

Corporate Strategy 2022 to 2025

Update Feb 2023

Commitment to Excellence

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1. Foreword

South Yorkshire Pensions Authority exists solely to meet the needs of its customers, whether they are scheme members or scheme employers. The purpose of our corporate strategy is to set out how we are going to approach that task during a 3 year timeframe from April 2022 until the end of March 2025.

This update is a look back at our achievements to date and a look forward to our continuing ambitions in the years ahead. It marks our ongoing commitment to continuing our journey to build a stronger more resilient organisation focussed on delivering for our customers.

To support this ambition, not only have we recruited to new posts over the past year, we are in the midst of recruiting to additional posts approved by our Staffing Appointments and Appeals Committee in October 2022 that are designed to strengthen our future organisational resilience and sustainability. We remain vigilant in achieving ‘right sized’ resourcing to support the realisation of our ambitions whilst improving productivity through more efficient and effective processes, systems and ways of working, conscious that those employers with whom we work face not insignificant resourcing pressures themselves.

Whilst we are now on the other side of the Covid-19 pandemic, like many other organisations, we are still learning how to work together well in a ‘hybrid’ environment, negotiating new norms and expectations with all our people, and maximising the use of technology for collaborative working.

Our agenda remains ambitious as we continue to move to the next level in meeting the needs of our customers and creating an organisation in which our people can realise their own career ambitions.

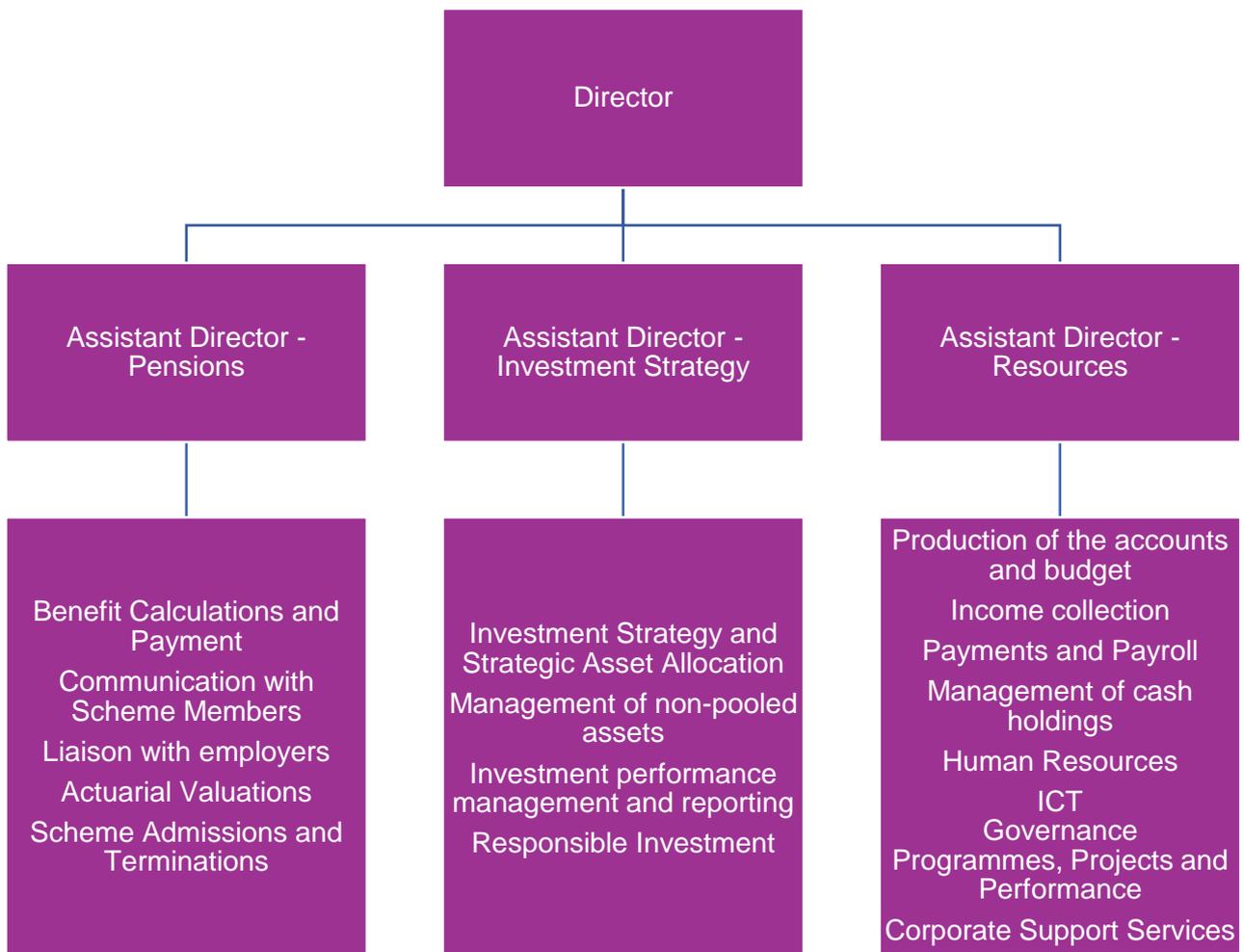
Cllr John Mounsey
Chair
South Yorkshire Pensions Authority



2. Background

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

The Authority has 12 members drawn from the four South Yorkshire districts (Barnsley, Rotherham and the cities of Doncaster Sheffield) roughly in proportion to their population. The Authority is organised fairly conventionally for a pension fund as set out in the diagram below:



As at January 2023, the Authority directly employs 110 people (or 94 FTE), excluding vacancies. From April 2023, the total staffing establishment will increase from 103 FTE to 115 FTE by March 2024 as a result of the outcomes of an organisational resourcing and resilience review undertaken during 2022. For further details, see the 2023/24 Budget report.

