

Delivering for our Customers — Corporate Performance Report

Quarter 4 2021/22

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1. Introduction

- 1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.
- 1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority's objectives; bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. By providing this single view of how we are doing it will be easier for councillors and other stakeholders to hold us to account for our performance.
- 1.3 This report presents the information on overall performance during the final quarter of the 2021/22 financial year. More detailed information on the performance of the Authority's investments and the pension administration service during the quarter are contained in other reports which are available on the Authority's website.

Recommendations

- 1.4 The financial measures set out within Section 4 of the report include details regarding the outturn for 2021/22 and proposed use of reserves to finance the planned projects that have taken place during the year as well as the proposed transfers from the remaining under-spend for the year into reserves to be used in future. The Authority's approval for these transfers is required and Members are recommended to:
a) Approve the other transfers to and from earmarked reserves as set out in the table in paragraph 4.64; amounting to a net total transfer from reserves of £1,067,410.
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2. Headlines

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



Majority of corporate objectives have been delivered or remain on target.

Fund value at year end £10.7 billion and estimated funding level of 109%.

Improvements in pension administration performance measures.



A small number of corporate objectives not delivered and have had to be deferred.

Continued high level of vacancies during 2021/22 contributing to large budget under-spend.







However, progress on recruitment now being seen from end of Quarter 4.







3. Delivering the Corporate Plan & Supporting Strategies

- 3.1 This section provides information on the progress we are making on delivering the various strategies which form part of our corporate planning framework.
- 3.2 The update to the Corporate Strategy for the period 2021-2024 was approved in January 2021 and reflects the continuing journey to build a stronger, more resilient organisation focussed on delivering for our customers and capturing what we have learnt from having to adapt the way in which we operate to the COVID-19 pandemic. The detailed objectives and plans have been divided into programmes of work each led by a member of the Senior Management Team. These cover:
- a) Services to Scheme Members and Employers (MS) – which is linked to the corporate objectives around Customer Focus, Listening to our Stakeholders, Valuing & Engaging Our Employees, and Scheme Funding;
 - b) Customer Service and Engagement (CS) - which is linked to the corporate objectives around Customer Focus and Listening to our Stakeholders;
 - c) Delivering the Investment Strategy (IS) – which is linked to the corporate objectives around Investment Returns, Scheme Funding and Responsible Investment; and
 - d) Supporting the Corporate Organisation (CO) – which is linked to the corporate objectives around Effective and Transparent Governance and Valuing & Engaging Our Employees.
- 3.3 The following tables provide updates in respect of developments that have taken place during the quarter in delivering these programmes of work, as well as updates in respect of activity that has taken place to deliver on the ICT, HR and Equality strategies.
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Corporate Plan Deliverables 2021/22 to 2023/24	Start	Finish	Progress Update / Activity Quarter 4	On Target
[MS1] Complete procurement processes required for Pension Administration System to deliver: > Improved interface with employers including monthly data collection; > Improved member self-service; and > Process automation.	Dec-20	Mar-22	Completed. A new five-year contract was signed in February 2022 with an improvement plan incorporated into the contract and commitments to resolve some long-standing issues in relation to monthly data collection and handling of aggregations in particular by September 2022.	✓
[MS2] Implement regulatory changes arising from the McCloud and Goodwin judgements and the GMP rectification process.	Oct-20	Mar-23	Draft legislation is still awaited in relation to the McCloud remedy, and it is now expected the implementation of the remedy will now extend to October 2023	✓
[MS3] Clear residual backlog cases.	Feb-20	Jul-21	The project team set up primarily to assist in clearing the backlog of aggregation cases was created in January but was initially focused on clearing some data issues ahead of the 2022 Pensions Increase. Now this has been completed, work on settling aggregations has commenced but is likely to extend until the end of the year. 1,350 cases were completed in this quarter, leaving 3,847 outstanding. Future reports will show the trend analysis to provide improved visibility.	↔
[MS4] Put in place and deliver a project and communications plan to support the delivery of the 2022 valuation, taking into account lessons learnt from the 2019 process.	Apr-21	Sep-22	Extensive contributions modelling was carried out ahead of the 2022 valuation with future contribution rates provisionally discussed and agreed with all four Councils, Police, Fire and Combined Mayoral Authorities as well as the largest FE and HE bodies.	✓

