

Delivering for our Customers

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Corporate Performance Report

Quarter 2 2022/23

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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 second quarter of the 2022/23 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.

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.



Despite market conditions a strong funding level is being maintained

Costs, including pay pressure being maintained within budget

Review of risk register has provided assurance that mitigation actions are being effective, resulting in reduced current risk scores on some risks.



Customer feedback positive ratings have fallen below 90%

Increase in sickness levels

Delays to a small number of Corporate Strategy projects which will need to be rephased

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 2022-2025 was approved in January 2022 and reflects the continuing journey to build a stronger, more resilient organisation focussed on delivering for our customers and reflects what we have learnt from having to adapt the way in which we operate to the Covid-19 pandemic, and also the fact that we have not been able to make as much progress as we might like on some projects because of the prolonged period during which all of our staff had to work at home. Our strategy over the next three years focuses on delivering improvements to the way in which we do things in order to ultimately improve the service received by our customers and our overall efficiency.
- 3.3 The detailed objectives and plans have been divided into the following programmes of work.
- a) Data – which focuses on a range of data related projects including the valuation and a number of statutory exercises such as GMP rectification and the implementation of the McCloud remedy.
 - b) Process Improvement – with a particular focus on getting the most out of our investment in technology including automating processes and improving reporting.
 - c) Investment – which focuses on activity to develop and refine the investment strategy to support the overall funding of the pension scheme.
 - d) Organisational Infrastructure – which focuses on all those things that make the business work.
- 3.4 The following tables provide updates in respect of developments that have taken place during the quarter in delivering these programmes of work.
- 3.5 Key to responsible manager abbreviations:

Dir	Director
HFCS	Head of Finance and Corporate Services
HIS	Head of Investment Strategy
HPA	Head of Pensions Administration
Gov	Corporate Manager – Governance
ICT	Corporate Manager – ICT and Digital
Ben	Team Manager – Benefits
Cus	Team Manager – Customer Services
Fin	Team Manager – Financial Services
INF	Team Manager – ICT Infrastructure
PM	Team Manager – Programmes and Performance
S&E	Team Manager – Support and Engagement
TA	Technical Adviser
G&R	Governance and Risk Officer

Ref	Project / Action	Timescale		Responsible Manager	Quarter 2 Progress Updates	On Track:
		Start	Finish			
Data						
D01	Complete Valuation 2022	Nov-21	Mar-23	Dir		
	<i>Data Submission</i>	<i>Apr-22</i>	<i>May-22</i>	<i>TA</i>	Completed in Quarter 1.	✓
	<i>Funding Strategy</i>	<i>Nov-21</i>	<i>Mar-23</i>	<i>Dir / HPA</i>	Draft Funding Strategy Statement presented to the November Local Pension Board prior to formal consultation with all employers.	✓
D02	Guaranteed Minimum Pension – Completion of Rectification process	Nov-21	Apr-23	HPA	As reported in the previous quarter, the target completion date for this objective has been revised to April 2023 to coincide with implementation of the 2023 cost of living increase, it is considered that this could reduce the perception of financial impact on members.	↔
Process Improvement						
P01	Implement contractual improvements to the Core UPM Pension Administration System	Feb-22	Mar-25	HPA		
	<i>Review and updating of processes</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Ben / Sys</i>	The 'Death in Retirement' process has been rebuilt and rolled out with updated requirements for co-habiting partner pensions.	✓
	<i>Implement dynamic homepage and improve the log in / sign up process for mypension</i>	<i>Apr-22</i>	<i>Mar-23</i>	<i>ICT</i>	Dynamic homepage utilised for Deferred Annual Benefit Statements.	✓