Full-time employees are required to be office based for a minimum of 2 days a week and part-time employees for a minimum of 1 day a week. Our hybrid working policy is currently under review.

The core dimensions of the Authority’s operations are set out below:

| | |
|---|--------------|
| Number of Scheme Members (at 31/03/2022) | 171,108 |
| Number of Pensioners Paid (at 31/03/2022) | 59,755 |
| Number of Scheme Employers with active members (at 31/03/2021) | 548 |
| Proportion of employers that are local authorities Total number of employers | 1.3% |
| Value of Assets under Management (at 31/03/2022) | £10.673bn |
| Annual Value of Investment Income including reinvested income (2021/22) | £223m |
| Annual Value of Contributions to the Fund (2021/22) | £192m |
| Annual Value of Benefits Paid from the Fund (2021/22) | £321m |

South Yorkshire is a big pension fund by any dimensions (within the top 10 LGPS funds by both assets under management and membership) and historically this has meant that it has been able to realise significant economies of scale, being one of the lowest cost funds within the local government pension scheme.

The Fund has also delivered successful investment performance over a long period and is now estimated to be more than fully funded.

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

Our mission, or what SYPA as an organisation is here for, 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 or, our objectives, which are:



4. How are we going to go about fulfilling our objectives?

How we go about doing our job is also important. The way we go about doing our job reflects a series of values which are outwardly reflected as behaviours, as shown below:

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

These values and behaviours reflect how we wish others, whether customers or professional peers, to see us and the degree to which each member of staff reflects these values in carrying out their role forms part of the appraisal process. These values also significantly influence the culture of the organisation, which in essence is how it feels to work for SYPA.

In addition to these values and behaviours, which apply to all staff, we have developed a range of management behaviours which support the values and which set out how we want to manage the organisation in order to deliver its objectives. These form part of the appraisal process for managers and are shown below:

| Management Behaviours | Demonstrated by: |
|---|--|
| We model positive behaviours to each other and to all staff | <ul style="list-style-type: none"> • We regularly offer encouragement and praise for positive behaviours • We challenge inappropriate and unacceptable behaviour • We give and receive authentic feedback • We hold staff to account for their performance |
| We take responsibility for improvement - within a clear framework | <ul style="list-style-type: none"> • We get on with making improvements and changes rather than wait for permission (within a clear advice frame that sets out what we can get on with and what we can't). • We trust people to do their job, we don't micromanage. • We give a heads up when we plan something new, we speak up early when there is a problem or when things aren't going well. • When something doesn't go well, we look for what we can learn and what we can do differently next time. |

| <i>Management Behaviours</i> | <i>Demonstrated by:</i> |
|---|---|
| We all get behind a common goal | <ul style="list-style-type: none">• We have a clear vision that sets out what our goals are and clear priorities which set out what our most important changes are.• We make the time to understand what we need to do to contribute to that vision.• We work together across the organisation and contribute to the organisation as a whole.• We challenge and question rumours and use discretion in sharing what gets discussed amongst managers. |
| We involve and engage people in decisions that will affect them | <ul style="list-style-type: none">• We keep people in the loop about things that will affect them.• We seek and value the opinion of the people we manage and of other teams.• We take the time to set out plans, then listen to the concerns and recommendations of those involved as to how we can strengthen those plans.• We communicate regularly and clearly to all staff. |

5. What we are going to do over the next two years?

Our planning process looks over three years because that is the period between valuations of the Pension Fund and the valuation is the event that initiates many of our major processes, such as reviews of the investment strategy.

The content of our plan is influenced by a number of things including:

- Changes in the nature of the scheme caused by regulatory changes which will require the recalculation of benefits in payment and entitlements for a large number of members.
- The need to address the long-standing issue of outstanding data processing tasks which do not immediately impact member benefits.
- The need to complete a number of “in flight” projects which will deliver longer term productivity improvements including process automation and “retire online” as well as the process of pooling investments.
- The need when reviewing the investment strategy to properly address systemic risks to the value of the Fund’s assets.
- The need to comply with changes in regulation around the Fund’s investments in particular the introduction of mandatory climate reporting.
- The need to comply with developing requirements around governance.
- Developments within the Local Government Pension Scheme and the wider pensions industry such as the Pensions Dashboard.
- Wider economic developments which can impact the investment strategy and the affordability of contributions for employers.
- Technological developments.
- Feedback from stakeholder groups, including scheme members, employers and our people.

As part of our three year strategy, we are making a range of changes and improvements over the whole range of the Authority’s activities. In order to manage these more easily and provide clear accountability we have divided these up into programmes of work covering:

- 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.
- Process Improvement – which particularly focuses on getting the most out of our investment in technology including automating processes and improving reporting.
- Investment – which focuses on activity to develop and refine the investment strategy to support the overall funding of the pension scheme.
- Organisational Infrastructure – which focuses on all those things that make the business work.

For some areas of work (such as HR and ICT) the work included here summarises the more detailed plans contained in the relevant enabling strategies, rather than replicating the full detail.

This programme of work incorporates the need to address a number of things over which we have no choice such as the need to implement the changes in the pension regulations arising from various legal challenges related to discrimination on the basis of either age or gender. In themselves these represent a very significant volume of work which will run over a number of years.

The pages that follow set out for each of these:

- The specific things we want to do;
- The timescale for delivering each task.
- Who the lead officer is for each task.
- An update on progress.

