

Delivering for our Customers

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Corporate Performance Report

Quarter 1 2023/24

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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 first quarter of the 2023/24 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.



Delivery of corporate strategy is showing good progress across a range of objectives.

Despite market conditions, a strong funding level is being maintained.

Performance in pensions administration has declined since the previous quarter.

Related to the above, a new risk relating to backlogs has been added to the risk register. Mitigations identified.

An over-spend of 1% against the budget is currently forecast.

3. Delivering the Corporate Plan & Supporting Strategies

- 3.1 This section provides an update on progress made in delivering the corporate objectives of the organisation.
- 3.2 The update to the Corporate Strategy for the period 2023-2026 was approved in February 2023 and reflects the continuing ambition to build a stronger, more resilient organisation focussed on delivering for our customers.
- 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 table provides updates in respect of developments that have taken place during the quarter in delivering these programmes of work.
- 3.5 Key to abbreviations used in the table that follows:

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
Gov	Governance Team Leader
HoF	Head of Finance
HoG	Head of Governance
ICT	Head of ICT
INF	Service Manager - ICT Infrastructure
OMO	Operations Management Officer
PP	Service Manager - Programmes and Performance
S&E	Service Manager - Support and Engagement
Sys	Service Manager - Pensions Systems
TA	Technical Adviser

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
Data						
D02	Guaranteed Minimum Pension – Completion of Rectification process	Nov-21	Dec-23	ADP	The timescale for this objective has been put back to be completed in the Oct to Dec quarter. Work is in progress and currently on track to meet this revised target date.	✓
D03	McCloud Remedy-	Mar-22	Apr-24	ADP	See updates below:	
	<i>System Upgrades</i>	<i>Apr-23</i>	<i>Oct-23</i>	<i>Sys</i>	The timescales for this were revised due to delays in the issuing of regulations. Ongoing dialogue is currently taking place with software supplier to ensure the relevant updates are installed and tested.	✓
	<i>Processing and Case Reviews</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>Ben</i>	In progress.	✓
	<i>Member Communications</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Cus</i>	Ongoing. Some general communications have appeared in newsletters and on Annual Benefits Statements.	✓
	<i>Employer Communications</i>	<i>Oct-21</i>	<i>Mar-24</i>	<i>S&E</i>	Ongoing. Employers kept informed via newsletter every quarter.	✓
D05	Pensions Dashboard – Provision of data in line with regulatory requirements	Apr-23	Mar-25	Sys	Demonstrations received from suppliers who provide data transfer. Work on this currently paused.	↔
D06	Deliver annual data improvement plan	Apr-22	Mar-25	TA	Work is ongoing.	✓
Process Improvement						
P01	Implement contractual improvements to the Core UPM Pension Administration System –	Feb-22	Mar-25	ADP		
	<i>Review of compliance with the new contract and effectiveness of delivery</i>	<i>Dec-22</i>	<i>Jun-23</i>	<i>ADP</i>	Work is well progressed as reported to the Authority meeting in June 2023.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<i>Review and updating of processes</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Ben / Sys</i>	In progress, a working group led by the Service Manager - Pensions Systems has been established to identify and prioritise the various changes required.	✓
	<i>Automation of Joiners</i>	<i>Sep-21</i>	<i>Apr-24</i>	<i>Sys</i>	No progress made in Q1.	-
	<i>Automation of leavers / deferred members</i>	<i>Jun-21</i>	<i>Jun-24</i>	<i>Sys</i>	No progress made in Q1.	-
	<i>Improve functionality of employer hub</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>Sys</i>	Ongoing - dialogue taking place with software supplier regarding the options for employer hub and associated costs.	↔
P02	Monthly Data Collection (MDC) -	Mar-22	Mar-25	Ben	Establishment of new MDC team dedicated to work on this area is proving to be very successful.	-
	<i>Validator App enhancements</i>	<i>Mar-22</i>	<i>Mar-25</i>	<i>ICT / Ben</i>	Work on this will recommence following consolidation and embedding of the new processes in the relatively new MDC team.	-
P03	Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation –	Apr-22	Mar-25	Dir		
	<i>Pension Administration Regular Management Information</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Ben / Sys / PP</i>	Limited progress in 2022/23, will provide a greater focus on this objective in the second half of 2023/24 - when new AD - Pensions in post and also when new Service Manager - Programmes and Performance recruited.	↔

