANDARDS - EXTRACT

Standard 8.3 Quality

Requirements

The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:

External assessments. (See also Standard 8.4 External Quality Assessment.)

Internal assessments. (See also Standard 12.1 Internal Quality Assessment.)

At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:

The internal audit function's conformance with the Standards and achievement of performance objectives.

If applicable, compliance with laws and/or regulations relevant to internal auditing.

If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

Essential Conditions

Board

Discuss with the chief audit executive the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.

Approve the internal audit function's performance objectives at least annually. (See also Standard 12.2 Performance Management.)

Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:

- Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.
- Considering the results of the internal audit function's quality assurance and improvement program.
- Determining the extent to which the internal audit function's performance objectives are being met.

Senior Management

- Provide input on the internal audit function's performance objectives.
- Participate with the board in an annual assessment of the chief audit executive and internal audit function.

Standard 8.4 External Quality Assessment

Requirements

The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor® designation.

Essential Conditions

Board

Discuss with the chief audit executive the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.

Collaborate with senior management and the chief audit executive to determine the scope and frequency of the external quality assessment.

Consider the responsibilities and regulatory requirements of the internal audit function and the chief audit executive, as described in the internal audit charter, when defining the scope of the external quality assessment.

Review and approve the chief audit executive's plan for the performance of an external quality assessment.

Such approval should cover, at a minimum: The scope and frequency of assessments.

The competencies and independence of the external assessor or assessment team.

The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.

Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.

Review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable.

Approve a timeline for completion of the completion of the action plans and monitor the chief audit executive's progress.

Senior Management

Collaborate with the board and the chief audit executive to determine the scope and frequency of the external quality assessment.

Review the results of the external quality assessment, collaborate with the chief audit executive and board to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.

Standard 12.1 Internal Quality Assessment

Requirements

The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.

The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes:

Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives.

Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.

Communication with the board and senior management about the results of internal assessments.

Based on the results of periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management. (See also Standards 8.1 Board Interaction, 8.3 Quality, and 9.3 Methodologies.)

Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organisation's external quality assessment. (See also Standard 8.4 External Quality Assessment.)

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact.

Quality Assurance Improvement Plan (QAIP)

No.	Continuous Improvement Area	Rationale / Action	Priority	Lead Officer	Timescale	Current Status
1	Briefings for SMT and Audit Committees	Need to schedule further briefing session in for Audit & Governance Committees (all clients) and also SMTs. To include outcome of GIAS self-assessment and QAIP (incl. mid-year update).	H	HoCA	31/07/2025	In progress in terms of scheduling in the briefings.
2	Charter and Mandate	Need to revisit and update the Charter (and include Mandate) to take into account new GIAS requirements.	H	HoCA	30/06/2025	Completed.
3	Charter and Mandate	Consider separately publishing the Mandate and Charter on the website - speak to comms & marketing.	H	HoCA	31/07/2025	Not yet due.
4	EQA Procurement report to A&G Committee	Schedule an EQA procurement options report on A&G Committee forward plan.	M	HoCA	30/04/2026	Not yet due.
	Data Analytics	Project to continue in terms of exploring the methodology and opportunities to utilise data analytics / AI in Corporate Assurance related work.	M	CAM (DW)	31/12/2025	Ongoing.
	Stakeholder Engagement Strategy	Consider developing a strategy to clearly set out the purpose, frequency and medium to be used for liaison meetings.	M	HoCA	30/09/2025	To revisit and update (if required) the existing Strategy.
7	Dashboard development	Development of dashboards to communicate key messages incl. good news / best practice, themes of findings and implications etc.	M	HoCA	31/03/2026	Not yet due.
8	Audit recommendation escalation	Consider formally documenting escalation discussions where CA / management disagree on implications, including resolutions reached.	L	HoCA	31/03/2026	Not yet due.
9	Operational procedures	Revisit the operational procedures and also checklist on MKI, to update where required in terms of GIAS requirements.	H	CAM (CH)	31/08/2025	Not yet due.
10	Other assurance	Consideration of enhancing the existing arrangements for sharing of internal / external assurance reports - assurance map / corporate hub?	M	HoCA	31/03/2026	Not yet due.

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Agenda Item

Subject	Corporate Assurance (Internal Audit) Mandate and Charter & Strategy Report 2025-2028	Status	For Publication
Report to	Audit and Governance Committee	Date	17/07/2025
Report of	Head of Corporate Assurance		
Equality Impact Assessment	Not Required		
Contact Officer	Sharon Bradley	Phone	07795 305846
E Mail	SharonBradley@barnsley.gov.uk		

1 Purpose of the Report

- 1.1 This report presents to the Committee the Corporate Assurance (Internal Audit) Mandate and Charter & Strategy for approval as required by the Global Internal Audit Standards UK (GIAS).

2 Recommendation

- 2.1 **The Committee is recommended to consider and approve the Corporate Assurance (Internal Audit) Mandate and Charter & Strategy and consequently be assured that the Corporate Assurance function operates in accordance with the relevant standards.**

3 Background Information

- 3.1 The GIAS UK replaced the Public Sector Internal Audit Standards (PSIAS) that had been in place since April 2017. Within the standards is the requirement for the Head of Corporate Assurance (Internal Audit) to draft a Mandate and Charter & Strategy and present this to the Board.

- 3.2 The particular standards in the GIAS are:

- 6.1 – Internal Audit Mandate which is included under Domain Three, Governing the Internal Audit Function
- 6.2 – Internal Audit Charter which is included also included under Domain Three
- 9.2 – Internal Audit Strategy which is included under Domain Four, Managing the Internal Audit Function.

Refer to Appendix 1 for an extract of the relevant Standards in the GIAS.

- 3.3 The Mandate and Charter is structured to explain the various aspects of the function, its Mission and Core Principles, authority and scope, purpose, definitions, responsibilities of Corporate Assurance (Internal Audit) and Senior Management, the position of Corporate Assurance within the organisation, the resources, skills, competencies and standards, access to people and information, the scope of activity, planning, reporting and quality assurance. It is applicable to all client organisations and, in that context, some of the language is generic to cover the various organisations Corporate Assurance serves.

- 3.4 It is good practice to review the Mandate and Charter periodically to ensure it reflects how the function operates but also to ensure that the requirements and provisions of the GIAS are adequately covered.
- 3.5 The Strategy sets out the vision and long-term objectives of the Function, to support client organisations to achieve their strategic objectives and priorities and to enable the Function to fulfil its Mandate.

4. Appendix

Appendix 1 – Extract from GIAS Standards

Appendix 2 - Corporate Assurance Mandate and Charter 2025–2028

Appendix 3 – Corporate Assurance (Internal Audit) Strategy 2025-2028

Officer Contact: Head of Corporate Assurance (Internal Audit)
Email: sharonbradley@barnsley.gov.uk
Date: 26th June 2025

EXTRACT FROM THE GLOBAL INTERNAL AUDIT STANDARDS**Standard 6.1 Internal Audit Mandate****Requirements**

The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate. (See also Standard 6.2 Internal Audit Charter and "Applying the Global Internal Audit Standards in the Public Sector.")

To help the board and senior management determine the scope and types of internal audit services, the chief audit executive must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities. (See also Standard 9.5 Coordination and Reliance.)

The chief audit executive must document or reference the mandate in the internal audit charter, which is approved by the board. (See also Standard 6.2 Internal Audit Charter.)

Periodically, the chief audit executive must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate. If so, the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.

Essential Conditions***Board***

Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function.

Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.

Senior Management

Participate in discussions with the board and chief audit executive and provide input on expectations for the internal audit function that the board should consider when establishing the internal audit mandate.

Support the internal audit mandate throughout the organization and promote the authority granted to the internal audit function.

Standard 6.2 Internal Audit Charter

Requirements

The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

Purpose of Internal Auditing.

Commitment to adhering to the Global Internal Audit Standards.

Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. (See also Standard 6.1 Internal Audit Mandate.)

Organizational position and reporting relationships. (See also Standard 7.1 Organizational Independence.)

The chief audit executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

Essential Conditions

Board

Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.

Approve the internal audit charter.

Review the internal audit charter with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization.

Senior Management

Communicate with the board and chief audit executive about management's expectations that should be considered for inclusion in the internal audit charter.

Standard 9.2 Internal Audit Strategy

Requirements

The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate.

The chief audit executive must review the internal audit strategy with the board and senior management periodically.



BARNSLEY

Metropolitan Borough Council

CORPORATE ASSURANCE SERVICES

**Corporate Assurance (Internal Audit)
Mandate and Charter**

2025 – 2028

June 2025

1. Introduction, Mission and Core Principles

- 1.1 The Corporate Assurance function is a key component of an organisation's governance framework. As such, it aims to provide a quality objective and independent management support function in order to influence and contribute to the achievement of strategic objectives. An important part of this support is the development and maintenance of excellent client relationships and adopting an innovative and flexible approach to the delivery of the service. This Mandate and Charter provides the framework for the management and delivery of the Corporate Assurance function and is applicable to all client organisations.
- 1.2 This Mandate and Charter therefore defines the mission and core principles for the Corporate Assurance function, its authority and scope, purpose, responsibilities, position in the organisation, resources and standards, planning and reporting. This is consistent with and in compliance with the Global Internal Audit Standards (GIAS).
- 1.3 The GIAS defines internal audit (corporate assurance) as:
- “.... an independent, objective assurance and advisory service designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”.*
- 1.4 The GIAS also provides a mission for the Internal Audit (Corporate Assurance) function that articulates what it aspires to accomplish within the Council and for its external client organisations.
- 1.5 The mission is:
- “To enhance and protect organisational value by providing risk-based and objective assurance, advice, insight and foresight”.*
- 1.6 A set of 15 principles have also been defined through the GIAS aimed at articulating internal audit (corporate assurance) effectiveness. The function aims to demonstrate these principles in all it does and across all the organisations it serves. The 15 principles and how they are met are: -

Principle	How Discharged
1. Demonstrate integrity	All CA staff are obliged to adhere to the Code of Ethics within the GIAS and that of their professional body. They confirm annually that they have read, understood and will comply. Work is performed and reported upon based on honesty and professional courage.
2. Maintain Objectivity	All CA staff are obliged to adhere to the Code of Ethics within the GIAS and that of their professional body. In addition, the Council's Code of Conduct. An annual declaration of interests form is completed and this informs any pieces of work that cannot be undertaken by an officer due to an actual or perceived conflict of interest.
3. Demonstrate Competency	CA have a performance management process of specific job supervision and management complimented by regular 1:1s. Feedback from clients and peers on each piece of work is also utilised for this purpose. CA staff undertake regular specific and general training and development activities in accordance with the agreed training plan.

Principle	How Discharged
4. Exercise Due Professional Care	CA staff undertake their work with honesty, diligence and responsibility, comply with the GIAS and also observe the Standards of Public Life's Seven Principles of Public Life.
5. Maintain Confidentiality	CA staff are prudent in the use and protection of information acquired in the course of their duties. Information is not utilised for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.
6. Authorised by the Board	The HoCA reports directly to the Board and it is the Board's responsibility to approve the mandate and charter, strategy and risk based corporate assurance plan (within the approved resource envelope set by the Council's S151 Officer).
7. Positioned Independently	The HoCA has the necessary reporting lines and unfettered access to the relevant statutory officers, audit committees and the external auditors of all client organisations. The HoCA holds the Chartered Management Institute of Internal Auditors (CMIIA) qualification.
8. Overseen by the Board	The HoCA reports directly to the Board and it is the Board's responsibility to receive updates on corporate assurance activity and performance relative to the delivery of the plan and other matters (including an annual self-assessment and external quality assessment every 5 years to provide assurance on compliance with GIAS). In addition, to make appropriate enquiries of management and the HoCA to determine whether there are inappropriate scope, operational responsibility or resource limitations.
9. Plan Strategically	CA planning and delivery is built upon the knowledge of the organisation's strategies, objectives and key risks. Consideration of these is an integral part of annual and specific job planning to ensure sufficient coverage across internal controls, governance and risk management, to inform the HoCA's annual assurance opinion.
10. Manage Resources	The resources of the CA function are assessed annually as part of the assurance planning process. It is the duty of the HoCA to highlight any concern regarding the resources available for CA to the organisation.
11. Communicate Effectively	<p>As individuals, the ability to operate objectively and with an independent mind is a core attribute of being in CA and a requirement within GIAS. CA staff effectively communicate their findings, associated implications and risks arising from each piece of work completed.</p> <p>The HoCA's position within the organisation also sets this tone and is further reinforced by the specific access to information and other officers afforded to CA.</p>
12. Enhance Quality	<p>The HoCA maintains a Quality Assurance and Improvement Programme (QAIP) and also an Internal Quality Assurance Programme as required by GIAS. This aims to ensure the delivery of high-quality CA services but to also identify any opportunities for further improvement. The client feedback process is a key element of this and liaison with other external parties (e.g. S&WY HoIA Group, Chief Auditors Network).</p> <p>All CA work is designed to assist management and the organisation deliver its strategic and operational objectives in the most efficient and effective way.</p>

Principle	How Discharged
13. Plan Engagements Effectively	<p>The scoping of CA work includes prompts and opportunities to provide innovative solutions, provide advice and consider future activities, capacity and efficiencies. This is particularly an area of focus in the advisory work CA undertakes.</p> <p>The lead corporate assurance manager meets with the lead client representative prior to commencing each piece of work to agree upon the scope, objectives, methodology and timescales.</p>
14. Conduct Engagement Work	A consistent approach is adopted to undertake all CA work, with the Audit Management system (MKI) providing a framework to guide CA staff. Evidence is gathered to analyse the effectiveness and efficiency of controls that are being evaluated, with clearly reported findings and implications discussed and agreed with management (draft report stage).
15. Communicate Engagement Results and Monitor Action Plans	Agreed Management Actions (AMAs) are included in the final corporate assurance report, and these are followed up with management on a monthly basis until fully implemented. Any concerns relating to the implementation of AMAs are escalated to DMTs, SMT and the Audit Committee (where required).

1.7 The Barnsley Corporate Assurance function operates within a challenging environment across all client organisations to deliver the services each requires and to ensure it provides added value. The Service needs to be able to react and adapt to the rapid pace of change, which is taking place both locally, regionally and nationally. Accordingly, and in addition to the core principles in the GIAS, the Charter has been extended to include even wider aspirations of the Corporate Assurance Service, which are to:

- ✓ Develop, maintain and enhance relationships particularly where a client organisation is undergoing significant change to ensure that the service is aware of and understands its needs and objectives;
- ✓ promote and support clients with regards to an increase in regional and collaborative working;
- ✓ understand its position with respect to the organisation's other sources of assurance and plan our work accordingly;
- ✓ be seen as a catalyst and support for change at the heart of the organisation;
- ✓ be the assurance provider (auditor) of choice, delivering an exceptional client service;
- ✓ add value and assist the organisation in achieving its strategic objectives;
- ✓ be forward looking – knowing where the organisation wishes to be and being aware of the relevant national agenda and its impact;
- ✓ be innovative and challenging;
- ✓ help to shape the ethics and standards of the organisation, reducing bureaucracy whilst maintaining high standards of governance and compliance;
- ✓ ensure the right resources are available recognising that the skills mix, capacity, specialisms, qualifications and experience requirements all change constantly;
- ✓ ensure all staff are supported in undertaking relevant professional qualifications and continuous professional development;
- ✓ share best practice with other internal auditors, clients and other professional services;
- ✓ seek opportunities for joint working with other organisations' auditors and assurance providers.

Corporate Assurance Mandate

2. Authority and Scope of Corporate Assurance

- 2.1 The requirement for a corporate assurance (internal audit) function is detailed within the Accounts and Audit Regulations 2015 which state that a relevant body must “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*”.
- 2.2 In accordance with the GIAS, the scope of Corporate Assurance (Internal Audit) allows that in fulfilment of assurance responsibilities there will be unrestricted coverage of all the organisation’s activities and unrestricted access to all functions, records, data, personnel, premises and assets of the organisation and its partner organisations, as deemed necessary in the course of assurance work and as set out in relevant partnership agreements and contracts. Corporate Assurance has therefore the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 2.3 All records, documentation and information accessed in the course of undertaking corporate assurance activities are to be used solely for the conduct of these activities. The Head of Corporate Assurance (Head of Internal Audit) and staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 2.4 The scope of corporate assurance activities encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the governance, risk management, and internal control processes in an organisation as well as the quality of performance management arrangements in carrying out assigned responsibilities to achieve the objectives of the organisation.

3. Purpose of Corporate Assurance (Internal Audit)

- 3.1 Each client organisation is responsible for establishing and maintaining appropriate risk / concern management processes, control systems, accounting records and governance arrangements. Corporate Assurance plays a vital part in advising whether effective and efficient arrangements exist. The annual HoCA opinion, which informs the annual governance statement, both emphasises and reflects upon the importance of this aspect of Corporate Assurance work. The response to Corporate Assurance activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the corporate objectives, improvement and support innovation and change.
- 3.2 This is achieved through corporate assurance providing a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed (adequacy) and how well they are working (application). Consulting and advisory activities are available and complimentary to assist management make improvements to systems and processes where necessary.

4. Definitions

- 4.1 As the Corporate Assurance function serves a number of different organisations and for the purpose of this Charter the following definitions apply:

The Board – generally the governance group charged with seeking independent assurance on the adequacy of the control, risk management and governance framework, and the main oversight body for the delivery of the corporate assurance (internal audit) function. Such Boards are usually the group performing the role of an audit committee.

Senior Management – generally those responsible for the leadership and direction of the organisation as a collective, incorporating the ‘chief executive’ role.

5. Responsibilities of Corporate Assurance and Senior Management

5.1 The responsibilities and objectives of Corporate Assurance are as follows:

- i. To be a valuable asset to the organisation by supporting senior management in meeting their corporate responsibilities.
- ii. To contribute to assurances to those charged with governance in relation to the robustness and reliability of internal controls, risk / concern management and governance to support the Annual Governance Statement (AGS).
- iii. To support the Statutory S151 Officer / Responsible Financial Officer in discharging their duties.
- iv. To periodically review, appraise and report on the extent to which the assets and interests of the organisation are accounted for and safeguarded from loss and the suitability and reliability of financial and other management data and information.
- v. To support the requirement to seek efficiency including the arrangements for achieving value for money and effective change management.
- vi. To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk / concern and governance arrangements. Such assurances include information technology governance and ethical behaviour.
- vii. To assess the adequacy and effectiveness of the organisation's contracts, procurement, commissioning and associated governance arrangements.
- viii. To assess the adequacy and effectiveness of the organisation's corporate risk / concern management process and the level of embeddedness in business as usual, whilst ensuring that Corporate Assurance does not adopt management responsibilities for managing risks.
- ix. To evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, to reduce the incidence of fraud and irregularity by publicising the findings of fraud investigations to act as a deterrent and provide a quality fraud and irregularity prevention, detection and investigation service.
- x. To disseminate examples of best practice in the application of an effective control, risk / concern and governance framework.
- xi. To provide a Corporate Assurance advisory service intended to add value and improve governance, risk / concern management and control processes.
- xii. To provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls. This is usually achieved through membership of Officer Groups, Governance and other Boards or working parties as well as direct contact with officers within services / functions / departments. Such advice and consultation work forms an important part of the assurance plan.
- xiii. To prepare timely, concise and informative reports to management to facilitate the improvement of the control environment.
- xiv. To undertake assurance support activities in respect of assisting the Audit Committee (or equivalent) to discharge its responsibilities; monitoring the implementation of agreed management actions; disseminating across the entity better practice and lessons learnt arising from its assurance activities and having oversight of the corporate assurance function.

- xv. To deliver a professional quality service that is in compliance with the GIAS and other relevant laws, regulations and policies.
- 5.2 Under the GIAS, the HoCA (HoIA) has a specific responsibility to lead and manage the Corporate Assurance (Internal Audit) function and have the necessary and unfettered access to senior management and audit committees.
 - 5.3 Senior management also have responsibilities under this Charter in order to maximise the effectiveness and efficiency of the Corporate Assurance (Internal Audit) function. These are to:
 - Engage fully and flexibly in the assurance planning process, providing information and insight into high risk areas or areas of strategic focus or concern
 - Nominate and commit to lead officers for each assignment and a point of reference for the overall management of the corporate assurance service
 - Engage in a timely manner with Corporate Assurance in the scoping of work and agreeing terms of reference, dealing with queries and discussing draft and final reports
 - Provide evidence to Corporate Assurance (and the audit committee) of the implementation of agreed management actions.
 - 5.4 Arrangements will be made with each client organisation to monitor joint compliance with these responsibilities.
 - 5.5 It should be noted that Corporate Assurance is not responsible for the operation of control functions within the Council (or other organisations); these responsibilities rest with senior management. Corporate Assurance should not be regarded as a substitute for good management.
- 6. Position of Corporate Assurance in the Organisation(s)**
- 6.1 Within the Council the HoCA reports functionally to the Audit and Governance Committee and organisationally to the Director of Finance (Section 151 Officer).
 - 6.2 With regards to non-council client organisations the HoCA reports functionally to the respective audit committee / Board. Whilst the organisational relationship is different in the external client organisations, to fulfil professional responsibilities the HoCA will report to the respective Chief Finance Officer and/or Chief Executive.
 - 6.3 Irrespective of the organisation, the HoCA has direct and unfettered access to the Chief Executive (or equivalent), Monitoring Officer (or equivalent) and Responsible Finance Officer. The HoCA also has access to the respective audit committees where this is deemed necessary in the discharging of professional responsibilities.
- 7 Corporate Assurance Resources / Skills / Competencies and Standards**
- 7.1 In accordance with GIAS, the HoCA will be professionally qualified and suitably experienced in the leadership and management of a corporate assurance function. These requirements reflect the responsibilities of the HoCA in leading a professional discipline, demonstrating personal independence and objectivity and the need to liaise with senior management, members and other professionals.
 - 7.2 It is the responsibility of the HoCA to establish and maintain an appropriately skilled and experienced team and to set a culture of continuous improvement for the function.

Resources will be set aside in the operational budget for the purposes of staff development and general and professional training.

- 7.3 At least annually, the HoCA will submit to the 'Chief Executive' and the Audit Committee a Corporate Assurance plan for review and approval. The plan will consist of a work schedule and resource requirements for the next financial year(s). The plan will include the impact of any resource limitations and significant actual or planned changes.
- 7.4 The Standards element of the GIAS highlights some key expected competencies. These are:
- 7.5 Independence:
- 7.5.1 An independent approach and mind-set is essential to the effectiveness of the Corporate Assurance function. To ensure this, Corporate Assurance operates within a framework that allows: -
- Unrestricted access to the relevant senior officers; the Chair of the Audit Committee and Audit Committee Members; individual Senior Management Officers; employees and the responsible External Auditor.
 - The HoCA to report in her own name.
 - Segregation from line operations. Where the Head of Corporate Assurance has management responsibility for an operational area (i.e. Risk Management, Governance and Assurance, Corporate Anti-Fraud), a Corporate Assurance Manager will be responsible for managing reviews of those areas and for approving the final reports.
- 7.5.2 The Head of Corporate Assurance reports directly to the Board and it is the Board's responsibility to:
- Approve the corporate assurance mandate and charter, and also Strategy;
 - Approve the risk based corporate assurance plan (within the approved resource envelope);
 - Receive updates on corporate assurance activity and performance relative to the delivery of the plan and other matters;
 - Make appropriate enquiries of management and the Head of Corporate Assurance to determine whether there are inappropriate scope, operational responsibility or resource limitations.
- 7.5.3 The Corporate Assurance function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line processing functions or activities.
- 7.5.4 Corporate Assurance are generally not involved in undertaking non-assurance activities and a member of the Corporate Assurance function will not be involved in the assurance activity of any system or process for which they had previous operational responsibility for a period of two years, where they have secondary employment or where there is a conflict of interest.
- 7.5.5 Corporate Assurance responsibilities are periodically rotated to avoid over-familiarity and complacency and to provide for service continuity and resilience.

7.6 Objectivity:

7.6.1 The Corporate Assurance function must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They must make a balanced assessment of all the relevant circumstances and:

- not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- not accept anything that may impair or be presumed to impair their professional judgement.
- disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
- declare any real or perceived interests on an annual basis. In addition, a prompt is included at the assignment planning phase of each assurance assignment and officers are reminded each year (and asked to confirm understanding) that they will comply with the Council's Code of Conduct plus that of their professional body (e.g. AAT, CIPFA, IIA).

7.7 Confidentiality:

7.7.1 Corporate Assurance are expected to display confidentiality and:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

7.8 Integrity:

7.8.1 In the conduct of assurance work, Corporate Assurance staff will:

- perform their work with honesty, diligence and responsibility.
- observe the law and make disclosures expected by the law and the profession.
- not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- comply with relevant professional codes/standards of conduct and declare any real or perceived conflicts of interest.
- respect and contribute to the legitimate and ethical objectives of the organisation.
- observe the Standards of Public Life's Seven Principles of Public Life.

7.9 Competency:

7.9.1 Corporate Assurance staff are competent in their role by:

- engaging only in those services for which they have the necessary knowledge, skills and experience.
- performing corporate assurance services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- continually improving their proficiency and effectiveness and quality of their services.

- 7.9.2 The allocation of assurance work to a member of the Corporate Assurance team is based on consideration of their knowledge, skills and experience and any expression of interest to develop in a particular field/business area. They are encouraged to undertake continuous professional development and opportunities for further development are discussed and agreed during day to day on the job supervision, mentoring, and 1:1 meetings. A training plan is maintained for the Service.
- 7.9.3 The HoCA maintains a Quality Assessment and Improvement Programme (QAIP) as required by the GIAS and reports this to each client audit committee on an annual basis.

8. Access to Relevant Personnel and Information

- 8.1 Each member of the Corporate Assurance Team will carry with them at all times an ID card that clearly shows their responsibilities and authority. In the fulfilment of their assurance duties this entitles them to unrestricted access to all records, assets, personnel and premises belonging to each client organisation. In addition, they have the authority to obtain such information and explanations as is considered necessary to meet the requirements of the assurance activity. Where necessary, such access will be granted on demand and not subject to prior notice.

9. Scope of Corporate Assurance Activity

- 9.1 The HoCA is responsible for producing an annual report to each client organisation's audit committee providing an opinion on the adequacy and effectiveness of the internal control, risk / concern management and governance arrangements. Through careful annual assurance planning and based on a programme of assurance activities of sufficient breadth and depth covering the whole organisation, the HoCA is able to produce such an annual opinion.
- 9.2 The overall approach is determined by the HoCA and will take into account the level of assurance required, the significance of the objectives of the organisation, the degree of change within the organisation, the prevailing risk appetite and culture, and previous findings and implementation of agreed management actions.
- 9.3 To fulfil the scope of corporate assurance, the programme of assurance activities is usually varied covering assurance work, advice, consultancy, anti-fraud work and irregularity investigations. The types of work are detailed at Appendix 1.
- 9.4 Increasingly, a major contribution to the HoCA's annual opinion is through advisory/ consultancy type work where in a more proactive and timelier basis input can be given and assurance obtained regarding the adequacy and effectiveness of the activities of the organisation, e.g. through attendance at key management meetings, steering groups and project and programme boards. This work is also valuable for assurance planning and generally ensuring a high level of awareness of the organisation's direction, objectives, pressures and performance.

10. Corporate Assurance Planning

- 10.1 Setting an annual or periodic risk-based plan is the responsibility of the HoCA. The assurance plan is determined through a process of information gathering, reflection, forward looking and above all consultation and engagement with senior management and the Board.

10.2 The following are the key issues in the development of the risk-based assurance plan: -

- An understanding of the organisation's vision and ambition, as articulated within the organisation's strategic plans and ensuring that assurance coverage is directed and links to these areas of corporate importance.
- Identification of the significant (key) risks, concerns and issues arising from the above and understanding which areas of service delivery the significant risks impact upon.
- Corporate Assurance provides support to management and directs resources to areas where the Service can add value, insight, foresight and support change and innovation.

10.3 The HoCA will advise senior management and the Board regarding the planned coverage and if/where this is potentially compromised due to limited resources.

10.4 Each year the HoCA will set out the planning process and key issues as part of senior management and Board engagement.

11. Reporting

11.1 The key output from corporate assurance activity is a report, a written and formal product to show the outcome from the assignment.

11.2 Corporate Assurance Assignment Reporting

11.2.1 In reporting the outcome of individual assurance assignments, the lead Corporate Assurance team member will follow a proactive and consultative approach to engage management. The key principles of which are: -

- Advance discussion and agreement of the scope and objectives of assurance assignments, the timescales for the completion of the work, and key client / corporate assurance contacts along with the recipients of the final corporate assurance report.
- Immediate reporting of any significant or critical issues arising during the course of corporate assurance work.
- Post review meetings to discuss the conclusion and outcome of assurance work on a prioritised basis and to agree management actions and timescales.
- Any areas of disagreement which are not resolved by discussion are recorded in the action plan and the residual risk highlighted within the report.
- Providing management with the opportunity to give feedback on the conduct of the work and how valuable and effective they found the assurance process and report.

11.2.2 The process for the communication of corporate assurance work is designed to conform with the GIAS.

11.2.3 Final corporate assurance reports will normally include an overall assurance opinion on the adequacy and effectiveness of the system of risk / concern management, controls and governance arrangements. The report will be issued on a timely basis and responses sought monthly from senior management on the implementation of high and medium agreed management actions. The non-receipt of a response will be followed up with the responsible manager, on a quarterly basis with the Executive Director or equivalent and also reported to the Audit Committee.

11.2.4 A process has been established with each organisation to ensure the high and medium categorised agreed actions are implemented or that senior management have accepted

the risk of not taking action. Corporate Assurance will in certain circumstances undertake specific further work to obtain direct evidence of management actions having been taken as planned. The implementation of agreed management actions is reported to each audit committee where senior management may be invited to explain any delays in taking action.

- 11.2.5 All low categorised agreed management actions are reported to senior management (i.e. Executive Directors) on a 6-monthly basis. It is management's responsibility to obtain assurance that these have been implemented, and they are required to declare that they have fulfilled this responsibility within the annual declaration which forms part of the Annual Governance Review.

11.3 Reporting of Ad Hoc Advice and Development / Consultancy Work

- 11.3.1 Corporate Assurance undertakes a variety of tasks which do not always justify a formal assurance report, e.g. responding to one-off queries, advice and consultancy type work given verbally at meetings e.g., projects and developments. Corporate Assurance does however ensure that details of advice given are recorded by the retention of memos / copy e-mails, or file notes and minutes of meetings. Such records are retained in respect of advice given which is likely to (or intended to) influence management decisions or effect changes in systems and processes. The result of this work is considered as part of the HoCA's overall assurance opinion.

- 11.3.2 Issues and risks / concerns arising would also be recorded within project and operational risk / concern registers in order to be managed by project lead officers. Details of issues arising would not necessarily be reported separately to the Audit Committee. However, details of the engagement and work undertaken would be recorded within the respective Audit Committee report and any material issues would be followed up in accordance with the standard reporting and monitoring process.

11.4 Reporting to the Audit Committee

- 11.4.1 Corporate Assurance reports as follows: -

- Details of assurance plans, performance against plans and against key performance measures, and on significant control or compliance issues arising from corporate assurance work, longstanding agreed management actions and management responses, completed projects / advice, unplanned, cancelled or deferred assurance work.
- To client Audit Committee's on its performance and on individual corporate assurance reports.
- Audit Committees provide a route for the escalation of a failure to respond to corporate assurance reports, or the non-implementation of agreed management actions, with the potential for management to be called to answer to the Committee.
- The Audit Committee receives an annual report summarising the outcome of the review of the effectiveness of the corporate assurance function which is required under the GIAS.

11.5 Annual Report of the Head of Corporate Assurance (Internal Audit)

- 11.5.1 The annual report to the Audit Committee includes the HoCA's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk / concern management and control as determined from the programme of work undertaken. The following elements are incorporated into the annual corporate assurance report: -

- The HoCA's opinion on the overall effectiveness of the organisation's internal control, risk / concern management and governance environment based on work undertaken.
- Disclosure of any qualification to this opinion, together with the reason for the qualification.
- The disclosure of any impairments or restriction in scope of corporate assurance work.
- A summary of the corporate assurance work undertaken to provide this opinion, including any reliance placed on assurance work by other bodies.
- Details of any issues that the HoCA judges to be particularly relevant to the AGS.
- A comparison of work actually undertaken with the work originally planned and a summary of the performance of the Corporate Assurance function against its performance measures and criteria.
- A statement to confirm work has been completed independently and in accordance with the GIAS.
- The results of the Quality Assurance Improvement Programme (QAIP).
- Any other issues that the HoCA judges is relevant to the preparation of the AGS.

12. Quality Assurance

- 12.1 Corporate Assurance is committed to provide a high-quality service to all client organisations and encourages clients to give feedback. A programme of internal quality assurance reviews of completed work is undertaken during the year to provide assurance that these have been undertaken in compliance with GIAS and operational procedures. All matters relating to the quality of the function are captured within the Quality Assessment and Improvement Plan (QAIP) which is maintained by the HoCA and reported to each audit committee annually.