Ref	Project / Action	Timescale		Responsible Manager	Quarter 2 Progress Updates	On Track:
		Start	Finish			
P04	Financial Process Improvements	Apr-22	Mar-24	HFCS		
	<i>Review of processes following implementation of new financial systems to capture benefits</i>	<i>Apr-22</i>	<i>Mar-23</i>	<i>HFCS / Fin</i>	This will be an on-going process of continual improvement and evolution. During this quarter, training has been undertaken in relation to user administration and the use of a new eProcurement module that will be implemented during a subsequent quarter to enable a more streamlined, user-friendly and well controlled process for purchase ordering across the organisation.	✓
Investment						
I01	Strategic Issues	Apr-22	Mar-25	Dir		↔
	<i>Conduct an Investment Strategy review following the 2022 Valuation and update the Investment Strategy Statement</i>	<i>Apr-22</i>	<i>Mar-23</i>	<i>HIS</i>	Consultant has begun work and a project plan is in place.	✓
	<i>Address systemic risks to the fund's investments resulting from climate change through progressing annual updates to the Net Zero action plan.</i>	<i>Mar-22</i>	<i>Mar-25</i>	<i>Dir</i>	Net Zero has been factored into the Strategy Review brief and a steer as to future policy direction has been provided for inclusion in annual revision of policies.	↔
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>Dir / HIS</i>	Discussions are ongoing with Border to Coast around the provision of data through a single contract with their provider. Scenario analysis has been built into both the investment strategy review and valuation processes.	↔

Ref	Project / Action	Timescale		Responsible Manager	Quarter 2 Progress Updates	On Track:
		Start	Finish			
I02	Tactical and Transactional Issues –	Apr-22	Ongoing	HIS		
	<i>Implement revisions to the Strategic Asset allocation</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>HIS</i>	Ongoing rebalancing being undertaken to address both cash requirements and the impact of individual portfolio performance.	✓
	<i>Determine the approach to the Border to Coast property proposition and transition assets as necessary</i>	<i>Mar-22</i>	<i>Dec-24</i>	<i>Dir / HIS</i>	Global proposition is now in the pre-launch phase. However, further work and debate with Members is likely to be required for the UK proposition.	↔
	<i>Conclude Project Chip</i>	<i>Sep-21</i>	<i>Sep-22</i>	<i>Dir</i>	Progress continues with both the due diligence process and the work on legal structuring, with tax advisers now appointed and working on the details. Completion now targeted prior to March 2023.	↔
	<i>Review legacy portfolios and determine the ultimate exit routes in each case</i>	<i>Apr-22</i>	<i>Dec-22</i>	<i>HIS</i>	No progress so far due to other priorities and this is a lower priority piece of work.	✗
	<i>Continue to develop stewardship reporting in response to regulatory feedback</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>HIS</i>	Separate Stewardship Code report submitted to the FCA following external review (and available on the website). FRC response expected in Feb or March 2023.	✓
Organisation						
O01	Governance –	Dec-21	Mar-25	HFCS		
	<i>Implement new statutory officer arrangements and internalise committee and member support activity</i>	<i>Apr-22</i>	<i>Mar-23</i>	<i>Dir / HFCS</i>	Arrangements in relation to the Monitoring Officer will now change from Jan 2023 as a result of changes at BMBC. Other activities are progressing in line with the plan.	✓