We have now appointed a ‘Service Manager – Programmes and Performance’ and a ‘Projects and Performance Officer’ who will be developing arrangements for managing and reporting on progress with delivering projects. This will ensure that the scope and objectives of projects are clearly defined at the start and that a monthly update on the progress of each project is provided to the Senior Management Team so that necessary actions can be taken to ensure that projects are completed to the intended timescale.

This will be further facilitated by the procurement and implementation of Pentana software to manage, monitor and report on risks, performance and projects and offer improved visibility and transparency, providing ‘a single version of the truth’ to our Senior Management Team and Middle Managers, enhancing our governance arrangements.

| Ref | Project / Action | Timescale | | Responsible Manager | Updates February 2023 |
|------------|---|-----------------------|-----------------------|---------------------|--|
| | | Start | Finish | | |
| | Data | | | | |
| D01 | Complete Valuation 2022 – <i>Data Submission</i> | 11/21 <i>04/22</i> | 03/23 <i>05/22</i> | Dir TA | Completed. |
| | <i>Employer Engagement</i> | 02/22 | 03/23 | S&E | Employers have received results and the final Rates and Adjustments Certificate will be approved at the Mar 2023 Authority meeting. |
| | <i>Funding Strategy</i> | 11/21 | 03/23 | Dir / ADP | Consultation has taken place and the revised Funding Strategy Statement will be approved in Mar 2023. |
| D02 | Guaranteed Minimum Pension – Completion of Rectification process | 11/21 | 06/23 | ADP | This work has slipped and the final rectification process needs to be undertaken after the annual pensions increase process in order to reduce the risk of key processes failing. Finish date changed from 05/22 to 06/23. |

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| D03 | McCloud Remedy- | 03/22 | 04/24 | ADP | This project need to be replanned to reflect the revised timescales for the issuing of regulations. |
| | <i>System Upgrades</i> | 04/23 | 10/23 | Sys | This work has slipped due to delays in the issuing of regulations. Ongoing dialogue taking place with software supplier. Start date changed from 9/22 to 04/23 and finish date changed from 03/23 to 10/23. |
| | <i>Processing and Case Reviews</i> | 04/23 | 03/24 | Ben | Ongoing. |
| | <i>Member Communications</i> | 04/22 | 03/24 | Cus | Ongoing. Some general communications have appeared in newsletters and on Annual Benefits Statements. |
| | <i>Employer Communications</i> | 10/21 | 03/24 | S&E | Ongoing. Employers kept informed via newsletter every quarter. |
| D04 | Complaints – Undertake root cause analysis of complaints which occur on multiple occasions | 06/23 | 12/23 | Ben | Start date changed from 04/22 to 06/23 and finish date changed from 07/22 to 12/23. |
| D05 | Pensions Dashboard – Provision of data in line with regulatory requirements | 04/23 | 03/25 | Sys | Demonstrations received from suppliers who provide data transfer. Decision to be made on which provider to contract with. |
| D06 | Deliver annual data improvement plan | 04/22 | 03/25 | TA | Ongoing. |
| | Process Improvement | | | | |

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| P01 | Implement contractual improvements to the Core UPM Pension Administration System – | 02/22 | 03/25 | ADP | |
| | <i>Review of compliance with the new contract and effectiveness of delivery</i> | 12/22 | 06/23 | ADP | Work to review compliance with contract deliverables is ongoing. A report will be provided to the Pensions Authority in Jun 2023. Finish date changed from 03/23 to 06/23. |
| | <i>Review and updating of processes</i> | 04/22 | 03/24 | Ben / Sys | Processes for updating identified and being prioritised by new UPM Oversight Group led by Service Manager – Pensions Systems |
| | <i>Retire Online</i> | 01/21 | 04/22 | Sys | Completed. Deferred Retire Online went live in Feb 2022. Phase 2 improvements being made as part of business as usual/continuous improvement. Now working on 'Retire Online'. To be completed by end of Q1 23/24. |
| | <i>Automation of Joiners</i> | 09/21 | 04/24 | Sys | We have automated some actions. Finish date changed from 04/23 to 04/24. |
| | <i>Automation of leavers / deferred members</i> | 06/21 | 06/24 | Sys | Project group established. Partially complete and awaiting input from Benefits and ICT teams. On priority list for the new UPM Oversight Group. Finish date changed from 06/23 to 06/24. |
| | <i>Implement dynamic homepage and improve the log in / sign up process for mypension</i> | 04/22 | 03/23 | ICT | Dynamic homepage implemented. Login/sign up process for mypension is outstanding. |
| | <i>mypension App</i> | 04/24 | 03/25 | ICT | Civica driven. |
| <i>Feasibility/Pilot of Chatbots</i> | 04/24 | 03/25 | Sys / Cus | Civica driven. | |

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| | <i>Online ID Verification for pension claims</i> | 04/24 | 03/25 | Sys / Ben | Civica driven. |
| | <i>Improve functionality of employer hub</i> | 04/23 | 03/24 | Sys | Improvements not yet defined. Received demonstration of a new employer hub from Civica. |
| P02 | Monthly Data Collection- | 03/22 | 03/25 | ICT | Ongoing. No outstanding requests. This may change now that a new MDC Team Leader and Senior Practitioner are in post. |
| | Validator App enhancements | 03/22 | 03/25 | ICT | |
| | Automate the processing of direct debit instructions from data submissions | 01/24 | 08/24 | ICT / Fin | |