13. Contacts

The key contact for the Corporate Assurance Service is:

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Types of Corporate Assurance Work

Advice	To meet requests from management for information and guidance on matters of internal control, procedures, compliance with relevant policies etc.
IT Assurance	Operational IT assurance designed to assess and review the operating procedures supporting key IT policies, environmental controls and input into system developments and new systems.
Information Governance Assurance	<p>Work specifically looking at the adequacy and effectiveness of the management, use, control and security of information, compliance with the requirements of data protection legislation as well as internal policies and procedures.</p> <p>Support the Data Protection Officer in undertaking specific compliance reviews in relation to Data Protection legislation.</p>
Regularity	<p>Assurance work designed to review and assess compliance with policies and procedures to ensure internal controls exist and are effective.</p> <p>Such work covers the functional areas of services and establishments.</p> <p>Important Corporate Assurance work to demonstrate presence at an operational level. Work supported by risk based and themed assurance work.</p>
Financial Systems	<p>Work designed to assess and review the adequacy of the internal controls within the financial systems of the organisation. Such work will take the form of either a walkthrough, compliance or full (compliance plus management and supervision arrangements) review on a risk-based approach set out in the annual strategy.</p> <p>This work is also considered by External Audit as part of their work on the statutory opinion on the accounts.</p>
Grant Claims	Work necessary to independently verify grant claims as required by the awarding body.
Management Audit (Incl. Corporate items)	<p>Provision for work on corporate procedures and processes. Also incorporates work specifically for management on an advisory basis.</p> <p>These jobs also tend to be of a significant length in terms of Corporate Assurance days and elapsed time due to their detail and nature.</p>

Anti-Fraud and Investigations

This work focuses on prevention, detection and investigations.

Prevention work focuses on developing good procedures, policies and guidance for managers and ensuring awareness so that appropriate controls are in place to avoid irregularities.

Detection work focuses on proactively examining the transactions of the organisation and other information to identify potentially fraudulent activity.

Investigations work is largely in response to allegations of irregularity being brought to the Corporate Assurance team's attention. This work is often extremely sensitive and requires great care, tact, diplomacy and attention to detail. A report to management is most often the output from this work where corporate assurance findings are described along with recommendations regarding potential disciplinary action or referral to the Police, and guidance on improving controls to minimise the risk of such matters arising again.

Commissioning, Procurement and Contract Audit

Commissioning & Procurement - generally focussed on the policies, procedures and systems in place to identify, assess and deliver a requirement; including compliance with procurement regulations (Contract Procedure Rules, Commissioning and Procurement Strategies/Policies).

Contract - this work focuses on the controls within the organisation's contractual policies and procedures to ensure that individual contracts are entered on a timely basis and that these protect the organisation's interests. In addition, that the contract management arrangements are robust, and payments made are appropriate.

Project Management

Work which evaluates the effectiveness of the application of project management principles in order to achieve given outcomes / deliverables.

Corporate Governance Assurance

Requirements under the Accounts and Audit Regulations mean that all client organisations have to prepare and publish a statement on the overall adequacy of their governance arrangements (annual governance statement).

A key element to providing assurance to the organisation is the work of the Corporate Assurance function overall and particularly in the key areas of corporate governance, risk management, performance management and general policy and procedure compliance.

Audit Committee Support

Time is allocated to support the various audit committees. This work involves the provision of reports, guidance and training.

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Corporate Assurance (Internal Audit) Strategy 2025 – 2028

June 2025

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1. Introduction and Mission Statement

1.1 Introduction

This Corporate Assurance Strategy (CAS) sets out how the service will support and promote the Council's and external client's continuous improvement and effective and efficient governance. This is underpinned by the Corporate Assurance Service's Mandate and Charter (which describes the purpose, authority, responsibility and position of the Service within Barnsley MBC and its external clients); our Code of Conduct and the Institute of Internal Auditor's (IIA's) Code of Ethics; our Service Standards and also our Quality Assurance and Improvement Programme (QAIP). The Corporate Assurance Team has a set of key performance indicators upon which performance and demonstrative success is measured (Appendix C).

1.2 Our Mission Statement

The Corporate Assurance Team has adopted the following Mission Statement:

To deliver a modern, innovative, customer focussed service that is aligned to strategic business objectives, strategies and priorities, which aims to enhance and protect the organisation by providing focussed, independent and objective assurance, consultancy, advice, foresight and insight.

In delivering this Mission Statement, the Corporate Assurance Team will: -

- Prepare and deliver an Annual Corporate Assurance (Internal Audit) Plan which complies with the Global Internal Audit Standards (GIAS) and is aligned to the organisation's strategic objectives, strategies, priorities and areas of risk and strategic concern.
- Provide an annual assurance report, fulfilling the requirements of the role of the statutory Head of Internal Audit, that details the corporate assurance (internal Audit) activity undertaken during the preceding year and an opinion on the effectiveness and efficiency of the organisation's corporate governance arrangements, risk management framework and internal control framework.
- Adopt a business partnering approach and provide quarterly update reports to Directorate Management Teams (Council), the Senior Management Team and the Audit Committee which highlight any significant matters arising from assurance work undertaken and potential areas for improvement in the organisation's governance, risk and internal control arrangements.
- Independently and objectively support and professionally challenge key assumptions, judgements and forecasts made by management, through assurance, consultancy and advisory services to ensure that they achieve their intended outcomes, are appropriate and in accordance with relevant legislation, policies and procedures, guidance and professional standards.

2. Strategic Focus of the Corporate Assurance (Internal Audit) Team

Our primary focus will be to advise, challenge and provide independent and objective assurance on the delivery and management of the organisation's high level strategic objectives, strategies and priorities. This will inform any compliance work required, in addition to the annual compliance work in relation to financial systems and grant validation work.

This strategy covers the 3-year corporate assurance planning cycle, with the key drivers and primary areas of focus being: -

Area of Focus	Objective
Strategic and Operational Risk/ Concerns Framework	To provide independent assurance that the framework reflects best practice, and that concerns management is fully embedded throughout the organisation, to support informed decision making. Areas of strategic risk/ concern and focus will inform the Corporate Assurance Team's Annual Plan.
Governance Assurance Framework	To provide independent assurance that the Governance Assurance Framework is providing an effective and efficient platform upon which the organisation can self-assess and demonstrate the adequacy and level of compliance with internal controls. The Governance Assurance Framework will inform the Corporate Assurance Team's Annual Plan.
Anti-Fraud and Corruption Framework	To maintain an up to date and fit for purpose anti-fraud and corruption framework, that reflects best practice, changes in legislation, and clearly defines roles and responsibilities.
Transformation Programme (e.g. Enabling Barnsley for the Council)	Providing independent advice, challenge, and assurance that the governance arrangements are providing a clear strategic direction, that roles and responsibilities are defined, and mechanisms exist upon which deliverables (e.g., benefits, meeting best value duty) are monitored and realised. In addition, to provide assurance that the revised operating model, systems, and processes provide for effective internal controls.
Performance Management	To evaluate the organisation's Performance Management Framework at various levels (e.g., Corporate, Employee, Partnership) and Organisational Resilience.
Asset Management	To provide assurance that the Asset Management Strategy clearly defines the short, medium, and longer terms objectives with regards to the organisation's Assets and

Area of Focus	Objective
	enables VfM to be achieved in terms of asset usage (e.g., IT, Estate, Fleet).
Strategic Procurement and Contract Management	To provide assurance that the Procurement and Contract Management Framework complies with legislation / regulations; clearly defines processes and roles and responsibilities and enables the organisation to drive efficiencies from its procurement and contract management activities.
Zero Carbon / Sustainability	To provide independent assurance that the organisation has strategies, plans and performance management processes embedded to measure progress in achieving and accurately reporting upon legislative and regulatory requirements.
Programme / Project Management	To provide independent advice, challenge, and assurance in relation to the governance arrangements for major (revenue and capital) programmes and projects, including financial and performance reporting.
Information Governance / Cyber Security	To provide independent assurance that the organisation has robust strategies, policies, systems, and procedures in place to safeguard against Cyber Attacks and is compliant with UK GDPR / ICO requirements.

Values

Our core values, which underpin the delivery of our mission:

Excellent	To provide a high quality, value adding service to our clients that supports senior management in achieving the organisation's strategic objectives and priorities.
Proud	To take pride in our work, consider how the service has contributed to the organisation's successes and achievements and communicate these to key stakeholders.
Team	To empower and encourage our staff to share their ideas and skills, be creative and work with colleagues to develop the best services for the people of Barnsley.
Honest	To have a clear, honest, fair, open, and professional approach to service delivery.
Customer Focussed	To support the organisation to make Barnsley and wider South Yorkshire the place of possibilities for the people who live, work, and visit here.
Flexible Approach	To have a multidisciplinary, agile working team to provide a seamless and responsive service to meeting client needs and meet our professional responsibilities.
Resilient	To continue to 'grow our own' by mentoring newly recruited Team members and supporting a Continuous Professional Training, Learning and Development programme.
Experienced	To have a professionally qualified team that have an understanding of the organisation, relevant legislation, regulations and standards, risks, concerns, and opportunities to support management and to inform the annual assurance opinion.

Compliance with Regulations & Professional Standards

Code of Ethics (IIA)

The Corporate Assurance Team comply with the Institute of Internal Auditors (IIA) Code of Ethics, its purpose being to promote an ethical culture within the profession of Internal Auditing. The Code provides principles and rules of conduct under the following 4 headings: -

- Integrity
- Objectivity
- Confidentiality
- Competency.

Fighting Fraud and Corruption Locally (FFCL)

The FFCL guidance (2016) suggested that local authorities should consider their performance as a minimum against six themes. These are: -

- **Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable
- **Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity
- **Communication** – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Appendix C

The Global Internal Audit Standards (GIAS) require the Corporate Assurance Team to demonstrate that it is adding value to an organisation. This is demonstrably measured by: -

Measure	Description
Quality Assurance and Improvement Plan (QAIP)	The GIAS require the Service to have a QAIP, informed by an annual self-assessment and five yearly external assessment to measure the level of compliance. This is presented to the SMT and Audit Committee on a six-monthly basis.
Key Performance Indicators	<p>A range of key performance indicators have been agreed with SMT and the Audit Committee, which will be reported on a quarterly basis:</p> <ul style="list-style-type: none"> • Timeliness of finalising a formal assurance report. • Delivery of the annual assurance plan. • Client satisfaction feedback.
1:1s	<p>A 1:1 meeting is scheduled every two months between the Manager and Officer.</p> <p>These review meetings measure individual performance levels, the achievement of individually set objectives and also include any health and wellbeing matters.</p>



Subject	External Audit VFM Risk Assessment & Status Update - 2024/25 Audit	Status	For Publication
Report to	Audit & Governance Committee	Date	17 July 2025
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	Na
Contact Officer	Will Goddard Head of Finance & Deputy Chief Finance Officer	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 Purpose of the Report

- 1.1 For the Audit & Governance Committee to receive the external auditor's Value for Money Risk Assessment for the year ended 31 March 2025 and a verbal update on the audit status for the 2024/25 audit.

2 Recommendations

- 2.1 Members are recommended to:
- Receive and note the external auditor's value for money risk assessment for the year ended 31 March 2025, 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**
- To uphold effective governance showing prudence and propriety at all times.
- 3.2 The external audit process is a key part of the governance framework in place at the Authority and it is a responsibility of the Audit & Governance Committee to consider the reports and recommendations of external audit.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in the report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 Background and Options

- 5.1 The Local Audit and Accountability Act 2014 requires the Authority's statement of accounts to be audited in accordance with the Act and by an auditor appointed in accordance with the Act.
- 5.2 The external auditor is required by auditing standards to report their audit status and findings to the Audit & Governance Committee as the body designated as Those Charged with Governance.
- 5.3 The external auditor has prepared their Value for Money Risk Assessment for the year ended 31 March 2025, attached at Appendix A and this will be presented at the meeting by Richard Lee, Director, KPMG LLP.
- 5.4 Additionally, the external auditor will provide a verbal update on the status of the audit for the 2024/25 financial year currently in progress.

6 Implications

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

Financial	None directly; the fees for external audit are met from existing budget resources.
Human Resources	None
ICT	None
Legal	The external audit is carried out in accordance with the requirements of the Local Audit and Accountability Act 2014.
Procurement	None

Gillian Taberner

Assistant Director – Resources & Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-

South Yorkshire Pensions Authority

Report to the Audit and Governance Committee

Value For Money Risk Assessment for the year
ended 31 March 2025

17 July 2025

Value for money

Page 72

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Authority's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Authority does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Authority has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Authority's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Authority will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

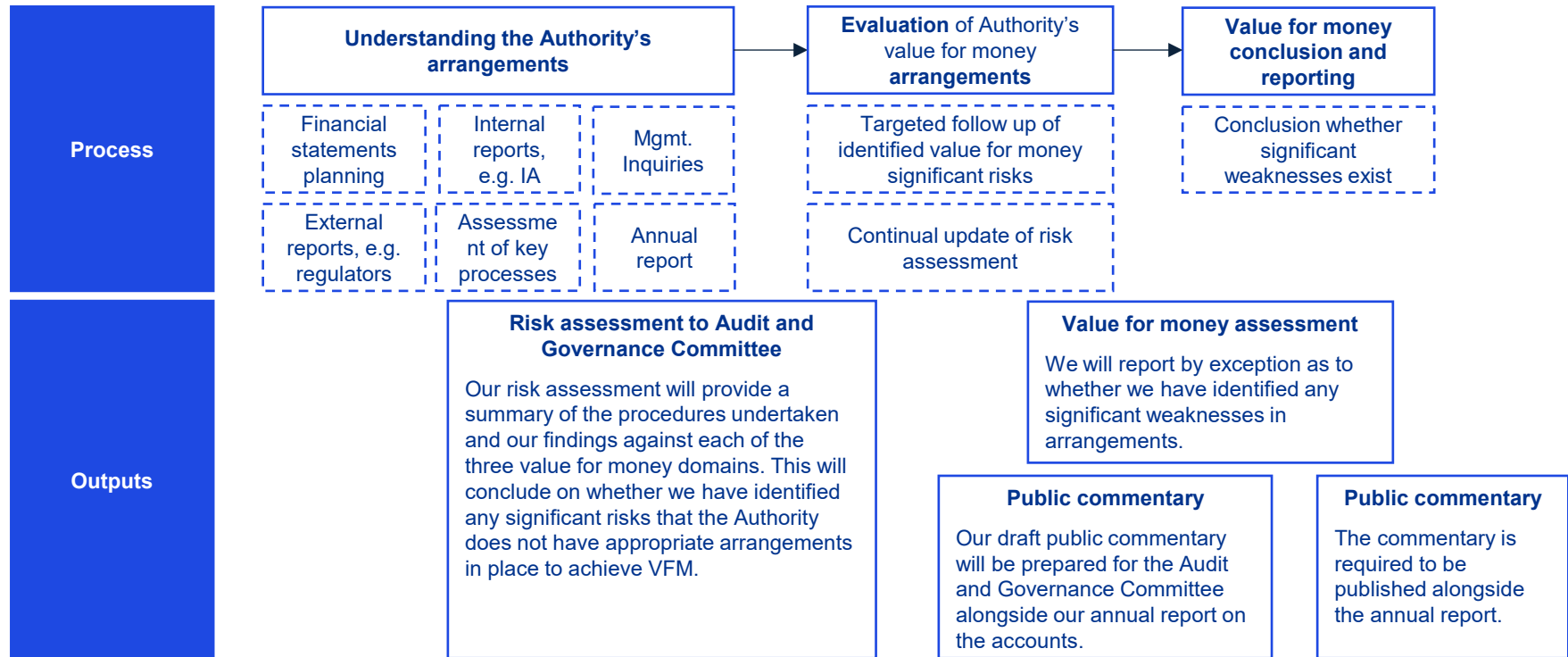
How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Value for money

Approach we take to completing our work to form and report our conclusion:



Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Authority's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Authority for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	No significant risks identified
Governance	No significant risks identified
Improving economy, efficiency and effectiveness	No significant risks identified

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 5 to 11.

We have not raised any recommendations as a result of our work.

We have not raised any performance improvement observations as a result of our work.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Financial Planning

As part of the CIPFA Code of Practice, South Yorkshire Pensions Authority (the Authority) must produce an annual medium term financial strategy (MTFS) covering at least 3 years, aligned to the Corporate Strategy. The MTFS sets out the framework for understanding the strategic and financial challenges that the Authority faces. It is a key part of the Authority's Budget and Policy Framework, intended to ensure that financial resources are aligned towards the delivery of the Authority's future objectives and priorities, as well as its medium and longer-term financial sustainability.

We have evidenced that the MTFS commencing in 24/25 was presented to the relevant committees for review and approval in a timely manner, with appropriate challenge and scrutiny being applied to assumptions such as pay settlements and potential loss of external income. The MTFS is used as a base for the annual budget and is then refined up until February when it is approved by the Authority. All movements between the MTFS and the annual budget are scrutinised by SMT before being approved. The annual budget for 24/25 was approved by the Authority in February 2024.

Additionally, we have reviewed the 25/26—27/28 MTFS which we have confirmed was sufficiently scrutinised and approved at the February 2025 Authority meeting alongside the 25/26 budget.

We have seen evidence of effective budget monitoring for this latest MTFS through regular meetings of the finance team and senior management. Discussions relating to required spend for the budget were held as part of these meetings, which informed the budget setting process. Budgets were then planned using the previous year's spend as the baseline, with any additional financial pressures identified throughout the current year alongside inflation rates factored into the process. Following completion of this initial process, these figures are then collated into a final MTFS which is reviewed by the Assistant Director for Resources and presented for approval to the Authority as detailed above.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

We have seen that the risks to the Authority not achieving its planned outturn are clearly set out within the MTFS (such as pay settlements or loss of external income). This ensures that the appropriate decision makers have sufficient information to scrutinise and challenge the plans and underpinning assumptions. These risks to achieving the financial plan are also communicated to the Authority through the quarterly financial performance reports presented.

Assessing Risks to Financial Sustainability

Through our review of the 2025-26 annual budget and revised MTFS for 2025-2028, we note the Authority is forecasting a balanced position throughout. This because the Authority recharges an amount to South Yorkshire Pension Fund to cover its in-year expenditure, less a contribution from/to reserves and a levy on the district councils. We note that the charge to the Fund is expected to increase each year due to inflation and changes in staff costs – from £9.1m in 25/26 to £9.4m in 26/27 and £9.6m in 27/28.

The Authority has demonstrated that it will have adequate reserves and resources to fund its MTFS and that it is effectively supported financially by the Fund by way of its ability to recharge its expenditure.

Managing Financial Sustainability Risks

From our review of the Corporate Risk Register, we have confirmed that the Authority discuss strategic, financial and operational risks through their review and challenge of the Risk Register. We also identified that within the Q3 Corporate Risk there were three risks relevant to our VFM considerations that have been identified – relating to Local Pension Board and Authority members knowledge and understanding, high levels of staff vacancies and single person risk in specialist knowledge roles. The risk register sets out mitigations and plans to reduce these risk to an appropriate level.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with financial sustainability.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Authority;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Authority, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Risk Management

The Authority's Risk Management Policy outlines its approach to risk management – we have seen that this was refreshed in year, receiving scrutiny and approval at the December 24 Audit and Governance Committee. This policy helps the Authority identify and assess risks and ensures use of consistent methodology. As part of the Authority's process, these risks are identified through internal discussions and are considered across three main areas - External, New and Emerging Issues and Risk Topics – these are broken down further into sub-categories.

The Authority shows that it has considered the likelihood and impact of each risk with sufficient and appropriate rationale through the Corporate Risk Register. This details how the Authority intends to reduce each risk to an achievable score. Our review has shown that these documents included sufficient detail and shows that there are robust arrangements in place to help identify, assess and monitor both financial and operational risk.

The Authority operates an effective risk monitoring and reporting system to ensure clear ownership of risks. There is also robust scrutiny and oversight of how risks are managed. The Corporate Risk Register is on the SMT meeting agenda – which meets monthly - with quarterly updates presented to the Authority.

The Authority is provided with an overview of risk management over the year and papers that are brought to the Authority will feature a section detailing any impact on the Corporate Risk Register. This shows consideration of risks at key points in the decision making process.

Decision Making

The Authority facilitates the decision-making process and then both the Audit and Governance committee and Local Pension Board provide oversight. This ensures policies and procedures are continually validated, refreshed and ratified. For instance, we have reviewed the updated: Pay Policy (February 2025); Anti-Fraud Policy (December 2024) and Whistleblowing Policy (December 2024).

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Authority;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Authority, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

Additionally, we have reviewed several approved policies and strategies due to come into effect during 2025 such as the Corporate Strategy, ICT Strategy, People Strategy and the Consultation, Communications and Engagement Strategy. All policies and procedures are communicated and made available to staff via the intranet.

The Authority has a Code of Conduct for both members and employees, as well as the Authority Constitution. Alongside the constitution sit several documents including the Scheme of Delegation, Contract Standing Orders and Financial Regulations. The Contract Standing Orders and Scheme of Delegation outline financial limits in place for various processes within the Authority, as well as operational delegations to ensure both financial and non-financial authorisations and reviews are escalated appropriately. The Constitution has also been refreshed in year, with a new policy approved and to take effect from April 2025.

As part of our review, we can see that these policies detail the roles, responsibilities and delegation of key officers and committees, thus showing an appropriate process to ensure officer compliance. Through these policies the Authority and its clerk are equipped to deal with any breaches of ethics through the arrangements set out in the relevant codes and protocols in the Constitution. Through inquiries of management, we have confirmed that there have been no reported departures from key regulatory or statutory requirements, as well as no departures from professional standards such as the CIPFA Financial Management Code, Prudential Code or Treasury Management Code.

Codes of Conduct are in place for Authority members and all staff that set out the behaviours expected of employees and reinforce expected values and standards. Staff are made aware of and adhere to this through awareness and training, with the policy available to be viewed on the Authority's website.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Authority;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Authority, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

As part of our review of the Procurement Forward Plan and accompanying policy, we are aware that the Authority is required to regularly publish procurement information. This means the Authority publishes details of all contracts over £5,000. The Contracts Register is updated on a quarterly basis and can be seen on the website SYPATender.

The Authority's management structure is outlined within the Organisation Structure document and provides a clear and detailed overview of the roles and responsibilities of each decision-making body within the management structure.

We have reviewed relevant Committee and Authority minutes as well as the supporting papers throughout the financial year. We are satisfied that there is sufficient ability for members to take informed decisions based upon the detail presented. These papers demonstrate that there are detailed discussions occurring to challenge and analyse the information being presented in respect of financial risks.

The agenda items presented are accompanied by summary sheets, which offer an overview of the item and show the relevance to the Authority's goals and aims, as well as any delegations required, or implications identified. The summaries included provide a concise high-level overview of the paper so that relevant committee members can identify the key messages discussed in the wider report.

The Authority has a comprehensive business case process to make informed decisions. Business cases are supported by a relevant Service or Project Board before being reviewed and approved by the Authority. The business case process is supported by templates and guidance. For each business case, the preparer of the template must outline their proposal and include three possible solutions or quotes to complete the required actions. Alongside this, they must present the consequences if the business case was not approved. Within each of these options the preparer must provide an overview, objectives, timeframe, costs, benefits and risks. The business case must also include details of the proposed financial impacts and the split between capital and revenue where applicable.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Authority;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Authority, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Authority ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

Budget Monitoring

We found that the budget monitoring and control processes were able to identify and incorporate pressures into the financial plan to ensure it was achievable and realistic. The budgets for 2024-25 and 2025-26 were constructed based on appropriate local and national developments and we saw evidence of appropriate review and sign off. The budgets for the years are approved in February of 2024 and February of 2025.

External Information

During 24/25 there was an external governance review performed by Aon. The purpose of this review was to consider whether SYPA is meeting good practice in relation to the governance of the Fund and recommend any potential areas for improvement. The overall conclusion by Aon was that the governance of the SYPA is of an excellent standard in most areas, meets nearly all legal requirements in the matters considered, and is demonstrating best practice in several areas. The report commented that the governance of SYPA is of much higher quality than the majority of other LGPS funds and attributed much of this is to the fact that the organisation is a single purpose Local Authority.

We are also aware that the Authority has been confirmed as a signatory to the UK Stewardship Code for 2025. The Code is produced by the Financial Reporting Council (FRC) who review annual submissions by Asset Owners and Asset Managers to determine whether they meet the relevant standards.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with governance.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Authority has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment (continued)

Identification of Cost Savings

The Authority takes part in a benchmarking exercise each year which provides comparative data for other Pension Funds, such as total pension administration costs per member and 'business as usual' costs. These are used to identify where the Fund and Authority could be performing better in line with other providers of the same services, with the December 2024 benchmarking demonstrating that the Authority's pension administration costs of £33.26 per member were £1.73 below the adjusted peer average of £34.99. The Authority does not utilise a formal cost saving plan primarily because the Authority has limited opportunity to enact significant cost saving.

The Authority has limited opportunity to enact significant cost saving measures for its expenditure due to its size and nature of the expenditure. Staff costs comprise most of the expenditure, which are dictated by central government pay scales. The other costs within the Authority represent a small proportion of expenditure when considered with the larger costs incurred by the Fund and as such, we are satisfied that the above is inline with expectations for an entity of this size.

Monitoring of Outsourced Services

The Authority does not currently outsource any significant services, which is in line with expectations given the nature of the entity and its operation.

Conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with improving economy, efficiency and effectiveness.



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Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Subject	Statement of Accounts 2024/25	Status	For Publication
Report to	Audit & Governance Committee	Date	17 July 2025
Report of	Chief Finance Officer		
Equality Impact Assessment	Not Required	Attached	Na
Contact Officer	Will Goddard Head of Finance & Deputy Chief Finance Officer	Phone	01226 666421
E Mail	wgoddard@sypa.org.uk		

1 **Purpose of the Report**

- 1.1 To provide the draft Statement of Accounts 2024/25 to the Committee for review approval pending the completion of the external audit.
-

2 **Recommendations**

- 2.1 Members are recommended to:
- a. Note the Statement of Accounts 2024/25 attached at appendix A, subject to audit currently in progress.**
-

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 approval and publication of the Statement of Accounts enables the Authority to demonstrate the proper administration of its financial affairs and the effective use of its resources.

4 **Implications for the Corporate Risk Register**

- 4.1 The actions outlined in the report address the risk identified in the Corporate Risk Register that the Authority fails to meet specific regulatory requirements.

5 **Background and Options**

- 5.1 Regulation 9 of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be signed by the responsible financial officer and published by 30 June to enable the exercise of public rights to commence in accordance with regulations 14 and 15, to include the first ten working days of June following the end of the financial year to which the accounts relate.

Statement of Accounts

- 5.2 The draft Statement of Accounts 2024/25 was authorised for issue on Thursday 26 June 2025, meeting the statutory deadline for this financial year. The deadline for the audited accounts to be published is 27 February 2026.
- 5.3 The accounts have been prepared following the “Code of Practice on Local Authority Accounting in the United Kingdom 2024/25” issued by the Chartered Institute of Public Finance and Accountancy (the Code).
- 5.4 The Code constitutes the “proper accounting practices” required by Section 21(2) of the Local Government Act 2003 and deviations from it will usually lead to a qualified audit opinion. The Authority is required to prepare a Statement of Accounts in compliance with the Accounts and Audit regulations made under Section 32 of the Local Audit and Accountability Act 2014, and therefore has a statutory duty to comply with the Code requirements.
- 5.5 In accordance with Section 26 of the Local Audit and Accountability Act 2014 the accounts were open to public inspection and for objections or questions from local electors for 30 days (from 27 June to 07 August) and no objections or questions from local electors have thus far been received.
- 5.6 The accounts are subject to audit by KPMG LLP who is the auditor appointed by Public Sector Audit Appointments Limited, since the audit of the 2023/24 financial year. KPMG LLP are in progress with conducting their audit and will provide a verbal update for the Committee alongside the VFM Risk Assessment to 31 March 2025, as a separate item on the agenda.
- 5.7 The Statement of Accounts comprises the accounts of the Authority itself as an organisation, in addition to the accounts of the Pension Fund for the year (the Fund accounts). The document also contains the Annual Governance Statement, setting out how the Authority has complied with its Local Code of Corporate Governance during the year.
- 5.8 In line with the Authority's usual practice, the audit timetable has been planned to enable the audited accounts to be presented to the October Audit & Governance Committee for approval and to be published in advance of the 27 February 2026 deadline set out in the Audit and Accounts Regulations 2015 (as amended).

6 Implications

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

Financial	The Statement of Accounts sets out the financial position of the Authority at 31 March 2025 and its income and expenditure for the year then ended.
Human Resources	None
ICT	None
Legal	Approval of the 2024/25 Statement of Accounts will ensure compliance with the Accounts and Audit Regulations 2015.
Procurement	None

Gillian Taberner

Assistant Director – Resources & Chief Finance Officer

Background Papers	
Document	Place of Inspection
None	-

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South Yorkshire Pensions Authority
Statement of Accounts 2024/25
[Unaudited]

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Narrative Report

Introduction

This narrative report aims to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. The information contained in these accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the accounts by presenting a clear and understandable summary of the Authority's financial position and performance for the year and its prospects for future years. In order to achieve this, a commentary will be provided on how the Authority has used its resources to achieve its desired outcomes and will highlight and explain the linkages between information presented here and the information within the financial statements.

The report is structured as follows:

- About South Yorkshire Pensions Authority
- Our Mission
- Our Priorities
- Our Performance & Achievements
- Our Financial Position
- Our Future Spending Plans
- Risks and Challenges
- Current Issues
- Explanation of Our Financial Statements 2024/25

About South Yorkshire Pensions Authority

South Yorkshire Pensions Authority was established on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. The primary function of the organisation is to administer the South Yorkshire Pension Fund within the Local Government Pension Scheme (LGPS).

The South Yorkshire Pension Fund is one of the ten largest LGPS funds by both assets and membership, with an asset value of £11.1 billion and a total of 181,178 members at 31 March 2025.

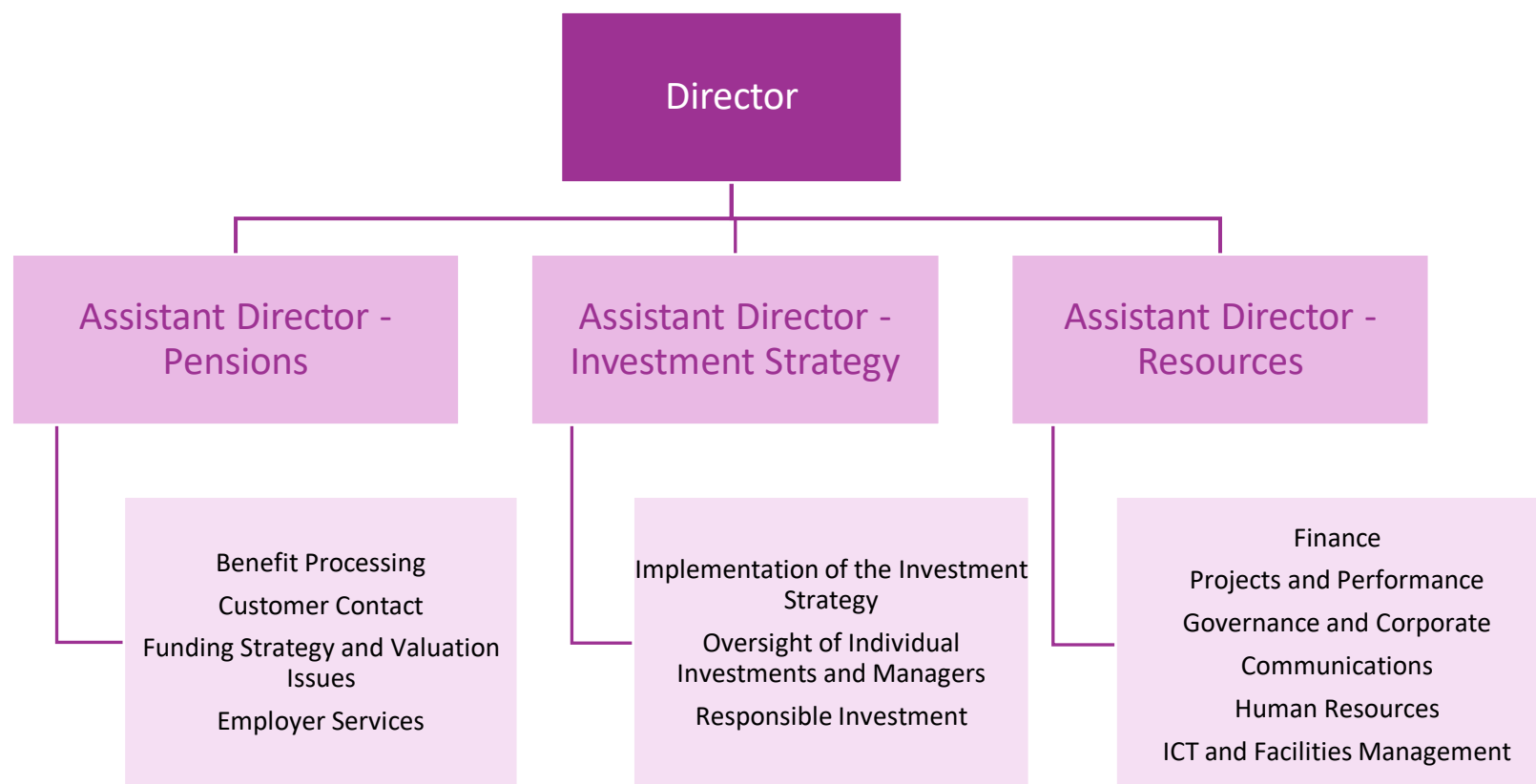
When the Authority was established in 1988, it was also made responsible for certain residual liabilities of the South Yorkshire Residuary Body. These were compensation payments which were not met by the Pension Fund. These liabilities are met by a levy on the four district councils of South Yorkshire payable in proportion to their populations. The four districts are: Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council.