Ref	Project / Action	Timescale		Responsible Manager	Quarter 2 Progress Updates	On Track:
		Start	Finish			
O02	People –	Jan-22	Ongoing	SMT / HR		
	<i>Address currently identified recruitment and retention risks</i>	<i>Jan-22</i>	<i>Dec-22</i>	<i>Dir / HR</i>	<p>During this quarter a consultant has been appointed to undertake the Pay and Benefits review, the review itself will take place during quarter 3 with a target of reporting to management in mid-December.</p> <p>Overall review of Organisational Resilience and Sustainability approved by Staffing Committee in October.</p>	✓
O03	ICT –	Jun-21	Mar-25	ICT		
	<i>Complete the roll out of Microsoft 365 tools and the migration to 365 infrastructure</i>	<i>Jun-21</i>	<i>Sep-22</i>	<i>ICT</i>	MS Teams telephony business case developed; deployment of additional Microsoft 365 apps for relevant users (including Visio, MS Project, and Planner).	✓
	<i>Implement the updated corporate website</i>	<i>Nov-21</i>	<i>Ongoing</i>	<i>ICT</i>	Website updated to include frequently searched items and promote the retire online process. Self-help videos added.	✓
O04	Project and Programme Management	Jun-22	Mar-23	Dir / HPA		
	<i>Determine a stripped down and appropriately scaled programme and project management process</i>	<i>Jun-22</i>	<i>Mar-23</i>	<i>PM</i>	Work has started in specific pilot areas.	✓
	<i>Initiate a clearly defined process for prioritising and agreeing development and other system change requests</i>	<i>Jun-22</i>	<i>Mar-23</i>	<i>HPA</i>	Initial meeting of a new group to provide oversight in this area has taken place.	↔

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 July to September quarter is as follows.

Measure	Performance				
	Quarter 2 2022/23	Quarter 1 2022/23	YTD 2022/23	Prior Year: Q2 of 2021/22	Movement Year on Year
Days Lost Per FTE					
Short Term Sickness Absence	1.24	0.73	1.97	0.68	
Long Term Sickness Absence	2.05	0.70	2.75	2.53	
Total Days Lost per FTE	3.29	1.43	4.72	3.21	

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 a significant increase in short term sickness absence from the previous quarter, this included twelve employees with a total of 73 days of absence because of contracting COVID-19 – the majority of these occurred in July which saw a 'spike' in the virus.

4.5 There has also been an increase in long term sickness absence due to three additional employees commencing long term absence during this quarter.

4.6 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.

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

Investment Measures

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

Measure	Performance Quarter 2 2022/23	Quarterly Benchmark	Performance YTD 2022/23	2022/23 Benchmark	2022/23 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	-1.10%	-2.50%	-6.10%	-8.10%	2.51%	

4.9 All markets were weak as Central banks confirmed their commitment to fighting inflation and the Federal Reserve, the ECB and the Bank of England all raised rates over the quarter.

4.10 The total Fund value at 30 September 2022 was £9.9 billion.

4.11 The Funding Level at 30 September 2022 is estimated at 154% but it is important to note that the level is significantly impacted by the spike in interest rates on government bonds at this time. These form a key part of the valuation of liabilities and the spike caused a significant decline in the value of liabilities at the end of this quarter. Interest rates have subsequently come back to more normal levels generating a funding level at least in line with that at the valuation date at the end of March or slightly better.

4.12 At the end of the quarter, 67.9% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration Measures

4.14 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 2 2022/23	Quarter 1 2022/23	YTD 2022/23	Previous Year: 2021/22	Target 2022/23	Movement Year on Year
Proportion of priority cases processed on time	82%	82%	82%	85%	100%	
Proportion of non-priority cases processed on time	65%	71%	68%	73%	100%	
Proportion of all cases processed on time	67%	72%	70%	74%	100%	
Proportion of employer data submissions on time	c. 95%	99%	97%	99%	100%	

4.15 There has been a drop in non-priority case completion times which mainly reflects the backlog of aggregations and "early" leavers being processed late. This is an existing backlog situation which was paused during the Annual Statement production and for which overtime is being offered on a limited basis from December to supplement the Project team.

4.16 The proportion of employer data submissions on time has reduced from previously reported figures. Resourcing issues with a couple of payroll providers who provide services for multiple employers have caused some delays. These providers are being supported by our Engagement team and will be escalated if required.