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| P03 | Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation – | 04/22 | 03/25 | Dir | |
| | Statutory Disclosures | 04/22 | 03/23 | Ben | Completed. |
| | Pension Administration Regular Management Information | 03/23 | 03/24 | Ben/Sys/ICT | Start date changed from 04/22 to 03/23. This is a priority for 2023/24. |
| | UPM Finance Reports | 04/22 | 03/24 | Fin / Sys | New finance system procured in 2021 and went live 15 Aug 2022. Reporting functionality training still outstanding. |
| | Customer Centre Management Information | 04/22 | 03/23 | Cus | Completed. Running reports on a monthly basis for analysis by Service Manager – Customer Services and Team Leader to identify patterns, busy times, dropped calls etc. Also used for a Benchmarking survey we participate in. |
| | Employer Performance | 04/22 | 03/24 | S&E | On Engagement Officers’ objectives. Need to work with ICT and Systems teams to obtain data and enable employers to view. |
| | Financial Reporting | 04/22 | 03/25 | ADR / Fin | On Service Manager – Financial Services’ objectives. New Finance Team Leader in place to support. |
| HR Reporting | 10/22 | 09/23 | ADR / HR | Will be addressed by new HR system. | |

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| P04 | Financial Processes | 04/22 | 03/24 | ADR | |
| | <i>Review debt recovery processes</i> | 04/23 | 03/24 | Fin | Debt recovery agent in place from end Jan 2023. Need to agree debt recovery protocols. |
| | <i>Review of processes following implementation of new financial systems to capture benefits</i> | 04/22 | 03/23 | ADR / Fin | Already capturing benefits in new finance system, e.g. 2 Business Support Officer posts in structure now removed. Benefits realisation exercise to be conducted Q2 23/24 by Projects and Performance Officer. |
| | <i>Complete the review of the VAT Special Method</i> | 03/23 | 12/23 | Fin | Completed framework documentation. PwC to be awarded the contract. Start date changed from 06/22 to 03/23 and finish date changed from 12/22 to 12/23. |
| | <i>Review custodian arrangements and procure as necessary</i> | 02/22 | 03/24 | ADR | Research phase now complete. Finish date changed from 09/22 to 03/24 |
| | <i>Review banking arrangements and procure as necessary</i> | 04/22 | 03/24 | Fin | Almost finished research. Compiling feedback for presenting to SMT in Mar 2023. Finish date changed from 09/22 to 03/24. |
| | <i>Review arrangements for Treasury Management advice and procure as necessary</i> | 09/22 | 03/23 | ADR | Completed. Reviewed and reawarded to existing suppliers. |
| | <i>Reprocure commercial property insurance if required</i> | 07/24 | 03/25 | Fin | To be confirmed in 2024/2025. |

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| P05 | Certifications aimed at embedding process improvements across the organisation – | | | | |
| | <i>Maintain Customer Services Excellence</i> | 04/22 | 03/24 | Cus | Full review due Mar 2023. Will require a 2 day onsite visit by assessor. |
| | <i>Achieve initial Investors in People accreditation</i> | 04/23 | 03/25 | HR | Need to review and decide if going to pursue. SMT to review during 2023 |
| | <i>Achieve initial Pensions Administration Standards Association (PASA) accreditation</i> | 04/22 | 03/25 | Ben | Not yet started. Priority for 2023/24. This will effectively be a Quality Assurance framework. |
| | Investment | | | | |
| I01 | Strategic Issues – <i>Conduct an Investment Strategy review following the 2022 Valuation and update the Investment Strategy Statement</i> | 04/22 | 03/23 | ADIS | The Investment Strategy will be completed and a report taken to the Mar 2023 Authority meeting. |
| | <i>Address systemic risks to the fund’s investments resulting from climate change through progressing annual updates to the Net Zero action plan</i> | 03/22 | 03/25 | Dir | Annual update to the Net Zero Action Plan prepared for Mar 2023 Authority meeting. |
| | <i>Implement new requirements related to TCFD Reporting</i> | 04/22 | Ongoing | Dir / ADIS | Requirements reflected in the Investment Strategy Review and updated Net Zero Action Plan and also in Border to Coast’s workplan. Border to Coast are setting up a working group to ensure that they can supply the necessary data to partner funds. |

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| I02 | Tactical and Transactional Issues – | | | | |
| | <i>Implement revisions to the Strategic Asset allocation</i> | 04/23 | Ongoing | ADIS | Implementation will begin from Apr 2023 but some of the expected changes will have to be phased in. Start date changed from Apr 2022 to Apr 2023. |
| | <i>Determine the approach to the Border to Coast property proposition and transition assets as necessary</i> | 03/22 | 12/24 | Dir / ADIS | Commitment made to the global product subject to final due diligence. Launch likely Q1 of 2023/24 Final commitment to UK product not yet required and will await an update to the Border to Coast Business Case. Launch likely in first half of 2024 |
| | <i>Conclude Project Chip</i> | 09/21 | 06/23 | Dir | Agreement now reached on legal structuring and a substantial commercial due diligence process has commenced. Due to the governance timelines for partner organisations the finish date has changed from 09/22 to 06/23. |
| | <i>Review legacy portfolios and determine the ultimate exit routes in each case</i> | 04/22 | 12/22 | ADIS | Listed legacy assets have been sold down from overseas portfolios where possible. Remaining alternative assets will run off and we are seeing the final liquidation of our older assets. |
| | <i>Continue to develop stewardship reporting in response to regulatory feedback</i> | 04/22 | Ongoing | ADIS | This is an ongoing process. |
| | Organisation | | | | |