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<i>UPM Finance Reports</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Sys / HoF</i>	Originally held up awaiting delivery of consultancy from the software supplier; this has now been provided and the Systems team are liaising with Finance team to ensure the full suite of required reporting is available. On track to meet timescale.	✓
	<i>Customer Centre Management Information</i>	<i>Apr-22</i>	<i>Mar-23</i>	<i>Cus</i>	In progress. Monthly reports with data are now being produced, with further work required to refine and enhance the management information and analysis of this.	↔
	<i>Employer Performance</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Ben / S&E</i>	Ongoing. Should be able to progress this further in line with work on the wider pensions administration system MI and the work being done by the MDC team.	✓
	<i>Financial Reporting</i>	<i>Apr-22</i>	<i>Mar-25</i>	<i>ADR / HoF</i>	Ongoing.	✓
	<i>HR Reporting</i>	<i>Oct-22</i>	<i>Mar-25</i>	<i>ADR / HRBP</i>	Not yet started - will be taken forward when new HR system procured and implemented.	-
P04	Financial Process Improvements -	Apr-22	Mar-24	ADR		
	<i>Review debt recovery processes</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>HoF</i>	A new debt recovery policy and procedure has been drafted, pending SMT approval. On track to meet the target timescale.	✓
	<i>Review of processes following implementation of new financial systems to capture benefits</i>	<i>Apr-22</i>	<i>Dec-23</i>	<i>HoF</i>	Benefits are being realised, timescale for completion of review exercise was revised to later in 2023 due to other priorities.	↔
	<i>Complete the review of the VAT Partial Exemption Special Method</i>	<i>Mar-23</i>	<i>Dec-23</i>	<i>HoF</i>	Not yet progressed but work due to take place in second half of the year.	↔