The Authority is unique amongst the administering authorities in the LGPS in that it is the only democratically accountable, free-standing pensions organisation in the UK. While a small number of other 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 outlined above, roughly in proportion to their population. The membership of the Authority in 2024/25 was as follows.

Barnsley MBC 2 Members	City of Doncaster Council 3 Members	Rotherham MBC 2 Members	Sheffield CC 5 Members	Non-Voting Co-opted Members 3 Members
Roy Bowser	James Church	David Fisher	Simon Clement-Jones	Phil Boyes (Unite)
Neil Wright	John Mounsey	Donna Sutton (Vice Chair)	Alexi Dimond	Nicola Doolan-Hamer (Unison)
	David Nevett		Jayne Dunn (Chair)	Garry Warwick (GMB)
			Craig Gamble Pugh	
			Andrew Sangar	

The Authority is supported by the Senior Management Team, led by the Director who is the Head of Paid Service. The management structure of the Authority is set out in the diagram below.



The Authority also appoints a Clerk, Monitoring Officer and Chief Finance Officer, as required by law. The role of Clerk has been undertaken by the Chief Executive of Barnsley Metropolitan Borough Council under a Service Level Agreement until 31 March 2025. During the year, the Authority considered and approved a proposal to designate the Director as Clerk with effect from 1 April 2025. The role of Chief Finance Officer is undertaken by the Assistant Director – Resources and the role of Monitoring Officer is undertaken by the Head of Governance and Corporate Services.

The Authority's office is situated at Oakwell House, Barnsley and this is the base for all employees, although the majority work in a hybrid style with a blend of home and office working permitted. The Authority has a total staffing establishment of 130 full time equivalents (FTE). The total headcount of people in post as at 31 March 2025 was 126.

Our Mission

The Authority's mission is:

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.

We only exist because of our customers and given that we only do one thing, run the pension scheme, we owe it to them to provide the best possible performance while maintaining costs within reasonable levels.

In order to achieve this mission, there are a number of things we need to do, our objectives, which are:

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 the Authority and are actively engaged in improving our services.

The way in which the organisation and its staff go about delivering these objectives reflects the values of the organisation which are:

- Honest & Accountable;
- Professional;
- Progressive; and
- Empowering.

Our Priorities

The Corporate Strategy is one of the key documents that frames the actions of the Authority and sets out the detailed plans for the organisation over a three-year time horizon that aligns with the period between valuations of the Pension Fund.

The Strategy has been fully reviewed and updated for the 2025 to 2028 period as part of our triennial cycle of review of the Corporate Planning Framework, supported and underpinned by newly revised People and ICT Strategies, and Diversity, Equality and Inclusion Scheme.

The strategies have 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.

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

- *Pensions Administration* – with a focus on Backlogs, McCloud, Data Quality, Pensions Dashboards, the 2025 Valuation and the development of our system and optimising our use of this.
- *Investment Strategy* – representing a continued focus on Place Based Impact Investment, progress towards the Net Zero 2030 ambition, the 2026 Investment Strategy review, and the transition of legacy assets to Border to Coast.
- *Corporate Organisation* – which includes the continuation and full implementation of the new Performance Management Framework as well as plans to ensure the DEI Scheme is delivered, a new Social Media Strategy is developed, and work on developing an Environmental Sustainability plan for the organisation's own operations.
- *Governance and Partnerships* – this reflects a focus on building on the good progress already achieved with continuous improvement in governance arrangements and member knowledge and understanding as well as plans to ensure that the Authority is well-placed to deliver the governance outcomes from the Government's Fit for the Future consultation and keep our level of influence within our key partnership, Border to Coast.
- *Our People and Information Technology* are included in the corporate strategy as plans to deliver the separate strategies for both of these significant elements of our corporate framework.

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

Our Performance and Achievements

The performance of the organisation in delivering on our corporate objectives and plans is reported quarterly at full Authority meetings. These Corporate Performance Reports are available on the Authority's website at: [Quarterly Corporate Performance Reports \(sypensions.org.uk\)](https://www.sypensions.org.uk/Quarterly-Corporate-Performance-Reports). Additionally, further information on the overall performance of the Authority for the year is provided in the Annual Report published on our website at: www.sypensions.org.uk.

Investments

This year was one of significant change in the Investment Strategy team as the former Assistant Director retired in December 2024 after 40 years' service looking after the Fund's investments. Recruitment was carefully planned and implemented to enable the new Assistant Director to commence in post from October 2024 and benefit from a short handover period for continuity.

Indeed, the wider context for the year as a whole – both locally and globally – has had a sense of transition about it, in terms of economic and political change on the global stage, as well as the significant changes closer to home for the LGPS arising from the Government's Pensions Review and 'Fit for the Future' consultation.

Over the year, the Fund delivered a return of 2.6% against an expected return of 4.2% from the strategic benchmark (7.8% in 2023/24 against an expected return of 8.1%).

Good progress was made in moving towards the target strategic asset allocation set out in the 2023 Investment Strategy which incorporated Renewable Energy, Climate Opportunities and Natural Capital as new asset classes. The Fund's place-based impact investment strategy also continued to be progressed with the launch of two £20 million investment funds aimed at supporting small and medium-sized enterprises (SMEs) across South Yorkshire, stimulating growth, creating high-quality jobs, and driving innovation.

In February, the Authority was successful in being confirmed as a signatory to the UK Stewardship Code overseen by the Financial Reporting Council, a significant milestone that highlights our ongoing commitment to responsible investment and transparency.

Pension Administration

Following staffing changes and plans made in the previous year for addressing resourcing needs and improvements required, this year has been one of implementation and focus on prioritising delivery of the Pensions Administration Improvement Plan.

Recruitment to several newly created posts was successfully achieved in the first half of the year.

The project to clear the backlog of casework that had developed over a number of years resulted in 70% of these cases being completed by the end of March and work will continue to clear the remaining 30% over the course of 2025.

Another priority this year has been work on improving data quality – with collaboration across relevant teams such as the Employer Services team engaging with and training employers to provide better data, the appointment to the new role of data analyst within the Technical Support & Training team, working with the Benefits and Systems teams in particular. The importance of data quality is recognised, not just in preparing for specific events currently such as the triennial valuation and implementation of McCloud, but across the delivery of our services to members. A separate Data Quality Strategy was developed and approved in June 2025.

Other key projects undertaken in 2024/25 have included completing GMP reconciliation and rectification exercise, clearing outstanding payments of supplemental pension increase on retirement lump sums dating from 2018, and embedding a revised Transfers Out procedure that now ensures full compliance with relevant guidance. The next step in this area will be signing up to the Pensions Regulator's pledge to combat pension scams.

Corporate Plan Delivery

In delivering on the 2024/25 corporate plan, some of the highlights of the last year are as follows:

- ❖ The results of a review of our governance carried out by independent consultants were reported in June 2024 – the review concluded that the Authority's governance is of an excellent standard in the vast majority of areas and is demonstrating best practice in a number of areas. The consultants expressed their view that the Authority's status as a single purpose local authority has resulted in our governance being of much higher quality than other LGPS funds. Whilst there were no significant weaknesses highlighted, a small working group of Authority and LPB members along with officers worked together to produce an action plan in response to some recommendations for improvement.
- ❖ The Authority was pleased to publish its audited annual report and accounts for the previous year in November 2024 – the annual report was fully refreshed in both design and content, and followed the new guidance issued by the Scheme Advisory Board and CIPFA. This was accompanied by our first 'SYPA In Focus' video update designed to keep members informed about key developments and investment performance. This video format replaced the traditional Annual General Meeting, offering members a more accessible way to engage.
- ❖ In preparation for work on the review of the Investment Strategy Statement over the next year, we conducted a survey of scheme members to gather their views on approaches to Responsible Investment to feed into the overall review.
- ❖ Continued retention of accreditation in the areas of Cyber Security and Customer Service Excellence following annual independent reviews.
- ❖ In the area of workforce planning and professional development, we commenced a project this year to review our approach to career grade progression with an aim of creating a corporate policy and guide applicable across the whole organisation with consistent principles and procedures, supported by individually tailored assessment criteria, including the relevant training or qualification requirements, for each of the various roles in different teams on a career progression route.
- ❖ The Authority's leadership team (comprising the Senior Management Team, Heads of Service and Service Managers) participated in a development programme between January and March as part of team building, creating a culture management plan and defining a set of team values within which we will manage and lead our people.
- ❖ A new performance management framework was developed and approved by the Authority in September. This outlines how the Authority will measure and monitor performance and identifies a number of corporate indicators that will be used. A range of dashboards using data from our systems have been created and have already resulted in a step change in the availability of useful management information that has greatly improved the capacity of managers to focus on what the data is telling them and taking appropriate actions in response in order to improve or maintain performance. This has also been helpful in improving the quality of reporting and will be taken further over the coming year.

- ❖ In October 2024, the Authority's work on its £260 million joint venture with Royal London transforming agricultural land into a natural capital investment vehicle was nationally recognised with the Investment Innovation Award at the 10th LAPF Investment Awards.
- ❖ Following the transition of the agricultural property portfolio in the previous year, the Fund's commercial property portfolio was transferred this year to a new pooled product with Border to Coast. Having completed this and with over 75% of investments now pooled, the opportunity was taken to carry out a full review, supported by specialist consultants, of the Authority's current "special method" for recovery of VAT agreed with HMRC. This resulted in moving to a standard method that will enable the Authority to recover all of the VAT on its operational running costs for the first time, which should lead to significant financial savings.
- ❖ The Finance and Investment Strategy teams collaborated on a major procurement exercise to appoint a new Custodian for the Fund's £11 billion investment assets. The contract was awarded to Northern Trust in the final quarter of the year with commencement from 1 April 2025. This is an important development that will enable enhanced security and efficiency in asset management for the Fund.
- ❖ The Authority successfully managed the transition to a new external audit provider for the audit of financial year 2023/24, building effective working relationships and achieving an unmodified audit opinion and publication of the audited annual statement of accounts by the end of November 2024, ahead of the statutory deadline once again.
- ❖ As part of the ongoing strands of work relating to overall governance and resilience, a project was undertaken to carry out a business impact analysis and devise a new Business Continuity Plan based on this. The analysis and preparation of individual service plans was largely complete by the year-end, with a workshop to finalise the outcomes scheduled for July 2025.

Our Financial Position

The Authority's day-to-day running costs are managed through the operational budget, while costs and income associated with specific investments and dealings with scheme members are managed through the Pension Fund directly. The financial performance of the Fund is set out in the financial statements and notes for the Fund, later within this publication.

The operational budget for 2024/25 was approved in February 2024 at a total of £8,271,410; in June 2025, a small number of technical budget virements were approved as part of the final quarter budget monitoring report, resulting in the revised budget figures shown in the table, there was no change to the total. The overall outturn for the year was an under-spend of (£137,690); the details of which are set out below the table.

South Yorkshire Pensions Authority	2023/24 Outturn	2024/25 Budget	2024/25 Revised Budget	2024/25 Outturn	2024/25 Outturn Variance	2024/25 Outturn Variance
Operational Budget	£	£	£	£	£	%
Pensions Administration	3,231,130	3,646,910	3,710,910	3,661,230	(49,680)	(1.30%)
Investment Strategy	569,210	656,400	656,400	642,330	(14,070)	(2.10%)
Resources	1,236,520	1,434,770	1,370,770	1,322,510	(48,260)	(3.50%)
ICT	1,124,100	1,495,590	1,495,590	1,314,010	(181,580)	(12.10%)
Central Costs	764,770	840,180	799,820	707,020	(92,800)	(11.60%)
Democratic Representation	182,870	127,060	127,060	132,560	5,500	4.30%
Subtotal Net Cost of Services	7,108,600	8,200,910	8,160,550	7,779,660	(380,890)	(4.70%)
Capital Expenditure and Financing:						
Financing / Interest Charges	0	0	37,090	37,090	0	0.00%
Minimum Revenue Provision Charge	0	0	3,270	3,270	0	0.00%
Capital Expenditure Charged to Revenue	69,900	98,500	98,500	97,410	(1,090)	(1.10%)
Subtotal Before Transfers to Reserves	7,178,500	8,299,410	8,299,410	7,917,430	(381,980)	(4.60%)
Appropriations to Reserves	(274,235)	(28,000)	(28,000)	216,290	244,290	(872.50%)
Total	6,904,265	8,271,410	8,271,410	8,133,720	(137,690)	(1.70%)

The outturn for the year is an under-spend of (£138k) or (1.7%) after transfers from reserves. The total outturn expenditure before reserves transfers was under-spent by (£381k), equivalent to (4.7%) of the budget. All but (£138k) of this was transferred to earmarked reserves. The remaining under-spend for the year of (£138k) arose due to the effects of implementing new accounting standard, *IFRS 16 Leases*.

The main variances included in the results outlined above are explained below.

IFRS 16 - Leases

As outlined more fully in Note 24 to the Authority's accounts, the 2024/25 CIPFA Code of Practice adopted accounting standard *IFRS 16 Leases*, resulting in a change to the accounting treatment of assets leased by the Authority. The Authority's only material lease impacted by this change is the lease of Oakwell House. This had previously been accounted for as an operating lease with rental payments expensed each year. Under the new accounting requirements, the leased asset is now recognised on the Authority's balance sheet as a right of use asset and the total value of the lease over its life is recognised as a lease liability, with the rental payments each year split between the payments of principal to reduce the liability and the payments of interest charged to the Comprehensive Income and Expenditure Statement.

The lease agreement for Oakwell House included significant rental incentives in the first 5 years of the lease. The previous accounting treatment required the total of rent payments for the life of the lease to be allocated in equal amounts in each year of the lease, resulting in a total of £138k that has been charged to expenditure as an adjustment since the lease commenced in 2021. The change in accounting treatment has resulted in a need to unwind this previous accounting adjustment, the result of which is a credit of (£138k), which is the reason for the net under-spend after transfers to reserves and is effectively repaid to the Pension Fund by reducing the total charge to the Fund for the year.

Pay Costs 2024/25

The pay award for 2024/25 was agreed by the NJC in October 2024 at an amount of £1,290 on all pay points up to 43, and at 2.50% for pay points above this, with effect from 1 April 2024. The impact of this on salary budget variances is included in the details shown for each department below.

Pensions Administration – (£50k) Under-Spend

- There is a total net under-spend of (£92k) on staffing costs which comprises the following items:
 - The saving for this department relating to the pay award is (£14k).
 - A high volume of recruitment took place due to a combination of new posts and internal moves; arising from the implementation of changes in the structure that were approved in the prior year. Additionally, there were unplanned costs relating to two termination payments. The impact of this is a net under-spend of (£116k), after taking account of the department's vacancy allowance.
 - A net over-spend of £38k in relation to various staffing changes (e.g. hours changes, grade progression, casuals etc.) made after the budget was set.

- The actuarial fees budget is under-spent by (£28k), as one of the additional tools offered by the actuary and included in the budget has not yet been taken up. As the contract has bedded in, we are beginning to get a better understanding of the annual costs; the 2025/26 budget has been set prudently to reflect the additional valuation costs anticipated.
- Other Professional services is over-spent by £22k. The main driver is expenditure associated with the completion of Guaranteed Minimum Pension (GMP) rectification work in August 2024, which had been planned to finish in 2023/24. A minor part of the over-spend was the cost of job evaluations required as part of the structure changes.
- The Hybrid Mail budget is over-spent by £17k. Working through the pensions backlog led to an increase in usage during the year, it is anticipated that this will reduce in 2025/26.
- An over-spend of £18k on the ill health reports budget, driven by the volume of cases, rather than inflationary increases. From April 2025 these costs will sit with individual employers and the 2025/26 budget has been set to nil to reflect this change.
- There is an over-spend of £8k in relation to Customer Compensation. The main element of this over-spend is a £6k cost paid to one member to compensate them for additional tax charges incurred due to a delay that the Authority was responsible for in 2022. Issues such as these are being dealt with as the pensions case work backlog is being cleared and are not expected to recur.
- A remaining net over-spend of £5k in total comprising small variances on relocation expenses, consultancy and legal fees, specialist recruitment campaigns and conferences, and a reduction in income.

Investment Strategy – (£14k) Under-Spend

- There is a total net under-spend of (£26k) on staffing costs which comprises the following items:
 - The saving for this department relating to the pay award is (£2k).
 - The budget allowed for up to six months for transition arrangements for the new Assistant Director – Investment Strategy to be in post prior to the former Assistant Director's retirement. The transition period was actually three months. The impact of this is a net under-spend of (£24k), after taking account of the department's vacancy allowance and additional recruitment costs for this post.
- An over-spend of £7k in relation to actuarial services to produce cashflow modelling to align the investment strategy with the cashflows proposed arising from the triennial valuation and setting of new contribution rates. This was not included in the investment strategy budget for the year, but the cost here is offset by under-spends on actuarial fees in pensions administration.
- Procurement framework fees have been over-spent by £12k. During 2024/25 two procurement exercises have commenced which have required framework access, they were for a review of the VAT special method and investment consultancy services for the triennial review of the investment strategy.
- A small net under-spend of (£7k) in total comprising small under-spends on investment adviser fees, benchmarking and training, offset by a minor over-spend on professional subscriptions.

Resources – (£48k) Under-Spend

- There is a total net under-spend of (£55k) on staffing costs which comprises the following items:
 - The saving for this department relating to the pay award is (£6k).
 - Delays to recruitment due to workload pressures have resulted in vacancies for longer periods than planned. Additionally, there were unplanned costs relating to two termination payments. The net impact of these factors is an under-spend of (£44k), after taking account of the department's vacancy allowance.
 - A net under-spend of (£5k) in relation to various staffing changes including maternity leave cover, hours changes and additional costs for a casual contract not included in the budget. The casual contract ended in September 2024 as the full-time post had been filled and the resource is no longer required.
- The recruitment budget is over-spent by £8k due to costs of using a specialist recruitment agency for the newly created Senior Finance Business Partner post. This was successfully recruited to in March 2025, with the preferred candidate due to commence in post in June.
- The income received for payroll administration fees and administration fees charged to employers was £7k less than budgeted for, driven by reduction in volume, resulting in an over-spend.
- A minor net under-spend of (£8k) in total comprising small under-spends for corporate subscriptions, training and actuarial fees, offset by an over-spend on the debt recovery agent.

ICT – (£182k) Under-Spend

- There is a total net under-spend of (£36k) on staffing costs which comprises the following items:
 - The saving for this department relating to the pay award is (£4k).
 - The impact of vacancies in the Systems team has been an under-spend of (£32k), after taking account of the department's vacancy allowance.
- Actual income is £8k less than budgeted. This was due to the service level agreement with the Office of the Police and Crime Commissioner ending early in February 2025, following its merger with South Yorkshire Mayoral Combined Authority. The fee income was based on actual staffing and overhead costs for providing the service, therefore the contract coming to an end has no detrimental impact on the Authority's budget overall.
- The warranties and support budget is over-spent by £16k. The main driver was the cost of a support package that had been omitted in error when setting the budget. The expenditure requirements were reviewed and are now correctly reflected in the 2025/26 budget.
- An under-spend of (£10k) on the hardware budget. The planned monitor replacement programme was delayed and will now take place in 2025/26.
- The consultancy budget was under-spent by (£74k) due to a lack of capacity from the consultants for development of the Pensions Administration system. The under-spend has been transferred to Reserves to be used for consultancy costs when required in a future period.
- There is a total net under-spend of (£86k) on software costs which comprises the following items:

- The HR & Payroll system budget is under-spent by (£50k) due to a change in timing only. The project to procure a new system was due to be completed within 2024/25 but has taken longer than initially planned. Work is progressing well now, but the procurement and system implementation will fall in 2025/26. Part of the under-spend has therefore been moved to reserves to fund the required costs in 2025/26.
- The Pensions Administration system budget is under-spent by (£12k) as a result of delays to developments in relation to the Pensions Dashboard.
- A net under-spend of (£24k) on software purchases offset by cyber security costs, for which the budget was set prudently with an expected increase in licences through staffing growth and a number of contracts being renewed in an inflationary environment. The under-spend is a result of inflation on renewals being lower than budgeted and the time taken to achieve the growth in staff numbers.

Central Costs – (£93k) Under-Spend

- There is a total under-spend of (£3k) on staffing costs due to the pay award.
- The budget for past service pension surplus is over-spent by £13k. The surplus the Authority is entitled to is based on a percentage of the assumed pensionable pay of employees in the pension scheme. The under-spends on pay budgets have therefore reduced the surplus received.
- The budget for Oakwell House rent is under-spent by (£41k) due to the change in accounting treatment of the lease payments.
- External audit fees are over-spent by £28k due to approved fee variations for additional audit requirements arising from new auditing standards. These will be consolidated into the audit scale fee for next year. This over-spend is more than fully offset by additional income of (£55k) arising from grant receivable from the Ministry for Housing, Communities, and Local Government as part of their local audit measures.
- The office building budget is under-spent by (£16k). A new facilities management contract resulted in significant savings. The majority of the savings have been used to fund a repairs and maintenance programme required during 2024/25. Longer term planning in relation to buildings expenditure is reflected in the 2025/26 budget and medium term financial plans.
- The professional services budget is under-spent by (£15k), driven by lower costs falling in this year for the governance review, which was completed early in the first quarter. Partly offset by additional costs required for professional design work on the Authority's annual report and actuarial fees for the Authority accounts.
- Internal audit budget is under-spent by (£7k), due to a lower than budgeted number of days completed arising from agreed changes to the audit plan over the course of the year.
- A net over-spend of £3k in total across the budgets for occupational health services, shared cost AVC administration fees, public transport costs, offset by a reduction in fees paid for venue hire.

Democratic Representation - £6k Over-Spend

- The Members Allowances scheme provides for the allowances to be increased each year in line with the nationally agreed local government pay award. This was confirmed at 2.50%, less than the 3% that had been budgeted, resulting in an under-spend of (£1k).
- This is offset by an over-spend of £5k due to an additional two member allowances that had not been included in the budget.

- A small over-spend of £2k due to recruitment advertising costs for the LPB independent adviser, and training for members.

Capital Expenditure Charge – (£1k) Under-Spend

- A minor under-spend of (£1k) on the Capital Expenditure budget for Laptops and the Server Room.

Reconciliation of Budget Outturn to the Expenditure & Funding Analysis Note

The statement of accounts includes the Expenditure and Funding Analysis (EFA) at Note 1 – which sets out the net amounts chargeable to the General Fund for the year as compared to the amounts accounted for under generally accepted accounting practices shown in the Comprehensive Income and Expenditure Statement (CIES). These amounts are analysed across the services within the Authority on the same basis as shown in the budget outturn table above. However, some differences remain between the service totals above and the service totals shown in the EFA note.

The table below sets out the details, and the reasons for these differences are explained as follows.

The main difference relates to VAT expenses incurred that we are unable to recover from HMRC. Unlike other local authorities, as an authority with the sole purpose of administering the Pension Fund, we do not currently have Section 33 status under the VAT Act 1994. Instead, we use a special exemption method agreed with HMRC for reclaiming a proportion of our VAT charges only. The remaining proportion of the VAT expense that is not recoverable is Authority expenditure and is therefore recognised in the CIES and is charged in full to the General Fund as shown on the EFA Note; but as it is a varied and unpredictable cost over which budget managers cannot exert any control, it is not reported for budget purposes.

There are also some minor rounding differences as a result of the budget reports being presented with figures rounded to the nearest £10 for presentational purposes whereas the figures in the CIES are shown as actual amounts rounded to the nearest £1 only.

Reconciliation of Services Totals in the Budget Outturn Report to Amounts Shown in the Expenditure and Funding Analysis (EFA) Note	2024/25 Budget Outturn	2024/25 Irrecoverable VAT Expense - Not Reported for Budget Purposes	Rounding Adjustments for Budget Reporting	2024/25 Net Expenditure Chargeable to the General Fund in the EFA Note
	£	£	£	£
Pensions Administration	3,661,230	220,451	4	3,881,685
Investment Strategy	642,330	324,322	1	966,653
Resources	1,322,510	89,379	(4)	1,411,885
ICT	1,314,010	-	(3)	1,314,007
Central Costs	707,020	-	3	707,023
Democratic Representation	132,560	-	0	132,560
Net Cost of Services	7,779,660	634,152	1	8,413,813

Earmarked Reserves

The Authority has three earmarked revenue reserves, the Corporate Strategy reserve, the ICT reserve, and the Capital Projects reserve.

For 2024/25, movements to these reserves have been agreed as shown in the following table. These are disclosed with further details in Note 8 to the accounts.

We operate within a rule which limits the amount we can hold in the reserves, to 10% of the Budget (resulting in a limit of £827k for 31 March 2025), and the current level remains below this limit at £365k or 4.4%.

Earmarked Reserves	Balance at 01/04/2024	Transfers In	Transfers Out	Balance at 31/03/2025
	£	£	£	£
Corporate Strategy Reserve	65,985	38,870	0	104,855
ICT Reserve	63,030	120,330	0	183,360
Subtotal Revenue Reserves	129,015	159,200	0	288,215
Capital Projects Reserve	19,290	57,090	0	76,380
Total Earmarked Reserves	148,305	216,290	0	364,595

The earmarked reserves are held for the following purposes.

- Corporate Strategy Reserve – To fund non-recurrent costs arising from projects which are required to implement the Corporate Strategy.
- ICT Reserve – To fund expenditure on ICT equipment and to enable a programme of systems development for the Authority.
- Capital Projects Reserve – This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets.

Our Future Spending Plans

The operating budget for 2025/26 was approved in February 2025.

The budget for the year ahead, as set out in the table below, reflects the embedding of improvements and benefits realisation following the investment in staffing growth seen in recent years through various corporate resourcing and resilience projects. As well as the continued review of the Authority's needs relating to delivery of day-to-day operations and the planned requirements for delivering the corporate plan and addressing the risks facing the organisation as detailed in the corporate risk register.

South Yorkshire Pensions Authority Operating Budget	2024/25 Outturn £	2025/26 Budget £	2026/27 Estimate £	2027/28 Estimate £
Pensions Administration	3,661,230	3,961,370	4,075,110	4,192,170
Investment Strategy	642,330	666,630	683,920	701,680
Resources	1,322,510	1,585,950	1,633,020	1,681,490
ICT	1,314,010	1,785,060	1,830,970	1,878,270
Central Costs	707,020	855,370	870,390	885,660
Democratic Representation	132,560	156,100	160,400	164,810
Unfunded Liabilities	303,037	312,000	317,300	322,690
Subtotal Revenue Expenditure:	8,082,697	9,322,480	9,571,110	9,826,770
Capital Expenditure and Financing:				
Financing / Interest Charges	37,090	0	0	0
Minimum Revenue Provision Charge	3,270	0	0	0
Capital Expenditure Charged to Revenue	97,410	135,000	60,000	60,000
Reserves and Levy Income:				
Contribution (from) / to Reserves	216,290	(94,650)	60,000	60,000
Levy on District Councils	(303,037)	(312,000)	(317,300)	(322,690)
Total Charge to Pension Fund	8,133,720	9,050,830	9,373,810	9,624,080

The overall budget requirement for 2025/26 is a total of £9,050,830 representing a total increase of £779,420 on the previous annual budget of £8,271,410.

This overall increase on the budget includes the impact in 2025/26 of budget growth previously approved by the Authority in February 2024, and the impact of National Insurance changes that took effect from April 2025 – an increase to the employer rate and a reduction in the secondary threshold, resulting in a fairly significant increase to the Authority's employment costs.

The total budget increase in summary comprises:

- £50,130 – relating to previously approved proposals for organisational resilience and sustainability and resourcing plans;
- £183,760 – relating to National Insurance Cost increases; and
- £545,530 – relating to the annual increase required for operational running costs.

In assessing this level of budget increase, £545,530 represents a 4.5% uplift compared to 2024/25.

The estimates for the remainder of the Medium Term set out above are based on projecting the 2025/26 budget forward, adjusting for planned savings and estimated inflationary increases as necessary.

The key uncertainties and risks in relation to this financial forecast, and the mitigations in place, are as follows:

- Pay Costs
 - Employee costs make up approximately two thirds of the overall budget. The budget estimates for employee costs are prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental progression, and the estimates include additional staffing resources. Based on experience over the last few years, the vacancy allowance has been reduced to 1.0% (previously 2.5%) of the salary and on-costs budget for 2025/26, driven by a lower volume of anticipated recruitment through the year.
 - There is uncertainty over the likely level of any pay award for 2025/26. The pay award agreed for 2024/25 was lower than the assumption used for budget setting, resulting in some small savings. For the purpose of setting employee cost budgets in 2025/26, an assumption of a 4% uplift was used. There is a risk that the actual pay award, once confirmed, will be higher than this. In the event of higher employee costs than forecast, managers will seek to absorb the in-year impact through the management of vacancies and seeking to either defer one-off expenditure or avoid aspects of running cost expenditure. This is the usual process of budgetary control, and it seems unlikely that any cost increases would be on a scale beyond that which measures of this sort could address.
- Deterioration in budgetary control. Budgetary controls and processes are currently robust and well-embedded. We continue to refine and enhance this, and work is ongoing to provide training and strengthen the involvement of the responsible budget holders in the coming year. There is therefore no indication of any likelihood of deterioration. The controls in this regard are also subject to regular internal audit review.
- Loss of external income. This is mitigated through prudent budgeting, for example not including any assumptions around additional software sales which tend to be sporadic, and through securing longer term agreements with customers with staggered end dates so that not all agreements come to an end at the same time.

Risks and Challenges

Risk Management is the process by which the Authority identifies and overcomes those issues which might prevent it achieving its and the Pension Fund's objectives. Given the financial scale of the Pension Fund and the fact that it invests money in order to achieve financial return, the effective management of risk is crucial to us being able to achieve our objectives. The risks that face the Authority therefore include both the risks to it as an organisation, and the risks inherent in its role as administering authority of the South Yorkshire Pension Fund. The details below reflect this.

The Authority sets out broad policies in the [Investment Strategy Statement](#) which conform to the LGPS Investment Regulations and further details are also covered in the [Pension Fund's annual reports](#).

The corporate risk register, which forms an integral part of the Corporate Strategy, is regularly reviewed throughout the year by the Authority's Senior Management Team, reported to the Authority and reviewed by the Local Pension Board on a quarterly basis, and the risk management framework and arrangements are overseen by the Audit and Governance Committee over the course of the year. Any changes made to each iteration of the risk register are fully detailed in the quarterly Corporate Performance reports to the Authority meetings during the year (available on our website at: [Quarterly Corporate Performance Reports \(sypensions.org.uk\)](https://www.sypensions.org.uk)).

The key risks identified and the assessment of their relative likelihood and impact are shown in the figures on the next page. The arrangements in place to mitigate some of the key risk areas include the following.

Investment Risk Management:

- Acting with proper advice – such advice may come from appropriately qualified officers, the Fund's Independent Advisers or specialist consultants retained for specific projects.
- Maintaining a diversified portfolio of assets – The Fund's Strategic Asset Allocation is intended to reduce the overall level of investment risk by investing across a range of asset classes the performance of which is not directly correlated.
- The setting of limits within individual investment management agreements with regard to the types of exposure the investment manager is allowed to achieve relative to a benchmark, the level of concentration of holdings and measures of portfolio risk, and for certain types of investment the duration of the transaction and the credit quality of the counterparty. These are reported on by managers and significant movements or breaches are followed up as part of ongoing performance review.

Further detail on the management of investment risk is presented in the notes to the Fund accounts at Note 17 – Nature and Extent of Risks Arising from Financial Instruments.

Cyber Risk Management:

Given the volume of sensitive data handled by the Authority, cyber security risks are among the most significant and persistent risks we face and there is an ongoing and continually evolving programme of work to maintain and continuously enhance our defences against cyber-attacks. Key mitigations in this area include:

- Annual external reassessment of cyber security controls against the cyber essentials plus standards
- Mandatory induction training for all new staff and mandatory annual refresher training for all staff.
- Regular training for members of the ICT Team.
- Ongoing enhancement of ICT security systems.
- Regular review of incidents and attempts to breach security to identify opportunities to improve cyber defences.