4.17 At the end of the quarter, membership of the Fund stood at 171,648.

4.18 Seven new employers were admitted to the scheme, and no terminations were completed during the quarter.

4.19 There were 555 participating employers with active members at 30 September 2022.

Financial Measures

2022/23 Q2 Forecast Outturn

4.20 The quarter 2 forecast expenditure and variance against the revised budget is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2021/22 Actuals £	2022/23 Revised Budget £	2022/23 Q2 Forecast £	2022/23 Q2 Forecast Variance £	2022/23 Q2 Forecast Variance %
Pensions Administration	2,500,610	2,717,850	2,650,010	(67,840)	(2.50%)
Investment Strategy	565,090	537,340	539,670	2,330	0.40%
Finance & Corporate Services	772,420	858,800	879,220	20,420	2.40%
ICT	635,850	738,710	704,760	(33,950)	(4.60%)
Management & Corporate	423,050	906,570	772,810	(133,760)	(14.80%)
Democratic Representation	124,020	137,090	137,880	790	0.60%
Subtotal - Cost of Services	5,021,040	5,896,360	5,684,350	(212,010)	(3.60%)
Capital Expenditure Charge to Revenue	1,546,930	0	64,340	64,340	100.00%
Subtotal before transfers to reserves	6,567,970	5,896,360	5,748,690	(147,670)	(2.50%)
Appropriations to / (from) Reserves	(1,122,370)	(66,360)	(40,850)	25,510	(38.40%)
Total	5,445,600	5,830,000	5,707,840	(122,160)	(2.10%)

4.21 The forecast outturn for the year before transfers from reserves is an under-spend of (£148k) compared to the forecast underspend of (£211k) at the end of the previous quarter.

2022/23 Corporate Contingency Budget and Local Government Pay Award

4.22 After the proposed transfers from reserves for the year, an under-spend of (£122k) is currently forecast. This amount relates to the balance remaining so far unallocated on the corporate contingency budget that was included this year (within the 'Management & Corporate' budget line) for the purpose of meeting the costs associated with the 2022/23 pay award, outcomes of the pay and benefits review, and also any costs arising in this year from the recommendations to be made by the Director regarding creating a resilient organisation for the future.

4.23 The pay award for 2022/23 was agreed by the National Joint Council (NJC) in November at an amount of £1,925 on all NJC pay points with effect from 1 April 2022.

This has been built into the employee costs forecast for this year and is included in the forecast expenditure within each of the service areas shown in the table above.

- 4.24 The additional cost arising from this is approximately £219k, equivalent to 5.7% of the budget for employee pay and on-costs. However, as a result of taking longer than planned to recruit to a number of new posts that were included in the budget this year and impact of staff turnover, on current projections, it is anticipated that the costs relating to the pay award – if agreed at the level that has been offered – can be met from the existing pay budgets without having to use any of the corporate contingency budget for this purpose.
- 4.25 The approved Corporate Strategy and HR Strategy for this year included an objective to commission an independent review of the Authority's pay and benefits structure. This review is currently in progress and expected to report with recommendations in December 2022. At this stage, it is not possible to estimate the value of any additional costs that might arise from this piece of work. Should any such costs fall into 2022/23, these will be met from the corporate contingency budget.
- 4.26 In addition, the Director presented a set of recommendations regarding building organisational resilience for the medium term and ensuring appropriate succession planning and these were approved by the Staffing, Appointments and Appeals Committee in October 2022. This resulted in the approval of a number of new roles to be established and recruited over a three-year period, with some of these to be recruited during 2022/23 if possible. An estimated £66k additional cost for 2022/23 has therefore been built into the forecast for Management and Corporate in the table above, to be met from the corporate contingency budget, leaving a balance of £122k on this contingency yet to be allocated.