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| 001 | Governance – | | | | |
| | <i>Review and update information governance arrangements</i> | 06/22 | 03/24 | Gov | Information sharing agreement and DPIA revised and approved by SMT. Work continues on reviewing the data protection policy, the Data Subject Access Request (DSAR) and data breach process by end Mar 2023. These will form a suite of documentation to be rolled out the the organisation and published on the website from Apr 2023. Training needs analysis will be conducted and training delivered during Q2 2023/24. Explore Phase 2 of improvements to information governance arrangements, e.g. asset registers, retention regulations, archiving and disposal of data and identification of data protection software to be undertaken in Q3 2023/24 for procurement within Q4 2023/24. Finish date changed from 03/23 to 03/24. |
| | <i>Complete roll out of workflows etc within Modern.gov and implement paperless meetings</i> | 04/22 | 09/23 | Gov | Progress has been made on workflows and the report writing element is the final test phase and close to being completed. A guide to report writers is scheduled to be completed by end Feb 2023. Discussions taking place between Governance and ICT Teams to identify appropriate solutions to overcome security issues with members' devices. Options appraisal being produced. Finish date changed from 06/22 to 09/23. |
| | <i>Implement new statutory officer arrangements and internalise</i> | 04/22 | 03/23 | Dir / ADR | Completed. As of 1st Jan 2023, the Head of Governance has taken on the statutory role of |

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| | <i>committee and member support activity</i> | | | | <p>monitoring officer which was approved by the Authority on 8th Dec 2022. The Assistant Director - Resources will take on the statutory role of Treasurer from 1st Apr 2023.</p> |
| | <i>Update procurement arrangements processes and systems including the implementation of the Yortender replacement</i> | 12/21 | 06/23 | Gov | <p>Yortender replacement implemented Apr 2022 and all relevant procurements are captured on the new system.</p> <p>In addition, the gateway approval document has been drafted and is with internal audit for review before formal approval by SMT. Once approved formal procurement training for appropriate officers will be delivered.</p> <p>The review of the contitution will include a full review of SYPA's 'contracts and standing orders'. This will be at a later date dependent on progress through Parliament of The Procurement Bill.</p> |
| | <i>Update process and procedure documentation across all aspects of Pension Administration to allow regulatory compliance to be demonstrated through the Portal</i> | 04/22 | 03/25 | S&E | Completed deferred benefits. New interfund guide will go live Q4 2022/23. Working on a plan to update other process and procedure documentation. |
| | <i>Demonstrate compliance with the relevant TPR codes</i> | 09/22 | 08/23 | Gov | Legal team procured to conduct full review to ensure SYPA is fully compliant. |
| New | Commission full review of the constitution using legal advisors | 12/22 | 5/23 | Gov | Legal team procured to conduct full review to ensure SYPA is fully compliant. |

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| 002 | People – | | | | |
| | <i>Procure and implement a new HR and Payroll System</i> | 01/22 | 09/23 | ADR / HR / Fin | Procurement specification produced and to be sent to BMBC in Feb 23. Finish date changed from 03/23 to 09/23. |
| | <i>Consolidate the new finance team structure and capture benefits.</i> | 04/22 | Ongoing | ADR / Fin | Benefits realisation exercise to be conducted Q3 23/24 by Projects and Performance Officer. |
| | <i>Address currently identified recruitment and retention risks</i> | 01/22 | 12/22 | Dir / HR | Superseded. See new objective 006 re Pay and benefits review. |
| | <i>Develop a staff Health and Wellbeing Strategy</i> | 01/23 | 04/24 | ADR / HR | Not yet started. Health, Safety and Wellbeing is now well established. Assistant Director – Resources is leading on developing the strategy. |
| | <i>Develop an Apprenticeship framework to support existing and future apprentices</i> | 01/22 | 04/23 | HR | Apprenticeship framework in place. More work to be done on developing how we use apprentices more widely across the organisation. |
| | <i>Create structured learning paths for different job roles using the different learning support technologies available</i> | 01/22 | 12/23 | HR | Some work done on pathways but not embedded. HR Business Support Officer to support learning and development to be appointed beginning of Mar 2023 and will support this work. Finish date changed from 12/22 to 12/23. |
| <i>Implement actions from the 2020 staff survey</i> | Ongoing | Ongoing | SMT / HR | Work is ongoing on responding to staff feedback. As a result of additional feedback received following a Unison survey in Nov 2021, staff focus groups held in May 2022 and SYPA's first away day in July, the decision was made to postpone the 2022 survey until the summer of | |

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| | <p><i>Undertake 2023 staff survey and identify appropriate responses to the results</i></p> | <p><i>Ongoing</i></p> | <p><i>Ongoing</i></p> | <p>SMT / HR</p> | <p>2023. All feedback has been collated and worked through, e.g. work is being undertaken to develop a means of our people to submit (anonymously or otherwise) ideas and concerns for consideration by appropriate leaders and managers.</p> <p>The 2023 survey will be conducted during the Summer 2023 before the next away day that will be scheduled in Sep 2023.</p> |
| | <p><i>Enhance collaborative working across the organisation</i></p> | <p><i>01/22</i></p> | <p><i>Ongoing</i></p> | <p>All Managers</p> | <p>A Middle Managers Group was established in Nov 2022 and is meeting on a monthly basis to enhance cross organisational collaboration and report back the SMT on any issues that need decision or direction.</p> <p>A cross departmenta/functional UPM Oversight Group was established in Nov 2022 to oversee and prioritise pensions administration systems changes and developments.</p> <p>A procedures working group meets monthly.</p> <p>An Equality and Diversity Group with representatives from a number of teams was established in Jan 2023 and will meet monthly.</p> |