Corporate Plan Deliverables 2021/22 to 2023/24	Start	Finish	Progress Update / Activity Quarter 4	On Target
<p>[MS5] Provide additional support to staff to maximise their effectiveness</p> <ul style="list-style-type: none"> > Providing opportunities for staff at the top of the career grade to develop their skills through secondment opportunities and participation in project work. > Create an easily accessible and updated single knowledge base for pension administrators based on the existing portal which has not been kept up to date. > Implement a structured development programme for Pension Officers reaching to top of the career grade 	Mar-20	Ongoing	The revised career grade scheme for Pensions Officers was completed earlier in the year and some staff continue to achieve accelerated progression as a result of the increased flexibilities.	✓
<p>[CS1] Implement a new approach to employer engagement focused on structured support to employers to ensure they are meeting their statutory responsibilities in a timely manner and focusing on compliance.</p>	Apr-20	Mar-22	Seven training sessions delivered for employers this quarter as well as the first full day Employer Forum for over two years which was held virtually and featured a range of presentations from internal and external speakers.	✓
<p>[CS2] Actively promote take up of online services utilising all available routes, including introducing measurement of effectiveness as well as pure volume.</p>	Apr-20	Ongoing	Total members registered online reached 70,000 this quarter and the retire online facility was also introduced for deferred members.	✓
<p>[IS1] Implement the revised Investment Strategy; including the transition of assets to new Border to Coast products and recommendations in relation to the future of the agricultural portfolio.</p>	Mar-20	Mar-23	Transition of listed alternative holdings successfully implemented this quarter. The implementation of the Investment Strategy introduced from April 2020 is mostly complete.	✓
<p>[IS2] Implement revised approaches to reporting on the Authority's stewardship approach:</p> <ul style="list-style-type: none"> > Adopt the revised FRC UK Stewardship Code and report in line with its requirements > Develop a framework for reporting the impact of the Fund's investments against the UN Sustainable Development Goals (SDGs) 	Apr-20	Mar-22	Following the FRC's assessment, they now require additional information from that provided in the last annual report. This will be taken forward in the next financial year.	↔
Feb-20	Mar-23			

Corporate Plan Deliverables 2021/22 to 2023/24	Start	Finish	Progress Update / Activity Quarter 4	On Target
[IS3] Implement the action plan for achieving Net Zero by 2030	Mar-21	Annual reviews to 2030	The update to the Net Zero Action Plan was reported and agreed in March 2022 and work has continued to identify investments that positively support the transition and result in reduced emissions. However, given the early target date, there remains a significant risk of missing the goal. The specification for the review of the Investment Strategy reflects the need to accelerate emissions reduction.	
[IS4] Make changes to the investment performance reporting process to make the process less labour intensive and to produce sharper, more focussed reporting.	Jan-20	Mar-22	The reports have been updated but will continue to evolve.	
[CO1] Replace the Authority's Business Systems covering:				
> Financials (including removal of cheque acceptance)	Dec-20	Oct-21	Completed. The new Advanced Cloud Financials software went live on 20 December 2021.	
> People Systems (HR, Staff Payroll, Time & Attendance)	Jan-21	Dec-21	As a result of having to devote time and resource to the other business systems replacements as well as the office accommodation project, a decision was taken to defer this project to 2022/23.	
> Committee Administration (Modern.gov)	Mar-21	Sep-21	Completed. The new instance of Modern.gov was implemented successfully and all meetings content migrated.	
[CO2] >Implement learning and development tools to improve the links between appraisal and training delivery maximising the benefit of the additional budget investment in learning and development: > Fully revised appraisal system ready to be incorporated into the new HR system.	Apr-20	Mar-22	A briefing session was undertaken with Managers and Team Leaders in relation to the importance and links between induction, probation, one-to-ones and appraisals with an emphasis on open, regular and transparent conversations. This session also looked at the importance of recording individual training and development needs corporately so that efficiencies and value for money could be achieved where appropriate to do so.	

Corporate Plan Deliverables 2021/22 to 2023/24	Start	Finish	Progress Update / Activity Quarter 4	On Target
[CO2] > Introduce revised induction process and e-Learning approaches to support annual and refresher training programmes.	Feb-20	Mar-22	The majority of the induction process has now been put online on the <i>LinkedIn Learning</i> platform ready for testing and further refinement. Mandatory and refresher training will also be linked to this platform and management reporting will be available in terms of completion rates etc.	
[CO2] > Create a structured programme to support the development of management and supervisory skills.	Sep-21	Mar-22	The Leadership and Management programme for all Team Managers and Team Leaders continued during this quarter, due to conclude in the next quarter but with a plan to continue one element of the programme – ‘Action Learning Sets’ involving group coaching-style sessions for managers to discuss current issues. The target in next year’s plan is to commission a development programme suitable for senior practitioner grade staff.	
[CO3] Implement the recommendations arising from the Hymans Robertson review of governance that was conducted in light of the Good Governance review.	Apr-20	Mar-22	Completed as reported previously.	
[CO4] Implement the preferred option for meeting the Authority’s long term accommodation needs, including a policy framework to support homeworking.	Dec-20	Dec-21	Completed as reported previously.	
[CO5] Replace website infrastructure to create a single web presence that better supports the organisation’s communication and engagement strategies.	Jan-20	Sep-21	Completed. The launch of the new corporate website took place in January 2022. This includes a new, fully integrated site for Authority meetings, agendas and minutes.	
[CO6] Roll out Microsoft 365 to ensure the Authority has access to a regularly updated suite of core application software across the whole estate.	Jan-20	Dec-21	Implemented the <i>Acronis</i> 365 backup solution for data stored in the M365 cloud. All users’ mailboxes migrated to MS Exchange online.	