2022/23 Forecast and Explanation of Variances

- 4.27 The significant variances against budget for each of the service areas are explained below.
- 4.28 Pensions Administration – Forecast Under-Spend (£68k):
- 4.29 The employee costs budget included a full year budget for some posts due to be recruited, including a Communications Officer, an additional benefits team Senior Practitioner and 3 FTE Pensions Officers. These posts took longer than planned to recruit, resulting in vacant posts for several months and an under-spend of (£107k) arising from this.
- 4.30 There has also been some turnover in staffing this year, resulting in a forecast under-spend of (£28k).
- 4.31 The forecast additional cost for this service area of applying a pay award as detailed in paragraph 4.24, is £111k. This is more than offset by the under-spends above, resulting in a forecast net under-spend on staffing costs of (£24k).
- 4.32 Costs relating to travel expenses, hotel accommodation etc. are forecast to be (£11k) under budget, reflecting the continued move towards greater use of virtual and remote, online approach for conferences, courses, meetings etc. These budget lines will be reviewed and revised downwards as appropriate when setting next year's budget.
- 4.33 The training budget is currently forecast to be (£11k) under-spent, based on projecting from previous year actuals, but this will be kept under review with greater encouragement and support for training being provided.
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- 4.34 The rates we are charged for ill health reports have been reviewed and uplifted this year after a number of years without an increase; this has resulted in a forecast over-spend of around £10k on this budget line – the new rates will be built into the budget setting for next year.
- 4.35 An under-spend of (£28k) is currently forecast on legal, consultancy and corporate subscriptions fees based on the expected activity and requirements for this year.
- 4.36 Investment Strategy – Forecast Over-Spend £3k:
- 4.37 The forecast additional cost for this service area of applying a pay award as detailed in paragraph 4.24, is £13k.
- 4.38 An under-spend of (£2k) is forecast on indirect employee costs relating to travel, training, etc.
- 4.39 The budget for actuarial and consultancy fees is forecast to be (£8k) under budget for the year, primarily due to the change in charging structure arising from the change in actuary which has meant that fees for dashboard access for funding level forecasting are not charged separately but are instead covered within the main costs for the contract, which are charged to the Pensions Administration budget.
- 4.40 Finance & Corporate Services – Forecast Over-Spend £20k:
- 4.41 There is a total net over-spend of £12k forecast on staffing costs which comprises the following items:
- a) The forecast additional cost for this service area of applying a pay award as detailed in paragraph 4.24, is £40k.
 - b) The Authority approved an addition of 1 FTE Senior Finance Officer to the establishment at their March 2022 meeting, after the budget for the year was set. The additional cost for this is £38k.
 - c) The employee costs budget includes two FTE business support officers. However, following one of these officers being promoted internally, it was decided not to fill the resulting vacancy currently as there was no longer a need for this resource at this level in the team. The second business support officer left in July 2022 and the first attempt at recruitment to this post was unsuccessful so we have decided to keep this vacancy on hold for the time being. There is therefore an under-spend of (£45k) forecast relating to these two posts.
 - d) There is also a net under-spend of (£21k) forecast on staffing costs in this service area relating to turnover and in particular, delays arising from the difficulty in recruiting to the Finance Team Leader post – which was planned for being in post from May 2022 but in practice took three attempts to recruit successfully and therefore only started in post from September 2022.
- 4.42 An additional £6k costs are forecast on recruitment due to having required the services of a specialist agency for the Finance Team Leader recruitment. An over-spend of £2k is forecast on the budget for corporate subscriptions which is due to having joined additional CIPFA networks during the year to provide us with access to expert resources and support for a range of activity including Governance, Insurance, and Procurement, as well as discounted prices for training courses run by these networks.
- 4.43 ICT – Forecast Under-Spend (£34k):
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- 4.44 The forecast additional cost for this service area of applying a pay award as detailed in paragraph 4.24, is £14k.
- 4.45 There is an under-spend of (£9k) on staffing costs forecast relating to the budget for an apprentice, which is now not going to be used.
- 4.46 The training budget is forecast to under-spend by (£3k) based on projecting from previous year actuals, but this will be kept under review with greater encouragement and support for training being provided.
- 4.47 At this stage in the year, a net under-spend of (£36k) is forecast on the budgets for various software systems, and wider IT infrastructure. This includes an under-spend for the pensions administration software system, UPM, where we had budgeted for some potential costs for new developments to the system that are now not likely to be delivered in this year.
- 4.48 Management and Corporate – Forecast Under-Spend (£134k):
- 4.49 The corporate contingency budget, as outlined in paragraph 4.26 above, is currently included in the forecast as (£122k) under-spend but this will be reviewed and updated once further details are known regarding the outcomes of the pay and benefits review.
- 4.50 The forecast additional cost for this service area of applying a pay award as detailed in paragraph 4.24, is £7k.
- 4.51 The budgets for the new posts of Team Manager – Programmes and Performance and Programmes and Performance Officer are forecast to be under-spent by (£37k) as a result of the time taken to recruit to these posts. The manager post was filled from August 2022 and the officer post from October 2022.
- 4.52 Accounting standards require us to allocate our lease rental costs for the office building on a straight-line basis over the life of the lease rather than simply charging the annual lease rent paid in year – which in these early years of the lease is at a reduced amount. The cost of this accounting adjustment was omitted when setting the budget so there is a forecast over-spend of £41k for this in year- however this will be met from earmarked reserves.
- 4.53 The corporate training budget is now being more actively used with various training programmes, LinkedIn Learning, and centrally organised courses going ahead. However, there is an under-spend forecast of (£23k) on this budget for this financial year.
- 4.54 Capital Expenditure – Forecast Over-Spend £64k:
- 4.55 The over-spend against the budget for capital expenditure in 2022/23 is really just a timing difference in works being completed. Members may recall that the outturn position for the 2021/22 year included an under-spend on capital expenditure that was due to delays arising from global supply chain issues which meant that the final stage of the AV installation works at Oakwell House could not be completed until May 2022. The cost of this in 2022/23 is £34k, and there is a further £30k relating to some final outstanding pieces of work completed in the first half of this year by the main contractor for the office works. The majority of this spend relates to the installation of fire-safety rated glazing in the windows closest to the fire escape, which was a safety requirement.