Pensions Administration Risk Management:

The risks in pensions administration encompass risks to delivery and service provision. Mitigations put in place include an increase to the staffing establishment based on an evidenced capacity plan, a project to target the clearance of casework backlogs, a re-organisation of the team and management structure in the department to provide focussed resourcing in key areas – including actively working with employers and data quality improvements.

Additionally, work to address and mitigate risks in relation to the ability of the administration software system provider to deliver required developments and functionality includes proactive engagement and contract management meetings with the supplier and collaboration with other LGPS fund users through different user groups.

These areas, along with other aspects of pensions administration performance and project delivery, are reported on a regular basis to both Authority and Local Pension Board.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix						
Impact	5 Very High		IAF-004		IAF-002	
	4 High		GOV-003	ADM-001 GOV-004 IAF-003 ORG-004 PEO-003	ADM-002 ADM-003 ORG-002 IAF-010	
	3 Medium			PEO-002	GOV-001 IAF-001 IAF-005	
	2 Low					
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very High
		Likelihood				

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

Current Issues

Organisation

The forthcoming year will see the retirement of the Director in December, after almost 8 years of leading the Authority, including steering the organisation through the introduction of pooling and comprehensively modernising our operations.

The risk of loss of experience and knowledge, as well as the impact of change in this role, has been carefully considered and planned for. A recruitment process will take place during the summer of 2025, with the aim of ensuring a successor can commence in post during the late autumn and benefit from a short handover period to help smooth the transition.

Regulatory Change

In recent years, one of the issues being faced by the Authority has been that of waiting for a number of proposed regulatory changes in the LGPS to be enacted. This year has brought a renewed focus on LGPS with changes planned to take place at a rapid pace.

The new Government elected in July 2024 launched a Pensions Review of workplace defined contribution schemes and the LGPS, with the focus in the latter area on how to unlock investment potential in the scheme through asset consolidation and enhanced governance while strengthening focus on local investment.

A consultation – “LGPS: Fit for the Future” was held from November 2024 to January 2025 and the Government published the outcomes and its response on 29 May 2025. This sets out the Government’s intentions to implement the proposals that had been consulted upon and to legislate for these in the Pensions Scheme Bill, subsequently introduced on 5 June with the expectation of coming into force from 1 April 2026.

The changes affect three areas, the key points of which are summarised below.

❖ Governance

Implementation of the good governance recommendations, including requirements to have a governance and training strategy covering members and senior officers, an independent governance review every three years and to appoint an independent adviser to the committee (the Authority in SYPA’s case) without voting rights.

The changes relating to governance have been long awaited since the original good governance proposals in 2021 and the Authority has already taken steps to implement certain aspects such as the independent governance review. It is therefore well-positioned to meet all of the new requirements.

❖ Pooling

The Government set out minimum requirements for pools and clear expectations and timescales for funds to have 100% of assets being managed by the pool. Pools were required to submit their plans for achieving the requirements and Government provided their response in April 2025; for Border to Coast the response was positive and the pool will continue. However, two of the eight pools were informed they do not meet the requirements and the 21 funds within those pools will need to join one of the other pools – they are required to indicate their preferred options by the end of June, reach an agreement in principle with the new pool by the end of September with March 2026 being the target date for completion of the process of joining the new pool.

This will impact on Border to Coast and the Authority as one of the partner funds, because a number of these 21 funds will potentially wish to join the partnership. It is too early to estimate the numbers or quantify the impact but officers across the existing 11 partner funds will work collaboratively with the officers of the company and any new funds.

This will take up significant management focus and time as well as requiring formal Authority decisions in the coming year. Officers will work to ensure that the Authority's views are taken on board as the process evolves.

❖ Local Investment

Funds will be required to set a target range for local investment in their investment strategy statements; with local being defined as broadly local or regional to the fund or its pool. Pools will be required to implement the local investment strategies, including carrying out due diligence. Funds will also be expected to work with combined authorities / mayoral combined authorities with a view to identifying local investment opportunities.

As with the Governance requirements, the Authority is already taking an approach that fits well with the new requirements – with plans reflecting local growth priority areas identified by the South Yorkshire Mayoral Combined Authority reflected in the current investment strategy. The need for the local investments to be managed by the pool will mean that Border to Coast will be required to develop their capabilities to resource this.

Overall, the Authority is in a relatively strong position of preparedness for the changes that will be introduced through the Pensions Schemes Bill, nevertheless, the impact of the changes to pools in particular will be significant and will require a great deal of management focus as we move

forward. The organisation though is committed to ensuring that this will be handled effectively whilst at the same time maintaining its focus on the 'business as usual' of running the fund and delivering for our scheme members.

Pension Administration Challenges

The performance in 2024/25 as summarised earlier in this report reflects very good progress on addressing the challenges in pensions administration – from the implementation of growth in staffing resource and management structure changes, to the new data quality strategy, clearing of 70% of the casework backlog and ongoing progress on the pensions administration improvement plan.

The need to continue and build on this progress will remain over the next year, with issues including the requirement to implement the McCloud remedy, to connect to the Pensions Dashboard and to respond to evolving changes in regulations anticipated from proposals currently being consulted on by Government around 'Access and Fairness'.

This will be in addition to the continuing priority area, reflected in the corporate strategy, of maximising and optimising the use of technology to improve our services and efficiency. This will require further work, particularly with our pensions administration software provider to drive the developments that we require.

Explanation of our Financial Statements

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below, and further detail is also provided on each of the financial statements that follow.

The Statement of Responsibilities sets out the respective responsibilities of the Authority and the Chief Finance Officer.

The Independent Auditor's Report gives the auditor's opinion on the financial statements and on the Authority's arrangements for securing economy, efficiency and effectiveness in our use of resources.

Financial Statements

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves (i.e., those that can be applied to fund expenditure) and unusable reserves.

The Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount to be funded from the charge to the Pension Fund.

The Balance Sheet shows the value of the Authority's assets and liabilities at the reporting date. These are matched by reserves which are split into two categories; usable and unusable reserves.

The **Cash Flow Statement** shows the changes in the Authority's cash and cash equivalents during the reporting period.

Notes to the Financial Statements

The Expenditure and Funding Analysis note shows how expenditure is used and funded from resources by the Authority in comparison with those resources consumed by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the services in the organisation.

The other notes to the financial statements provide further detail on material items within the core financial statements.

The Pension Fund Statement of Accounts

In accordance with the requirement of the Code for administering authorities of Local Government Pension Scheme pension funds, the following statements and notes are presented.

The Fund Account discloses the changes during the year in the net assets available for benefits.

The Net Assets Statement shows the assets available to fund benefits at the year end.

Notes to the Pension Fund Financial Statements

The Actuarial Value of Promised Retirement Benefits note provides information on the actuarial valuation, carried out in accordance with IAS 19, of the liabilities to pay pensions and other benefits in the future. This is an important supplement to the Net Assets Statement in the Fund's statement of accounts, which does not take account of liabilities to pay pensions and other benefits after the period end.

The other notes to the Pension Fund financial statements provide further detail on material items within the Fund Account and the Net Assets Statement.

A Glossary of key terms can be found at the end of this publication.

Annual Governance Statement 2024/25

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority's Local Code of Corporate Governance, available on our website at: [Local Code of Corporate Governance \(sypensions.org.uk\)](https://www.sypensions.org.uk) complies with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government Framework 2016. The Authority reviews and updates this Local Code every two years (as a minimum) and the next review will be carried out by December 2025.

The Local Code and this statement are also supported by the Governance Compliance Statement which the Authority is required to produce under s 55(1) of the Local Government Pension Scheme Regulations 2013, which is also available on our website: [here](#).

This statement explains how the Authority has complied with the Local Code and meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 relating to the preparation and approval of an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture, and values by which the Authority is directed and controlled, and the activities through which it accounts to and engages with employing bodies, pensioners, contributors, and other stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk: it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify risks to the achievement of the Authority's policies, aims and objectives. The system attempts to evaluate the likelihood of those risks being realised and the impact should they be realised and how to manage them efficiently, effectively, and economically. The governance framework has been in place during the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

Outline of the Governance Framework

The Authority's framework of governance continues to evolve in line with best practice and is based upon the 7 Core Principles set out in the 2016 CIPFA/SOLACE guidance, Delivering Good Governance in Local Government: Framework. More details about the Authority's arrangements for ensuring compliance with each of the 7 Core Principles are set out in the Authority's Local Code of Corporate Governance.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in Place

Codes of conduct covering the behaviour of both members and officers, form part of the Constitution, with appropriate mechanisms for ensuring that action can be taken where transgressions are reported. For officers these are reinforced through a framework of values and behaviours, including specific management behaviours, which are reflected upon at individual level as part of the appraisal system.

A review and update of the Constitution was undertaken in the last year to incorporate recommendations from the independent governance review. The revised document was approved in March 2025 and is available here: [Constitution \(sypensions.org.uk\)](https://www.sypensions.org.uk/constitution)

The Independent Governance Review that was carried out by Aon at the end of 2023/24 and reported in June 2024, concluded that:

“... the governance of the SYPA is of an excellent standard in most areas, meets nearly all legal requirements in the matters we have considered, and is demonstrating best practice in several areas. In our view, the governance of the SYPA is of much higher quality than the majority of other LGPS funds, and we believe much of this is driven by the fact the organisation is a single purpose Local Authority”.

Whilst no significant weaknesses were identified, the report included some recommendations for further improvement or consideration. An action plan to address these was developed by a working group of Authority and Local Pension Board members along with officers. This was approved in December 2024 and progress is being reported at regular intervals to the Audit & Governance Committee and the Local Pension Board.

As required under local government law, elected members are required to complete declarations of interest which are publicly available and to declare any conflicts which might arise in discussion of specific matters at meetings of the Authority and its committees. Similar arrangements apply to members of the Local Pension Board, under requirements governed by the Local Government Pension Scheme regulations and the Public Service Pensions Act 2013.

Registers of potential conflicts, including personal relationships, for staff and a register of gifts and hospitality for both staff and officers are all in place. The register of gifts and hospitality has been reviewed and updated during the year.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

A Counter Fraud and Corruption policy and a Whistleblowing policy are in place should any individual wish to make a confidential disclosure. These policies have been reviewed and updated during the year. There have been no cases of fraud or uses of the whistleblowing procedure in the year. The Authority also participates in the National Fraud Initiative.

The Authority has a formal policy on the reporting of material breaches of the relevant pension regulations and any breaches which occur are reported to the Local Pension Board (LPB) at each of its meetings. Work to improve the identifying and recording of breaches not deemed to be material has been carried out during the year and training in this area delivered to staff and to Authority and LPB members. The next steps during the forthcoming year are to formalise the process for decision-making regarding when breaches are to be reported to the Pensions Regulator.

Complaints policies exist in relation to quality of service, and statutory appeals processes in relation to decisions made under the Pensions Regulations. During the year, a new role of Complaints Resolution Officer was established in the Pensions Administration department, with the purpose of improving consistency and timeliness of responses to complaints, collating and learning from complaints and other customer feedback received including root cause analysis and implementing solutions to prevent recurrence of issues.

Procurement arrangements are in place to comply with legislative requirements, good practice, achieve value for money and demonstrate accountability. This includes a gateway approval document that guides staff through the process and ensures all stages are appropriately documented. Training from CIPFA has been provided for all staff involved in procurement activity. The Contract Standing Orders that form part of the Constitution have been updated during the year to reflect changes new procurement legislation and regulations that came into force in February 2025. The Governance team attend regular training on procurement rules and practices and the Governance Team Leader is undertaking a Diploma in Contract Management to further strengthen knowledge to support making improvements in the Authority's processes in this area.

The Authority operates with an extremely strong value base in relation to ethical standards and values reflecting the seriousness of its responsibility as steward of the pension savings of a very large number of individual scheme members. The values and behaviours framework is central to both the Corporate Strategy and the appraisal process and the wider policy and constitutional framework covering issues such as recruitment and selection and procurement. The Authority also seeks to bring its commitment to these values into the role it plays within any partnership in which it participates, particularly the Border to Coast Pensions Partnership which is central to the delivery of its corporate objectives. The Authority ensures that it is aware, through the employment of specialist officers and advisers, of the statutory requirements which are placed upon it and takes steps to ensure that it complies with them in an open and transparent way. This includes the maintenance of an up-to-date Constitution which is regularly reviewed and includes definitions of both the Corporate Planning Framework and Pensions Policy Framework, together with terms of reference for committees and an appropriate scheme of delegation to officers.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Authority maintains up to date role profiles for all posts within the organisation and ensures that it has appropriately qualified statutory officers in post who are able to operate in a way which complies with the relevant professional codes.

Formal records are kept of decisions taken by both officers and members together with the advice considered in making such decisions.

The Authority's Governance team oversees and manages democratic services, governance and assurance, and compliance with regulations.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Arrangements in Place

The Authority seeks to be as open as possible with stakeholders, conscious that it is the steward of the savings of over 180,000 individuals, working for close to 600 different employers. To this end it complies with its obligations under the Freedom of Information Act and makes a considerable volume of information automatically and freely available through its website. The Freedom of Information Act Publication Scheme, which specifies the information published by the Authority and how to access this, is used as one means of signposting information electronically.

This includes a range of information on investment holdings, performance, the policy frameworks, and responsible investment issues such as how shares have been voted. In addition, meeting agendas and papers for the Authority, the various committees and the Local Pension Board are published online a week before each meeting and all meetings are open to the public, and webcast.

Key decisions made by officers are formally recorded and details published on the website.

To promote clarity in the information provided to support decision making, reports for decision making bodies follow a standard format which ensures that, for example, implications for the financial position of the Authority of a decision are clearly explained. In addition, all reports for decision are required to outline relevant risk considerations, so that these can be understood by decision makers. All reports must be reviewed and cleared by the relevant statutory officers prior to submission for decision to Authority / Committee / Local Pension Board meeting agendas.

The Authority has in place clear protocols regarding its participation as a Partner Fund in the Border to Coast Pensions Partnership. Clearly defined roles are set out for each participant in the Partnership in its Governance Charter and the relevant legal agreements. Regular reports are provided to the Authority by officers on the activity and performance of the Partnership, including a comprehensive annual review which considers the achievement of both the Authority's and the Partnership's objectives.

Principle B: Ensuring openness and comprehensive stakeholder engagement

The forthcoming year will require the Authority to prepare for and respond to the impact of the emerging outcomes from the Government's 'LGPS – Fit for the Future' consultation with more work to be carried out around the overall governance of the Border to Coast partnership and in particular how performance concerns can be addressed. Given the likely need to respond to the process of the membership of the Partnership increasing, it is likely that a significant amount of senior input will be required to the management and development of the partnership over the coming year.

To ensure the views of stakeholders are considered in a systematic way by decision makers when relevant, the Authority has adopted a Communications, Consultation and Engagement Strategy which provides a standard framework for engaging with stakeholders.

The triennial review of the Authority's Investment Strategy to be completed during 2025 will be informed by views gathered from scheme members in a large consultation exercise undertaken during February – March 2025 as part of our aim to ensure that stakeholder views can help to shape our policies.

Resources are specifically allocated to support engagement with employers to support the maintenance of a productive and supportive relationship between them and the Authority. All engagement with employers takes place within the context of the Communications, Consultation and Engagement Strategy which requires the results of any consultation process to be reported back alongside the actions proposed following the consultation.

Emphasis is placed on increasing the volume and improving the quality of interaction with employers and an employer forum session and surveys have been undertaken during the year. The Authority's website includes an area for employers and an employer newsletter is sent to all employers with updates on relevant information, training, and events. The newsletter is now being issued monthly rather than quarterly in order to provide more timely updates and a more concise and easy-to-read format.

There is a current focus on engaging with all our employers as part of the triennial valuation process that will set the employer contribution rates to be paid from April 2026 to March 2029.

The processes for engaging with and understanding the views of scheme members are also set out in the Communications, Consultation and Engagement Strategy. Surveys are also used to gather feedback on our communications and inform improvements.

Interaction with scheme members includes offering appointments to meet with staff either through online / virtual sessions or in-person appointments at our office in Barnsley.

The Authority's complaints and appeals processes are available to scheme members in relation either to quality of service, or specific decisions made under the LGPS regulations. The addition of a new role of Complaints Resolution Officer this year is designed to enhance the focus on responding to complaints and other customer feedback, as well as identifying common trends and root causes that can be tackled to improve

Principle B: Ensuring openness and comprehensive stakeholder engagement

performance. Information from the complaints and appeals processes forms part of the Authority's performance management framework and influences the development of policy, practice, and processes, including specific projects reflected in the Corporate Strategy.

As part of its assurance and scrutiny role, the Local Pension Board receives a quarterly report outlining the nature of all appeals and complaints and the subsequent actions and learning as well as quarterly information on the results of various rolling customer satisfaction surveys which examine specific aspects of the service to scheme members, which also include information on learning and actions from this feedback.

Areas for Improvement:

- Work needed to further strengthen the governance of the partnership arrangements with Border to Coast in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS. It is likely that a significant amount of senior input will be required to the management and development of the partnership over the coming year.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Arrangements in Place

The Authority sets out a clear vision supported by specific objectives for achieving that vision within its Corporate Strategy which is at the heart of its corporate planning framework. Delivery against these objectives and key quality of service standards is reported quarterly to members of the Authority within a comprehensive report, allowing action to be taken to address any variations if required. All activity is undertaken within a risk management framework which covers all aspects of the Authority's work.

In addition, given the centrality of being a responsible investor to the way in which the Authority invests the Pension Fund, regular publicly available reports are provided to the Authority detailing responsible investment activity undertaken and the outcomes achieved through this activity. These include summaries of the Fund's votes at company annual meetings.

The Authority's Responsible Investment Policy sets out how it reflects the balance between economic, social, environmental and governance issues within its investment decision making process and the areas where it seeks to move partners within the Border to Coast Pensions Partnership to a shared position. Responsible investment is central to the Authority's approach to the management of the funds for which it is responsible, and it is an active participant in a range of initiatives which seek to support the achievement of its objectives in this area. Reporting on the impact of various investments, including place-based impact investing, is now well established and included each year in the Authority's

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

annual report. It is planned, working with Border to Coast colleagues, to extend this work to include reporting on the positive impact on climate from the investments made within the Climate Impact Portfolio.

During the year, the Authority was confirmed as a signatory to the UK Stewardship Code. Overseen by the Financial Reporting Council, this Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. In order to be confirmed as a signatory, the Authority had to demonstrate in its Stewardship Report how we meet these standards across the 12 core principles for asset owners. The report is published on our website at: [Stewardship](#). The Authority will annually report on this basis in order to remain a signatory.

The Authority includes information in our annual report each year in line with TCFD - Taskforce on Climate- Related Financial Disclosures. This is an industry-led group which helps investors understand their financial exposure to climate risk and works with companies to disclose this information in a clear and consistent way. It was launched at the Paris COP21 in 2015 by the Financial Stability Board (FSB) and Mark Carney, the UN Special Envoy on Climate Action and Finance and UK Finance Adviser for COP26.

In the last year, the Authority has taken this further and produced its first standalone [TCFD Report for 2023/24](#), which is ahead of the proposed legislative timetable for production of this report by LGPS Funds. The report sets out SYPA's approach to managing climate risk within the four thematic areas of governance, strategy, risk management and metrics and targets of the TCFD. The TCFD report will be published annually and will show the progress the Fund is making towards its carbon emission reduction targets through the metrics agreed in the Climate Change Policy.

The Authority's decision making on key issues of this sort is transparent with appropriate decisions either taken in public meetings or published and supporting information placed in the public domain whenever possible. (Exceptions to this are limited and would include, for example, commercially sensitive market information that cannot be made public).

The Authority actively engages with groups seeking to influence its policies in different ways and uses its Communications, Consultation and Engagement Strategy to seek views on issues where appropriate and to consider differing views when making decisions. An example of this is the large consultation survey of all scheme members undertaken in Feb – Mar 2025 on responsible investment issues to inform the forthcoming review of the Investment Strategy.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Beyond the investment sphere, the Authority maintains a Diversity, Equality and Inclusion Scheme to guide its approach to the delivery of fair access to its services for any individual with a protected characteristic. This scheme has been fully revised and updated in February 2025 with a strategic action plan defined for delivery during the three-year period of the corporate planning framework, 2025 to 2028.

During the year, internal audit reviews have taken place on the controls and processes for the Investment Strategy & decision-making, Corporate Strategy & Planning Framework, and Climate Change / Net Zero – all of which concluded with substantial assurance.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Arrangements in Place

The Authority's officers ensure that when making decisions, elected members have access to as much objective information as possible, as well as to the views of appropriately skilled and experienced independent advisers where specialist areas such as investment strategy are under consideration. Where members require additional information, officers agree specific timescales for its provision. The corporate planning process and the medium-term financial strategy are how the Authority agrees the relative priority and resource requirements of specific interventions.

The Authority's discretions policy statement (as administering authority of the South Yorkshire Pension Fund) sets out clearly how the Fund will exercise discretions in relation to the LGPS regulations, including detail of the level to which decisions on each item are delegated and how applied.

The Authority has a well-defined and robust corporate planning framework with the review cycle linked at a high level to the major cyclical events impacting its operations (principally the triennial actuarial valuation of the Pension Fund). This framework is supported by well-established consultation arrangements ensuring that stakeholder views can influence plans where appropriate. The Corporate Strategy is reviewed and updated annually, with a comprehensive review of the whole framework every three years in line with the triennial cycle of the Fund's valuations. This full review was completed this year, and the new Corporate Planning Framework for the period April 2025 to March 2028 was approved by the Authority in February 2025.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

A risk management framework is in place that ensures that both risks to service delivery and risks impacting the assets and liabilities of the Pension Fund can be addressed holistically.

A framework for monitoring the delivery of all the various plans and strategies is in place with a comprehensive report including both financial and performance information presented to the Authority on a quarterly basis with more detailed reports covering pension administration presented quarterly to the Local Pension Board and on investment performance to the Authority. These reports highlight deviations from plans and identify and assess the risks relevant to the achievement of objectives as well as including information around feedback received and how it has been acted on. There has been significant work undertaken this year on developing performance reporting – with the introduction of dashboards and a series of incremental improvements implemented by the Assistant Director – Pensions on the quarterly pensions administration performance reports to the Local Pension Board and the Authority.

The Authority's medium-term financial strategy and corporate strategy draw on inputs from both stakeholder feedback mechanisms, the views of elected members and the Senior Management Team's assessment of developments in the wider external environment to direct resources to address priority areas. The medium-term financial strategy examines both the Authority's operating budget and the financial position of the Pension Fund ensuring that all areas of cost and income are fully considered. Strong budgetary control is evident, and managers are conscious of the need to demonstrate financial probity.

The Authority sets out clear rules on procurement in its Contract Standing Orders within the Constitution. This has been updated during the year to comply with new legislation that came into force from February 2025 – the Procurement Act 2023. The Governance team have the role of ensuring compliance with procurement policy and regulations, arranging training as required and providing support and guidance to managers alongside forms and documentation that lead staff through the process and ensure appropriate controls and approvals are in place and evidenced.

Having strengthened the procurement arrangements in place over the last couple of years, the focus has now shifted to developing and improving the framework and arrangements in place for contract management, with plans to update the guidance and support available to relevant managers responsible for managing the supplier relationships and contracts for key services / software systems relied upon by the Authority.

An Independent Governance Review was carried out and reported in June 2024. The overall results of which were very positive, the reviewers finding that the governance at SYPA is of an excellent standard in the vast majority of areas. There were no significant weaknesses highlighted but some recommendations were made for consideration for further improvement. A small working group of Authority and LPB members along with officers worked together to produce an action plan in response to these – many of the actions identified have already been completed or are in progress, with regular updates to be reported to both Authority and LPB.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

This also aligns with regular assessment of compliance with the Pensions Regulator's General Code of Practice – the Authority assesses itself against both the essential requirements and the good practice standards in this Code, with actions planned to address any gaps and updates provided to the Local Pension Board every 6 months.

Areas for Improvement:

- Contract and Supplier Management – There is a need to develop and improve arrangements in place for managing contracts, providing a framework of policy, guidance and training for managers to follow. This will also need to incorporate procedures we will take to ensure that our service providers meet the Pensions Regulator's standards for maintaining their own IT systems.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Arrangements in Place

The Authority's statutory role holders – the Director as Head of Paid Service, the Assistant Director – Resources as Chief Finance Officer and the Head of Governance & Corporate Services as Monitoring Officer, meet along with the Deputy Clerk on a quarterly basis.

The Clerk and Deputy Clerk roles are fulfilled by officers of Barnsley MBC under a service level agreement. During the year, these arrangements for the Clerk role have been reviewed at the request of Barnsley MBC, and the Authority approved a proposal to bring the Clerk role in-house to be fulfilled by the Director from 1 April 2025. This is a logical culmination of a process that has been in train for a number of years, of the Authority developing its capacity and 'self-sufficiency' in respect of all of its governance arrangements.

Independent Advisers with suitable skills and experience are employed to support both the Local Pension Board and the Authority. An independent member with appropriate professional experience and expertise is also appointed to the Audit & Governance Committee, in line with recommended practice, and to support the Committee's role in providing challenge and scrutiny.

Both the Audit & Governance Committee and the Local Pension Board conduct annual effectiveness reviews to assess their own effectiveness and impact, identifying areas for improvement. In addition, the Authority conducted its own effectiveness review for the first time in February 2025. This will now become an annual process to align with those already in place and to inform the assurance gathering process undertaken each year as part of preparing this Statement and the annual report of the Authority.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Joint meetings of the Authority and Local Pension Board Chairs and Vice Chairs are held regularly throughout the year. The members holding these roles also attend a training course on Chairing Skills for councillors.

A Learning and Development Strategy is in place for elected members supported by the allocation of specific time within the overall programme of meetings. This strategy is set within the context of the CIPFA Knowledge and Skills Framework and has regard to the requirements of the Pensions Regulator. The Governance team focus proactively on supporting and ensuring all core training is completed and to strongly encourage take-up of a wide range of learning opportunities provided throughout the year. A 12-month induction programme is in place for new members with one-to-one reviews at regular intervals with the governance officer. All Authority and LPB members completed a National Knowledge Assessment during the year, the results of which have informed the Learning & Development (L&D) Strategy for 2025/26. To further strengthen the L&D provided for members, a self-assessment knowledge and skills matrix and individual learning plan will be introduced from April 2025 to ensure that each member has an individual plan tailored to their role, experience and needs in order to support them to fulfil their role on the Authority, its committees or the Local Pension Board most effectively.

An annual Authority and LPB Member Away Day is held to provide training on a range of relevant topics as well as an opportunity for collaboration and networking between Authority and Local Pension Board members and with officers, advisers and guest speakers. The November 2024 Away Day included presentations on investments, governance review, cyber security and pensions dashboard.

For staff of the Authority, an appraisal system is used to manage individual performance, plan learning and development, and support the succession planning process which is in place in key risk areas. In the last year, the staffing capacity growth plans in pensions administration that were approved in 2023 have been implemented successfully. These changes were designed to strengthen capacity, enhance capability, and increase sustainability.

Work also continues to reduce the risk of single points of failure, and this is identified in the strategic risk register, with actions identified to mitigate this risk. These include actions around building internal resilience, sharing knowledge and documenting procedures etc. as well as continued actions around improving retention.

During the last year, this has been managed in practice as a result of the retirement of the former Assistant Director – Investment Strategy; with actions taken to ensure a smooth transition, involving the design and execution of a recruitment strategy to ensure successful appointment of a suitably experienced officer to the role in a timeframe that enabled a handover period of eight weeks.

Ongoing learning and development plans for the Authority's workforce are devised annually to support the goals set out in individual appraisals and are kept under review throughout the year. In addition to competency-based progression through the pension administration career grade, this can include professional qualification training, external training courses, and internally provided technical updates and system specific

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

training. In the last year, this has included providing support for relevant staff to complete the newly developed Level 3 qualifications tailored to the LGPS in pensions administration.

The arrangements relating to career grade progression have been subject to a comprehensive review over the course of the last year, with the aim of developing a new corporate policy setting out a consistent set of principles to be followed across the organisation for managing career progression, underpinned by documentation detailing the assessment criteria and process attached to each career graded role. This work is in progress and is expected to be completed and launched in the first half of the 2025/26 year.

Learning and development activity for staff is further supported through access to online resources through a range of systems such as online reading rooms, SharePoint, and LinkedIn Learning.

The Director has an annual appraisal with the Authority's Chair and Vice Chair to review performance against objectives, set objectives for the next year and consider learning and development needs as relevant to the role. This is informed by 360-degree feedback from a range of internal and external stakeholders and is supported and facilitated by the Head of HR from Barnsley MBC. The appraisal is then presented to the Authority for discussion and approval in March each year.

The current Director has confirmed an intention to retire at the end of 2025. The Authority has approved a recruitment plan that will conclude in July 2025 and allow for an eight week handover period if successful. Following the appointment decision, a tailored induction programme will be developed for the individual to help ensure an effective 'on-boarding' to the organisation and the role.

The Authority's management team continue to be mindful of the need to monitor the extent to which resourcing and officer capacity is available to meet the ambitions reflected in the corporate plans, particularly in respect of target timescales. Although this is in the context of constraints regarding the fact that many of the detailed plans are to meet statutory requirements and deadlines that do not allow for flexibility.

Health, Safety and Wellbeing arrangements are prominent and embedded across the organisation. An external Health & Safety adviser is retained, an annual independent audit of our H&S arrangements is undertaken, and any recommendations are acted upon, and the range of additional health and wellbeing support continues to grow each year, including workplace health checks and a range of webinars and other activities which target a variety of key physical, emotional, and mental health and wellbeing topics.

Areas for Improvement:

- The retirement of the current Director will require robust planning and practical arrangements to be put in place to ensure an appointment is made and a smooth transition and handover is achieved.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Arrangements in Place

Managing Risk

A risk management policy framework is in place reviewed annually by the Audit and Governance Committee. Specialist risk management training was again delivered to relevant managers and officers during the year. The framework sets out clearly the responsibilities for managing the risks facing the organisation, how they should be assessed and reported. The strategic risk register is reviewed monthly by the Senior Management Team with reporting on a quarterly basis to meetings of the Authority as part of the overall performance management framework, together with review and challenge by the Local Pension Board.

The use of a risk management software system is now embedded as part of the overall process. This will be further developed during the coming year, with the addition of operational level risk registers for each service to support and inform the strategic risk register. A post implementation audit review on the controls and processes for the system was completed during the year and provided substantial assurance.

Managing Performance

Arrangements for the reporting and monitoring of performance are in place, including clearly defined timetables for the reporting of information across the full range of activity, integrated with financial monitoring. Wherever possible, data is placed in the public domain and statutory reporting timescales are adhered to.

The Authority undertakes benchmarking of its cost base and performance across both the main streams of operational activity, pensions administration and investment.

A small team supports and co-ordinates the management of programmes and performance across the organisation. The use of an agreed project management methodology and central oversight and reporting of projects is now in place and used consistently. A new performance management framework was approved by the Authority in September 2024 and the team are continuing to develop the analysis and reporting of performance metrics, use of dashboards and a range of indicators. This is already having a positive impact in providing managers with a clear view of performance that they are able to use to inform and drive where intervention is required, and to building improvements in the reporting to Authority and Local Pension Board. The performance management framework continues to be an area of focus for the action plan for 2025/26.

Progress has continued in relation to the implementation of the pensions administration improvement plan, including the clearance of backlogs and this is reported quarterly to Authority and Local Pension Board. This will continue to be an identified action on the AGS action plan for the coming year and will additionally include development and implementation of the Data Improvement Strategy.

Principle F: Managing risks and performance through robust internal control and strong public financial management

High quality data is central to the effectiveness of the organisation in its core function as a pension administrator. The Authority has a policy framework in place to ensure both the security and integrity of the large quantities of data which it holds.

The Authority's Head of Governance and Corporate Services is the Senior Information Risk Owner (SIRO). In addition, resourcing is provided through the Governance team to provide a focus on compliance and continued development of the Authority's information governance framework. The Data Protection Policy Statement was updated during 2024/25 and plans for 2025/26 include the next phase of work which will focus on updating and improving the policy and procedures in place for data retention, classification and disposal as well as information asset registers.

The Service Director for Customer Information and Digital Services at Barnsley MBC acts as the Authority's Data Protection Officer and his work is supported by an annual programme of internal audit review activity to ensure compliance with the policy framework.

The Authority has received the Cyber Essentials + accreditation from government in relation to its arrangements for information security. The controls in relation to cyber security are well embedded, and continually being developed and enhanced, making use of specialist tools, awareness training and with support available from external specialists on retainer. There is an identified need for the suite of ICT policy documentation, including the cyber security policy document, to be reviewed and updated. This was planned for 2024, but only limited progress was made (due to other pressures on the team resourcing available) so this is now in the action plans for the team for 2025/26. From the Independent Governance Review and reviewing compliance against the Pensions Regulator's new General Code of Practice, a need has also been identified to carry out ongoing specialist assessments of third party service providers' arrangements. This will be addressed in the relevant action plans.