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<i>Review custodian arrangements and procure as necessary</i>	<i>Feb-22</i>	<i>Mar-24</i>	<i>HoF</i>	Work on this is progressing well and is on track for the target timescale.	✓
	<i>Reprocure commercial property insurance if required</i>	<i>Jul-24</i>	<i>Mar-25</i>	<i>ADR / HoF</i>	Not yet due.	–
P05	Certifications aimed at embedding process improvements across the organisation –	Apr-22	Mar-25	Dir		
	<i>Maintain Customer Services Excellence accreditation</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Cus</i>	Accreditation retained as at March 2023 following a full review.	✓
Investment						
I01	Strategic Issues –	Apr-22	Mar-25	Dir		
	<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>	Annual update completed as at March 2023, next one will be completed for March 2024.	✓
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>Dir / ADIS</i>	Working with Border to Coast on this - to consider complexities in relation to legal requirements.	✓
I02	Tactical and Transactional Issues –	Apr-22	Ongoing	ADIS		
	<i>Implement revisions to the Strategic Asset allocation</i>	<i>Apr-23</i>	<i>Ongoing</i>	<i>ADIS</i>	Implementation will begin from Apr 2023 but some of the expected changes will have to be phased in.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<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 / ADIS</i>	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>	<i>Sep-21</i>	<i>Sep-23</i>	<i>Dir</i>	On-going, must conclude by December 2023.	↔
	<i>Review legacy portfolios and determine the ultimate exit routes in each case</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ADIS</i>	This will be a focus at the investment panel to be held in September 2023.	✓
	<i>Continue to develop stewardship reporting in response to regulatory feedback</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ADIS</i>	Work is ongoing.	✓
Organisation						
001	Governance –	Dec-21	Mar-25	ADR		
	<i>Review and update information governance arrangements</i>	<i>Jun-22</i>	<i>Mar-24</i>	<i>HoG</i>	This is a significant project. Work is well under way on preparation and review of a suite of policy and procedures, with an aim to implement these and roll out training to staff during 2023/24.	✓
	<i>Complete roll out of workflows etc. within Modern.gov and implement paperless meetings</i>	<i>Apr-22</i>	<i>Sep-23</i>	<i>Gov</i>	This is well progressed now and on track for completion to the revised timescale shown.	✓
	<i>Update procurement arrangements, processes, and systems including the implementation of the YORtender replacement</i>	<i>Dec-21</i>	<i>Dec-23</i>	<i>Gov</i>	YORtender replacement platform was implemented successfully. Procurement procedures currently being reviewed.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<i>Update process and procedure documentation across all aspects of Pension Administration to allow regulatory compliance to be demonstrated through the Portal</i>	<i>Apr-22</i>	<i>Mar-25</i>	<i>S&E</i>	Work is ongoing.	-
	<i>Demonstrate compliance with the relevant TPR codes</i>	<i>Sep-22</i>	<i>Aug-23</i>	<i>ADP / HoG</i>	Currently awaiting publication of new TPR General Code of Practice.	↔
	<i>Commission full review of the Constitution through the use of legal advisers.</i>	<i>Dec-22</i>	<i>Jun-23</i>	<i>HoG</i>	Completed - revised Constitution approved at the June Authority Meeting.	✓
002	People –	Jan-22	Ongoing	SMT & HR		
	<i>Procure and implement a new HR and Payroll System</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>ADR / HoF / HRBP</i>	The work on this project slipped due to competing priorities and limited staffing resources available to work on this. Timescale has been revised for this to be progressed during 2023/24.	↔
	<i>Consolidate the new finance team structure and capture benefits</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>HoF</i>	An exercise to review progress and benefits realised is due to take place in Oct-Dec 2023.	✓
	<i>Develop a staff Health and Wellbeing Strategy</i>	<i>Jan-23</i>	<i>Apr-24</i>	<i>ADR / HRBP</i>	Health and Wellbeing arrangements are well embedded but the development of a strategy has not yet started.	✓
	<i>Develop an Apprenticeship framework to support existing and future apprentices</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>HRBP</i>	Framework in place but requires further development - to be taken forward in 2023/24.	✓
	<i>Create structured learning paths for different job roles using the different learning support technologies available</i>	<i>Jan-22</i>	<i>Sep-24</i>	<i>HRBP / S&E</i>	Some work done but not yet embedded. A new post of Business Support Officer with a focus on Learning and Development is due to start in Oct 2023 - this role holder will support the work required in this area.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
	<i>Undertake staff survey and identify appropriate responses to the results</i>	<i>Jun-23</i>	<i>Dec-23</i>	<i>ADR / HRBP</i>	Work on this will be progressed during the second quarter of 2023/24 with the survey results due in October 2023.	✓
	<i>Enhance collaborative working across the organisation</i>	<i>Jan-22</i>	<i>Ongoing</i>	<i>All Managers</i>	Progressing well, with a number of collaborative groups now in place; including a Middle Managers group, a cross-functional pensions system oversight group, among others.	✓
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>Dec-23</i>	<i>ICT</i>	The majority of this is complete, final stages on track to be completed by December 2023.	✓
	<i>Agree and implement a revised hardware replacement programme</i>	<i>Apr-22</i>	<i>Jun-23</i>	<i>INF</i>	A programme of replacement of laptops is in progress and work is also taking place to replace desktop monitors in the office.	✓
	<i>Review and update ICT policies, including specifically a review of password management arrangements</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT</i>	Not yet progressed - will be seeking to procure some external support with this work due to having insufficient resources available in the team to cover this in addition to the wide range and volume of other priorities.	↔
	<i>Strengthen Cyber Security</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	Cyber Essentials accreditation retained, cyber security training delivered to all employees. Work in this area is continually being developed and is high priority for the organisation.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
O04	Project and Programme Management –	Jun-22	Mar-24			
	<i>Determine a stripped down and appropriately scaled programme and project management process</i>	<i>Jun-22</i>	<i>May-2023 - Revised to Mar-2024</i>	<i>PP</i>	<p>Good progress made during 2022/23 with establishment of a small team and implementation of project management methodology tailored appropriately to our size and scale.</p> <p>Next phase is to focus on the performance management framework; this has been delayed due to staff turnover; we are currently recruiting for a new Service Manager - Programmes and Performance who will be responsible for taking this forward. Timescale revised accordingly.</p>	✓
O05	Business Continuity –	Apr-22	Ongoing	ADR		
	<i>Produce revised corporate business continuity plan</i>	<i>Apr-22</i>	<i>Dec-23</i>	<i>ICT / OMO</i>	<p>New role of Operations Management Officer reporting to the Head of ICT has been recruited and will commence in August 2023; this role holder will lead on this piece of work and we will commission external assistance as required due to a lack of resources internally to dedicate to this work.</p>	✓
	<i>Reinstate annual testing of ICT Disaster Recovery arrangements.</i>	<i>Sep-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	<p>Ongoing local testing has taken place.</p>	✓




Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 1	On Track:
		Start	Finish			
O06	Pay and Benefits Review			ADR		
	<i>Commission an independent review of the organisation's pay and benefits, and develop actions to address the findings.</i>	<i>Oct-22</i>	<i>Mar-24</i>	<i>ADR / HRBP</i>	Original review was completed in 2022/23. The outcome from this was to commission some further work in relation to practical recommendations around pay structure and the wider benefits package. Good progress made on this during the first quarter and the aim is to produce a set of proposals to take to the Staffing Committee in the autumn this year.	✓

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 during April to June 2023 is as follows.

Measure	Performance Quarter 1 2023/24	Performance YTD 2023/24	Performance in Previous Year Q1: 2022/23	Movement
Short Term Sickness Absence – Days Lost per FTE	0.96	0.96	0.73	
Long Term Sickness Absence – Days Lost per FTE	1.38	1.38	0.71	
Total Days Lost per FTE	2.34	2.34	1.44	

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 The sickness absence in this first quarter of the year has increased compared to the same quarter last year.


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. Human Resources are currently putting in place additional measures to support and ensure line managers take appropriate steps to manage attendance in line with the policy – such measures include providing additional notifications to service managers on sickness absence triggers each month, copied to the relevant Assistant Director.

4.6 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 1 2023/24	Quarterly Benchmark	Performance YTD 2023/24	2023/24 Benchmark	2023/24 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.20%	0.10%	0.20%	0.10%	1.10%	

4.9 We have met our expected benchmark return for the quarter, although given the current market conditions, we are behind the actuarial target for the year.





4.10 The total Fund value at 30 June 2023 was £10.302bn

4.11 The Funding Level at 30 June 2023 is estimated at 156%. The value of liabilities has continued to fall, and even though the valuation of assets was flat over the quarter, the funding level has risen overall.

4.12 At the end of the quarter, 70.4% 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	2023/24 Quarter 1	2023/24 YTD	Previous Year: 2022/23	Target 2023/24	Movement
Proportion of priority cases processed on time	57%	61%	79%	100%	
Proportion of non-priority cases processed on time	69%	70%	73%	100%	
Proportion of all cases processed on time	67%	69%	68%	100%	
Proportion of employer data submissions on time	94%	94%	95%	100%	

4.15 This has been a challenging first quarter due to staffing shortages and difficulty finding temporary staff. For the majority of this first quarter, benefits staff were still spending time supporting work on Monthly Data Collection (MDC). However, the new MDC team is now fully staffed, and this is leading to a slight increase across our case processing performance going into the next quarter.

4.16 Work on capacity planning and analysis has been completed to provide evidence-based data on staffing needs. The outcomes from this are being worked through with the aim of presenting proposals to a Staffing Committee in the autumn.

4.17 The proportion of employer data submissions in the first quarter has remained largely consistent with the overall percentage for 2022/23. It is hoped that this proportion will improve over the rest of this year with the increasing focus from the dedicated MDC team working in close collaboration with the engagement team who are able to provide targeted support to employers.

4.18 At the end of the quarter, membership of the Fund stood at 177,621.

4.19 16 new employers were admitted to the scheme during the quarter, and there were no terminations completed.

4.20 There were 534 participating employers with active members at 30 June 2023.

Financial Measures

2023/24 Q1 Forecast Outturn

4.21 The quarter 1 forecast expenditure for the year and variance against the budget is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2022/23 Actuals £	2023/24 Budget £	2023/24 Q1 Forecast £	2023/24 Q1 Forecast Variance £	2023/24 Q1 Forecast Variance %
Pensions Administration	2,870,210	3,077,530	3,206,820	129,290	4.20%
Investment Strategy	526,760	635,770	627,630	(8,140)	(1.30%)
Resources	942,210	1,033,720	1,037,680	3,960	0.40%
ICT	720,340	972,975	938,470	(34,505)	(3.50%)
Management & Corporate	693,470	869,650	853,420	(16,230)	(1.90%)
Democratic Representation	152,540	145,920	165,100	19,180	13.10%
Subtotal - Cost of Services	5,905,530	6,735,565	6,829,120	93,555	1.40%
Capital Expenditure Charge to Revenue	89,820	72,000	72,000	0	0.00%
Subtotal before transfers to reserves	5,995,350	6,807,565	6,901,120	93,555	1.40%
Appropriations to / (from) Reserves	(66,360)	(150,000)	(177,000)	(27,000)	18.00%
Total	5,928,990	6,657,565	6,724,120	66,555	1.00%

4.22 The forecast outturn for the year before transfers from reserves is an over-spend of £94k. After the transfers from reserves, we are currently forecasting a remaining over-spend of £67k, equivalent to 1% of the budget total. The reasons for this are set out in the analysis below.