Earmarked Reserves

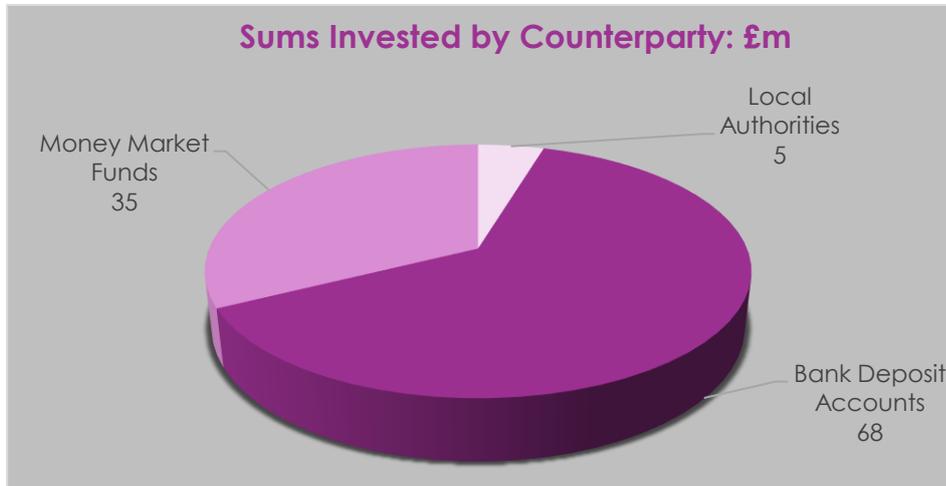
- 4.56 The Authority has three earmarked reserves, the Corporate Strategy reserve, the ICT reserve, and the Capital Projects reserve.
- 4.57 The table below shows the forecast transfers to and from the reserves in 2022/23.
- 4.58 The planned transfers into and out of the Corporate Strategy reserve are to meet costs associated with areas such as the investment strategy review, which is undertaken every three years based on the triennial valuation, the lease rent accounting adjustment, providing for the costs of the retentions scheme this year, and setting aside funds from under-spends that will be allocated to costs of delivering corporate strategy plans in future.
- 4.59 The ICT reserve transfers relate to setting aside the income from software sales and funding the costs of developments on areas such as the pensions administration software system.
- 4.60 The transfer into the Capital Projects reserve is to set aside funds for the hardware replacement programme, and the transfer out of this reserve is to finance the capital expenditure incurred this year.
- 4.61 The result of the above is a net total transfer from reserves of £40,850.