Robust Internal Control

The Authority has an Audit and Governance Committee in place whose terms of reference are consistent with the relevant professional standards. The Committee has produced its own Annual report, available within the Governance section of the Authority's website, which sets out the work it has undertaken during the year.

The Committee is responsible for overseeing the work of Internal Audit, provided by Barnsley MBC's Corporate Assurance Service, and in particular ensuring that the Internal Audit plan addresses key control risks facing the Authority. The Head of Corporate Assurance, in her role as Head of Internal Audit for the Authority, is required under the relevant professional standards to produce an annual opinion on the adequacy of the control environment. For 2024/25, this opinion is that *"Taking the whole year into account, the reviews completed and status of the approved annual plan (in terms of amendments and deferrals requested by management in year), it is appropriate to give an overall **reasonable (positive)** assurance opinion for the year"*.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Progress made in implementing actions agreed following audit reviews is reported to every meeting of the Committee and this helps to ensure that the control environment continues to be strengthened through the audit process.

The importance of internal control is well-embedded across the organisation and officers ensure a strong and effective working relationship is maintained with both Internal and External Audit, including regular liaison meetings, and ensuring independent access is available to the Audit and Governance Committee Chair and members. A separate meeting is held between the Chair and the external and internal auditors without any officer presence before each and every Committee meeting.

Strong Public Financial Management

The Authority is steward of a very large pension fund and therefore strong financial management is crucial to its effective operation. A strong framework of budgetary control is in place and monitoring against the operational budget, along with monitoring of investment performance, is reported quarterly to the Authority. Key projects are required to operate within defined budgets which receive approval through the appropriate decision-making processes.

The Authority's Medium Term Financial Strategy defines various fiscal rules which constrain the growth in expenditure, mirroring to some extent, the constraints which apply to conventional local authorities through the council tax capping regime.

Assurance over the financial controls and framework is provided through comprehensive audit arrangements. During the 2024/25 year, seven internal audit compliance reviews were undertaken on core financial systems and all of these concluded with a substantial assurance opinion. External audit provided an unmodified audit opinion on the Authority and Fund's statements of accounts and concluded that the Authority has appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources and identified no significant weaknesses in this respect.

Areas for Improvement

- Information Governance – Further work is required to review and update the remaining aspects of this framework in respect of data retention and classification policies and procedures and information asset registers.
- Pensions Administration Plan – Continued progress on this over the coming year is required, with further development of a data improvement strategy to be implemented.
- Policy Framework – There is a need to ensure that the full suite of ICT policies is updated during 2025/26 and procedures put in place to ensure this is kept up-to-date on an ongoing basis.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability

Arrangements in Place

The Authority seeks to be open and transparent in all its activities, seeking to minimise the amount of information that must remain confidential.

A substantial amount of information about the Authority's services and activities is published on its website: www.sypensions.org.uk including, for example, details of investment holdings and voting records. The agendas and public reports for all meetings of the Authority, its committees and the Local Pension Board are published and the public parts of meetings of the Authority, its committees and the Local Pension Board are webcast. The Authority's annual report also contains a significant amount of information on its activities in a more user-friendly format. The annual report for 2023/24, published in November 2024, was fully re-formatted to improve the design and presentation for readers, as well as being revised in line with new guidance for LGPS annual reports issued by the Scheme Advisory Board.

The Freedom of Information Publication Scheme provides clear signposting to the information which is publicly available and where it can be found. The Authority regards telling its story as a key activity, to report and demonstrate its performance, achievement of value for money and effective stewardship of scheme members' savings. For key documents such as the Annual Report and Accounts, the Authority follows the relevant professional codes in terms of the provision of information and seeks to go beyond them where possible, particularly in terms of presenting the information in a way which allows the reader to set information in the context of the Authority's work and easily understand it.

The Authority has continued to publish its audited accounts and annual report in advance of the statutory publication deadlines every year, ensuring that information for stakeholders is provided on a timely basis to promote effective accountability.

The Authority uses the governance framework set out in the Local Code of Corporate Governance to ensure that the information provided in reporting is accurate and consistent and that the same standards are met by key partnerships such as the Border to Coast Pensions Partnership. The Internal Audit function operates under a charter which conforms to the relevant public sector internal audit standards ensuring that the Authority complies with the relevant professional standards.

The Audit and Governance Committee reviews progress on implementation of actions agreed following audit reviews carried out by both internal and external audit and potentially other review agencies when the Scheme Advisory Board's Good Governance reforms are introduced. All these arrangements also apply to the way in which the Authority engages with various partners and a comprehensive process of gathering assurance from those managing money on behalf of the Authority is undertaken each year. The Authority seeks to ensure that the activity undertaken on its behalf by the Border to Coast Pensions Partnership reflects the agreed Governance Charter which applies similar standards to the Authority's arrangements in the Partnership's unique context.

Governance Action Plan – 2024/25 Progress Update

The table below sets out the actions identified for improvement and development in last year's Annual Governance Statement and the progress made against these during 2024/25.

Action Plan from 2023/24 AGS	Responsible Officer	Target Date	Progress Update 2024/25
Recording of Regulatory Breaches Develop and implement a dedicated recording mechanism for regulatory breaches, supported by training for staff and a decision-making process for reporting material breaches.	Assistant Director – Pensions	September 2024	Completed A new process has been developed and training has been delivered to staff across pensions administration teams. This is reflected in updated information now included in the Pensions Administration Quarterly updates to the Local Pension Board.
Review of Counter-Fraud and Whistleblowing Policies Complete a review and update of the Anti-Fraud, Bribery and Corruption Policy Statement and the Whistleblowing Policy.	Head of Governance and Corporate Services	December 2024	Completed Approved by the Authority in December 2024 and published on the Authority's website.
Equality, Diversity and Inclusion (EDI) Undertake a thorough review of the EDI scheme – prioritising a series of agreed specific actions.	SMT	February 2025	Completed This action is now owned by the Assistant Director – Investment Strategy. A full review was undertaken and a new Diversity, Equality and Inclusion (DEI) Scheme for 2025 to 2028, including a detailed action plan, was approved by the Authority in February 2025.
Complete Independent Governance Review Independent Governance Review to be completed in June 2024 and an action plan to be developed to address any recommendations.	Head of Governance and Corporate Services	December 2024	Completed The review was completed as planned by June 2024, with very positive results. An action plan to address identified areas for improvements was developed and approved by the Local Pension Board and the Authority in December 2024.

Action Plan from 2023/24 AGS	Responsible Officer	Target Date	Progress Update 2024/25
Career Grade Scheme Develop an Authority Career Grade Scheme that provides a central policy applicable across the organisation supplemented by appropriately tailored schemes for individual roles that include assessment procedures and incorporate relevant accredited training / professional qualifications alongside development of workplace experience and skills.	Assistant Director – Resources and HR Business Partner	March 2025	Partially Completed Work commenced in autumn 2024, with the support of an expert external consultant, and is well in progress with a corporate scheme policy document drafted and work on-going to develop the individually tailored scheme assessment forms for each of the relevant service areas. Largely on track for completion, although to allow enough time for consultation and implementation, the date for completion may be slightly later than initially planned, now anticipated by June 2025.
Business Continuity Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.	Head of ICT	March 2025	Partially Completed This work is well in progress. The review and a full business impact analysis was completed by the end of March 2025 – the remaining work to collate and finalise the documented plan and procedures will be carried out in the early part of 2025/26.
Performance Management Develop and implement a new framework which will include central production of performance information that will ensure improved reporting and enable service managers and heads to focus on interpretation and taking remedial actions as necessary.	Head of Finance & Performance and Service Manager – Programmes & Performance	In stages over the course of the year to March 2025	In Progress, Carry Forward to 2025/26 The performance management framework document was approved by the Authority in September 2024. A suite of dashboards have been developed and are now in use by management for performance monitoring and for reporting purposes. Work is ongoing to continue development of the framework and updated performance indicators, that is likely to continue into 2025/26.
Pensions Administration Improvement and Backlog Clearance Plan Deliver the elements of the Pensions Administration Improvement Plan and clear the backlog of casework.	Assistant Director – Pensions	In stages to March 2026.	In Progress, Carry Forward to 2025/26 Good progress is being made on delivery of this action, with detailed updates being reported to the Local Pension Board and to the Authority at each meeting. The current aim is for clearance of the backlog to be concluded by end of December 2025.

Review of Governance – Areas for Improvement and Action Plan for 2025/26

The table below sets out the actions planned to be undertaken during the forthcoming year to address the areas for improvement identified from this year's review of governance effectiveness, along with any actions carried forward from last year as outlined in the progress update above.

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
<p>Carried Forward from 2024/25:</p> <p>Performance Management Framework</p> <p><i>[Linked to Principle F: Managing risks and performance]</i></p>	Continue development and implementation of the framework for performance monitoring and reporting on updated performance indicators. This will enable service managers and heads to focus on interpretation and taking remedial actions as necessary.	Head of Finance & Performance and Service Manager – Programmes & Performance	In stages during the year to March 2026
<p>Carried Forward from 2024/25:</p> <p>Pensions Administration Improvement Plan – including clearance of backlogs</p> <p><i>[Linked to Principle F: Managing risks and performance]</i></p>	Continue with the progress to deliver the elements of the Pensions Administration Improvement Plan and clear the backlog of casework.	Assistant Director - Pensions	Backlog to be cleared by December 2025
<p>Governance of the partnership arrangements with Border to Coast</p> <p><i>[Linked to Principle B: Ensuring openness and comprehensive stakeholder engagement]</i></p>	The process and governance for the partnership to be reviewed and strengthened in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS.	Director	December 2025

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
Contract and supplier management <i>[Linked to Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes]</i>	Develop and implement a contract / supplier management framework – including: <ul style="list-style-type: none"> • Policy, guidance on procedures and delivery of training for relevant managers. • Procedures to ensure that our service providers meet the Pensions Regulator’s standards for maintaining their own IT systems. 	Assistant Director – Resources and Team Leader – Governance	In stages during the year to March 2026
Succession planning and risk management for turnover in Director role <i>[Linked Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it]</i>	<ul style="list-style-type: none"> • Recruitment for new Director to be carried out during May to July 2025 to ensure sufficient time to enable new role holder, following any notice period, to commence a few weeks prior to the current Director’s departure. • To be supported by recruitment consultants in order to target and drive interest from the widest possible pool of potentially suitable candidates. 	Director and HR Business Partner	Over the course of the period May 2025 to December 2025
Information Governance <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	Complete the work to develop and implement revised policy and procedures for data retention, classification and disposal, and information asset registers.	Head of Governance and Corporate Services	March 2026

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
Pensions Administration – Data Improvement Strategy <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	Data Improvement Strategy to be implemented. Monitoring, reviewing and improving Data Quality to be developed and an annual programme to be embedded.	Assistant Director – Pensions and Service Manager – Technical, Support & Training	In stages to March 2026
Policy Framework <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	<p>Complete review and update of the suite of ICT-related policies. Consider policy coverage in relation to the use of artificial intelligence (AI) and the governance and controls required around this.</p> <p>Ensure arrangements are in place to review and keep these policies up to date thereafter.</p>	Head of ICT	September 2025

Conclusion

To the best of our knowledge, the governance arrangements as defined above have operated effectively during the 2024/25 year. We propose over the coming year to take steps to address the areas identified for improvement to further enhance our governance arrangements. Progress in implementing these improvement actions will be monitored by officers and Internal Audit and through regular reports to the Authority and its committees.

We are satisfied that these steps will address the issues identified in our review of effectiveness and will assess their implementation and operation as part of our next annual review.

<p>Signed:</p> <p>Councillor Donna Sutton</p> <p>Chair South Yorkshire Pensions Authority</p>	<p>Signed:</p> <p>George Graham</p> <p>Director South Yorkshire Pensions Authority</p>
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Independent Auditor’s Report

The independent auditor’s report to the members of South Yorkshire Pensions Authority will be placed here following conclusion of the audit.

Independent Auditor’s Report

The independent auditor’s report to the members of South Yorkshire Pensions Authority on the statements of the South Yorkshire Pension Fund will be placed here following conclusion of the audit.

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Director – Resources, who is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I certify that the accounts give a true and fair view of the financial position of South Yorkshire Pensions Authority at 31 March 2025 and its income and expenditure for the year then ended.

Gillian Taberner, FCPFA

Assistant Director – Resources, Chief Finance Officer

Date: 26 June 2025

Approval of the Statement of Accounts

To be added following audit and approval.

Comprehensive Income And Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) summarises the resources that have been generated and consumed, in the process of providing services and managing the Authority during the year. The statement includes all the day to day expenses and related income on an accruals basis.

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2023/24				2024/25			
Gross Expenditure £	Gross Income £	Net Expenditure £		Notes	Gross Expenditure £	Gross Income £	Net Expenditure £
3,485,349	(64,149)	3,421,200	Pensions Administration		3,823,124	(5,600)	3,817,524
1,079,192	0	1,079,192	Investment Strategy		956,029	0	956,029
1,293,052	(4,650)	1,288,402	Resources		1,455,989	(61,820)	1,394,169
1,274,711	(80,941)	1,193,770	ICT		1,450,936	(75,712)	1,375,224
1,041,950	0	1,041,950	Management & Corporate Costs		1,123,925	(55,305)	1,068,620
182,244	0	182,244	Democratic Representation		132,560	0	132,560
8,356,498	(149,740)	8,206,758	Cost of Services		8,942,563	(198,437)	8,744,126

Comprehensive Income And Expenditure Statement (continued)

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2023/24			2024/25				
Gross Expenditure £	Gross Income £	Net Expenditure £		Notes	Gross Expenditure £	Gross Income £	Net Expenditure £
0	(7,733,079)	(7,733,079)	Other Operating Income	[10]	0	(8,767,870)	(8,767,870)
17,000	0	17,000	Financing and Investment Expenditure	[9]	119,084	0	119,084
0	(311,901)	(311,901)	Taxation Income	[10]	0	(303,037)	(303,037)
8,373,498	(8,194,720)	178,778	Deficit or (Surplus) on Provision of Services		9,061,647	(9,269,344)	(207,697)
		1,542,415	Remeasurements of the Net Defined Benefit Liability	[25]			(150,283)
		1,542,415	Other Comprehensive Income and Expenditure				(150,283)
		1,721,193	Total Comprehensive Income and Expenditure				(357,980)

Movement In Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the charges to funds under management) and other 'unusable reserves'. Credit balances represent a positive reserve position. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable on a funding basis for the year. Due to the fact that the Authority charges its expenditure to the South Yorkshire Pension Fund, the Authority retains no balance on its General Fund.

Movement In Reserves During 2024/25:	General Fund Balance	Corporate Strategy Reserve	ICT Reserve	Capital Projects Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£
Balance At 1 April 2024	0	(65,985)	(63,030)	(19,290)	(148,305)	444,731	296,426
(Surplus) On The Provision Of Services	(207,697)	0	0	0	(207,697)	0	(207,697)
Other Comprehensive Income & Expenditure	0	0	0	0	0	(150,283)	(150,283)
Total Comprehensive Income & Expenditure	(207,697)	0	0	0	(207,697)	(150,283)	(357,980)
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	(8,593)	0	0	0	(8,593)	8,593	0
Net (Increase) Before Transfers To Earmarked Reserves	(216,290)	0	0	0	(216,290)	(141,690)	(357,980)
Transfers (To) Earmarked Reserves (Note 8)	216,290	(38,870)	(120,330)	(57,090)	0	0	0
(Increase) in 2024/25	0	(38,870)	(120,330)	(57,090)	(216,290)	(141,690)	(357,980)
Balance At 31 March 2025 Carried Forward	0	(104,855)	(183,360)	(76,380)	(364,595)	303,041	(61,554)

Movement In Reserves During 2023/24:	General Fund Balance	Corporate Strategy Reserve	ICT Reserve	Pay & Benefits Reserve	Capital Projects Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£	£
Balance At 1 April 2023	0	(110,220)	(78,030)	(200,000)	(34,290)	(422,540)	(1,002,227)	(1,424,767)
Deficit On The Provision Of Services	178,778	0	0	0	0	178,778	0	178,778
Other Comprehensive Income & Expenditure	0	0	0	0	0	0	1,542,415	1,542,415
Total Comprehensive Income & Expenditure	178,778	0	0	0	0	178,778	1,542,415	1,721,193
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	95,457	0	0		0	95,457	(95,457)	0
Net Decrease Before Transfers To Earmarked Reserves	274,235	0	0	0	0	274,235	1,446,958	1,721,193
Transfers From Earmarked Reserves (Note 8)	(274,235)	44,235	15,000	200,000	15,000	0	0	0
Decrease in 2023/24	0	44,235	15,000	200,000	15,000	274,235	1,446,958	1,721,193
Balance At 31 March 2024 Carried Forward	0	(65,985)	(63,030)	0	(19,290)	(148,305)	444,731	296,426

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves available to the Authority to provide services. The Authority must maintain a prudent level of these reserves for unexpected events. The second category of reserves is unusable reserves, i.e. those that the Authority is not able to use to provide services. This includes reserves that hold timing differences shown in the Movement in Reserves Statement line: 'Adjustments between accounting and funding basis under regulations'.

31 March 2024		Note	31 March 2025
£			£
1,307,191	Property, Plant & Equipment	[11]	1,265,589
0	Property - Right of Use Asset	[24]	673,188
107,742	Intangible Assets	[12]	70,802
1,414,933	Long Term Assets		2,009,579
1,433,865	Short Term Debtors	[14]	1,052,966
1,433,865	Current Assets		1,052,966
(1,315,560)	Short Term Creditors	[15]	(738,127)
0	Short Term Lease Liability	[24]	(3,447)
(1,315,560)	Current Liabilities		(741,574)

31 March 2024		Note	31 March 2025
£			£
(24,372)	Long Term Creditors	[14]	(24,372)
0	Long Term Lease Liability	[24]	(726,791)
(1,805,292)	Pensions Net Defined Benefit Liability	[25]	(1,508,254)
(1,829,664)	Long Term Liabilities		(2,259,417)
(296,426)	(Net Liabilities) / Net Assets		61,554
(148,305)	Usable Reserves	[8]	(364,595)
444,731	Unusable Reserves	[16]	303,041
296,426	Total Reserves		(61,554)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The Authority has no cash flows from financing activities due to the nature of the Authority's work which is entirely related to the administration of the South Yorkshire Pension Fund.

This also means that all cash balances held are due to the Pension Fund. Therefore, the year-end cash balance is nil for the Authority at 31 March 2025 and at 31 March 2024. Therefore there is no separate disclosure for cash and cash equivalents.

31 March 2024		Note	31 March 2025
£			£
(178,778)	Net (Deficit) / Surplus on the Provision of Services		207,697
255,674	Adjustment to Net Deficit / Surplus on the Provision of Services For Non-Cash Movements	[17]	(96,496)
76,896	Net Cash Flows from Operating Activities		111,201
(76,896)	Net Cash Flows from Investing Activities	[18]	(107,929)
0	Net Cash Flows from Financing Activities	[19]	(3,272)
0	Net Increase or (Decrease) in Cash & Cash Equivalents		0
0	Cash and Cash Equivalents at the Beginning of the Reporting Period		0
0	Cash and Cash Equivalents at the End of the Reporting Period		0

Note 1. Expenditure And Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. As a single purpose Authority, most expenditure is charged to the Pension Fund and, with the exception of earmarked reserves, there is no balance retained on the General Fund at the end of either the current or prior year. This note also shows how the expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Page 149	2023/24				2024/25			
	Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES	
	£	£	£		£	£	£	
	3,471,948	(50,748)	3,421,200	Pensions Administration	3,881,685	(64,161)	3,817,524	
	1,087,052	(7,860)	1,079,192	Investment Strategy	966,653	(10,624)	956,029	
	1,306,674	(18,272)	1,288,402	Resources	1,411,885	(17,716)	1,394,169	
	1,124,103	69,667	1,193,770	ICT	1,314,007	61,217	1,375,224	
	764,766	277,184	1,041,950	Management & Corporate Costs	707,023	361,597	1,068,620	
	182,875	(631)	182,244	Democratic Representation	132,560	0	132,560	
	7,937,418	269,340	8,206,758	Net Cost of Services	8,413,813	330,313	8,744,126	

2023/24

2024/25

Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES
£	£	£		£	£	£
(7,663,183)	(364,797)	(8,027,980)	Other Income and Expenditure	(8,630,103)	(321,720)	(8,951,823)
274,235	(95,457)	178,778	Deficit or (Surplus) on Provision of Services	(216,290)	8,593	(207,697)
(422,540)			Opening General Fund and Earmarked Reserves Balance	(148,305)		
274,235			Plus Deficit / (Surplus) for the Year	(216,290)		
(148,305)			Closing General Fund and Earmarked Reserves Balance	(364,595)		

Note 2a. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended), which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 (the 2003 Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

The financial statements have been prepared on the going concern basis which assumes that the Pensions Authority will continue in existence for the foreseeable future. The Authority is the administering authority of the South Yorkshire Pension Fund and as such, its expenses are borne by the Fund it administers.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is included in the Balance Sheet, subject to the relevant amount exceeding a de-minimis threshold of £1,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Expenditure and Funding Analysis provides the Authority's segmental analysis and the service section of the Comprehensive Income and Expenditure Statement follows the same segmental analysis. In line with Code requirements, the reportable segments are based on the Authority's internal management reporting. Where changes occur to the reportable segments as a result of re-organisation, comparative figures for the prior year are re-stated to match the new format in accordance with the requirements set out in the Code.

v. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the net cost of services in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The Authority participates in the Local Government Pension Scheme (LGPS) which it also administers. The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bond yields as at the date of calculation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities - current bid price
 - Unquoted securities - professional estimate
 - Unitised securities - current bid price
 - Property - market value

The change in the net pensions liability is analysed into the following components:

- Service Cost Comprising:
 - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements Comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and Expenditure;
 - Effect of Asset Ceiling – where the defined benefit liability is negative (i.e., an asset), a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling; if an adjustment is required to reduce the total asset to the amount of the asset ceiling, this adjustment is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the Fund by the employer – cash paid as employer contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

vi. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the accounting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, creditors, debtors, investments and bank deposits of the Authority.

Cash, debtors and creditors are the Authority's only financial instruments; these are disclosed on the Balance Sheet, and are classified as financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

The Authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

viii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefit or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life on a straight line basis. The assets are funded directly from revenue and charged to the Fund. The capital element is then adjusted in the Capital Adjustment Account.

ix. Property, Plant and Equipment

Assets that have a physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Assets are then carried in the Balance Sheet at depreciated historical cost, due to the assets having short useful lives or low values (or both).

Impairment

Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following basis:

- Vehicles, plant, furniture and equipment – on a straight line basis, as advised by a suitably qualified officer.

Items of property, plant and equipment are excluded from depreciation before they are available for use. Therefore Assets Under Construction are not depreciated. Once the asset is available for use (even if not in actual use yet) it is transferred to the relevant asset category within Property, Plant and Equipment and is subject to depreciation from the date of being available for use.

Disposals

When an asset is disposed or decommissioned, the carrying amount of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any amounts written off on disposals will not be a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

x. Leases**The Authority as Lessee**

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the Authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy except for:

- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate
- The Authority changes its assessment of whether it will exercise a purchase, extension or termination option

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the Comprehensive Income and Expenditure Statement.

Low Value and Short Lease Exemption

As permitted by the Code, the Authority excludes leases:

- For low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items;
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

xi. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

xii. Provisions and Contingent LiabilitiesProvisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xiii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets and for retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

xiv. VAT

The Authority has partial exemption from VAT, as such not all VAT suffered is recoverable. Income and expenditure items are accounted for net of VAT; however, the irrecoverable VAT expense is charged to the relevant services in the Comprehensive Income and Expenditure Statement.

Note 2b. Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are set out below.

• Post Employment Benefits - Net Defined Benefit Pensions Liability / Asset

As set out in Note 25, the net balance of the Authority's funded defined benefit obligations is a surplus as at 31 March 2025.

Where this is the case, there is a limit on the amount that can be recognised as an asset on the Balance Sheet and the Code requires that this shall be determined in accordance with *IAS 19 Employee Benefits* and *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

This limit, termed the asset ceiling, is required because the pension surplus reported under IAS 19 is not fully realisable by the Authority in the form of refunds or reductions in contributions. The asset ceiling is therefore calculated and applied to ensure that any asset recognised on the balance sheet reflects only the economic benefits that are realisable by the Authority.

The application of *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and the methodology to be used in calculating the asset ceiling is complex and requires judgements to be made regarding the various components of the calculation.

In reaching the judgements required, the Authority has carefully considered the requirements in the Code, IAS 19 and IFRIC14, has consulted with its actuary and external auditors, and has referred to guidance issued by CIPFA in November 2023, *CIPFA Bulletin 15 - Reporting of pensions surpluses and IFRIC 14*.

The asset ceiling represents the economic benefit available to the Authority as a reduction in future contributions and has been calculated as follows.

A. Present Value of Future Service Cost

Less

B. Present Value of Future Service Contributions

A. Present Value of Future Service Cost

This is calculated as the future service cost multiplied by an annuity over the expected life of the Authority as an employer in the scheme - which is determined to be an indefinite life as the Authority is an LGPS employer open to new entrants. It is therefore calculated as an annuity in perpetuity.

The future service cost amount is the projected 2025/26 service cost calculated by the actuary using the IAS 19 assumptions at 31 March 2025.

B. Present Value of Future Service Contributions

This is calculated as:

- > Future service (primary rate contributions) multiplied by an annuity that is calculated in perpetuity on the same basis that the expected life of the Authority as an employer in the scheme is indefinite.
- > Negative past service (secondary rate contributions) multiplied by an annuity that is calculated only for the remaining period of the Authority's funding valuation time horizon – which was 16 years at the last funding valuation at 31 March 2022.

The economic benefit available as a reduction in future contributions cannot be negative, so where B is greater than A, the economic benefit available as a reduction in future contributions is £0.

The result of the calculation as at 31 March 2025 is as follows:

A. Present Value of Future Service Cost = £22,324,000

B. Present Value of Future Service Contributions = £35,784,000

As B is greater than A, the economic benefit available as a reduction in future contributions, i.e., the asset ceiling, is £0.

As this asset ceiling result is lower than the value of the actual surplus reported under IAS 19, an adjustment is required to limit the value of the asset recognised on the balance sheet to £0. The brought forward asset ceiling adjustment at 1 April 2024 was £6,050,193, with a further adjustment applied at 31 March 2025 of £4,534,718, which is recognised within Other Comprehensive Income and Expenditure on the Comprehensive Income and Expenditure Statement, and further details are set out in Note 25 Defined Benefit Pension Asset / Liability.

Note 3. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Authority is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued on or before 1 January 2025 but not yet adopted by the Code. The 2025/26 Code will introduce amendments in respect of:

- > IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- > IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

Neither of these two amendments will be applicable to the Authority's financial statements.

The 2025/26 Code will also include changes to the measurement of non-investment assets having regard to HM Treasury's Thematic Review of Non-investment Asset Valuation.

The main changes included in the 2025/26 Code will be the following:

- > A revaluation expedient for operational property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.
- > Intangible assets to be held at historical cost only.
- > Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures.

These changes within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

These changes to the measurement of non-investment assets are not expected to have a significant impact on the Authority's financial statements.

Note 4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The item estimated in the Authority's Balance Sheet at 31 March 2025 where there is significant estimation uncertainty that could result in a material adjustment within the next financial year is the net Pensions Liability. The estimation is complex and the key factors are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>The effects on the obligations of changes in individual assumptions can be measured. For example:</p> <ul style="list-style-type: none">> A 0.1% decrease in the discount rate assumption would result in an increase to the obligations of approximately 2% or £467,000> A one year increase in the life expectancy assumption would result in an increase to the obligations of approximately 4% or £937,000> A 0.1% increase in the salary inflation rate assumption would result in an increase to the obligations of approximately 0% or £20,000> A 0.1% increase in the pension increase rate assumption would result in an increase to the obligations of approximately 2% or £459,000. <p>However, the assumptions interact in complex ways. During 2024/25, the Authority's actuaries advised that the net pensions liability had decreased by £4,855,000 due to updating of the financial assumptions, had decreased by £50,000 due to changes in demographic assumptions and had decreased by £230,000 due to estimates being corrected as a result of other experience.</p>

Impact of Inflation and Corporate Bond Yields

The rate of inflation and corporate bond yields have an effect on the assumptions used and the impact of these on the Authority's obligations. The impact of the change in financial assumptions adopted for the period ending 31 March 2025 was a reduction in the liability totalling £4,855,000. This primary driver can be further explained analysed into its components as follows.

Pension Increase Rate – Market derived CPI inflation has remained the same as last year, which has led to this assumption being unchanged and has had no impact on the Authority's obligations and liability on the balance sheet.

Salary Increase Rate – the salary increase assumption has remained the same as last year, and has had no impact on the Authority's obligations and liability on the balance sheet.

Discount rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.95% increase in this assumption. This served to reduce the Authority's obligations and accounts for the £4,855,000 total reduction in the liability.

Impact of Changes in Demographic Assumptions

The demographic assumptions used by the actuary have changed from the previous accounting period to reflect the latest available longevity improvements information available at the accounting date (i.e. moving to the CMI 2023 model). This has served to reduce the Authority's obligations and led to the small gain of £50,000 on the balance sheet.

Impact of Changes Based on Other Experience

The impact of changes arising from Other Experience for the period ending 31 March 2025 was a reduction in the liability totalling £230,000. The primary driver for this reduction is as follows.

Pensions Increase (PI) Order – The actual PI order for April 2024 was 1.7%, which is lower than the pension increase rate assumption built into the obligations at the start of the accounting period. This reduces pensions in payment, deferred pensions and CARE pots and has served to reduce the Authority's obligations and led to a reduction of £230,000 in the liability.

The impact of changes in returns on assets excluding amounts included in net interest for the period ending 31 March 2025 was a reduction in the asset totalling (£743,000). Any excess return over and above the expected accounting return is recognised in the Other Comprehensive Income. The total investment return achieved by the Fund over the accounting period was 2.6%, compared to an expected return of 4.85%, which leads to the reduction in the asset.

The impact of the items above, and related items in the previous year, have been the critical factors in the net pensions asset on the Authority's balance sheet significantly increasing from 31 March 2024 to 31 March 2025, prior to making required adjustments for the asset ceiling. See note 2b and note 25 for further details.

Note 5. Events After The Reporting Period

The Statement of Accounts was authorised for issue on 26 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no such events to disclose.

Note 6. Supplementary Information To Note 1. Expenditure & Funding Analysis

This note provides further information and a breakdown of the adjustments shown in Note 1 Expenditure & Funding Analysis to show how the figures accounted for in the Comprehensive Income and Expenditure Statement are adjusted from accounting basis to funding basis.

Adjustments between funding and accounting basis 2024/25				
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Adjustments	Total Adjustments
	£	£	£	£
Pensions Administration	0	(74,390)	10,229	(64,161)
Investment Strategy	0	(13,756)	3,132	(10,624)
Resources	0	(23,616)	5,900	(17,716)
ICT	74,304	(14,269)	1,182	61,217
Central Costs	161,971	200,313	(687)	361,597
Net Cost of Services	236,275	74,282	19,756	330,313
Other Income and Expenditure from the Expenditure & Funding Analysis	(100,683)	(221,037)	0	(321,720)
Difference Between General Fund Surplus and the CIES Surplus on the Provision of Services	135,592	(146,755)	19,756	8,593

Adjustments for Capital Purposes

This column adjusts for depreciation and amortisation in the services line, and for the following:

- Other Income and Expenditure from the EFA: Charge to the General Fund to finance the capital expenditure incurred in the year; and
- Financing and Investment Income and Expenditure: Statutory charges for capital financing to the General Fund.

Net Change for Pensions Adjustments

This column presents the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

- Net Cost of Services: this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and any past service costs.
- Other Income and Expenditure from the EFA: Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

This column presents other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- Net Cost of Services: this represents the removal, as required by statute, of the expenditure charged to the Comprehensive Income and Expenditure Statement resulting from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

Adjustments between funding and accounting basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Adjustments	Total Adjustments
	£	£	£	£
Pensions Administration	0	(45,187)	(5,561)	(50,748)
Investment Strategy	0	(4,030)	(3,830)	(7,860)
Resources	0	(17,044)	(1,228)	(18,272)
ICT	72,363	(7,037)	4,341	69,667
Central Costs	101,649	174,515	1,020	277,184
Democratic Representation	0	(631)	0	(631)
Net Cost of Services	174,012	100,586	(5,258)	269,340
Other Income and Expenditure from the Expenditure & Funding Analysis	(69,896)	(294,901)	0	(364,797)
Difference Between General Fund Surplus and the CIES Surplus on the Provision of Services	104,116	(194,315)	(5,258)	(95,457)

Note 7. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. All expenditure of the Authority that is charged to the General Fund is then fully charged to the Pension Fund.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of an Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice.