Corporate Plan Deliverables 2021/22 to 2023/24	Start	Finish	Progress Update / Activity Quarter 4	On Target
[CO7] Introduce Agile Working approach across the whole organisation supported by a funded programme of hardware replacement.	Jan-20	Mar-23	All staff commenced work in the new office on an agile (hybrid) basis this quarter.	✓
[CO8] Replace the Authority's telephony infrastructure with a VOIP system capable of integration with Teams / Microsoft 365 and the Pension Administration system.	Sep-20	Mar-22	Replacement of telephony with VOIP system completed. Potential integration with MS Teams is being investigated as a potential future development but not business critical.	✓
[CO9] Incorporate within the Communications Strategy appropriate structured approaches to internal communication and external communication focussed on the wider local government and pension communities, as well as the conventional stakeholder groups such as scheme members and employers.	Apr-21	Jan-22	Changes in the Communications Strategy will be led by the new Communications Officer post for which recruitment has been deferred until Q1 of 2022/23. In the meantime, a number of internal focus groups have been held between SMT and staff groups across the organisation to capture and action feedback on improving internal communications.	✗

3.4 Progress and activities undertaken in the quarter on the separate ICT, HR and Equality & Diversity strategies is shown below.

Information and Communications Technology Strategy	Activity this Quarter
Developing and maintaining our ICT infrastructure to meet the needs of an increasingly agile organisation	Activity this quarter centred on the migration of the ICT infrastructure from Gateway Plaza to Oakwell House and ensuring staff could continue to work uninterrupted by the transition.
Using technology to support a step change in the way customers access our services	The new Deferred Retire online facility was made available to scheme members via the <i>MyPension</i> website and allows deferred members the opportunity to claim their pension fully online with no form filling. To date, 350 members have made use of the facility.
Using technology to deliver efficient business processes	Online self-servicing was introduced for employers in relation to requesting accounting disclosures for 31 March year-ends. Online self-servicing also introduced for the Fund in terms of setting contribution rates for new employers joining.
Keeping data safe and secure	Implementation of an Access Control System at Oakwell House to promote physical security for the building.

Human Resources Strategy	Activity this Quarter
Developing the Current Workforce to meet the Needs of the Organisation.	The <i>LinkedIn Learning</i> platform continues to be promoted as a means of developing the current workforce. Usage during Quarter 4 saw the highest number of employees using the resources available.
Recruiting a Workforce for the future.	The Recruitment and Selection policy has been updated and approved this quarter. This allows for a more streamlined process to recruitment with robust governance arrangements in place and we have started using more innovative approaches to advertising roles.
Retaining a high-quality workforce.	Work has commenced on researching different ways in which to reward and recognise employees in order to produce a policy that looks more widely at non-monetary rewards and initiatives.




Equality and Diversity Strategy	Activity this Quarter
Making our services more accessible to disabled customers.	Oakwell House opened with full disability access. Engagement Team carried out home visits to support three members with additional needs to ensure they were able to claim their benefit entitlements.
Decision making processes informed by a robust and clear impact assessment process	This has not been progressed due to other pressures and priorities and has been carried forward into the updated Equality and Diversity Scheme for 2022 to 2025.
A diverse workforce that reflects the customers we serve	Progress has been made in terms of widening the reach of the recruitment process, as well as reviewing the recruitment and selection policy, and providing some training for those involved in recruitment with further training to be held. Efforts will continue in this area.
Workforce culture, environment, policies and practices that are safe accessible and inclusive for people from all protected characteristics	The ongoing process of policy review, particularly for HR policies, has reflected these issues and ongoing organisational development work is focussed on achieving a positive culture, although elements of this work have been somewhat delayed by the pandemic.
To reduce any pay gaps where statistically possible	There is little significant progress here although recent recruitment will have some positive impact in the 2023 report. Small changes in gender balance at particular grades can have a significant impact on results due to the relatively small numbers involved.