2023/24 Local Government Pay Award and Salary Expenditure Variances

4.23 The pay award for 2023/24 has not yet been agreed but the offer from the employers' side of the National Joint Council (NJC) has been made at an amount of £1,925 on all pay points up to 43, and at 3.88% for pay points above this, with effect from 1 April 2023. This offer was rejected by the unions and dialogue remains ongoing. For the purposes of budget forecasting, a pay award at this level 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 total forecast cost arising from this is approximately £287k, equivalent to 6.05% of the budget for employee pay and on-costs. The 2023/24 budget was set incorporating a pay award of 2%, plus a corporate contingency budget of £75k. Separately, a vacancy allowance of -2.5% of the pay budget was included to allow for staff turnover and the time that would be needed to recruit to several newly established posts included in the budget.
- 4.25 The first two columns of the table on the next page show the overall net impact of the forecast additional cost from the pay award partially offset by the corporate contingency budget, and the total under-spend forecast due to vacancies partially offset by the vacancy allowance. The net total impact across these two areas is a forecast overspend of just under £7k.
- 4.26 The main piece of work on the pay and benefits review is still being progressed, however one change arising from the findings of the original review was implemented with effect from 1 April 2023, and that was to increase the pay of Apprentices from the previous rate of just above the minimum wage level, to move them onto the bottom of the main pay spine instead. This decision was taken after the budget had been approved and therefore an over-spend of £26k is now forecast for the additional cost of implementing this measure.
- 4.27 In pensions administration, there are staffing costs arising from the use of casual staff in benefits team and in customer services, and additional overtime costs mainly in the benefits team. In previous years, these costs have been fully absorbed within under-spends due to staff vacancies and have therefore not been separately budgeted. For 2023/24, this is not the case and therefore a total over-spend of £75k is currently forecast due to the anticipated cost of staff overtime and casual staff cover this year. The use of overtime and additional hours from casual staff has increased for this year due to the requirement to target additional staff resources on addressing backlogs of casework processing.
- 4.28 The significant salary variances against each departmental budget are shown in the table below.
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Salary Budgets – Variance Analysis	Additional Cost of Forecast Pay Award Offset by Corporate Contingency Budget £	Underspends Due to Recruitment Delays Offset by Vacancy Allowance £	Apprentice Pay Grade Uplift £	Overtime and Casual Staff Cover £	Total Over / (Under) Spend £
Pensions Administration	112,000	(84,000)	12,000	75,000	115,000
Investment Strategy	9,000	(3,000)	0	0	6,000
Resources	49,000	(64,000)	14,000	0	(1,000)
ICT	15,000	(50,000)	0	0	(35,000)
Management & Corporate - Departmental Budget	8,000	(30,000)	0	0	(22,000)
Management & Corporate - Corporate Budgets for Contingency and for Vacancy Allowance	(75,000)	118,550	0	0	43,550
Management & Corporate Net Total	(67,000)	88,550	0	0	21,550
Democratic Representation	1,000	0	0	0	1,000
Total	119,000	(112,450)	26,000	75,000	107,550