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| 003 | ICT – <i>Complete the roll out of Microsoft 365 tools and the migration to 365 infrastructure</i> | 06/21 06/21 | 03/25 12/23 | ICT ICT | 5 elements implemented, e.g. solution for backups May/Jun 2022; migrated telephony in Q3 2022/23; migrated 90% of all user mailboxes (systems that interact with email e.g UPM); End date changed from 09/22 to 12/23. |
| | <i>Agree and implement a revised hardware replacement programme</i> | 04/22 | 06/23 | Inf | Need to create a hardware replacement policy. Finish date changed from 04/23 to 06/23. |
| | <i>Implement the updated corporate website</i> | 11/21 | Ongoing | ICT | Completed. The website went live in Jan 2022. |
| | <i>Review and update ICT policies, including specifically a review of password management arrangements</i> | 04/22 | Ongoing | ICT | Updated password policy. Other policies still to do. |
| | Strengthen cyber security. | 04/22 | Ongoing | ICT | Wording changed from ‘Undertake annual ICT security health checks’ to ‘Strengthen cyber security’. Cyber security has been strengthened and SYPA is ‘Cyber essentials’ compliant. Mandatory cyber security training introduced for all employees.. |

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| 004 | Project and Programme Management – <i>Determine a stripped down and appropriately scale project management process</i> | 11/22 | 05/23 | PP | Service Manager – Programmes and Performance and Projects and Performance Officer posts now in place to focus on this work. Start date changed from 06/22 to 11/22 and finish date changed from 03/23 to 05/23. |
| | <i>Initiate a clearly defined process for prioritising and agreeing development and other system change requests</i> | 06/22 | 03/23 | ADP | Completed. We have changed the way projects and improvements are started to take a more systemic view rather than responding to ad hoc change requests. Change requests are now made through a new channel on SharePoint and our UPM Oversight Group prioritises and agrees development and other system change requests. |
| 005 | Business Continuity – <i>Produce revised corporate ICT business continuity plan</i> | 04/22 | 09/22 | Inf | Wording changed from ‘Produce revised corporate business continuity plan’ to ‘Produce revised corporate ICT business continuity plan’ |
| | <i>Reinstate annual testing of ICT Disaster Recovery arrangements</i> | 09/22 | Ongoing | Inf | Ongoing local testing has happened. Remote testing outstanding. |
| 006 | Commission an independent review of the organisation's pay and benefits | 10/22 | 12/22 | ADR | This is a new objective. Consultancy+ HR commissioned. Research conducted and a report present to SMT/HR Dec 2022. SMT/HR meeting in February to discuss the results from the review and recommendations. |

Key to Responsible Managers:

| | |
|------|--|
| ADIS | Assistant Director – Investment Strategy |
| ADP | Assistant Director – Pensions |
| ADR | Assistant Director – Resources |
| Ben | Service Manager – Benefits |
| Cus | Service Manager – Customer Services |
| Dir | Director |
| Fin | Service Manager – Financial Services |
| Gov | Team Manager – Governance |
| HG | Head of Governance |
| ICT | Head of ICT |
| Inf | Service Manager – ICT Infrastructure |
| PP | Service Manager – Programmes and Performance |
| S&E | Service Manager – Support and Engagement |
| Sys | Service Manager – Pensions Systems |
| TA | Technical Adviser |

6. How will we know if what we have done has had an impact?

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

Changes in the following indicators will be used to help us understand whether the changes we have made have had an impact. Each indicator has been linked to one of the corporate objectives.

Customer Focus

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

- Deliver an upward trend in customer satisfaction with the administration service. *Customer satisfaction is measured through surveys looking at a range of interactions (e.g. retirement, telephone contact etc.). While there are periodic up's and downs all these measures give a combined satisfied and very satisfied score over 90%.*
- Meeting targets for the processing of transactions within specified timescales. *Current processing performance is below target at around 80% of the Authority's own standards which are generally more stretching than industry norms. While efforts are being made to improve this there is no evidence from increasing complaints or satisfaction surveys that the current position is causing an issue for customers.*
- Retention of Customer Service Excellence accreditation *This has been achieved for the next review cycle and the report is available on the Authority's website.*
- Numbers of complaints and compliments *The number of complaints remains very low in the context of both the number of scheme members and the number of customer interactions. Details are reported to each meeting of the Local Pension Board. There is no discernible trend in the numbers of complaints.*
- Numbers of appeals against Authority decisions and the proportion upheld. *Again the numbers of appeals against the Authority's decisions (as opposed to those of employers) is very low with none upheld.*

Listening to our stakeholders

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

- Achieve a rising trend in the actuarial funding level. *This was achieved at the 2019 valuation with a funding level of close to 100%. Subsequent estimates indicate that full funding has been achieved and is being maintained.*
- Achievement of stability in employer future service contribution rates.

This was measured at the 2022 valuation. However, measurement is complicated by the impact of scheme changes on the valuation process and setting of contribution rates.

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.

- Fund level investment returns v benchmark and actuarial assumption.
The Fund saw a significant increase in value during 2020/21 and has delivered positive returns in excess of the benchmark and CPI over 3, 5 and 10 years.
- Investment returns by asset class v the asset class specific benchmark
This detail is included in the Authority's annual report and as would be expected there is variation across asset classes, although in general there is a positive picture.
- An increasing trend in the level of investment income achieved relative to assets under management (Note this indicator will require adjustment to reflect changes resulting from the move to holding assets within pooled vehicles).
After adjusting for the fact that equity dividends are now reinvested directly within pooled funds the overall level of income is increasing.

Responsible Investment

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

- Achieve a downward trend in the level of carbon emissions from the equity portfolios, and a position better than reflected in the benchmark indices
This data is included in the Annual Report and there is a downward trend, albeit one that fairly closely mirrors the trend of the broader index.
- Achieve a rising ESG score from the equity portfolios and a position better than reflected in the benchmark indices.
This is being achieved and data is now included in quarterly reports.
- Rate of progress towards achieving Net Zero Carbon emissions from the portfolio.
This is reflected in the Annual Report and in quarterly reporting. There is positive progress but not yet at a rate that will achieve the agreed Net Zero goal.

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.

- Achievement and maintenance of full funding
This is formally measured at the actuarial valuation every three years. The estimated position is currently that there is a surplus at fund level.