4. How are we performing?

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

Corporate Measures

4.2 The level of sickness absence in the quarter and for the 2021/22 year is as follows.

Measure	Performance				Movement Year on Year
	Quarter 4 2021/22	Quarter 4 2021/22	Full Year 2021/22	Prior Year: 2020/21	
Short Term Sickness Absence – Days Lost per FTE	0.90	0.94	3.10	1.00	
Long Term Sickness Absence – Days Lost per FTE	1.22	0.47	4.82	2.60	
Total Days Lost per FTE	2.12	1.41	7.92	3.60	

4.3 Sickness absence is reported as 'Days lost per FTE' rather than as a percentage and the measures are calculated as annualised figures to enable comparison from year to year.


4.4 For this quarter, there has been an increase in days lost compared to the previous quarter, primarily comprising an increase in long-term sickness absence. The total for the year 2021/22 is significantly higher than the previous year, although it should be noted that the total for that year was extremely low compared to the average levels seen in preceding years.

4.5 Sickness absence is actively monitored under the Authority's managing attendance policy, and data on the application of this policy is reported quarterly to SMT. Occupational health services are provided by Barnsley MBC and referrals for this service are made as appropriate for individuals, for example, providing assessment reports to advise managers in supporting return to work following long-term absence, and access to additional resources such as counselling for employees. The usage of these services is also monitored and reported quarterly to SMT.

4.6 The Authority's Health, Safety and Wellbeing Committee continue to promote a range of initiatives to help support staff with their wellbeing.

Investment Measures

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

Measure	Performance Quarter 4 2021/22	Quarterly Benchmark	Performance Full Year 2021/22	2021/22 Benchmark	2021/22 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	-1.00%	-1.50%	9.60%	7.70%	8.25%	





4.8 Outperformance over the quarter was due to relative outperformance in the bond portfolios and also to uplift in valuations across all the alternative asset classes. This was also true of the full year performance.

4.9 The total Fund value at 31 March was £10.7 billion and the estimated funding level at the end of the quarter was 109% calculated on a roll-forward basis from the 2019 valuation data.

4.10 At the end of the quarter, 70.0% of the Fund's assets were being managed in pooled structures provided by Border to Coast. Transition of listed alternative holdings to the new Border to Coast Listed Alternatives fund took place at the end of January 2022.

Pension Administration Measures

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

Measure	Quarter 4 2021/22	Quarter 3 2021/22	Full Year 2021/22	Previous Year: 2020/21	Target 2021/22	Movement Year on Year
Proportion of priority cases processed on time	88%	86%	85%	78%	100%	
Proportion of non-priority cases processed on time	73%	74%	73%	73%	100%	
Proportion of all cases processed on time	75%	75%	74%	73%	100%	
Proportion of employer data submissions on time	99%	99%	99%	99%	100%	

4.13 Performance on high priority cases continues to improve incrementally and was not adversely affected by the creation of the Projects Team.

4.14 There was a slight reduction in performance on non-priority cases in the quarter, but the new projects team have now started working primarily on non-priority casework, so the performance here is expected to improve.

4.15 Employers continue to submit monthly returns in a timely manner in the main, though the current performance measure does not measure data accuracy. This will start to be measured and reported from Q1 of 2022/23.

4.16 At the end of the quarter, membership of the Fund stood at 171,108.

4.17 Seven new employers were admitted, and six terminations completed during the quarter.

4.18 There were 548 participating employers with active members at 31 March 2022.

Financial Measures

2021/22 Quarter 4 Outturn

4.19 The quarter 4 performance and outturn is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2020/21 Actuals	2021/22 Revised Budget	2021/22 Provisional Outturn	2021/22 Provisional Outturn Variance	2021/22 Provisional Outturn Variance
	£	£	£	£	%
Pensions Administration	2,376,700	2,719,750	2,500,610	(219,140)	(8.10%)
Investment Strategy	631,420	539,760	565,090	25,330	4.70%
Finance & Corporate Services	685,190	738,220	772,420	34,200	4.60%
ICT	560,960	667,200	635,850	(31,350)	(4.70%)
Management & Corporate	430,000	375,050	368,090	(6,960)	(1.90%)
Democratic Representation	118,180	142,620	124,020	(18,600)	(13.00%)
Subtotal - Cost of Services	4,802,450	5,182,600	4,966,080	(216,520)	(4.20%)
Capital Expenditure	42,600	1,630,000	1,546,930	(83,070)	(5.10%)
Subtotal before transfers to reserves	4,845,050	6,812,600	6,513,010	(299,590)	(4.40%)
Appropriations to / (from) Reserves	600,550	(1,367,000)	(1,067,410)	299,590	(21.90%)
Total	5,445,600	5,445,600	5,445,600	0	0.00%

4.20 The provisional outturn for the year before transfers from reserves is an under-spend of (£299k); which is larger than the under-spend forecast in the previous quarter. The increase is primarily due to the programmed capital expenditure, where a small over-spend was forecast last time based on the available information but the outturn is now an under-spend of (£83k). Further details are provided below.