6,550

2023/24 Forecast and Explanation of Other Variances

- 4.29 The significant variances against budget for each of the service areas are explained below.
- 4.30 Pensions Administration – Forecast Over-Spend £129k:
- 4.31 £115k forecast over-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above.
- 4.32 There is an additional over-spend forecast on agency costs relating to interim cover for the Assistant Director – Pensions from April to November, partly covered by the saving due to the vacancy for the same period, the net over-spend is £48k.
- 4.33 Costs relating to hybrid mail are forecast to be (£10k) under budget, through the reduction in the number of physical documents being sent. The budget for 2024/25 will be set to reflect the reduction in usage.
- 4.34 The actuarial fees budget is forecast to be under-spent by (£16k), as one of the additional tools offered by the actuary and included in the budget has not yet been taken up. This is still under review and could be implemented later in the year or in 2024/25.
- 4.35 The address tracing budget is forecast to be underspent by (£10k), due to a new licencing arrangement that has resulted in savings. The reduction in costs will be reflected in a reduced budget for 2024/25.
- 4.36 A small over-spend of £2k is forecast on recruitment campaigns, legal fees and compensation for fund members based on the expected activity and requirements for this year.
- 4.37 Investment Strategy – Forecast Under-Spend (£8k):
- 4.38 £6k forecast over-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above.
- 4.39 An over-spend of £3k is forecast on benchmarking costs following a new agreement with the provider entered this year after a number of years without any inflationary increases being applied.
- 4.40 An under-spend of (£16k) is currently forecast on legal and other professional fees based on the expected activity and requirements for this year. The main driver of this forecast under-spend is an additional professional licence for Bloomberg budgeted for, that has yet to be implemented.
- 4.41 A forecast under-spend of (£1k) in relation to public transport, through increased usage of hybrid meetings and working.
- 4.42 Resources – Forecast Over-Spend £4k:
- 4.43 (£1k) forecast under-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above.
- 4.44 The recruitment budget is forecast to be over-spent by £5k due to having required the services of a specialist agency for two transactions officers; one of the posts was filled during 2022/23, however the other was delayed until 2023/24.
- 4.45 ICT – Forecast Under-Spend (£35k):
- 4.46 (£35k) forecast under-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above.
-

- 4.47 The training budget is forecast to under-spent by (£2k) based on projecting from previous year actuals and known expenditure for 2023/24, this will be kept under review with encouragement and support for training being provided.
- 4.48 At this stage in the year, a net under-spend of (£23k) is forecast on the budgets for various software systems:
- a) Investment accounting system forecast under-spend (£9k) – the supplier went into liquidation in May 2023 without notice. A contingency has been put in place to replace the system in the short term, at no cost to the Authority, using internal staff resource to develop a spreadsheet-based system.
 - b) UPM (Pensions Administration system) forecast under-spend (£7k) – a number of optional additional modules budgeted for are now not expected to be implemented in 2023/24, this saving is partly offset by the increasing annual cost due to inflation. The forecast will be kept under review.
 - c) HR & Payroll system forecast under-spend (£7k) – the procurement and implementation of the new system has been delayed until at least January 2024.
- 4.49 The budget for contractual income is forecast to be over-spent by £12k, as a result of income being less than the budget. The budget was set prior to the service level agreement calculations, at which point it was established that the growth in staff at the Authority, and reduction in staff receiving our services, meant the income due is at a reduced level.
- 4.50 The software and consumables budgets are forecast to be over-spent by £13k. The main drivers of the overspend are increasing contractual costs for Microsoft 365, software implementation costs and growing numbers of staff requiring licences and equipment.
- 4.51 Management and Corporate – Forecast Under-Spend (£16k):
- 4.52 £22k forecast over-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above, including the corporate contingency and corporate vacancy allowance budgets.
- 4.53 The Oakwell House utility bills budget is currently forecast to be under-spent by (£20k), mainly due to the price of electricity reducing in recent months. The budget was set on a prudent basis without building in these potential reductions.
- 4.54 A budget for Oakwell House repairs and maintenance was created in 2023/24 and is forecast to be underspent by (£30k). The purpose of the budget is to spread the cost of any significant works over a number of years, such as a new roof. The under-spend will be transferred to Reserves at the end of the year.
- 4.55 The budget for HR services provided by Barnsley MBC under a service level agreement is forecast to be over-spent by £6k as a result of increasing the service provided from 3 days to 4 days per week with effect from September 2023, in order to provide the resource needed for the increasing workload.
- 4.56 The Multi-Functional Device (Photocopier) budget is forecast to be under-spent by (£5k). As the Authority has moved to being paperless the need for two MFDs dropped to one, and there has been a significant reduction in associated consumables. The reduction in costs will be reflected in a reduced budget for 2024/25.
- 4.57 An over-spend of £4k is currently forecast on insurance, other premises costs and travel fees based on the expected activity and requirements for this year.
-