Effective and Transparent Governance

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

- Aim to maintain costs below the CEM peer group median and below the CEM benchmark median.
The latest final CEM report is not yet available, but this has been achieved in previous years.
- Aim to maintain administration costs per member at a level less than the England Average (as measured in SF3)
This is being achieved.
- Aim to maintain the total cost of running the Fund as a proportion of assets below the England and UK averages.
This is not being achieved based on the comparison using SF3 data, however this is likely to be due to the significant inconsistencies in accounting practices relating to non-invoiced investment costs. The CEM benchmarking information which makes estimates in relation to under-reporting has previously indicated a relatively low-cost position when adjusting for this under-reporting and should be regarded as more reliable.

Valuing and engaging our Employees

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

- Levels of sickness absence
The overall level of sickness absence has declined during 2020/2, although there has been some increase subsequently in line with wider trends.
- Aim to show an improving trend in staff engagement from staff survey data.
The results of the Staff Survey carried out during 2020 show an improved level of engagement over 2018 but point to the need to address issues around career paths and role stimulation particularly for more experienced pension administration staff.
- Volume of training per member of staff (days).
It is currently not possible to comprehensively measure this indicator. Comprehensive measurement will be available when the new HR system is implemented.
- Aim for 100% of staff to receive an appraisal.
Due to the absence of an effective HR system, it is currently not possible to provide comprehensive information on this indicator. Sample data from Internal Audit work indicates some inconsistencies in approach.

In addition to these indicators which we will use to understand the impact the work we are doing is having we continue to monitor a range of process indicators for the administration service which are used to facilitate national comparisons and ensure compliance with regulatory requirements.

7. What are the things which might stop us from achieving our objectives?

These are the risks that something might go wrong. The chart below shows each of the risks included on our Corporate Risk Register as at December 2020 mapped on to the risk matrix which we use to understand how significant each risk is. The further towards the top right of the matrix a risk is the greater its significance for us.

We use four categories to classify risks:

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

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

The Risk Register has been comprehensively rebased as part of the work to prepare the Corporate Strategy. A summary of the register as at November 2023 is shown below. The full risk register is available with the quarterly performance reports on the Authority's website.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

| | | | | | | |
|--------|-----------|---|----------------------------------|--|---|------|
| Impact | Very High | - Imbalance in cashflows resulting in inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. | | | - Impact of climate change on investment assets and liabilities | |
| | High | | | <ul style="list-style-type: none"> - Material changes to the value of investment assets / liabilities due to major market movements' - Weak or ineffective project management arrangements Impact of poor data quality on operations <ul style="list-style-type: none"> - Data protection / GDPR risks - Failure to achieve regulatory compliance - Failure of Authority members to maintain adequate levels of knowledge & understanding | - Failure to maintain effective cyber defences | |
| | Medium | | Breakdown of control environment | <ul style="list-style-type: none"> - Affordability of contributions; negative impact on employer financial viability. Potential default on the making of contributions by employers. - Failure of Local Pension Board members to maintain adequate levels of knowledge & understanding - Failure to manage key risks in Border to Coast strategic plan | - Ability to recruit and retain a skilled & qualified workforce | |
| | Low | | | | | |
| | Very Low | | | | | |
| | | | Very Low | Low | Medium | High |

Probability

The external environment remains highly uncertain and consequently while over the last 12 months some risk exposures have reduced, there remain more red risks than we would like to be dealing with in an ideal world.

8. What's it all going to cost?

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

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

Operating Budget

The Operating Budget represents the cost of running the Authority's activities including Pension Administration, oversight of the investment strategy and the costs of governance. These costs, like a council budget, are controllable and the Director is accountable to the members of the Authority for spending within the budget. The table below provides a summary of the budget for 2023/24 and forecasts for future years.

| South Yorkshire Pensions Authority Operating Budget | 2022/23 Forecast Outturn £ | 2023/24 Budget £ | 2024/25 Estimate £ | 2025/26 Estimate £ |
|--|-------------------------------------|------------------------|--------------------------|--------------------------|
| Pensions Administration | 2,621,490 | 3,077,530 | 3,250,850 | 3,315,880 |
| Investment Strategy | 528,180 | 635,770 | 653,640 | 651,180 |
| Finance & Corporate Services | 873,080 | 1,072,230 | 1,108,440 | 1,130,370 |
| ICT | 713,370 | 934,470 | 1,026,800 | 1,047,180 |
| Management & Corporate | 714,120 | 869,650 | 869,780 | 859,570 |
| Democratic Representation | 136,180 | 145,920 | 149,290 | 152,290 |
| Unfunded Liabilities | 321,600 | 353,000 | 365,360 | 378,150 |
| Subtotal Revenue Expenditure: | 5,908,020 | 7,088,570 | 7,424,160 | 7,534,620 |
| Capital Expenditure | 64,720 | 72,000 | 0 | 0 |
| Contribution to Reserves | 178,860 | (150,000) | (80,000) | 70,000 |
| Levy on District Councils | (321,600) | (353,000) | (365,360) | (378,150) |
| Total Charge to Pension Fund | 5,830,000 | 6,657,570 | 6,978,800 | 7,226,470 |
| <i>Table for MTFS:</i> | | | | |
| Operating Budget | 2022/23 Forecast Outturn £ | 2023/24 Budget £ | 2024/25 Estimate £ | 2025/26 Estimate £ |
| Employees | 3,960,320 | 4,648,120 | 4,870,170 | 4,952,520 |
| Premises | 302,670 | 397,450 | 412,130 | 419,770 |
| Other Running Costs | 1,459,360 | 1,846,260 | 1,939,010 | 1,949,940 |
| Subtotal: Gross Expenditure | 5,722,350 | 6,891,830 | 7,221,310 | 7,322,230 |
| Income | (135,930) | (156,260) | (162,510) | (165,760) |
| Subtotal: Net Expenditure | 5,586,420 | 6,735,570 | 7,058,800 | 7,156,470 |
| Capital Expenditure | 64,720 | 72,000 | 0 | 0 |
| Contribution to Reserves | 178,860 | (150,000) | (80,000) | 70,000 |
| Total Charge to Pension Fund | 5,830,000 | 6,657,570 | 6,978,800 | 7,226,470 |
| Membership | 172,952 | 174,680 | 176,430 | 178,190 |
| Cost Per Member | £33.71 | £38.11 | £39.56 | £40.55 |