Reserves	Balance at 01/04/2022 £	Transfers In £	Transfers Out £	Forecast Balance at 31/03/2023 £
Corporate Strategy Reserve	143,840	101,510	(99,220)	146,130
ICT Reserve	205,950	12,860	(27,000)	191,810
Subtotal: Revenue Reserves	349,790	114,370	(126,220)	337,940
Capital Projects Reserve	139,110	35,000	(64,000)	110,110
Total Reserves	488,900	149,370	(190,220)	448,050
Net Total Transfer			(40,850)	

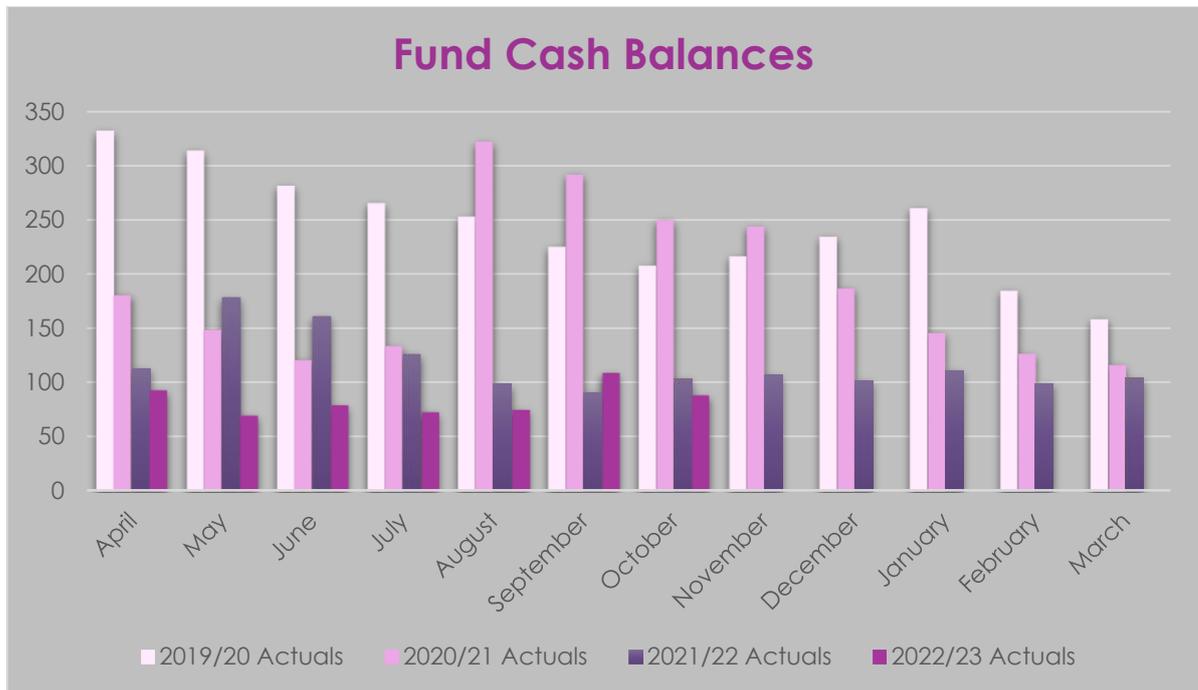
- 4.62 The forecast balance of the revenue reserves following the transfers proposed for the year, is £338k in total which equates to 5.8% of the Authority's total revenue budget, well within the 7.5% limit we set for ourselves in the Medium-Term Financial Strategy.