2023/24		2024/25	
£	<i>Adjustments to Revenue Resources</i>	£	
General Fund		General Fund	
(174,012)	Reversal of Entries Included in the Surplus or Deficit on Provision of Services in Relation to Capital Expenditure (Transferred to Capital Adjustment Account)	(236,275)	
194,315	Pensions Costs (Transferred to the Pensions Reserve)	146,755	
5,258	Holiday Pay (Transferred from/(to) the Accumulated Absences Adjustment Account)	(19,756)	
25,561	Total Adjustments to Revenue Resources	(109,276)	
	<i>Adjustments Between Revenue and Capital Resources</i>		
0	Statutory Provision for the Repayment of Debt (Transferred to the Capital Adjustment Account)	3,272	
69,896	Capital Expenditure Financed from Revenue Balances (Transferred to the Capital Adjustment Account)	97,411	
69,896	Total Adjustments Between Revenue and Capital Resources	100,683	
95,457	Total Adjustments	(8,593)	

8. Transfers (To) / From Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 Apr 2023	Transfers Between Reserves	Transfers Out	Transfers In	Balance at 31 Mar 2024	Transfers In	Balance at 31 Mar 2025
	£		£	£	£	£	£
Corporate Strategy Reserve	(110,220)	(25,000)	91,235	(22,000)	(65,985)	(38,870)	(104,855)
ICT Development Reserve	(78,030)	25,000	0	(10,000)	(63,030)	(120,330)	(183,360)
Capital Projects Reserve	(34,290)	0	30,000	(15,000)	(19,290)	(57,090)	(76,380)
Pay & Benefits Reserve	(200,000)	0	200,000	0	0	0	0
Total:	(422,540)	0	321,235	(47,000)	(148,305)	(216,290)	(364,595)

The Authority's earmarked reserves are held for the following purposes.

Corporate Strategy Reserve

This reserve exists to fund non-recurrent costs associated with various projects required for the implementation of the Corporate Strategy of the Authority.

Amounts posted to this reserve have been processed during the year in line with plans as follows:

> £25,000 has been transferred into the reserve to finance future Investment Strategy review costs; and

> £13,870 has been transferred into the reserve from the 2024/25 budget underspend, this is set aside for financing future costs of delivering corporate strategy requirements.

ICT Development Reserve

This reserve is used to fund expenditure on ICT equipment and to enable a programme of systems development for the Authority. Amounts posted to this reserve have been processed during the year in line with plans as follows:

- > £5,000 has been transferred into this reserve from income generated from the sales of in-house developed software to other organisations;
- > £100,330 has been transferred into this reserve from underspends in 2024/25 relating to use of consultancy and development for the Pensions Administration system that is expected to be incurred in 2025/26; and
- > £15,000 has been transferred into this reserve to cover implementation costs for a new HR and Payroll system due to be incurred in 2025/26.

Capital Projects Reserve

This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets. Amounts posted to this reserve have been processed during the year in line with plans as follows:

- > £57,090 has been transferred into the reserve to set aside funds for meeting future costs of major upgrades required to the office building.

Pay & Benefits Reserve

This reserve was created to fund additional costs arising from a pay and benefits review across the organisation. The outcomes of the review were implemented during 2023/24, leading to additional expenditure on staffing costs and the full transfer out of the reserve in 2023/24. As the purpose of the reserve has been fulfilled, it will not be utilised moving forward.

Page 169 **Note 9. Financing and Investment Income and Expenditure**

2023/24		Notes	2024/25
£			£
0	Lease Interest Payments	[24]	37,084
17,000	Net Interest on the Net Defined Benefit Liability	[25]	82,000
17,000	Total		119,084

Note 10. Expenditure And Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

2023/24	Expenditure	2024/25
£		£
4,889,324	Employee Benefits Expenses	5,655,961
174,012	Depreciation and Amortisation	236,275
2,464,343	Other Service Expenses	2,416,175
828,819	Irrecoverable VAT Expense	634,152
0	Lease Interest Payments	37,084
17,000	Net Interest Expense on the Net Defined Benefit Liability	82,000
8,373,498	Total Expenditure	9,061,647
2023/24	Income	2024/25
£		£
	<i>Fees, Charges & Other Service Income:</i>	
(80,941)	Charges for provision of IT services and IT sales	(75,712)
(23,850)	Charges for administration in relation to employer recharges for actuarial services	(21,200)
(36,498)	Charges for administration in relation to payroll	(35,679)
(3,300)	Charges to scheme members in relation to information provision on receipt of pension sharing orders upon divorce	(5,200)
(5,151)	Other Income	(5,341)
(149,740)	Subtotal Fees, Charges and Other Service Income	(143,132)

2023/24	Income	2024/25
£		£
0	Government Grants and Contributions	(55,305)
	<i>Other Operating Income:</i>	
(7,733,079)	Charge to the South Yorkshire Pension Fund	(8,767,870)
	<i>Taxation Income</i>	
(311,901)	Levy for Residual Liabilities	(303,037)
(8,194,720)	Total Income	(9,269,344)
178,778	Deficit or (Surplus) on the Provision of Services	(207,697)

Fees, Charges and Other Service Income - Recognition

Income from the provision of IT services and sales of internally developed IT systems to other public sector bodies is recognised in the period in which the services are provided. The £75,712 income in 2024/25 includes £59,460 (2023/24: £64,997) charged to the Office of the Police and Crime Commissioner for IT service provision; the contract for the provision of these services ended in February 2025. The remaining £16,252 IT income is in relation to sales of internally developed software products (EPIC and DART) to other LGPS pension funds and maintenance of this software. The income for the sale of software licences is recognised at the date of sale, and the income for software maintenance services is recognised over the period for which the fee is charged.

An administration fee is charged to employers in order to cover the costs of the Authority in relation to the handling of requests and other requirements for various actuarial services including provision of reports and information. This is calculated as a percentage of the fees charged by the actuary for these services and the income is recognised in the period when the services are provided.

The administration fee in respect of payroll relates to the administering of deductions from pension for members who have a health insurance plan provided by Westfield Health and the payment of these to the provider. The fee is charged as a percentage of the total amount deducted and paid over on a monthly basis and the income is recognised in the month to which it relates.

Government Grants and Contributions

The Ministry of Housing, Communities and Local Government (MHCLG) introduced funding provision to local authorities in the form of a Section 31 Grant paid from 2022/23 to 2024/25 as part of their measures to improve local audit delays, to support with local audit financial reporting and to implement audit requirements related to Sir Tony Redmond's recommendations. The provision was a total of £15 million per annum allocated to eligible bodies (those defined in the Local Audit and Accountability Act 2014 and undertaking full audit arrangements) in proportion to the audit scale fees for each body.

The grant funding is paid to local authorities under Section 31 of the Local Government Act 2003. There was a delay in the Authority receiving notification and payment of this grant because MHCLG were unable to provide it direct due to the Authority not being defined in the relevant legislation as a local authority for the purposes of Section 31.

This was identified and resolved during the year by arranging for it be paid to the Authority via Barnsley MBC. The grant income due to the Authority for 2022/23, 2023/24 and 2024/25 was therefore received in full and accounted for in the current year.

Other Operating Income

The Authority incurs costs in the discharge of its functions as the administering authority of the South Yorkshire Pension Fund. In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Authority charges its costs to the Fund as they are incurred. The total charge to the South Yorkshire Pension Fund is recognised as Other Operating Income in the Authority's CIES for the year to which it relates.

Taxation Income

The costs and expenses incurred in administering the residual liabilities of the former South Yorkshire Residuary Body are financed by a Levy issued to the four district councils of Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council. The Levy is charged in accordance with The Levying Bodies (General) Regulations 1992 and is allocated to each district in proportion to their populations. The total received is recognised as Taxation Income in the Authority's CIES for the year to which it relates.

Note 11. Property, Plant And Equipment

2024/25:	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Vehicles, Plant, Furniture & Equipment - ICT Server	Total Property, Plant and Equipment
	£	£	£	£
Cost				
At 1 April 2024	1,455,659	168,740	0	1,624,399
Additions	0	47,165	50,246	97,411
Derecognition - disposals	0	(70,568)	0	(70,568)
At 31 March 2025	1,455,659	145,337	50,246	1,651,242
Accumulated depreciation				
At 1 April 2024	(225,956)	(91,252)	0	(317,208)
Depreciation charge for the year	(101,650)	(30,784)	(6,579)	(139,013)
Derecognition - disposals	0	70,568	0	70,568
At 31 March 2025	(327,606)	(51,468)	(6,579)	(385,653)
Net Book Value At 31 March 2025	1,128,053	93,869	43,667	1,265,589
Net Book Value At 31 March 2024	1,229,703	77,488	0	1,307,191

The Authority additionally holds one right-of-use asset under a lease; all associated disclosures relating to this asset can be found within Note 24 Leases.

Comparative Movements in 2023/24:

	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Total Property, Plant and Equipment
	£	£	£
Cost			
At 1 April 2023	1,455,659	98,844	1,554,503
Additions	0	69,896	69,896
At 31 March 2024	1,455,659	168,740	1,624,399
Accumulated depreciation			
At 1 April 2023	(124,306)	(55,830)	(180,136)
Depreciation charge	(101,650)	(35,422)	(137,072)
At 31 March 2024	(225,956)	(91,252)	(317,208)
Net Book Value At 31 March 2024	1,229,703	77,488	1,307,191
Net Book Value At 31 March 2023	1,331,353	43,014	1,374,367

The Vehicles, Plant, Furniture and Equipment - Oakwell House asset represents the value of the major refurbishment project on the Authority's office accommodation and includes full mechanical and electrical plant, solar panels, furniture, fittings and equipment. The practical completion date and handover was 15 December 2021 and the asset is being depreciated from 1 January 2022.

The Vehicles, Plant, Furniture and Equipment - Laptops asset represents the value of laptop computers purchased. There have been additions to this asset during the year due to the growth in the workforce; disposals have been driven by the laptops becoming obsolete at the end of their useful economic life.

The Vehicles, Plant, Furniture and Equipment - ICT Server was purchased in April 2024 to support the Authority's ICT Network and associated resources.

Depreciation

· Vehicles, plant, furniture and equipment: Oakwell House

The Oakwell House asset comprises two components with different useful economic lives as follows:

> Audio-visual equipment and fittings: In line with advice from the Corporate ICT and Digital Manager, a useful life of 10 years has been determined for this component. Depreciation is therefore charged over 120 months on a straight line basis commencing in the month following acquisition.

> The remaining plant, furniture, fittings and equipment component has been determined as having a useful economic life of 15 years. Depreciation is therefore charged over 180 months on a straight line basis commencing in the month following acquisition.

· Vehicles, plant, furniture and equipment: Laptops

It has been determined that the laptops have a useful economic life of 4 years.

Depreciation is charged over 48 months on a straight line basis commencing in the month following acquisition.

· Vehicles, plant, furniture and equipment: ICT Server

It has been determined that the ICT Server has a useful economic life of 7 years.

Depreciation is charged over 84 months on a straight line basis commencing in the month following acquisition.

Note 12. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The Authority's licence for its Pensions Administration software is the only intangible asset held.

In February 2022 a new contract was entered into for a new 5 year licence from this date; the contract is being amortised over 60 months starting from March 2022.

The amortisation charge of £36,940 in 2024/25 (£36,940 in 2023/24) was charged to the ICT service line within Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	2023/24		2024/25
	Pensions Administration System		Pensions Administration System
	£		£
	Balance at Start of Year:		
	184,700	Gross Carrying Amount	184,700
	(40,018)	Accumulated Amortisation	(76,958)
	144,682	Net Carrying Amount at Start of Year	107,742
	(36,940)	Amortisation for the Period	(36,940)
	107,742	Net Carrying Amount at End of Year	70,802
	Comprising:		
	184,700	Gross Carrying Amount	184,700
	(76,958)	Accumulated Amortisation	(113,898)

Note 13. Financial Instruments

31 March 2024		31 March 2025
£		£
	Financial Assets at Amortised Cost	
1,021,796	Short Term Debtors	84,726
1,021,796	Total Financial Assets at Amortised Cost	84,726
	Financial Liabilities at Amortised Cost	
(665,046)	Short Term Creditors	(626,975)
(24,372)	Long Term Creditors	(24,372)
(689,418)	Total Financial Liabilities at Amortised Cost	(651,347)
332,378	Total Financial Instruments	(566,621)

The short term debtors classified as financial assets do not include prepayments or statutory debtors in respect of taxes recoverable from HMRC.

The short term creditors classified as financial liabilities do not include statutory creditors in respect of taxes payable to HMRC.

The Authority's lease liability is separately disclosed and analysed in Note 24 Leases.

Nature and Extent of Risks Arising From Financial Instruments

The Authority's activities expose it to the following financial risks:

- Credit risk – the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.
- Liquidity risk – the risk that an entity (the Fund) will have difficulties in paying its financial liabilities.

As the Authority's primary purpose is as the administrator of the South Yorkshire Pension Fund, the management of risk in relation to financial instruments is mainly relevant to the Fund itself and is covered in detail in Note 17 to the South Yorkshire Pension Fund Accounts that follow.

All of the Authority's income and expenditure is charged directly to the Fund (or financed from the Levy in respect of residual liabilities), therefore market risks and liquidity risks are managed by the Fund.

All of the Authority's financial assets are short term debtors, and have been assessed for likelihood of default. All are anticipated to be received within 3 months.

The Authority's financial liabilities disclosed above include both short and long term creditors. The short term creditors are anticipated to be paid within 3 months.

Note 14. Short Term Debtors

31 March 2024		31 March 2025
£		£
123,743	Trade Receivables	84,726
412,069	Prepayments	561,536
898,053	Owed from Pension Fund	0
0	Receivable from HMRC - VAT	406,704
1,433,865	Total	1,052,966

Note 15. Creditors

31 March 2024		31 March 2025
£		£
<i>Short Term Creditors</i>		
(348,249)	Trade Payables	(336,617)
(102,201)	Payable to HMRC - Employment Taxes	(111,152)
(548,313)	Payable to HMRC - VAT	0
(10,518)	Capital Creditors	0
(47,375)	Deferred Income	(31,129)
0	Owed to Pension Fund	(181,543)
(258,904)	Other Payables	(77,686)
(1,315,560)		(738,127)
<i>Long Term Creditors</i>		
(24,372)	Retention Payments Due on Retirement	(24,372)
(1,339,932)	Total	(762,499)

Note 16. Unusable Reserves

31 March 2024		Note 16	31 March 2025
£			£
(1,414,933)	Capital Adjustment Account	[a]	(1,279,341)
1,805,292	Pensions Reserve	[b]	1,508,254
54,372	Accumulated Absences Adjustment Account	[c]	74,128
444,731	Total Unusable Reserves		303,041

a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition or subsequent costs such as depreciation, impairment losses and amortisation are charged to the Comprehensive Income & Expenditure Statement. The Account is credited with amounts set aside by the Authority as finance for the costs of acquisition or enhancement.

2023/24		2024/25
£		£
(1,519,049)	Balance at 1 April	(1,414,933)
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>	
36,940	Amortisation of Intangible Assets	36,940
137,072	Depreciation of Vehicles, Plant, Furniture & Equipment	139,013
0	Depreciation of the Right of Use Asset	60,322
	<i>Capital financing applied in the year:</i>	
0	Statutory Provision for the Minimum Revenue Charge to the General Fund	(3,272)
(69,896)	Capital Expenditure Charged Against the General Fund Balance	(97,411)
(1,414,933)	Balance at 31 March	(1,279,341)

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24		2024/25
£		£
457,192	Balance at 1 April	1,805,292
1,542,415	Remeasurement Of The Net Defined Benefit Liability	(150,283)
734,000	Reversal Of Items Relating To Retirement Benefits Debited or Credited to the Surplus On the Provision Of Services in the CIES	863,000
(928,315)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable In The Year	(1,009,755)
1,805,292	Balance at 31 March	1,508,254

The Pensions Reserve includes the reserve calculated for the residual liabilities; the breakdown is shown below:

31 March 2024		31 March 2025
£	Pensions Reserve	£
0	South Yorkshire Pensions Authority - Funded Obligations	0
185,000	South Yorkshire Pensions Authority - Unfunded Obligations	164,000
1,620,292	Unfunded Obligations of the Former South Yorkshire Residuary Body	1,344,254
1,805,292	Total	1,508,254

c) Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24		2024/25	
£		£	
59,630	Balance at 1 April		54,372
(59,630)	Settlement or cancellation of accrual made at the end of the preceding year	(54,372)	
54,372	Amounts accrued at the end of the current year	74,128	
	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		19,756
54,372	Balance at 31 March		74,128

Note 17. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2023/24		2024/25
£		£
0	Interest paid	37,084

The Surplus or Deficit on Provision of Services has been adjusted for the following non-cash movements:

2023/24		2024/25
£		£
36,940	Amortisation	36,940
137,072	Depreciation	199,335
(194,315)	Movement in Pension Liability	(146,755)
(37,994)	(Decrease) in Long Term Provision / Creditor	0
(455,365)	(Decrease) in Short Term Creditors	(566,915)
769,336	Decrease in Debtors	380,899
255,674	Total Adjustment for Non Cash Movements	(96,496)

Note 18. Cash Flow Statement - Investing Activities

2023/24		2024/25
£		£
(76,896)	Purchase of Property Plant & Equipment	(107,929)
<u>(76,896)</u>	Total Investing Activities	<u>(107,929)</u>

Note 19. Cash Flow Statement - Financing Activities

2023/24		2024/25
£		£
0	Cash Payments for Reduction of the Principal Portion of the Outstanding Lease Liability	(3,272)
<u>0</u>	Total Financing Activities	<u>(3,272)</u>

Note 20. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Further Details	Salary, fees and allowances	Employer Pension Contributions	Pension Contributions Due On Retirement*	Total
			£	£	£	£
Director (Head of Paid Service)	2024/25		135,146	25,678		160,824
	2023/24		131,850	25,052		156,902
Assistant Director - Investment Strategy (From October 2024)	2024/25	[a]	57,876	10,996		68,872
Assistant Director - Investment Strategy (To December 2024)	2024/25	[b]	75,506	14,204		89,710
	2023/24		94,211	17,900	14,535	126,646
Assistant Director - Pensions (From November 2023)	2024/25		93,325	17,732		111,057
	2023/24		35,624	6,769		42,393
Assistant Director - Resources (Chief Finance Officer)	2024/25		109,643	20,832		130,475
	2023/24		103,632	19,690		123,322
Head of Governance & Corporate Services (Monitoring Officer)	2024/25		75,892	14,420		90,312
	2023/24		71,158	13,520		84,678

[a] The current Assistant Director – Investment Strategy took up their post in October 2024 (including a handover period with their predecessor); the remuneration shown in the table is for the period October 2024 - March 2025.

[b] The former Assistant Director – Investment Strategy retired at the end of December 2024; the 2024/25 remuneration shown in the table is for the period April 2024 - December 2024.

*** Pensions Contribution Due On Retirement**

Costs were accrued in previous years for additional employer pension contributions for the former Assistant Director - Investment Strategy, including in 2023/24 as shown in the table above.

This was in respect of a Staff Retention Incentives Scheme introduced in 2020/21 to support succession planning. The payment is payable to the pension fund on behalf of the post holder upon retirement. A total of £52,529 accrued under this scheme for the former Assistant Director - Investment Strategy and was recognised as a short term creditor at 31/03/2024. This balance was cleared during the year by being paid to the Pension Fund as an Additional Pension Contribution in respect of this individual on their retirement at 31 December 2024.

There are no further plans to utilise the Staff Retention Incentives Scheme at this point in time.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2023/24 Number of employees	2024/25 Number of employees
£50,000-£54,999	1	1
£55,000-£59,999	1	1
£70,000-£74,999	1	1
£75,000-£79,999	0	1
£80,000-£84,999	1	0
£85,000-£89,999	0	1

Exit Packages

The numbers of exit packages with total cost per band are shown below. There were four such packages agreed in 2024/25 (2023/24 one).

Exit Package Cost Band	2023/24 Number of Other Departures Agreed	2024/25 Number of Other Departures Agreed
Cost Band:		Cost Band:
£0 - £20,000	1	£0 - £20,000 2
£20,000 - £40,000	0	£20,000 - £40,000 2

The total cost for the exit packages shown in the table above was £66,332 (2023/24 £8,616) that has been charged to the Comprehensive Income and Expenditure Statement in the current year.

Note 21. Members' Allowances

The Authority paid the following amounts during the year for elected members of the Authority and for members of the Local Pension Board. Member allowances are paid in accordance with the scheme of allowances as published on the Authority's website. Changes to the scheme were approved in June 2023 to add allowances for co-opted members of the Authority and allowances for members of the Local Pension Board. These changes being implemented over time have resulted in an increase to the total allowances paid in 2024/25 compared to the prior year. Members' expenses paid are for travel and hotel costs, incurred in travelling to meetings and/or training events on Authority business.

2023/24	2024/25
£	£
87,249 Member Allowances	100,199
428 Employer National Insurance on Member Allowances	531
2,368 Expenses	1,419
90,045 Total	102,149

Note 22. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the statement of accounts:

2023/24	2024/25
£	£
148,276 Fees payable to KPMG LLP with regard to external audit services carried out for the year	163,047
0 Fees payable to KPMG LLP with regard to additional costs for external audit services carried out in auditing the prior year	13,352
19,685 Fees payable to Deloitte LLP with regard to external audit services carried out for the 2022/23 year	0
167,961 Total	176,399

KPMG LLP were appointed by Public Sector Audit Appointments Ltd (PSAA) as the External Auditor for the Authority and Fund, for five years commencing with the audit of 2023/24. The audit scale fee for the Authority (covering the total fee for auditing both Authority and Fund accounts) set by PSAA is £163,047 for the 2024/25 audit (£148,276 in 2023/24).

The fees paid to KPMG for audit services relating to the prior year audit were approved by PSAA during the year. The total shown includes a fee of £9,500 for the additional audit work required as a result of new auditing standard ISA315 – this has been consolidated into the scale audit fee for 2024/25 onwards.

Note 23. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

South Yorkshire Pension Fund

The Pension Fund is a related party to the Authority as all expenditure (except for that financed by the Levy in relation to Residual Liabilities) is charged to the Fund.

During the year, the Authority paid a total of £654,189 (2023/24: £616,414) to the Fund in respect of employer pension contributions and received a total of £8,630,179 (2023/24: £7,733,079) from the Fund as the amount recharged for Authority expenditure for the year.

At 31 March 2025, there is a Creditor balance of £181,543 in the Authority's balance sheet for the sum due to the Fund (31 March 2024: £898,053 Debtor balance for the sum due from the Fund). The change from Debtor to Creditor with the Fund is a result of the impact from the year-end VAT position changing to a debtor for a reclaim, which in turn was driven by the Fund transitioning the directly held property portfolio to the Border to Coast Pensions Partnership in October 2024.

In addition to the above, the Authority paid a total of £303,037 (2023/24: £311,901) to the Fund as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body. The Authority's expenditure in this regard was financed by charging a levy for this amount to the four South Yorkshire districts (Barnsley MBC, City of Doncaster Council, Rotherham MBC and Sheffield CC) in proportion to their populations.

Barnsley Metropolitan Borough Council

Amounts paid to Barnsley MBC during the year included:

> £51,051 (2023/24: £47,872) in respect of business rates charged on the Authority's office accommodation.

> £124,390 (2023/24: £123,975) in respect of fees for the Service Level Agreement through which the Council provides a range of support services to the Authority including Governance, HR, Internal Audit, and other corporate services.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. An examination of the Register of Members' Interests confirms that there were no related party transactions to disclose.

Authority Members, through separate employment, could have access to scheme membership of the Pension Fund; the 12 Authority members have the following status in relation to the Pension Fund as at 31 March 2025:

- > Active Member (i.e., paying into the scheme): 1
- > Deferred Member (i.e., previously paid into the scheme and benefits on hold in the scheme pending retirement): 3
- > Pensioner Member (i.e., receiving pension benefits from the scheme): 1

The remaining 7 Authority members are not scheme members in the South Yorkshire Pension Fund.

Officers

Certain officers might also be in a position to influence significantly the policies of the Authority.

Director

The Authority's Director holds the following positions with potential related parties of the Authority.

- > Governor of Barnsley College - with effect from September 2022. [Unpaid]
- > Independent Chair of Lincolnshire Local Pension Board - with effect from July 2024. [Remunerated with a member allowance]

The Director has made the appropriate declarations in respect of these appointments and arrangements have been put in place to ensure that the Director is not involved with specific decisions or discussions concerning Barnsley College's participation in the Fund.

The following transactions have taken place during the year.

Barnsley College paid contributions to the Fund totalling £2,531,217 in 2024/25 split as follows:

- > Employee Contributions £591,224
- > Employer Contributions £1,939,993

Barnsley College paid other amounts to the Authority and Fund totalling £2,283 as follows:

- > Legacy Retirement Costs £1,538 to the Fund
- > Recharged Actuarial Costs £745 to the Authority

There were no transactions between the Lincolnshire Pension Fund and either the Authority or the Fund in the year.

No other material related party transactions have been identified following consultation with relevant officers.

Note 24. Leases

Authority as Lessee

The Authority's lease contracts comprise two leases - one operational land and building and one plant and equipment. The plant and equipment lease contract is immaterial. The operational land and building lease is material and the full details of this lease are set out below.

A lease was entered into with Mapeley Gamma Acquisitions Ltd (c/o FI Real Estate Management) for office accommodation at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley S71 1HG. The lease commenced with effect from 28 May 2021 for a period of 30 years with a lease break clause at 15 years, and a rent review due at 28 May 2031.

The lease rentals included an incentive in the first five years of the lease period, with rent set at £40,356 per annum to 27 May 2026. The rent will increase to £90,800 per annum thereafter subject to a rent review at 28 May 2031. The revised rent will be set at the rent review date by indexing the base rent by the Retail Prices Index (RPI) for the month that falls one month before the month of the rent review.

Additionally, the first six months of the lease period - to 27 November 2021 - were free of rent whilst the property was being refurbished by the Authority. The rent commencement date was 28 November 2021.

Right-of-Use Asset

This table shows the change in the value of this right-of-use asset held under lease by the Authority:

	Building - Oakwell House £
Adjusted Opening Balance at 1 April 2024	733,510
Depreciation	(60,322)
Balance at 31 March 2025	673,188

Lease Liability

1 April 2024 ¹ £		31 March 2025 £
(3,272)	Oakwell House - Lease Liability due within one year	(3,447)
(3,272)	Total Short Term Lease Liability	(3,447)
(730,238)	Oakwell House - Lease Liability due after one year	(726,791)
(730,238)	Total Long Term Lease Liability	(726,791)
(733,510)	Total Lease Liability	(730,238)

¹The table above includes disclosure of the total value of the lease liability, measured in accordance with IFRS 16 Leases, on recognition at 1 April 2024 applying the transitional accounting requirements set out in the CIPFA Code - further details of which are explained below.

Transactions Under Leases

The Authority incurred the following expenses and cash flows in relation to its leases.

2023/24 £		2024/25 £
	Comprehensive Income and Expenditure Statement	
0	Interest expense on lease liability	37,084
754	Expense relating to exempt lease of low-value items	773
	Cashflow Statement	
41,109	Cash Outflows - Minimum Lease Payments	41,129

Maturity Analysis of Lease Liabilities

The lease liability, under the non-cancellable lease, is due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

31 March 2024		31 March 2025	
£		£	
40,356	Not later than one year	40,356	
304,877	Later than one year and not later than five years	355,322	
649,780	Later than five years	558,980	
995,013	Total	954,658	

Transitional Accounting Adjustments

In 2024/25, the Authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate of 5.35% at that date.
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- The right-of-use asset was subject to a valuation exercise at 31 March 2025. The exercise was carried out by a RICS qualified valuer, this established that the Authority rental payments were in line with market rates. Therefore, no revaluation of the asset was required.

This has resulted in the following additions to the Balance Sheet at 1 April 2024:

- £733,510 Property – Right of Use Asset
- (£3,272) Short Term Lease Liability; Current Liabilities
- (£730,238) Long Term Lease Liability; Long Term Liabilities

The newly recognised total lease liability of (£733,510) at 1 April 2024 compares with the operating lease commitment of (£995,013) at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. The difference between these two figures is due to the impact of discounting the lease commitment to present value using the Authority's incremental borrowing rate at 1 April 2024.

Lease Term

The lease term used in the calculations for recognition and measurement of the lease liability and the right-of-use asset is fifteen years, based on the non-cancellable period of the lease. As required by IFRS 16, the Authority has assessed the certainty that it will not exercise its option to terminate the lease at the break clause date of 28 May 2036. The Authority's assessment is that it cannot be reasonably certain that the termination option will not be exercised.

This assessment has considered relevant factors including the following:

- The lease is for the Authority's only office building required to accommodate the entire workforce based on a hybrid working model. The staffing establishment has grown in recent years to a headcount of over 130. As the termination option is over ten years into the future, the Authority cannot be reasonably certain that the current office building will continue to provide sufficient capacity to meet the Authority's needs at that time and for the subsequent fifteen years that we would be committed to if the termination option is not exercised.
- The leased asset is not specialised and there would be alternative options readily available to consider in our required location. In determining whether or not to exercise the termination option, the Authority will carry out an options appraisal in order to reach a decision that will achieve the best value for money whilst meeting the needs of the organisation.

Note 25. Defined Benefit Pension Asset / Liability

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS) for its employees, administered by the Authority itself, which is a defined benefit scheme. It is also a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In addition to the funded element of the scheme, the Authority also accounts for an unfunded element in relation to the award of discretionary post-retirement benefits upon early retirement. This is an arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Authority has unfunded obligations in relation to discretionary post-retirement benefits for its own former employees.

It is also responsible for the unfunded obligations for discretionary post-retirement benefits awarded by the former South Yorkshire County Council and South Yorkshire Residuary Body. The costs of meeting these unfunded obligations are financed by a Levy issued to the four district councils of South Yorkshire as explained in Note 10.

The amounts recognised for unfunded obligations are shown separately in the detail below.

The South Yorkshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. South Yorkshire Pensions Authority is the designated statutory body responsible for administering the South Yorkshire Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. Policy is determined in accordance with Pension Fund regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made to the Authority is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

2023/24		2024/25
£	Comprehensive Income & Expenditure Statement	£
	<i>Cost of Services</i>	
	Service Cost Comprising:	
716,000	Current Service Cost	781,000
1,000	Past Service Cost Including Curtailments	0
	<i>Financing and Investment Income and Expenditure</i>	
17,000	Net Interest Expense	82,000
734,000	Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	863,000
	<i>Other Post-Employment Benefits Charged To The Comprehensive Income And Expenditure Statement</i>	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
(934,000)	Return on Plan Assets (excluding the amount included in the net interest expense)	743,000
(198,000)	Actuarial Gains Arising on Changes Based on Demographic Assumptions	(50,000)
(1,793,000)	Actuarial Gains Arising on Changes in Financial Assumptions ¹	(4,855,001)
889,000	Actuarial Losses Arising on Changes Based on Other Experience	(230,000)
3,578,415	Effect of Asset Ceiling ²	4,241,718
1,542,415	Total Post-Employment Benefits Charged to Other Comprehensive Income And Expenditure	(150,283)

Movement in Reserves Statement

734,000	Reversal of Net Charges Made to the Surplus On Provision Of Services for Post-Employment Benefits in Accordance with the Code	863,000
(928,315)	Actual Amount Charged Against the General Fund Balance for Pensions in the Year: Employer's Contributions Payable to the Scheme	(1,009,755)
(194,315)	Total Post-Employment Benefits Adjustment Recognised in Movement in Reserves Statement	(146,755)

¹ The actuarial remeasurements of the net defined benefit liability include a significant gain of £4,855,001 arising from changes in financial assumptions as shown above.

These financial assumptions comprise the following:

a. Discount Rate – This assumption has increased by 0.95% due to a rise in the corporate bond yield (from which the discount rate is derived) as a result of the economic environment. The discount rate is used to discount future obligations to present value and therefore this increase in the discount rate has served to reduce the Authority's pension obligations significantly, accounting for the total remeasurement of £4,855,001 above.

b. Pension Increase Rate – no change in this assumption.

c. Salary Increase Rate – no change in this assumption.

² The amounts recognised on the balance sheet can be broken down as follows to show the effect of the asset ceiling - this is explained in further detail below the following table.

31 March 2024	Net Defined Benefit (Asset) / Liability Recognised on the Balance Sheet	31 March 2025
6,050,193	Net Asset (Unadjusted) - Excluding Unfunded Obligations	10,584,911
(6,050,193)	Effect of the Asset Ceiling	(10,584,911)
0	Net Asset - South Yorkshire Pensions Authority Funded Obligations	0
185,000	Unfunded Obligations of South Yorkshire Pensions Authority	164,000
1,620,292	Unfunded Obligations of the Former South Yorkshire Residuary Body	1,344,254
1,805,292	Net Liability Recognised on the Balance Sheet	1,508,254

The IAS 19 Accounting Standard imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This is termed the 'asset ceiling' in the accounts.