There is a significant increase in the budget for 2023/24 which reflects the Authority's decision to make a substantial investment to increase the level of resources available to the organisation to ensure that it is able to deliver the activities outlined in this Corporate Strategy and meet the increasing demands of customers and regulators in relation to the quality of service which we deliver. In addition of course, the Authority, like every other organisation and individual is affected by the impact of inflation on our costs. More detail is available in the Medium Term Financial Strategy and the Budget report presented to the January Authority meeting each year.

The Pension Fund

The table below sets out a financial forecast for the Pension Fund including the Operating Budget and all other costs incurred in the running of the Fund, such as investment management fees which are charged directly to the Fund.

| South Yorkshire Pension Fund Financial Forecast | Actual | Forecast | Forecast | Forecast | Forecast |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £m | £m | £m | £m | £m |
| <i>Dealings with members, employers and others directly involved in the scheme:</i> | | | | | |
| Contributions receivable & transfers in from other pension funds | -211 | -215 | -256 | -266 | -277 |
| Benefits payable and payments to or on account of leavers | 338 | 361 | 358 | 345 | 355 |
| Net (additions) / withdrawals from dealings with members | 127 | 146 | 102 | 79 | 78 |
| Management expenses | 106 | 81 | 87 | 90 | 93 |
| Net returns on investments | -1,045 | -643 | -682 | -685 | -709 |
| Net (increase)/decrease in the Fund during the year | -812 | -416 | -493 | -516 | -538 |
| Net Assets of the Fund at 1 April | -9,862 | -10,674 | -11,090 | -11,583 | -12,099 |
| Net Assets of the Fund at 31-Mar | -10,674 | -11,090 | -11,583 | -12,099 | -12,637 |
| Management Expenses as Percentage of Average Net Assets | 0.99% | 0.68% | 0.71% | 0.75% | 0.79% |

This forecast reflects the Fund's historically strong performance and the increasing maturity of the membership which is reflected in the continuing need for investment income to meet the cost of paying benefits. The change in the Strategic Asset Allocation tends to increase investment management costs and in particular performance fees, although the impact of these is also reflected in strong performance. Based on current estimates of the funding level, this forecast indicates that based on the underlying assumptions it should be possible to maintain full funding at whole fund level and continue to reduce the deficit for those employers who continue to be in a deficit position.

9. What about our people?

While they do not appear on our balance sheet our people are SYPA's most valuable asset, we will deliver none of the projects outlined in this corporate strategy without their engagement and commitment. At the same time while rewarding staff fairly and treating them with respect and compassion we do need to continually review our employment policies to ensure that they support us in being the sort of organisation we want to be.

As at January 2023, we directly employ 94 full time equivalents (equating to around 110 people). excluding vacancies. This will increase from April 2023 from 103 FTE to 115 FTE by April 2024 as a result of the outcomes of an organisational resourcing and resilience review undertaken during 2022.

A number of the actions set out in the Action Plan within this corporate strategy reflect our continuing focus on the development of our workforce and more detail is set out in the Human Resources Strategy which sets out much more detail both on the challenges we face and the specific actions we propose to take, across three themes:

- Developing the current workforce to meet the needs of the organisation
- Recruiting a workforce for the future
- Retaining a high quality workforce

How staff feel about working for SYPA is also an important driver of the likelihood that we will be successful in delivering the various projects that are set out in this plan. During 2020 we carried out our bi-annual staff survey. For the first time this was carried out by an external organisation in order to create a robust baseline so that we can better measure progress in this area.

Due to other feedback received in 2022 through focus groups and our first away day held in July 2022, we decided to work on actions arising from those sessions and postpone running our staff survey until the Summer of 2023. Fortunately, this will tie in well with running our second away day in September 2023. We have also decided to run a regular 'Town Hall' event so our people can ask questions to our Senior Management Team. This will be supported by a 'Look back / Look forward' update every March and September to highlight and celebrate achievements in the previous 6 months and outline goals for the next 6 months.

Our approach to internal communications has been boosted by the appointment of a Communications Officer who has brought fresh insight and thinking and improved our internal communications on a number of fronts including our social media presence which has given a higher profile to our recruitment efforts. That role will be strengthened in 2023/24 by the appointment of a communications assistant with a particular focus on digital communications.

We have now established a Middle Managers Group to improve communication and collaboration across departments and functions. This group meet bi-monthly and report into the Senior Management Team meeting following with a summary of discussions, actions and decision requests.

A number of Middle Managers and Team Leaders participated in a Management Development Programme. This consisted of 10 modules that ran from June 2021 and was completed in a 'Bringing it all together' session in July 2022. The programme is currently being evaluated to gauge impact using a survey sent to all participants.

We continue to face changes over the planning period and our investment in our people and their development remain an extremely high priority. We continue to recognise that, if we are to successfully achieve the broader objectives set out in our Corporate Strategy, an engaged and motivated workforce is a must in ensuring we deliver better services for our customers.