4.21 The majority of the total under-spend relates to employee costs. Details of the variances on the individual service area staffing budgets are included in the analysis below. In short, this reflects the fact that a number of posts were vacant during the year; on average around 10% of the total budgeted establishment of 97.1 FTE.

4.22 The detailed variances against budget for each of the service areas are explained below.

4.23 Pensions Administration – Total Under-spend (£219k):

- 4.24 There is a total under-spend on the employee costs budget of (£133k), which is as per the quarter 3 forecast. As previously reported, this includes (£35k) relating to the budget for a training officer role that was advertised internally on a secondment basis but was not taken up. Following year-end, this role has since been revised to a permanent Technical Specialist role, which has been filled. The remaining balance of the total forecast under-spend on employee costs is due to staff turnover and vacancies across the service area. Following recruitment in Q3, 2 FTE pensions officers commenced in post during Q4, and further recruitment for customer services officers and a customer services apprentice also took place during the quarter.
- 4.25 There is a planned over-spend in employee costs of £12k relating to a provision for a retention incentive payment funded by a transfer from the corporate strategy reserve.
- 4.26 The training budget is forecast to be under-spent by (£12k).
- 4.27 The budget for office accommodation costs, apportioned to services pro-rata to staffing numbers, is over-spent by £58k. This is due to a range of issues including the fact that the unavoidable delay in being able to transfer the data centre from Gateway Plaza until January 2022 meant that rent, business rates, utilities etc. were all charged for an additional two months (Dec and Jan) that hadn't been included in the budget. In addition, the costs of electricity have been higher than expected as a result of the wider inflation on energy prices. Finally, the costs of the facilities management provision required in the first few months of mobilisation were higher than forecast. This will stabilise now as the transition period comes to an end.
- 4.28 The budget for hybrid mail, other printing, postage and stationery is under-spent by (£16k) reflecting the continued progress in moving towards paperless working.
- 4.29 There is an under-spend of (£59k) on actuarial fees for the year. This is partly due to the fact that a prudent approach was taken to setting the budget for 2021/22 based on experience of actual costs in previous years and pending the outcome of procurement for a new contract. The change of contract that resulted from the procurement has resulted in savings being realised.
- 4.30 The budget included an amount for benchmarking to include undertaking the CEM benchmarking exercise on pensions administration that did not go ahead, this has resulted in this budget being under-spent by (£16k).
- 4.31 Other professional services, including legal fees, consultancy, and corporate subscriptions are under-spent by a total of (£16k) for this year.
- 4.32 Total savings of (£18k) are forecast across budgets for travel expenses, office-related expenses, catering, conferences, and subsistence, due to continued impact of remote working and knock-on effects from COVID-19.
- 4.33 Income from fees and charges is (£13k) more than budget. This includes income from member fees for sharing orders for example, and employer fees in relation to administrative charges.
- 4.34 Additional funding of (£6k) was received from the Education and Skills Funding Agency (ESFA) for apprenticeships during the year. This will be set aside in reserves to be used towards learning and development.
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4.35 Investment Strategy – Total Over-spend £25k:

4.36 The employee costs budget includes a planned over-spend of £12k relating to a provision for a retention incentive payment funded by a transfer from the corporate strategy reserve.

4.37 The budgets for property management advice, performance measurement, independent investment advisers, and other professional services are over-spent by £17k in total for the year – reflecting an increase in expenses following return to in-person meetings and travel requirements, additional work completed on impact investment reporting for which the cost was slightly higher than budget, but this will be met from reserves, and an increase in the contractual fee for agricultural property advice.

4.38 There is a small under-spend of (£4k) on the remaining areas of the investment strategy budget.

4.39 Finance and Corporate Services – Total Over-spend £34k:

4.40 The employee costs budget head includes two planned over-spends which will be financed by transfers from earmarked reserves. These over-spends are as follows.