Treasury Management

4.63 The Fund’s cash balances at 30 September 2022 stood at £108.1 million. The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



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



4.65 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 1.09% of the Fund, compared with 0.78% at 30 June 2022.

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 November 2022. The following changes were made to risk scores from this review.

5.3 Risk G3 – Breakdown of the control environment.

Current risk score reduced from 8 to 6. Internal audit work in the year and other sources of assurance such as the actuary's review of valuation data, indicate that any potential control failure is unlikely to fundamentally destabilise the organisation. This justifies a reduction in Impact from high to medium.

5.4 Risk G4 – Weak or ineffective project management arrangements.

Current risk score reduced from 16 to 12. The Corporate Strategy has a target date of March 2023 to "Determine a stripped down and appropriately scaled project management process." The Programmes and Performance Team are currently working on this objective. A tracker for all corporate projects has been compiled and, in addition, the Projects and Performance officer is conducting a mapping exercise of projects, either planned or underway, being undertaken across all teams. Progress against plans will be monitored and the Team Manager - Programmes and Performance will be reporting on this quarterly to SMT. The progress already made in this area warrants the reduction in the risk score.

5.5 Risk I1 – Material changes to investment assets / liabilities due to major market movements.

Current risk score reduced from 15 to 12. Markets remain uncertain and while movement in gilt yields may have a positive impact on liabilities, there remains very considerable downside risk to asset values. The resilience of the fund to recent market events makes it reasonable to reduce the potential impact of significant market fluctuations. In view of this the impact score has been reduced from very high to high.

5.6 Risk I4 – Imbalance in cashflows.

Current risk score reduced from 10 to 5. This risk is now at an even level. Processes are in place for monitoring cashflow, and this is now considered stable, with all mitigations implemented and no further actions that can be put in place. The probability is now very low and the risk score reduced to the target of 5. The risk will however remain on the register as the position can fluctuate.

5.7 The commentary provided on the register attached at Appendix A provides further details regarding each risk, the various mitigation measures in place currently and the progress being made towards the target of reducing the risk scores where possible.

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 Q2 2022/23	Received in Q1 2022/23	Received YTD 2022/23	Received in Previous Year: Full Year 2021/22
Complaints	4	7	11	24
Appeals Stage 1	1	1	2	4
Appeals Stage 2	2	2	4	4

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

6.3 There has been a reduction in overall complaints from the previous quarter, and only two of the four received was attributable to SYPA. One was from a member who was unhappy with the delay in processing his aggregation – this is a known issue that is being dealt with as a backlog project. The second was a retirement delay which was caused by an incorrect workflow set-up – the training issue with the individual member of staff has been addressed.

6.4 Three Stage 1 Appeals were determined during the quarter. All three were awarded compensation, though were not fully upheld. The first was a member who had incorrectly been provided with a transfer value quotation when they were not eligible due to their age. The other two cases were retirements where they had been overquoted estimates of their benefits due to incorrect information provided – one was information from the employer and the other was relating to working hours which had not been updated in a timely manner by SYPA.

6.5 There were no Stage 2 Appeals determined in this quarter.

Breaches of Law and Regulation

6.6 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.

6.7 There was one breach recorded in the quarter. This breach occurred because the Authority's external post box had been broken into and members' correspondence tampered with. The breach was reported to the Information Commissioner's Office (ICO) and the police, and all members known to be impacted have been contacted.

Satisfaction Surveys

6.8 A customer centre survey found that 89% of the 480 respondents were satisfied with the service they received.

6.9 A survey of members retiring during May to July 2022 showed that of the 105 respondents, 89% were satisfied with the service they received.

- 6.10 The results of the satisfaction surveys have been the subject of a more detailed report to the Local Pension Board, including actions being taken, and this was discussed at the Board's November meeting.