- 4.58 The Health, Safety & Wellbeing budget is forecast to be overspent by £7k. The main drivers are occupational health costs and office related health and safety costs, which are both gradually having increased demands. This area will be kept under review through 2023/24 to ensure we set the budget for 2024/25 at the appropriate level.
- 4.59 Democratic Representation – Forecast Over-Spend £19k:
- 4.60 £1k forecast over-spend on salary budget as detailed in paragraphs 4.23 to 4.28 above.
- 4.61 The forecast additional cost of the 2023/24 pay award for members allowances is £4k. The pay award is forecast to be set at 3.88% in line with the current employer offer, with specific reference to the increase on spinal column point 43.
- 4.62 Following the decision approved by the Authority in June 2023 to expand the members' allowances scheme to include allowances for non-voting members of the Authority and for Local Pension Board members, there is a forecast over-spend of £13k for this year on the budget for member allowances. This will be built into the budgets from next year onwards.
- 4.63 A small over-spend of £1k is currently forecast on miscellaneous items such as travel and catering based on the expected activity and requirements for this year.

Earmarked Reserves

- 4.64 The table below shows the forecast transfers to and from all four of the earmarked reserves in 2023/24.

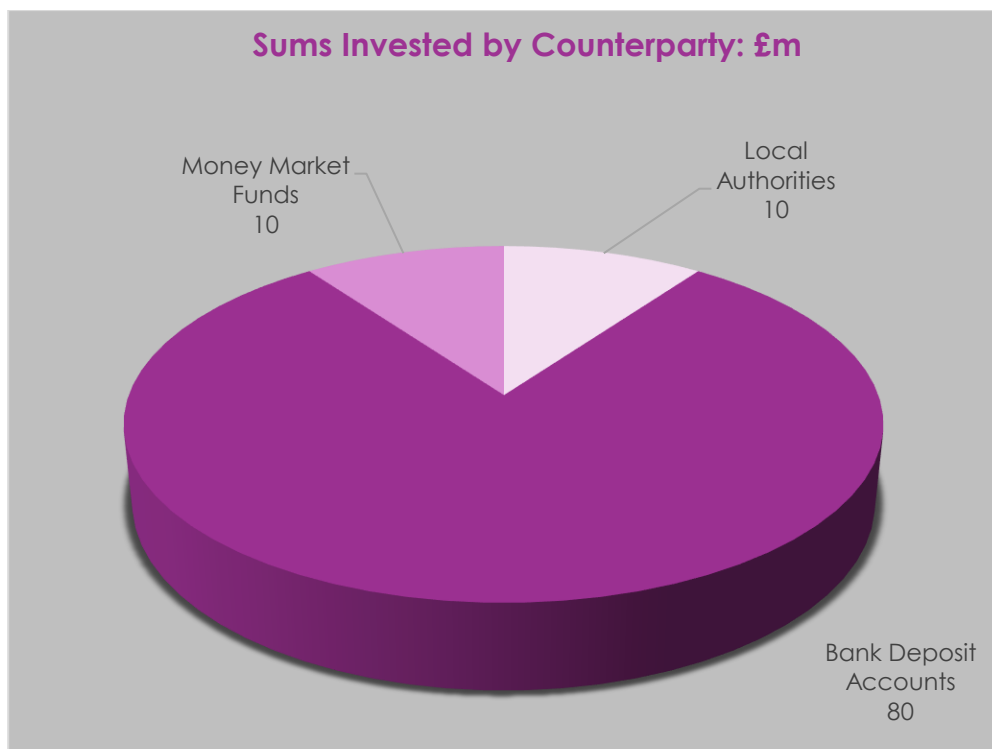
Reserve	Balance at 01/04/2023 £	Contributions to Reserves £	Contributions from Reserves £	Forecast Balance at 31/03/2024
Corporate Strategy Reserve	110,220	11,000	(66,000)	55,220
Pay & Benefits Reserve	200,000	0	(75,000)	125,000
ICT Reserve	78,030	10,000	(42,000)	46,030
Subtotal Revenue Reserves	388,250	21,000	(183,000)	226,250
Capital Projects Reserve	34,290	15,000	(30,000)	19,290
Total Earmarked Reserves	422,540	36,000	(213,000)	245,540
Net Total Transfer			(177,000)	

- 4.65 The planned transfers out of the Corporate Strategy reserve are to meet costs associated with the legal fees for the final stage of the Constitution review and providing for the costs of the retentions scheme this year. The transfer into the reserve is for setting aside of funds to meet the costs of the next investment strategy review due in 2026.