4.41 An amount of £22k relating to agency staff costs as a result of hiring an interim accountant in the early part of the year to support the accounts closedown and audit process which was required as a one-off to provide cover whilst some of the permanent team members were working on the implementation project for the new finance system.

4.42 An amount of £11k relating to the HR Undergraduate placement student, the financing for this was set aside from the 2020/21 training and development budget into the corporate strategy reserve.

4.43 There are savings of (£43k) anticipated as a result of staff turnover / vacancies for the year – these have been used to fund additional costs of £14k on overtime that was required in the first half of this year due to having staff shortages at the same time as undertaking major projects to implement a new finance system and a new investment accounting system, and also produce the 2020/21 accounts and ensure the audit was completed successfully to the usual early timescale of 31 July, well ahead of the statutory deadline of 30 September.

4.44 The service's over-spend on office accommodation (explained in para 4.27 above) is £21k.

4.45 ICT – Total Under-spend (£31k):

4.46 The main contribution to the under-spend on ICT is additional income received over that budgeted for. Income from software sales and maintenance fees was (£38k) more than budget which will be transferred into the ICT Development earmarked reserve for re-investment in future ICT projects.

4.47 The over-spend from ICT's share of office accommodation costs (explained in para 4.27 above) is £7k.

4.48 Management & Corporate Costs – Total Under-spend (£7k):

4.49 The organisational training and development budget was included as a growth item in the budget with effect from 2020/21 but due to the impact of COVID-19 and remote working, progress on the planned activities in this area has been slower than originally

anticipated, and the available budget in 2021/22 of £55k has been under-spent this year by (£23k). Nevertheless, the planned work in this area is continuing to progress with a number of initiatives under way including a manager development training programme, implementation of the *LinkedIn Learning* platform, and an HR Undergraduate student in post on a 12-month placement, which will provide the needed additional staff resource to support and take forward some of the plans around training and development including production of an e-learning package for new staff.

- 4.50 Various incidental costs relating to the move to the new office have been incurred (such as mail redirection, small items of equipment purchased, risk assessment services etc.) amounting to £21k in total.
- 4.51 The external audit budget includes a forecast net over-spend of £4k for audit fees payable to Deloitte LLP based on anticipated increases to be approved by the contracting body, Public Sector Audit Appointments Ltd (PSAA) – reflecting increased costs of audit delivery that are taking place across local government.
- 4.52 The internal audit budget is (£9k) under-spent for the year; the expenditure is based on actual days delivered during the year and due to adjustments to timing of some of the planned reviews, this was under the budgeted total but will be carried forward for completion in 2022/23 instead.
- 4.53 Democratic Representation – Total Under-spend (£19k):
- 4.54 The budgets for Authority and Local Pension Board (LPB) running costs are forecast to be under-spent by (£14k) in total due to the fall in expenditure for room hire, catering, travel, subsistence, mainly arising from the knock-on effects of COVID-19.
- 4.55 The training budget is also under-spent this year, by (£4k) for Authority members and by (£1k) for LPB.
- 4.56 Capital Expenditure – Total Under-spend (£83k)
- 4.57 The total capital budget for this year was £1,630k, comprising £225k for new pension administration system 5-year contract and £1,405k for the Oakwell House office project.
- 4.58 The actual implementation cost of the new pensions administration software contract that commenced in February 2022 was £185k, resulting in a (£40k) under-spend against the budget for this project.
- 4.59 The remaining balance of capital expenditure is £1,362k for the Oakwell House project, which is (£43k) under the budgeted 2021/22 spend – which is due to slippage in timing only, on the final stage of AV installation works that were held up as a result of global supply chain delays – this work and therefore the associated expenditure will be carried out during the first quarter of the next financial year.
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Oakwell House Refurbishment Project	Budgeted Cost £000	2021/22 Outturn £000	Variance £000	Variance %
Acquisition Costs - Legal Fees, Stamp Duty Land Tax, Surveys	20	16	(4)	(20.0%)
Design & Project Management	98	98	0	0.0%
Legal Fees - Tender Contract Documents Preparation	17	5	(12)	(70.6%)
Main Contract Sum	1,054	1,107	53	5.0%
PV Panels	16	30	14	87.5%
AV Fit Out	120	104	(16)	(13.3%)
Other Estimated Costs - including: Dilapidations Payment Gateway Plaza, Removals, ICT Installation etc.	60	2	(58)	(96.7%)
Contingency	20	0	(20)	(100.0%)
Total Project Cost	1,405	1,362	(43)	(3.1%)

4.60 Earmarked Reserves

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

4.62 The table at paragraph 4.64 shows the detail of planned transfers from the reserves in 2021/22 to finance the various projects being delivered as part of our corporate strategy. This results in a total of £1,405k being transferred from reserves for this financial year.