The total unadjusted asset for the Authority at 31 March 2025 would be £10,420,911 excluding any asset ceiling adjustments. After including the effect of the ceiling applied in 2023/24 to the opening balance, this reduces to £4,370,718. This is split between funded and unfunded obligations:

- Funded - £4,534,718
- Unfunded - (£164,000)

The asset ceiling is applied to the asset excluding any unfunded obligations. The liability in respect of the unfunded obligations is added to the final net position after accounting for any asset ceiling adjustments required, as shown in the above table.

Following review of the accounting requirements and consultation with the actuary, the limit of the surplus - the 'asset ceiling' - has been calculated based on the difference between:

- A. the net present value of future service costs and
- B. the net present value of future employer contributions.

The calculated difference is (£13,460,000) but because this is a negative result - i.e. B is greater than A - this means that the economic benefit available to the Authority as a reduction in future contributions is limited to £0 and the asset ceiling is therefore £0.

As this asset ceiling result is lower than the value of the actual asset, an adjustment is required to limit the value of the asset recognised on the balance sheet to this value. This is shown as 'Effect of the Asset Ceiling' in the table above.

The accounting treatment involves the use of complex calculations requiring judgements to be made. Further details on the judgements exercised are set out in Note 2b.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

31 March 2024		31 March 2025	
	£		£
(26,717,091)	Present Value of Funded Liabilities	(23,247,092)	
(1,805,292)	Present Value of Unfunded Liabilities	(1,508,254)	
26,717,091	Fair Value of Plan Assets	23,247,092	
(1,805,292)	Net Liability Arising from Defined Benefit Obligation	(1,508,254)	

2023/24	Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2024/25
30,277,191	Opening Fair Value of Plan Assets At 1 April	32,767,284
1,441,000	Interest Income	1,593,000
	<i>Remeasurement Gains/(Losses):</i>	
934,000	Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(743,000)
0	Other Experience	0
600,093	Contributions from Employer	689,719
328,222	Contributions from Employer in Respect of Unfunded Benefits	320,036
253,000	Contributions from Employees Into the Scheme	295,000
(738,000)	Benefits Paid	(770,000)
(328,222)	Unfunded Benefits Paid	(320,036)
32,767,284	Subtotal - Fair Value of Plan Assets at 31 March Prior to Asset Ceiling Adjustment	33,832,003
	<u>Asset Ceiling Adjustment</u>	
(2,359,778)	Opening Effect of Asset Ceiling At 1 April	(6,050,193)
(112,000)	Interest on Effect of Asset Ceiling	(293,000)
(3,578,415)	Actuarial (Losses)	(4,241,718)
(6,050,193)	Subtotal - Closing Effect of Asset Ceiling At 31 March	(10,584,911)
26,717,091	Closing Fair Value of Plan Assets At 31 March	23,247,092

2023/24	Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2024/25
£		£
(28,374,605)	Opening Balance At 1 April	(28,522,383)
(716,000)	Current Service Cost	(781,000)
(1,346,000)	Interest Cost	(1,382,000)
(253,000)	Contributions from Scheme Participants	(295,000)
	<i>Remeasurement (Gains) And Losses:</i>	
198,000	Actuarial Gains Arising on Changes in Demographic Assumptions	50,000
1,793,000	Actuarial Losses Arising on Changes in Financial Assumptions	4,855,001
(889,000)	Actuarial (Gains) / Losses Arising on Changes Based on Other Experience	230,000
(1,000)	Past Service Cost (Including Curtailments)	0
738,000	Benefits Paid	770,000
328,222	Unfunded Benefits Paid	320,036
(28,522,383)	Closing Balance At 31 March	(24,755,346)
	<i>Comprising:</i>	
(26,717,091)	Present Value Of Funded Liabilities	(23,247,092)
(1,805,292)	Present Value Of Unfunded Liabilities	(1,508,254)
(28,522,383)		(24,755,346)

Local Government Pension Scheme Assets

The fair value of the plan assets held at 31 March 2025 comprised the following classes of assets. The values are shown as £000 amounts, rounded to the nearest £100.

Please note that the totals shown are the unadjusted value of the plan assets prior to applying adjustments for the effect of the asset ceiling.

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2025	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	1.7	0.0	1.7	0%
Debt Securities				
Other	10.3	1,923.7	1,934.0	6%
Private Equity				
All	10.0	3,598.4	3,608.4	11%
Real Estate				
UK Property	0.0	2,660.1	2,660.1	8%
Overseas Property	0.0	83.9	83.9	0%
Investment Funds and Unit Trusts				
Equities	0.0	14,547.0	14,547.0	43%
Bonds	0.0	5,109.8	5,109.8	15%
Infrastructure	119.3	3,735.7	3,855.0	11%
Other	8.0	1,602.6	1,610.6	5%
Cash and Cash Equivalents				
All	422.5	0.0	422.5	1%
Total Assets	571.8	33,261.2	33,833.0	100%

The fair value of the plan assets held at 31 March 2024 comprised the following classes of assets:

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2024	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	2.0	0.3	2.3	0%
Debt Securities				
Other	88.3	1,787.5	1,875.8	6%
Private Equity				
All	53.1	3,371.7	3,424.8	11%
Real Estate				
UK Property	37.0	2,539.7	2,576.7	8%
Overseas Property		33.4	33.4	0%
Investment Funds and Unit Trusts				
Equities	0.0	15,054.2	15,054.2	46%
Bonds	0.0	4,916.5	4,916.5	15%
Infrastructure	237.1	3,044.7	3,281.8	10%
Other	59.1	1,060.9	1,120.0	3%
Cash and Cash Equivalents				
All	457.5	0.0	457.5	1%
Total Assets	934.1	31,808.9	32,743.0	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions on mortality rates, salary levels, etc.

The defined benefit liability has been estimated by Hymans Robertson LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are as follows:

31 March 2024	Financial Assumptions	31 March 2025
% p.a		% p.a
2.75	Pension Increase Rate (CPI)	2.75
3.35	Salary Increase Rate	3.35
4.85	Discount Rate	5.80

31 March 2024	Mortality Assumptions	31 March 2025
Years		Years
	<i>Longevity at 65 for current pensioners</i>	
20.6	Men	20.5
23.6	Women	23.6
	<i>Longevity at 65 for future pensioners¹</i>	
21.4	Men	21.3
25	Women	25

¹ Figures assume members aged 45 as at the last formal valuation date.

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivities below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below is consistent with those used in the previous period.

Change in Assumptions at 31 March 2025	Impact on the defined benefit obligation in the scheme	
	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% Decrease in Real Discount Rate	2%	467
1 Year Increase in Member Life Expectancy	4%	937
0.1% Increase in the Salary Increase Rate	0%	20
0.1% Increase in the Pension Increase Rate (CPI)	2%	459

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. These figures are based on IAS 19 assumptions, however using the actuarial assumptions during the latest valuation, the funding level for the Authority has been calculated at around 125%. The South Yorkshire Pension Fund has an agreed strategy with the actuary to maintain a funding level of at least 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

The Authority expects to pay employer's contributions for the period to 31 March 2026 of approximately £690,000 in relation to the Authority itself and of £303,000 in relation to the unfunded residual liabilities of the former South Yorkshire County Council and Residuary Body.

The average duration of the defined benefit obligation for funded scheme members is estimated to be 20 years and for unfunded members is estimated to be 5 years.



South Yorkshire Pension Fund

Statement of Accounts

& Notes 2024/25

South Yorkshire Pension Fund - Fund Account

2023/24 £000		Notes	2024/25 £000
	Dealings with Members, Employers and Others Directly Involved in the Fund		
(392,268)	Contributions	[7]	(274,584)
(29,755)	Transfers In from Other Pension Funds	[8]	(32,913)
(422,023)			(307,497)
385,636	Benefits	[9]	426,657
29,990	Payments To and On Account of Leavers	[10]	31,447
415,626			458,104
(6,397)	Net (Additions) / Withdrawals from Dealings With Members		150,607
85,193	Management Expenses	[11]	102,335
78,796	Net Withdrawals Including Fund Management Expenses		252,942
	Returns On Investments		
(72,118)	Investment Income	[12]	(68,629)
(788,740)	(Profit) on Disposal of Investments and Changes in the Value of Investments	[14b]	(312,733)
(860,858)	Net Return on Investments		(381,362)
(782,062)	Net (Increase) in the Net Assets Available for Benefits During the Year		(128,420)
(10,201,980)	Opening Net Assets of the Scheme		(10,984,042)
(10,984,042)	Closing Net Assets of the Scheme		(11,112,462)

South Yorkshire Pension Fund - Net Assets Statement

31 March 2024			31 March 2025
£000		Notes	£000
	Long Term Investments		
1,182	Equities		1,182
	Investment Assets		
763	Equities		567
10,116,516	Pooled Investment Vehicles		10,755,969
84,856	Private Credit		111,880
508,525	Direct Property	[14d]	52,400
250,437	Cash		138,089
2,676	Other Investment Assets		26,367
10,964,955	Total Net Investments	[14a]	11,086,454
35,420	Current Assets	[20]	32,290
11,000,375			11,118,744
(16,333)	Current Liabilities	[21]	(6,282)
10,984,042	Net Assets of the Fund Available to Fund Benefits at the End of the Reporting Period		11,112,462

Note: The Fund's statement of accounts do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

Notes To The South Yorkshire Pension Fund For The Year Ended 31 March 2025

Note 1. Description Of Fund

The South Yorkshire Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by South Yorkshire Pensions Authority.

a) General

The LGPS is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following scheme legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by South Yorkshire Pensions Authority (the Authority) to provide pensions and other benefits for pensionable employees of South Yorkshire Pensions Authority, the four district councils in South Yorkshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Authority, which consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition, 3 representatives of the recognised Trades Unions act as observers to represent the interests of scheme members.

In accordance with the requirements of the Public Services Pensions Act 2013, the Authority has established a Local Pension Board. The Board holds regular meetings and provides oversight, challenge and scrutiny over how the administering authority exercises its responsibilities. It publishes its own annual report which is available on the Authority's website and within the Annual Report.

The Border to Coast Pensions Partnership Ltd (Border to Coast) was created in response to Government policy on the pooling of investments and is a company that is wholly owned by its partner Funds. South Yorkshire Pension Fund, along with 10 other partner funds, are equal shareholders in Border to Coast. Most of the Fund's equity investments have been managed by Border to Coast since July 2018 and transition of the Fund's assets from internal management to Border to Coast is a continuing process that is expected to take a number of years to complete fully. At 31 March 2025, approximately 78% (31 Mar 2024: 72%) of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Asset allocation remains the responsibility of the Authority.

Other investments are managed internally, with the assistance of advisors on real estate matters, in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. The Authority has an appointed independent investment advisory panel and has a retained actuary, Hymans Robertson LLP.

Further information is available in the Annual Report available from the Fund's website at www.sypensions.org.uk

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the South Yorkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

South Yorkshire Pension Fund	31 March 2024	31 March 2025
Number of Employers with Active Members	553	571
Number of Employees (Active Contributors)	51,726	51,682
Number of Pensioners	63,523	65,575
Number of Deferred Pensioners *	64,654	63,921
Total Number of Members in the Pension Scheme	179,903	181,178

* The total shown for deferred pensioners includes 8,148 unprocessed leavers at 31 March 2025 (11,195 at 31 March 2024). Once processed, these leavers could be a combination of deferred pensioners, frozen refunds, and aggregations. Until processed, this outcome is not known.

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund and standard contributions range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employer contributions are set based on triennial actuarial funding valuations. The latest triennial valuation was undertaken as at 31 March 2022 and this determined the employer contribution rates payable from April 2023 to March 2026.

The Primary employer contribution rates paid in 2024/25 ranged from 12.7% to 39.6% and the Secondary employer contribution rates paid in 2024/25 ranged from -39.6% to 23.2%. This resulted in a range of net employer contribution rates paid of 0.0% to 40.8%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website at www.lgpsmember.org.

e) Investment Performance

Over the course of the financial year, the Fund's investments in UK equities was a key driver of positive returns, although negative returns from our index-linked portfolio partly offset this. Other asset classes, such as multi-asset credit and private markets, generally returned single-digit positive returns.

The 2024/25 year could be described as a potentially transitional year in terms of both major economic and political changes going on around the world. Although the conflicts in Ukraine and in the Middle East remain, with talks and negotiations taking place, resolution looks far from certain at this moment in time. The impact of the new Trump administration in the USA and introduction of tariffs and the ensuing 'tariff war' is continuing to create uncertainty and could result in volatility for months or even years ahead.

Within this current environment though, it is important to keep focussed on being a long term investor; the Fund remains committed to its central objective to pay pensions out over the very long term - for decades to come.

Focussing on the detail of the Fund's performance over the last year, the majority of equity markets delivered positive returns. US equities in the technology sector, particularly the much vaunted Magnificent Seven, had been performing very strongly for much of the year. Cracks began to show in January, however, when an apparent breakthrough at the Chinese AI company, DeepSeek, wiped almost \$600bn from Nvidia's market value overnight. This was shortly followed by a slew of tariff announcements from the White House, which led to material market falls in the run up to year end. Overall, US equities rose by 5.4% over the year, slightly ahead of the 4.7% rise in global equities generally.

The UK surprisingly turned out to be the star equity market of the past 12 months, with its more defensive nature and relatively stable government attracting investment.

Within fixed income, certain elements of the Multi-Asset Credit fund were some of the best performers of the past 12 months - high yield credit and leveraged loans had a particularly good year. UK credit markets, on the other hand, were fairly flat over the year. Despite market volatility, credit spreads (effectively the extra yield available for lending money to a company rather than a government) were still relatively tight by historical standards at the year end.

The general air of uncertainty continued into government bond markets, with question marks remaining over the implementation of tariffs and their potential impacts on inflation, borrowing costs and the wider economy.

The Fund continues to reduce its equity exposure to both UK and Overseas markets as part of its gradual move towards the long-term Strategic Asset Allocation (SAA) set in 2023. A high proportion of these proceeds has transferred into the Fund's recently established Natural Capital portfolio; with the balance going towards Infrastructure and Renewables. Some increases have also been added to the Fixed Interest portfolio, bringing the slightly underweight allocation more within its SAA range.

The Fund's allocation to Private Equity remains materially overweight relative to the SAA, albeit this is partly a product of relatively strong performance, combined with its illiquid nature. Future allocations to this asset class are likely to be lower to help mitigate the overweight position.

To support the growth of small and medium sized enterprises locally as part of its place-based impact investments, the Fund, in alignment with the South Yorkshire Mayoral Combined Authority's economic development strategies, pledged £20m of equity investment and £20m of debt funding to two investment managers that specialise in these types of areas and businesses. The remit given to the managers is to focus on key areas such as the number of jobs and apprenticeships, with the aim of enabling provision of additional private sector investment, helping to boost the local economy and the surrounding areas.

One aim of the Fund over the past year has been to de-risk towards its strategic benchmark. Progress towards this target is currently quite heavily dependent on the pace at which money can be deployed into the Fund's illiquid private market portfolios. This has generally been slower than projected – and is unlikely to be aided by the uncertainty brought about by the tariff war, nor the higher levels of inflation and borrowing costs that this could drive.

Over the year, the Fund delivered a return of 2.6% against an expected return of 4.2% from the benchmark (7.8% in 2023/24 against an expected return of 8.1%). The Fund's market value (net investment assets only) was £11,086m as at 31 March 2025 (£10,965m at 31 March 2024).

Note 2. Basis Of Preparation

The Statement of Accounts summarises the Fund's transactions for 2024/25 and its financial position at 31 March 2025. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no such accounting changes to be disclosed in this respect for 2024/25.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

Note 3. Summary Of Significant Accounting Policies

The following accounting policies have been applied consistently during the financial year and the previous financial year.

Fund Account - Revenue Recognition

a) Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they related.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if received earlier than the due date. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers To / From Other Schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment Income

- Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iv. Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Rental income is recognised in the Fund Account as it accrues and any amounts received in respect of the future year are disclosed in the Net Assets Statement as current liabilities.

v. Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account - Expense Items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance, Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative Expenses	All costs incurred by the Authority in respect of pensions administration are accounted for on an accruals basis and charged to the Fund.
Oversight and Governance	All costs incurred by the Authority in respect of Oversight and Governance are accounted for on an accruals basis and are charged to the Fund.
Investment Management Expenses	<p>Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments.</p> <p>Fees of the external investment managers, property advisor and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.</p> <p>All costs incurred by South Yorkshire Pensions Authority internally in respect of investment management expenses are accounted for on an accruals basis and are also charged to the Fund.</p>

Net Assets Statement

g) Financial Assets

The shares held as an unquoted equity investment in Border to Coast Pensions Partnership Ltd, are valued at cost - i.e. transaction price - as an appropriate estimate of fair value. It has been determined that cost remains an appropriate proxy for fair value at 31 March 2025. There is no market in the shares held and cost is a reasonable estimate of fair value. See Note 4 for further details.

All other financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 15). For the purposes of disclosing levels of the fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and Leasehold Properties

Properties are valued quarterly by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards, see Note 15 for more details.

i) Foreign Currency Transactions

Dividends, interest, and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Loans and Receivables

Financial assets classed as amortised cost are carried in the Net Assets Statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

l) Financial Liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from the changes in the fair value of the liability between contract date, the year-end and the eventual settlement date are recognised in the Fund Account as part of the change in market value of the investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Assets Statement is the outstanding principal repayable plus any accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant accounting standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 19).

n) Additional Voluntary Contributions

The South Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

o) Contingent Liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

Note 4. Critical Judgements In Applying Accounting Policies**Pension Fund Liability**

The net pension fund liability is re-calculated every three years by the appointed actuary, Hymans Robertson LLP, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Notes 18 and 19. Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Investment in Border to Coast

This investment has been valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2025, taking consideration of audited accounts for the company at 31 December 2024, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2025.

Directly Held Property

The Fund's property portfolio includes a small number of directly owned properties which are leased commercially to various tenants with rental periods between three months and ten years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by IFRS 16 Leases and the Code at 31 March 2025 for lessors, therefore the properties are retained on the Net Assets Statement at fair value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease.

The CIPFA Code of Practice 2024/25 introduced the adoption of IFRS 16 Leases to be applied from 01 April 2024. For the Fund's Directly Held Property there has been no change to the Critical Judgements and Application of the Accounting Policies as a result of IFRS 16 Leases being implemented.

Private Equity

It is important to recognise the highly subjective nature of determining the fair value of unquoted private equity investments. They are inherently based on forward looking estimates and it is necessary to apply judgement to the valuation. Unquoted private equities and infrastructure investments are valued by the investment managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Note 5. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The preparation of statement of accounts requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made. The items in the net assets statement for which there is a significant risk of material adjustment for the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	<p>The actuarial present value of promised retirement benefits at 31 March 2025 is £8,129 million. The sensitivities regarding the principal assumptions used to measure the obligations are as follows:</p> <ul style="list-style-type: none"> • a 0.1% p.a. reduction in the discount rate would increase the promised retirement benefits by approximately 2% or £143 million • a 0.1% p.a. increase in salary growth would increase the promised retirement benefits by approximately £7 million • a 0.1% p.a. increase in the pension increase rate (CPI) would increase the promised retirement benefits by approximately 2% or £137 million • a 1 year increase in member life expectancy would increase the promised retirement benefits by approximately 4% or £325 million
Private market investments (Note 15)	Private market instruments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £4,486 million at 31 March 2025 (£4,573 million at 31 March 2024) in the financial statements. Based on the assessed level of volatility using the same methodology as outlined in the sensitivity analysis shown in Note 17, if prices fell by 8.4% this would reduce the value of these assets by around £376 million.

Investments in private equity funds are valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers. These are as at 31 December 2024, then rolled forward for known cash flows in order to derive the valuation at 31 March 2025. This is the method used on the basis that any changes in market value from 31 December to 31 March are unlikely to be material. The reasonableness of this assumption is reviewed each year.

Freehold, leasehold property and pooled property funds (Note 15)

Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data.

Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could all affect the fair value of property-based investments. The total value of property investments in the Net Assets Statement is £1,567 million including both directly held property and property held in pooled investment vehicles. The directly held commercial property portfolio is valued at 31 March 2025.

At 31 March 2025 there is a range of potential outcomes. Note 15a shows the effect, based on an assessed volatility range, of a fall of 5% in these directly held property values. For illustrative purposes across the property portfolio, a fall of 10% would result in a reduction to the values in the Net Assets Statement of £157 million. However, it should be noted that this is illustrative only and is not necessarily indicative of the actual effects that would be experienced.

Page 216 **Note 6. Events After The Reporting Period**

The Statement of Accounts was authorised for issue on 26 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Non-Adjusting Events

The statement of accounts and notes have not been adjusted for the following events taking place after 31 March 2025 as they provide information that is relevant to an understanding of the Fund's financial position but do not relate to conditions at that date.

Court of Appeal Decision - Virgin Media Ltd vs NTL Trustees

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. This ruling may have had implications for other UK defined benefit plans.

On 5 June 2025, the Government announced that it was aware of the uncertainty this had created and recognised that schemes and sponsoring employers need clarity around scheme liabilities and member benefit levels in order to plan for the future. It was therefore confirmed that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards and that scheme obligations would be otherwise unaffected.

It is anticipated that this will result in there being no impact on the LGPS and the Fund from the appeal court's ruling. However, further detail is awaited at the date of authorising these accounts for issue.

Note 7. Contributions Receivable

By Category

2023/24 £000		2024/25 £000
78,097	Employees' Contributions	81,865
	Employers' Contributions:	
349,350	Primary Contributions ^{1 and 2}	202,559
(39,698)	Secondary Contributions [Deficit / (Surplus) Recovery] ^{1 and 2}	(15,487)
4,519	Augmentation Contributions	5,647
314,171	Total Employers' Contributions	192,719
392,268	Total Contributions Receivable	274,584

By Employer Type

2023/24 £000		2024/25 £000
853	Administering Authority	985
	<i>Scheduled bodies:</i> ²	
30,327	Barnsley Metropolitan Borough Council	29,509
33,767	City of Doncaster Council	34,149
32,675	Rotherham Metropolitan Borough Council	34,480
158,780	Sheffield City Council	26,589
130,294	Other Scheduled Bodies	142,446
5,572	Admitted Bodies	6,426
392,268		274,584

¹ Employer Contributions

As detailed in Note 18, employer contributions are determined based on the results of funding valuations held every three years. The 2022 Pension Fund triennial valuation determined the employer contributions for the three-year period commencing 1 April 2023. This valuation saw the Fund move to a funding surplus position from a deficit at the previous triennial valuation in 2019.

Employer contributions are made up of:

- > the primary contribution rate – contributions payable towards future benefits
- > the secondary contribution rate – the costs associated with sufficiently funding benefits accrued up to the valuation date

In broad terms, the results of the 2022 funding valuation led to an increase in the primary contributions due from employers for 2023/24 and a significant reduction in the secondary contributions with many employers in surplus and therefore the secondary contributions becoming a negative amount.

² Employer Contributions: Prepayments

In April 2023, Sheffield City Council made a prepayment in relation to their primary and secondary employer contributions due for the period April 2023 to March 2026. By making the payment early, the cash amounts payable over the period are reduced. The amount of the prepayment and the discount applied were calculated by the Fund's actuary based on an estimate of the pensionable pay for Sheffield City Council over the 3 year period. The prepayment amounted to £134.31 million in respect of primary and secondary contributions. These amounts are accounted for in full in the period received and are therefore included in the 2023/24 figures shown above.

In April 2023, Barnsley Metropolitan Borough Council made a prepayment in relation to their primary employer contributions due for the period April 2023 to March 2026. By making the payment early, the cash amounts payable over the period are reduced. The amount of the prepayment and the discount applied were calculated by the Fund's actuary based on an estimate of the pensionable pay for Barnsley Metropolitan Borough Council over the 3 year period. The prepayment amounted to £2.36 million in respect of primary contributions. These amounts are accounted for in full in the period received and are therefore included in the 2023/24 figures shown above.

No other employers have made prepayments in relation to their employer contributions due for the period April 2023 to March 2026.

Note 8. Transfers In From Other Pension Funds

2023/24		2024/25
£000		£000
29,755	Individual Transfers	32,913
29,755		32,913

Note 9. Benefits Payable

By Category

2023/24		2024/25
£000		£000
304,524	Pensions	331,403
72,738	Commutation and Lump Sum Retirement Benefits	84,465
8,374	Lump Sum Death Benefits	10,789
385,636		426,657

By Employer Type

2023/24		2024/25
£000		£000
704	Administering Authority	1,213
	<i>Scheduled Bodies:</i>	
48,046	Barnsley Metropolitan Borough Council	54,089
55,030	City of Doncaster Council	61,633
54,189	Rotherham Metropolitan Borough Council	59,060
118,749	Sheffield City Council	123,037
78,207	Other Scheduled Bodies	92,357
30,711	Admitted Bodies	35,268
385,636		426,657

Note 10. Payments To And On Account Of Leavers

2023/24		2024/25
£000		£000
887	Refunds to Members Leaving Service	880
29,107	Individual Transfers	30,569
(4)	Payments for Members Joining State Scheme	(2)
29,990		31,447

Note 11. Management Expenses

2023/24		2024/25
£000		£000
5,001	Administrative Costs	5,681
78,560	Investment Management Expenses [Note 11a]	94,678
1,632	Oversight and Governance Costs	1,976
85,193		102,335

Note 11a. Investment Management Expenses

2023/24					2024/25			
Management Fees	Performance Related Fees	Transaction Costs	Total		Total	Management Fees	Performance Related Fees	Transaction Costs
£000	£000	£000	£000		£000	£000	£000	£000
23,819	13,938	2,186	39,943	South Yorkshire Pensions Authority	40,895	27,166	12,794	935
32,602	4,213	719	37,534	Border to Coast Pensions Partnership	53,085	38,717	8,730	5,638
996	0	0	996	Aberdeen	641	641	0	0
30	0	0	30	Bidwells	0	0	0	0
57,447	18,151	2,905	78,503		94,621	66,524	21,524	6,573
		57		Custody fees	57			
		78,560	Total		94,678			

In accordance with CIPFA guidance management fees deducted at source and transaction costs are shown gross.

Wherever possible these figures are based on actual costs disclosed by the manager; where this is not available, best estimates have been made using other available information.

The presentation of this note has been amended to comply with CIPFA guidance and present an analysis of investment management expenses by investment manager as a more meaningful categorisation to show the nature of the costs incurred and how these arise for each different investment manager type.

Note 12. Investment Income

2023/24		2024/25
£000		£000
66	Bonds	14
36,992	Income from Pooled Investment Vehicles	45,074
28,567	Net Property Income [Note 12a]	16,676
6,314	Interest on Cash Deposits	6,858
179	Other	7
72,118	Net Investment Income	68,629

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The Fund's equity holdings, together with its investment grade and index linked bond holdings, are managed in pooled funds provided by Border to Coast and there is no direct income from those funds; the value of that income is instead reflected within the valuation of the Fund holdings. The income is accumulated and reinvested; therefore, the value of the income is reflected in the price of the units held and would only be realisable by the Fund by selling the units. The value of this reinvested income is reported separately and is shown below for information.

Reinvested Income In Border to Coast Pooled Investment Vehicles

2023/24		2024/25
£000		£000
36,919	Border to Coast UK	34,380
65,866	Border to Coast Developed Overseas	69,385
19,785	Border to Coast Emerging Markets	18,249
21,744	Border to Coast Investment Grade Credit	22,922
28,386	Border to Coast Sterling Index Linked Bonds	24,199
26,595	Border to Coast MAC Fund	22,783
6,307	Border to Coast Listed Alternatives Fund	6,300
205,602		198,217

Note 12a. Property Income

2023/24		2024/25
£000		£000
28,365	Rental income	17,712
1,262	Other dividends and interest	0
(1,060)	Direct operating expenses	(1,036)
28,567	Net income	16,676

In October 2024, the Fund transferred 25 of its commercial property holdings (valued at £442.2m) to be managed by Border to Coast in a newly created UK Real Estate fund. The assets were exchanged for the equivalent value of units in the new fund managed by Border to Coast, classified as a Pooled Investment Vehicle. 3 commercial properties (located in Scotland and Wales) remain in the Fund's directly held portfolio.

The transition to the Border to Coast fund has therefore resulted in a significant reduction in the direct rental income disclosed above, and a corresponding increase in the income from Pooled Investment Vehicles disclosed in Note 12.

No contingent rents have been recognised as income during the period.

Note 13a. Other Fund Account Disclosures - External Audit Costs

2023/24		2024/25
£000		£000
168	Fees Payable in Respect of External Audit	176
168		176

Note 13b. Other Fund Account Disclosures - Irrecoverable VAT

2023/24		2024/25
£000		£000
241	Irrecoverable VAT Included in Administration Cost	221
518	Irrecoverable VAT Included in Investment Management Expense	324
70	Irrecoverable VAT Included in Oversight & Governance Cost	89
829		634

Unlike other local authorities, the Authority, at 31 March 2025, does not have Section 33 status under the VAT Act 1994 that would enable it to reclaim VAT incurred. This is due to its unique nature as a local authority with the sole purpose of administering the Pension Fund. Instead, a special exemption method agreed with HMRC is used for reclaiming a proportion of the Authority's VAT expense only. The remaining proportion that is not recoverable is charged to the management expenses of the Fund as outlined above. This irrecoverable proportion is approximately 30% of the total VAT expense incurred. The amounts shown here are included in the respective totals shown in Note 11.

Note 14a. Investments

31 March 2024 £000		31 March 2025 £000	31 March 2025 £000
	Long Term Investments		
1,182	Equities	1,182	
1,182			1,182
	Investment Assets		
763	Equities	567	
763			567
	Pooled Investments		
5,040,813	Equities	4,755,445	
1,390,000	Private Equity	1,288,703	
2,274,333	Credit	2,245,858	
908,962	Infrastructure	951,209	
502,408	Pooled Property	1,514,754	
10,116,516			10,755,969

31 March 2024 £000		31 March 2025 £000	31 March 2025 £000
	Other Investments		
84,856	Private Credit	111,880	
508,525	Direct Property	52,400	
593,381			164,280
250,437	Cash Deposits	138,089	
2,676	Investment Income Due	26,367	
253,113			164,456
10,964,955	Total Investment Assets		11,086,454
10,964,955	Net Investment Assets		11,086,454

Note 14b. Reconciliation Of Movements In Investments And Derivatives

Period 2024/25	Market Value 1 April 2024	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2025
	£000	£000	£000	£000	£000
Equities	1,945	0	(547)	351	1,749
Bonds	0	0	(1)	1	0
Pooled Investments	10,116,516	1,378,425	(1,067,161)	328,189	10,755,969
Private Credit	84,856	76,167	(35,939)	(13,204)	111,880
Direct Property	508,525	28,710	(483,575)	(1,260)	52,400
	10,711,842	1,483,302	(1,587,223)	314,077	10,921,998
<i>Other Investment Balances:</i>					
Cash Deposits	250,437			(1,344)	138,089
Other Investment Assets	2,676				26,367
Net Investment Assets	10,964,955			312,733	11,086,454

Period 2023/24	Market Value 1 April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2024
	£000	£000	£000	£000	£000
Equities	1,968	0	(953)	930	1,945
Bonds	38,082	45,000	(31,226)	(51,856)	0
Pooled Investments	9,291,543	814,295	(829,686)	840,364	10,116,516
Private Credit	51,266	40,018	(11,438)	5,010	84,856
Direct Property	702,029	51,129	(239,462)	(5,171)	508,525
	10,084,888	950,442	(1,112,765)	789,277	10,711,842
<i>Other Investment Balances:</i>					
Cash Deposits	97,025			(537)	250,437
Other Investment Assets	2,250				2,676
Net Investment Assets	10,184,163			788,740	10,964,955

Note 14c. Investments Analysed By Fund Manager

Market Value 31 March 2024			Market Value 31 March 2025	
%	£000		£000	%
Investments managed by Border to Coast Pensions Partnership:				
6.5%	703,521	Border to Coast Sterling Index Linked Bonds	707,795	6.4%
9.6%	1,055,453	Border to Coast UK	1,015,651	9.2%
29.6%	3,248,747	Border to Coast Developed Overseas	2,973,842	26.8%
6.7%	736,612	Border to Coast Emerging Markets	765,951	6.9%
3.6%	390,192	Border to Coast MAC (Multi Asset Credit) Fund	399,374	3.6%
5.0%	552,538	Border to Coast Investment Grade Credit	563,220	5.1%
1.4%	153,007	Border to Coast Listed Alternatives Fund	164,744	1.5%
3.7%	411,162	Border to Coast Private Equity Series	455,936	4.1%
1.6%	170,512	Border to Coast Private Credit Series	255,574	2.3%
4.2%	456,148	Border to Coast Infrastructure Series	810,818	7.3%
0.0%	0	Border to Coast UK Real Estate	448,416	4.0%
0.0%	0	Border to Coast Core Real Estate	17,516	0.1%
71.9%	7,877,893		8,578,837	77.3%

Investments managed outside of Border to Coast Pensions Partnership:

22.3%	2,447,920	South Yorkshire Pensions Authority	2,225,786	20.1%
1.1%	130,617	Royal London Asset Management	229,431	2.1%
4.5%	490,050	Aberdeen - Direct Property - Commercial Portfolio	52,400	0.5%
0.2%	18,475	Bidwells - Direct Property - Agricultural Portfolio	0	0.0%
28.1%	3,087,062		2,507,617	22.7%
100.0%	10,964,955	Total Net Investment Assets	11,086,454	100.0%

The following investments each represent over 5% of the net assets of the Fund at 31 March 2025

Market Value 31 March 2024

%	£000	Security
6.4%	703,521	Border to Coast Sterling Index Linked Bonds
9.6%	1,055,453	Border to Coast UK
29.6%	3,248,747	Border to Coast Developed Overseas
6.7%	736,612	Border to Coast Emerging Markets
5.0%	552,538	Border to Coast Investment Grade Credit
4.2%	456,148	Border to Coast Infrastructure Series
	6,753,020	

Market Value 31 March 2025

£000	%
707,795	6.4%
1,015,651	9.2%
2,973,842	26.8%
765,951	6.9%
563,220	5.1%
810,818	7.3%
6,837,277	

Note 14d. Property Holdings

The Fund's investment property portfolio comprises investments in pooled property funds and a small number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows.