4.63 As outlined in the detail above, there are some specific areas of under-spend – including the capital budget and the areas of additional income for apprenticeships and for ICT, that are required to be transferred into reserves for use in the forthcoming year. Additionally, given that there continues to be a need to ensure the balance of reserves is kept to an adequate level going forward to meet resourcing requirements for specific corporate strategy objectives and for managing risk, it is proposed to transfer the remaining forecast under-spend for 2021/22 into the reserves, in addition to the originally budgeted transfers into reserves, as set out in the following table. This results in a total of £338k being transferred into reserves for the year.

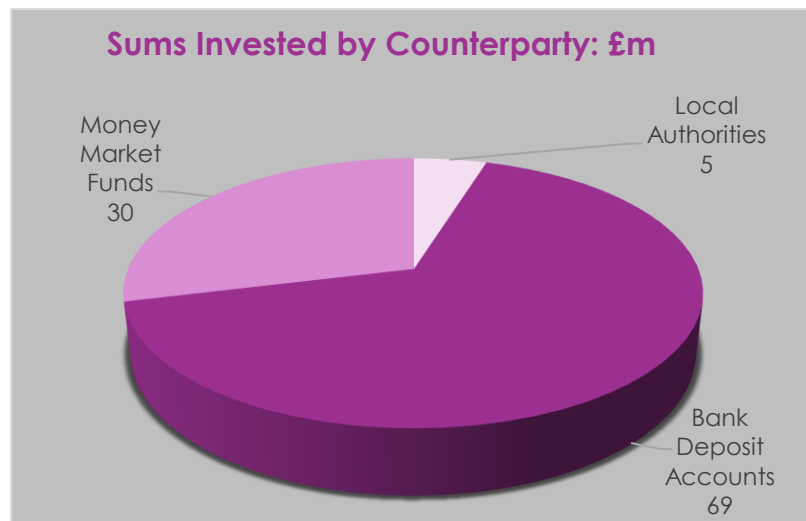
4.64 The result of the above is a net total transfer from reserves of £1,067,410.

Reserves	Balance at 01/04/2021 £	Transfers In £	Transfers Out £	Balance at 31/03/2022 £
Corporate Strategy Reserve	238,500	145,000	(184,700)	198,800
ICT Reserve	118,300	87,650	0	205,950
Subtotal: Revenue Reserves	356,800	232,650	(184,700)	404,750
Capital Projects Reserve	1,254,470	105,110	(1,220,470)	139,110
Total Reserves	1,611,270	337,760	(1,405,170)	543,860
Net Total Transfer:		(1,067,410)		

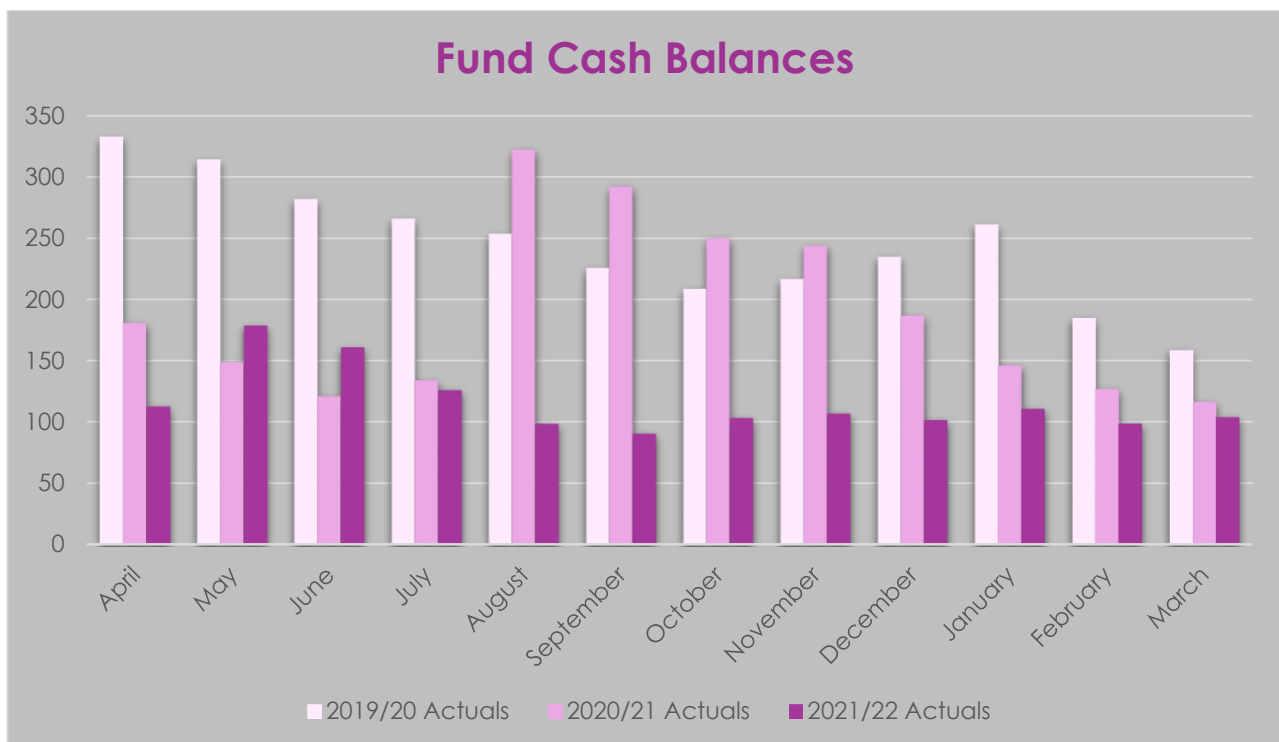
4.65 The balance of the revenue reserves following the transfers proposed for the year, is £405k in total which equates to 7.4% of the Authority's total revenue budget.

Treasury Management

4.66 The Fund's cash balances at 31 March 2022 stood at £104m. The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



4.67 The following chart shows the movement in cash balances held for the last three financial years.



4.68 Cash is only held pending Fund investment and the balance of cash at the end of the year represents 0.98% of the Fund, compared with 0.94% at 31 December 2021. The cash allocation remains well within the permitted range of 0% to 10% and is below the benchmark of 1.5% at 31 March due to timing of outflows and also the increase in the Fund value from the previous quarter.

5. What is getting in the way – Risk Management

- 5.1 We regularly review the things which might get in the way of us achieving our objectives – these are the risks that are set out in detail in the corporate risk register.
 - 5.2 The Corporate Risk Register is attached at Appendix A. A full review was undertaken in May 2022, and this resulted in three risk scores being reduced as highlighted on the register attached.
 - 5.3 Further details and full commentary is provided at Appendix A.
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6. Learning from things that happen

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

	Received in Q4 2021/22	Received in Q3 2021/22	Received Full Year 2021/22	Received in Previous Year: Full Year 2020/21
Complaints	5	6	24	17
Appeals Stage 1	0	0	4	8
Appeals Stage 2	1	1	4	8

6.2 A detailed report of complaints and action taken is provided to the Local Pensions Board for scrutiny.

6.3 Of the 5 complaints received during the quarter, 4 were outside of SYPA direct control as they were a result of either delays from third party providers, regulatory requirements or actions not taken by the member.

6.4 The one complaint potentially within SYPA control was from a member who maintained they had posted in original certificates, but these had not been traced. Members are strongly discouraged from sending in original certificates for exactly this reason. We have offered to reimburse the member for the costs of a replacement certificate if required. Longer term, we are interested in ways of using other electronic forms of ID verification though our initial research suggests this is still a market in the early stages of development for the pensions sector.

Breaches of Law and Regulation

6.5 We are required to maintain a register of breaches, the detail of which is reported to the Local Pension Board at each meeting as part of their oversight role.

6.6 There were three breaches recorded in the quarter, these were discussed at the latest Local Pension Board meeting in April. One was an individual data breach where a monthly return data query had been sent to the wrong employer - the data had been deleted.

6.7 The second breach was from Prudential Assurance who reported that they had failed to meet the statutory deadline for production of 2020-21 AVC statements. This breach had been reported to the Pensions Regulator.

6.8 The third breach was the late production of Pension Savings Statements for 2020-21 by SYPA which was caused primarily by some resourcing issues in an individual team. The Local Pension Board were presented with details of the action plan produced to ensure this breach would not be repeated for 2021-22 and future years and were satisfied that appropriate actions were being taken to address the issue.

Satisfaction Surveys

- 6.9 A customer centre survey found that 91% of the 396 respondents were satisfied with the service they received.
 - 6.10 A survey of members retiring showed that of the 102 respondents, 95% were satisfied with the service they received. Five members were dissatisfied with the handling of their retirement. Of those that left comments, two members were impacted by delays with the settling of their Prudential AVC fund (see references in the breaches report). One was unhappy with the ill-health retirement process, though this was primarily a result of actions by the employer. We continue to offer training to employers to assist in the handling of this sensitive area.
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