2023/24 £000		2024/25 £000
660,719	Opening balance at 1 April	508,525
	<i>Additions:</i>	
18,540	Purchases	23,789
509	New Construction	3,239
1,240	Subsequent Expenditure	1,682
(163,047)	Disposals ^{1 2}	(483,575)
(9,436)	Net Reduction in Market Value	(1,260)
508,525	Closing balance at 31 March	52,400

The Fund holds buildings in prime locations. There are no legal restrictions on the ability to realise these properties or on the remittance of income or disposal proceeds, although the Fund recognises that it could take six months to achieve disposal on favourable terms.

As at 31 March 2025, there were no vacant properties (31 March 2024: nil) and no vacant units (31 March 2024: two) across the property portfolio. Repairs and maintenance of the properties are either directly with the occupant of the property or via a service charge. Each lease sets out the condition in which a property should be left at the end of the tenancy and states that any cost to restore it to this condition is the responsibility of the tenant.

¹ Disposals in 2024/25 have significantly increased due to the transition in October 2024 of the majority of the Fund's commercial property holdings into a UK Real Estate fund managed by Border to Coast. The new product is classified as a Pooled Investment Vehicle in the Net Assets Statement, valued at £448.4 million at 31 March 2025.

² The figure shown includes the disposal of one commercial property, valued at £23.3m, that was also transferred into the UK Real Estate fund, which completed on 31 March 2025. The property disposal settled on this date but the corresponding purchase of units in the pooled fund did not take place until April 2025. Consequently, the value of the asset is recognised within Other Investment Assets in the Net Assets Statement at 31 March 2025.

Note 15a. Fair Value - Basis Of Valuation

The shares held as unquoted equities in our pool, Border to Coast Pensions Partnership Ltd, are valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2025, taking consideration of audited accounts for the company at 31 December 2024, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2025.

The Fund utilises Private Credit lending through a third-party agent, acting on behalf of the Fund to find appropriate investments within a specified framework. The loans are used specifically for a wide range of building developments, with a variety of conditions of fulfilment. Utilising a third-party agent to find the appropriate investments for these developments is driven by the expertise required for effective work in this particular area. The Private Credit loans are valued at carrying value, i.e. lending amount plus accrued interest to date, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market of the loan, the loans have a number of clauses which can lead to increased borrowing with higher levels of interest, the loan maturity dates can be extended and the Fund has collateral against the development in the case of default. As at 31 March 2025, taking consideration of loan statements from the third party, there is also no evidence of any impairment in the value of loans held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2025.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Exchange traded pooled investments and property funds	Level 1	Closing bid value on published exchanges	Not required	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments - listed funds and bonds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis or a single price advised by the fund manager	Not required
Private Credit	Level 2	Carrying value is deemed to be fair value because expected future interest rates are not significantly different from contractual interest rates for the loan	<ul style="list-style-type: none"> • Lending amount • Accrued interest 	Not required
Pooled investments - limited partnerships, hedge fund of funds, other funds and property funds	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Valuations could be affected by post balance sheet events, gating or closing of pooled property funds, changes to expected cash flows, or by any differences between audited and unaudited accounts.
Direct freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Jones Lang LaSalle for the commercial portfolio and Fisher German for the agricultural portfolio in accordance with the <i>RICS Valuation – Professional Standards</i> January 2014	<ul style="list-style-type: none"> • Existing lease terms and rentals • Independent market research • Vacancy levels • Estimated rental growth • Discount rate 	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.

Sensitivity Of Assets Valued At Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025

	Assessed valuation range	Value 31 March 2025	Value on increase	Value on decrease
	(+/-) %	£000	£000	£000
Pooled Investment Vehicles	8%	3,627,990	3,918,229	3,337,751
Direct Property	5%	52,400	55,020	49,780
		3,680,390	3,973,249	3,387,531

Note 15b. Fair Value Hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

The table that follows provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Total
Values 31 March 2025	£000	£000	£000	£000
Financial assets at fair value through profit and loss	48,833	7,191,593	3,627,990	10,868,416
Non-financial assets at fair value through profit and loss (Note 14d)			52,400	52,400
Net investment assets	48,833	7,191,593	3,680,390	10,920,816

The following assets were carried at cost:

Values 31 March 2025	Total
	£000
Investment in Border to Coast Pensions Partnership Pool	1,182
Investments held at cost	1,182

Reconciliation to Net Assets Statement

Total Analysed Above	10,921,998
Plus Cash	138,089
Total Net Investments per Net Assets Statement	11,060,087

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
	Level 1	Level 2	Level 3	Total
Values 31 March 2024	£000	£000	£000	£000
Financial assets at fair value through profit and loss	162,263	6,965,456	3,077,092	10,204,811
Non-financial assets at fair value through profit and loss (Note 14d)			508,525	508,525
Financial liabilities at fair value through profit and loss				0
Net investment assets	162,263	6,965,456	3,585,617	10,713,336
The following assets were carried at cost:				Total
Values 31 March 2024				£000
Investment in Border to Coast Pensions Partnership Pool				1,182
Investments held at cost				1,182

Reconciliation to Net Assets Statement

Total Analysed Above	10,714,518
Plus Cash	250,437
Total Net Investments per Net Assets Statement	10,964,955

Note 16a. Classification Of Financial Instruments

The financial instruments of the Fund comprises its investment assets, debtors and creditors as shown in the Net Assets Statement. Property held is classified as investment property and is not a financial instrument so is not included in the classification below.

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31 March 2024			31 March 2025		
Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial Assets					
1,945	0	0	1,749	0	0
10,116,516	0	0	10,755,969	0	0
84,856	0	0	111,880	0	0
2,676	0	0	26,367	0	0
0	250,437	0	0	138,089	0
0	35,420	0	0	32,290	0
10,205,993	285,857	0	10,895,965	170,379	0
Financial Liabilities					
0	0	(16,333)	0	0	(6,282)
10,205,993	285,857	(16,333)	10,895,965	170,379	(6,282)
Total			Total		
10,475,517			11,060,062		

Note 16b. Net Gains And Losses On Financial Instruments

2023/24 £000		2024/25 £000
	Financial Assets	
794,448	Gain on Assets at Fair Value Through Profit and Loss	315,337
(537)	(Loss) on Assets at Amortised Cost	(1,344)
793,911	Net Gain on Financial Instruments	313,993

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the statement of accounts.

Note 17. Nature And Extent Of Risks Arising From Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members).

Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The management of risk is described within the Fund's Investment Strategy Statement (ISS) which is available in the 'Investments' area of the Fund's website (<https://www.sypensions.org.uk/Investments/Investment-Strategy-Statements>) with a link to this included in the published annual report and accounts. It centres upon the adoption of an investment strategy, as represented by the Fund's customised benchmark, which is appropriate to meet the objectives of the Funding Strategy Statement. It focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

The cash balances of the Fund are managed by the Administering Authority. The Authority's treasury management activities are governed by the Local Government Act 2003 and the Fund has broadly adopted CIPFA's Treasury Management Code of Practice. The annual Treasury Management Strategy for 2024/25 was approved by the Authority in February 2024.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, any identified risk is monitored and reviewed.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter (OTC) equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund's ISS sets out the details of how the risk of negative returns due to price fluctuations is managed. Different asset classes have different risk and return characteristics and will therefore react differently to external events and will not necessarily do so in a correlated or pre-determined manner. No single asset class or market acts in isolation from other assets or markets. It is, therefore, extremely difficult to meaningfully estimate the consequences of a particular event in a particular asset on other asset classes. It is important to recognise that returns, volatility and risks vary over time.

In order to minimise the risks associated with market movements the Fund is well diversified across asset classes and within individual portfolios and constantly monitored and reviewed.

Price Risk - Sensitivity Analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on the Fund's asset allocations. Based on this, the Fund has determined that the following movements in market price risk are reasonably possible for 2024/25, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset Type	Values as at 31 March 2025 £000	Potential Market Movements (+/-)	Potential Value on Increase £000	Potential Value on Decrease £000
Long Term Equities	1,182	0.00%	1,182	1,182
Overseas Equities	567	10.09%	624	510
Pooled Investment Vehicles	10,755,969	8.38%	11,657,319	9,854,619
Total	10,757,718		11,659,125	9,856,311

Asset Type	Values as at 31 March 2024 £000	Potential Market Movements (+/-)	Potential Value on Increase £000	Potential Value on Decrease £000
Long Term Equities	1,182	0.00%	1,182	1,182
Overseas Equities	763	10.24%	841	685
Pooled Investment Vehicles	10,116,516	9.62%	11,089,725	9,143,308
Total	10,118,461		11,091,748	9,145,175

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Different classes of asset have different risk and return characteristics and sensitivities to changes in financial factors, in particular to inflation and interest rates.

The Fund's investment strategy takes into account these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. The sensitivity analysis shown below is based on the Fund's methodology for this risk and shows the potential impact of a 0.93% change in interest rates. This percentage is equal to 1 standard deviation of the 10 year government bond yield (annualised).

The analysis assumes that all other variables, in particular exchange rates, remain constant.

Exposure To Interest Rate Risk	Values as at 31 March 2025 £000	Potential Interest Rate Movement (+/-)	Potential Value on Increase £000	Potential Value on Decrease £000
Cash - Sterling Equivalent	138,089	0.93%	139,373	136,805
Private Credit	111,880	0.93%	112,920	110,840

Exposure To Interest Rate Risk	Values as at 31 March 2024	Potential Interest Rate Movement	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
Cash - Sterling	250,437	0.95%	78,443	77,059
Private Credit	84,856	0.95%	85,662	84,050

Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The Fund's customised benchmark regulates such exposure: part of that approach involves the Authority passively hedging its overseas property portfolio's currency risk.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 6.80%. A strengthening/weakening of the pound by 6.80% against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets Exposed to Currency Risk	Asset Value as at 31 March 2025	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£000
Overseas Equities	567	39	606	528
Overseas Pooled Funds	7,149,281	486,151	7,635,432	6,663,130
Cash - Currency	39,325	2,674	41,999	36,651
Total Change In Assets Available To Pay Benefits	7,189,173	488,864	7,678,037	6,700,309

Assets Exposed to Currency Risk	Asset Value as at 31 March 2024	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£000
Overseas Equities	763	53	816	710
Overseas Pooled Funds	7,036,976	490,477	7,527,453	6,546,499
Cash - Currency	22,269	1,552	23,821	20,717
Total Change In Assets Available To Pay Benefits	7,060,008	492,082	7,552,090	6,567,926

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The Fund's benchmark allowance for cash at 31 March 2025 was 1.5% of the Fund (1.5% at 31 March 2024). The actual cash held at 31 March 2025 represented 1.25% of the Fund value (2.28% at 31 March 2024). The Treasury Management Strategy for managing the cash balances held includes limits as to the maximum sum placed on deposit with individual financial institutions and applies a minimum short term credit rating requirement of F1 or better.

Summary of Cash Balances and Credit Ratings

Counterparty Type	Rating	Balances at 31 March 2024	Balances at 31 March 2025
		£000	£000
Money Market Funds	AAA	69,500	39,000
Banks	Minimum of F1	180,937	99,089
Total		250,437	138,089

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £138.1 million (31 March 2024 £250.4 million).

The Fund maintains at least £40 million of its cash balances as readily available through the use of money market funds, call accounts and short-term deposits to meet expected or unexpected demands for cash.

Note 18. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The funding strategy objectives are to:

1. take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
2. use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
3. where appropriate, ensure stable employer contribution rates
4. reflect different employers' characteristics to set their contributions rates, using a transparent funding strategy
5. use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. A risk-based approach to setting employer contribution rates is used to meet these objectives.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

Based on the assumptions adopted, the Fund was assessed as 119% funded (99% at the 2019 valuation). This corresponded to a surplus of £1,685 million (2019 valuation: £63 million deficit).

The employer contribution rate is made up of two components as follows:

Primary Contribution Rate

The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Secondary Contribution Rate

The Secondary rate covers the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate appropriate to their circumstances. These are shown in the 'Rates and Adjustments Certificate' section of the Valuation Report available on the Authority's website at www.sypensions.org.uk

The table below shows the whole Fund contribution rate as determined at the 2022 Valuation, as compared with the rates set at the previous valuation.

	Last Valuation 31 March 2019		This Valuation 31 March 2022	
Primary Rate	16.1% of pay		20.3% of pay	
	2020/2021	£26,675,000	2023/2024	(£21,921,000)
Secondary Rate	2021/2022	£13,475,000	2024/2025	(£20,058,000)
	2022/2023	£13,881,000	2025/2026	(£18,043,000)

In broad terms, primary rates have increased since the last valuation due to rising inflation. While secondary rates had decreased due to strong investment performance since the previous valuation. However, all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Valuation Assumptions

To set and agree assumptions for the valuation, the Fund carried out in depth analysis and review in February 2022 with the final set agreed by the Pensions Authority on 17 March 2022. The main actuarial assumptions used for assessing the Solvency Funding Target were as follows:

Financial Assumptions	Required for	Last Valuation 31 March 2019	This Valuation 31 March 2022
Discount Rate	To place a present value on benefits promised to members at the valuation date.	3.9% per annum	4.45% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	2.4% per annum	2.7% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	3.6% per annum	3.3% per annum

Demographic Assumptions

	Years
Life expectancy for current pensioners - men age 65	21.0
Life expectancy for future pensioners - men age 45	22.0
Life expectancy for current pensioners - women age 65	24.0
Life expectancy for future pensioners - women age 45	25.5

Commutation Assumption

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up. It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

Risk Analysis

Specific risks relating to the valuation include:

- McCloud: the remedy to resolve the McCloud case had yet to be formalised in regulations when the valuation was completed. However, an allowance was included for this expected benefit change at the 2022 valuation as directed by the Ministry for Housing, Communities and Local Government (then named Department of Levelling Up, Housing and Communities).
- Goodwin: the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1% to 0.2% of liabilities). Therefore, no allowance was made for this case at the 2022 valuation.
- Cost Cap: at the time of the valuation, a legal challenge was still ongoing in relation to the results of the 2016 cost cap valuation and no information was known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance was made for any changes to the benefit structure that may occur as a result of a cost cap valuation. The legal decision was subsequently published in April 2024 which was in agreement with the earlier ruling from the High Court (published in March 2023) which ruled in favour of HM Treasury on all grounds. Following this, on 11 April 2024, the Government Actuary's Department published its completed valuation of the Local Government Pension Scheme (England and Wales) as at 31 March 2020. The valuation found that the core 'cost cap cost' of the scheme lies outside the 3% cost control mechanism corridor (3.2% below target cost). The new 'economic cost cap cost' of the scheme also lies outside the 3% corridor, but in the other direction (7.3% above target cost). As a result, the mechanism as a whole is not breached and the Government is not proposing to make any changes to scheme benefits.
- GMP Indexation: it was assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is the same approach that was taken for the 2019 valuation.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2022; this is available in the 'How We Operate' area of the Fund's website at: www.sypensions.org.uk.

Note 19. Actuarial Present Value Of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year.

This valuation is not carried out on the same basis as that used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes set out in Note 18. The actuary has also valued ill health and death benefits in line with IAS 19.

Financial Assumptions	Required for	31 March 2024	31 March 2025
Discount Rate	To place a present value on benefits promised to members at the valuation date.	4.85% per annum	5.80% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	2.75% per annum	2.75% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	3.35% per annum	3.35% per annum
Demographic Assumptions			Years
Life expectancy for current pensioners - men age 65			20.5 years
Life expectancy for future pensioners - men age 45			21.3 years
Life expectancy for current pensioners - women age 65			23.6 years
Life expectancy for future pensioners - women age 45			25.0 years
Results		31 March 2024	31 March 2025
Present value of promised retirement benefits		£9,352 million	£8,129 million

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2025 and 31 March 2024. The Actuary estimates that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £1,491m. The Actuary estimates that the impact of the change in demographic assumptions is to decrease the actuarial present value by £19m.

Note 20. Current Assets

31 March 2024 £000		31 March 2025 £000
	Short Term Debtors	
6,594	Contributions Due - Employees	6,914
19,109	Contributions Due - Employers	21,701
25,703		28,615
553	Early Retirement Strain Contributions Receivable	664
9,164	Sundry Debtors	3,011
35,420	Total	32,290

The Fund Net Assets Statement at 31 March 2025 includes a debtor of £0.181 million (£0.898 million at 31 March 2024 Creditor) for sums due to the Fund. This is included in the 'Sundry Debtors' line above.

Note 21. Current Liabilities

31 March 2024 £000		31 March 2025 £000
(6,662)	Sundry Creditors	(1,035)
(3,564)	Payroll Expenses Payable	(4,529)
(6,107)	Advance Property Rents	(718)
(16,333)	Total	(6,282)

Note 22. Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Prudential, Scottish Widows and Utmost Life & Pensions. This note shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs.

In accordance with Regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

Market Value 31 March 2024 £000		Market Value 31 March 2025 £000	
10,105	Prudential ¹	10,855	
Not available	Scottish Widows ²	2,396	
1,389	Utmost Life & Pensions	1,187	
11,494	Total	14,438	

AVCs Paid to Providers 2023/24 £000		AVCs Paid to Providers 2024/25 £000	
1,690	Prudential ¹	2,041	
Not available	Scottish Widows ²	108	
4	Utmost Life & Pensions	1	
1,694	Total	2,150	

¹ Prudential have been unable to provide audited figures for 2023/24 and 2024/25. The figures disclosed have been based on a snapshot of the Fund at 31 March 2024 and 31 March 2025 respectively.

² At the date of authorising the 2023/24 accounts for issue, Scottish Widows were unable to provide the necessary information. The audited figures have subsequently been provided and are shown below.

- Market Value at 31/03/2024: £2,476,000
- AVCs Paid to Providers in 2023/24: £85,000

The issues above have historically been reported to The Pensions Regulator.

Note 23. Agency Services

The South Yorkshire Pension Fund pays discretionary awards to former employees of various bodies as shown below. The amounts paid are fully reclaimed from the employer bodies.

2023/24		2024/25
£000		£000
	<i>Payments on behalf of:</i>	
16	South Yorkshire Pensions Authority	17
2,544	Barnsley MBC	2,608
1,862	City of Doncaster Council	1,878
1,331	Rotherham MBC	1,390
5,775	Sheffield CC	5,805
1,457	Other Scheduled Bodies	1,413
49	Admitted Bodies	52
13,034	Total	13,163

Note 24. Related Party Transactions

South Yorkshire Pensions Authority

The South Yorkshire Pension Fund is administered by South Yorkshire Pensions Authority. During the reporting period, the Authority incurred costs of £8.630 million (2023/24 £7.733 million) in relation to the administration and management of the Fund and was reimbursed by the Fund for these expenses. All transactions are shown either in the Authority's statements or in the Fund accounts. All contributing employers are related parties to the Fund, and have material transactions with the Fund during the year in the form of contributions described elsewhere in the accounts.

The Fund received a total of £0.303 million (2023/24: £0.312 million) from the Authority as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body.

Elected members of the Authority are related parties to the Fund and are required to sign declarations when they are also members of the Fund. Further details are set out in the notes to the Authority's financial statements.

External fund managers are also related parties to the Fund and fees paid to them are included within investment management expenses (see Note 11a).

Border To Coast Pensions Partnership

Border to Coast Pensions Partnership (Border to Coast) is a related party to the Fund as the Fund is a shareholder in the company, along with 10 other LGPS Funds, and holds shares amounting to £1.182 million at 31 March 2025 (31 March 2024: £1.182 million).

Direct costs of £0.333 million (2023/24 £6.122 million) were paid to Border to Coast Pensions Partnership during the 2024/25 year. The reduction in fees is due to a change in the assets under management charging model introduced by Border to Coast Pensions Partnership in 2024/25. The Border to Coast Pensions Partnership assets under management costs are now taken from the gross income the Fund is due to receive, these management expenses, performance related fees and transaction costs are recorded in Note 11a; Note 11a details the total fees paid to Border to Coast Pensions Partnership.

Note 24a. Key Management Personnel

The key management personnel of the Fund are the senior managers and the holders of statutory roles for the South Yorkshire Pensions Authority. These officers and their remuneration payable is set out in Note 20 to the Authority's accounts.

Note 25. Contractual Commitments And Contingent Assets

Outstanding capital commitments (investments) at 31 March are shown below. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of a number of years from the date of the original commitment. The following table shows the commitments analysed according to the different currencies in which they are designated.

31 March 2024		31 March 2025	
Currency	£ Equivalent	Currency	£ Equivalent
000	£000	000	£000
£348,828	348,828	£2,601,098	2,601,098
€300,416	256,503	€84,922	71,100
\$146,273	1,170,928	\$303,489	234,935
	1,776,259		2,907,133

During the year, the procedure for identifying the capital commitments was revised following a comprehensive review. The change has resulted in an increase to the figures disclosed in this note.

The amounts committed that were yet to be drawn down were previously measured based on only the known amounts due to be called for pending investments being prepared by the relevant managers, rather than the total value outstanding. As a result of the review, it has been determined that the outstanding commitments disclosed here should be the entire value of the funds committed but not yet called. Consequently, the commitments at 31 March 2025 disclosed above are higher than those disclosed at 31 March 2024. The total commitments, if measured on the same basis at 31 March 2024, would have been £1,965,000k.

The review and revision of the procedure also resulted in:

- the reclassification of some capital commitments from Euros to Pound Sterling; and
- the reclassification of some capital commitments from United States Dollars to Pound Sterling.

At 31 March 2025, 9 admitted body employers (31 March 2024: 7) in the South Yorkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2024/25 (2023/24: Nil).

Glossary of Key Terms

Accounting Period

The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Budget

An expression, mainly in financial terms, of the Authority's intended income and expenditure to carry out its objectives.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance

capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Payments for the acquisition, construction, enhancement or replacement of non-current assets that will be of use or benefit to the Authority in providing its services for more than one year.

Cash Equivalents

Short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in public services.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

Creditors

Amounts owed by the Authority for work done, goods received or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Debtors

Amounts due to the Authority that have not been received at the balance sheet date.

Depreciation

The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

Employee Benefits

Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits; and the cost of post-employment benefits, i.e. pensions.

Expected Rate of Return on Pensions Assets

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

Fair Value

The amount for which an asset could be exchanged or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs

In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available.

The fair value hierarchy has three levels of inputs:

Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold;

Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold;

Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund

The main revenue fund of the Authority which is used to meet the cost of services paid for from the Pension Fund for which the Authority is the administering authority.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software and licences.

Interest Cost

For defined benefit pension schemes, the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

Leasing

A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Liability

An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Non-Current Asset

An item that yields benefit to the Authority for a period of more than one year.

Past Service Cost

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Reserves

The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Revenue Expenditure

Spending incurred on the day-to-day running of the Authority. This mainly includes employee costs and general running expenses.

Useful Economic Life

The period over which the Authority expects to derive benefit from non-current assets.

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Subject	Annual Review of Register of Conflicts of Interest	Status	For Publication
Report to	Audit and Governance Committee	Date	17 July 2025
Report of	Head of Governance & Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance & Corporate Services	Phone	01226 666418
E Mail	jstone@sypa.org.uk		

1 **Purpose of the Report**

- 1.1 To enable the Committee to review the Register of Conflicts of Interest for the year as required by the Constitution.

2 **Recommendations**

- 2.1 Committee Members are recommended to:
- a. Note the review undertaken of Conflicts of Interest for the 2024/25 Municipal Year.**

3 **Link to Corporate Objectives**

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

Effective and Transparent Governance

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

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

4 **Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report do not relate directly to specific risks in the risk register but are part of the overall control environment and compliance with the Authority's Constitution.

5 Background and Options

- 5.1 The Authority's Conflicts of Interest (Col) Policy, contained in Part 5 to the Authority's Constitution, sets out the operational procedure for identifying and managing any actual or potential conflicts by Authority members, Local Pension Board members, and Officers.
- 5.2 The policy sets out the processes in place including the register of interests completed by all members on appointment, the process for declaring any interests that could give rise to an actual or perceived conflict at the commencement of Authority, Local Pension Board or other Committee or formal meetings, and for notifying outside of meetings if a potential conflict arises.
- 5.3 The Col policy requires the Audit and Governance Committee to review the Col register on an annual basis and consider whether there have been any potential or actual conflicts that were not declared at the earliest opportunity.
- 5.4 For the municipal year 2024-25, there were no member Col recorded on the register.
- 5.5 Officers are also obligated to declare any interests that may give rise to a potential conflict and in Authority meetings during 2024/25, officers have left Authority meetings during consideration of any items where this was the case.
- 5.6 The Director has made the appropriate declarations in respect of two external positions held with potential related parties of the Authority: as Governor of Barnsley College and as Independent Chair of the Lincolnshire Local Pension Board. Appropriate arrangements have been put in place to ensure that the Director is not involved in specific decisions or discussions concerning Barnsley College's participation in the Fund.

6 Implications

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

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

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	Place of Inspection

Agenda Item

Subject	Annual Procurement Report	Status	For Publication
Report to	Audit & Governance Committee	Date	17 July 2025
Report of	Head of Governance and Corporate Services		
Equality Impact Assessment	Not Required	Attached	N/a
Contact Officer	Annie Palmer Team Leader – Governance	Phone	01226 666404
E Mail	APalmer@sypa.org.uk		

1 Purpose of the Report

- 1.1 To provide the Committee with an annual update in relation to procurements completed during 2024/2025 in line with the requirements of contract standing orders.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Note and comment on the contents of this report.**

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.

Providing transparency on how officers have exercised delegated powers in relation to procurement is an important element of the Authority's accountability framework.

4 Implications for the Corporate Risk Register

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

5 Background and Options

- 5.1 The Authority's Contract Standing Orders require an annual report to be provided to the Audit and Governance Committee setting out details of contracts with a value over £5,000 awarded in the previous financial year along with details of any associated waivers. The relevant details are set out at Appendix A.
- 5.2 The total procurement spend for the 2024/25 financial year is £1,242,871. This figure reflects the total value of procurements based on the full duration of the contracts

including any potential extensions. Contract lengths vary from one month up to ten years and as a result the actual annual spend for many of the contracts will be lower.

- 5.3 The total number of procurements for the year is 22, which demonstrates that as an organisation we have a relatively low volume of procurement activity. Of the procurement carried out throughout the year, ICT and Operations are responsible for the majority:

Service Area	Number of Procurements as Percentage of Total
ICT	45%
Operations	36%
Resources	9%
Authority	1%
Customer Services	1%

- 5.4 The detail at Appendix A also demonstrates that where appropriate we utilise existing framework agreements with 45% of procurements being managed via this route. The key frameworks that we have accessed during the year are:

- National LGPS Frameworks
- Crown Commercial Services G-Cloud
- ESPO Public Sector Procurement

Where the use of frameworks has not been appropriate or specialist services have been required, procurements are carried out in accordance with our Contract Standing Orders and procurement legislation to ensure fair and open competition.

- 5.5 In addition to this report, the Authority's contracts register is publicly available through the SYPA tender electronic procurement portal and, where appropriate, contracts above certain threshold values are published on the government's Contract Finder and Find a Tender websites.
- 5.6 As set out in the Contract Standing Orders, all procurements over the value of £30,000 require a Gateway Approval document to be completed by lead officers. The document sets out each of the procurement approval stages and includes the requirement to complete conflict of interest declarations.
- 5.7 All approval documents and final contracts are held centrally on the SYPA procurement portal and a monthly review is carried out by the Governance Team to ensure accuracy against contracts and published data.
- 5.8 Members are asked to review the detail at Appendix A and request any further clarification on the report.

6 **Implications**

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

Financial	Prior to the commencement of any procurement process it is necessary to identify that the required budgetary provision is available.
Human Resources	Staff engaged in procurement are required to undergo appropriate training.
ICT	No direct implications.
Legal	This report sets out how the Authority has met its obligations under procurement legislation.

Procurement	None directly.
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Jo Stone

Head of Governance & Corporate Services

Background Papers	
Document	Place of Inspection
Contracts Register	SYPA tender Contracts Register

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SYPA Procurement 01/04/2024 – 31/03/2025

Contract	Purchasing Service Area	Contract Start Date & Supplier	Contract Length (years)	Procurement Route	Total Value of Contract £
Storage equipment refresh	ICT	01 April 2024 Phoenix Software Ltd	5	Framework Agreement Direct Award	54,080
Steel Fire Door for Oakwell House	Operations	07 April 2024 City of Doncaster Council	N/A	Invitation to Quote Works	6,537
Cloud Storage and Virtual Recovery Platform	ICT	24 April 2024 Daisy Corporate Services Trading Limited	3	Framework Agreement Direct Award (Contract Renewal)	47,020
Info-Tech Team Membership	ICT	29 April 2027 Info-Tech Research Group Inc.	3	Framework Agreement Mini Competition	7,800
South Yorkshire Pensions Authority Facilities Management Service	Operations	01 May 2024 Norse Commercial Services Ltd	5	Framework Agreement Mini Competition	245,163
30 Laptops & Warranties	ICT	16 May 2024 Stone Technologies Ltd trading as Stone Group	1 Year (Warranties)	Framework Agreement Mini Competition	30,630
Flooring Works at Oakwell House	Operations	20 June 2024 City of Doncaster Council	N/A	Invitation to Quote Works	5,128
EU Supply Ltd Complete Tender Management. (SYPA tender)	Resources	01 July 2024 Merrell UK	2	Direct Award	16,800

Contract	Purchasing Service Area	Contract Start Date & Supplier	Contract Length (years)	Procurement Route	Total Value of Contract £
Sophos MDR Complete	ICT	23 August 2024 Phoenix Software Ltd	5	Framework Agreement Direct Award	86,521
Egress Protect and Workspace	ICT	30 September 2024 Egress Software Technologies	2	Framework Agreement Direct Award (Contract Renewal)	23,820
Car Park Retaining Wall Maintenance	Operations	15 October 2024 Timber Crib Retaining Systems	N/A	Invitation to Quote Works	6,380
SYPA – Custodian	Resources	01 November 2024 The Northern Trust Company, London Branch	10	Framework Agreement Mini Competition	284,558
Appointment of Independent Investment Adviser	Authority	01 November 2024 J. Hunt	Initial 3 years. Options to extend to maximum of 10	Open competition	280,000
Watchguard Firebox M390 x 2 Subscription and Maintenance	ICT	08 November 2024 Redinet Ltd	3	Invitation to Quote Services	5,429
Indoor Plants for Oakwell House	Operations	18 November 2024 Norse Commercial Services Ltd	3	Invitation to Quote Services	16,565

Contract	Purchasing Service Area	Contract Start Date & Supplier	Contract Length (years)	Procurement Route	Total Value of Contract £
ATMOS Location Verification Service	Customer Services	01 December 2024 GB Group plc	2	Framework Agreement Direct Award	18,460
Furniture for Oakwell House	Operations	16 December 2024 Time Limit Interiors	N/A	Invitation to Quote Goods	11,594
Remove existing track lighting and install new fittings	Operations	24 December 2024 City of Doncaster Council	N/A	Invitation to Quote Works	5,987
Business Continuity Plan - Consultancy Service	Operations	20 January 2025 Marsh Advisory Ltd	7 months	Invitation to Quote Services	18,000
Mimecast 3 Year Renewal	ICT	23 February 2025 Softcat plc (Main Account)	3	Framework Agreement Direct Award	53,021
M365 Acronis Backup x 137 seats. 3-year renewal of existing licences plus additional for new starters	ICT	01 March 2025 Daisy Corporate Services Trading Limited	3	Invitation to Quote Services	8,258
iConnect BACS Services	ICT	03 March 2025 Smarterpay Ltd	3	Invitation to Quote Services	11,120

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