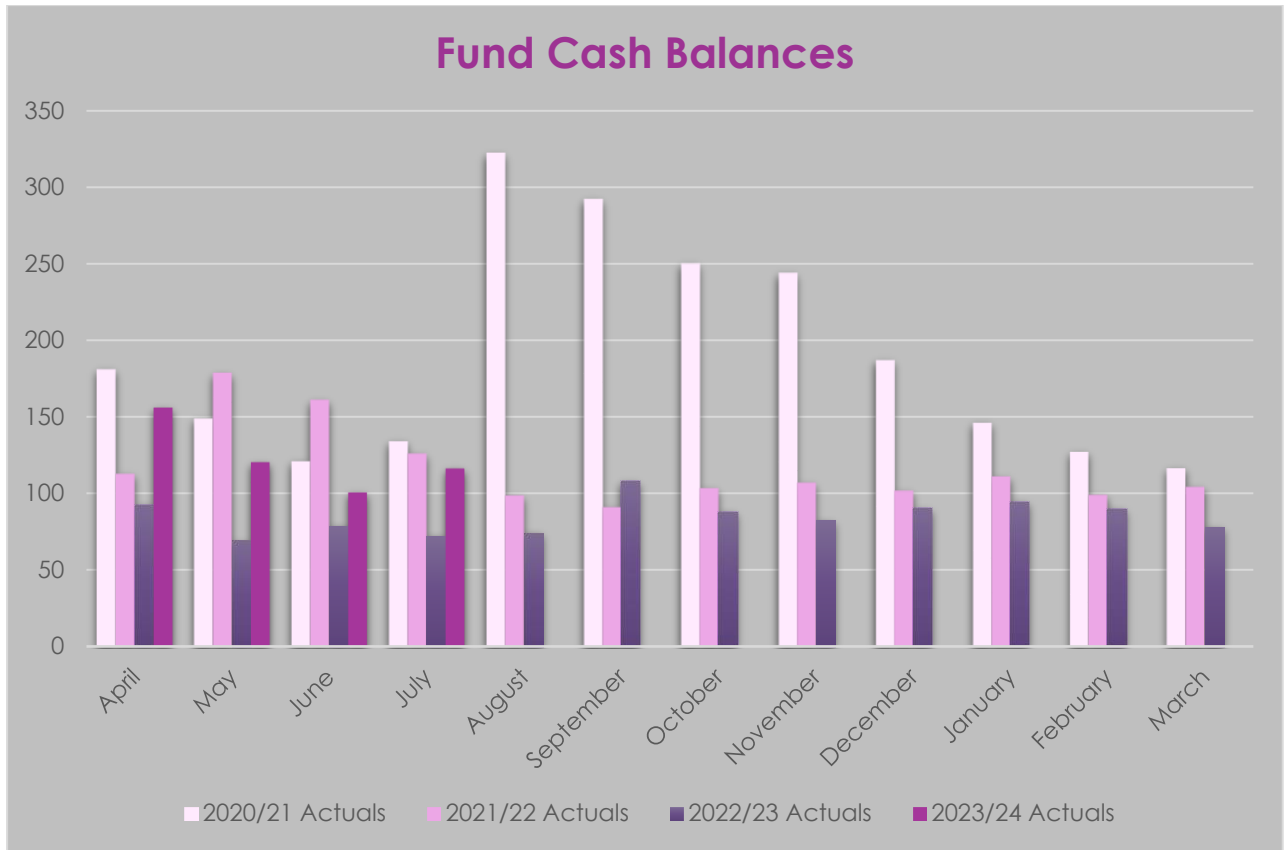
- 4.66 The planned transfer out of the Pay & Benefits reserve is to meet the additional costs currently being forecast related to the 2023/24 pay award.
- 4.67 The ICT reserve transfers relate to setting aside the income from software sales and funding the costs of developments on areas such as the pensions administration software system and the procurement of the HR & Payroll system.
- 4.68 The transfer out of the Capital Projects reserve is to finance the capital expenditure incurred this year. The transfer into this reserve is setting aside of funds for meeting future costs of upgrades required to the office building.
- 4.69 The result of the above is a net total transfer out of reserves of £177,000.
- 4.70 The forecast balance of the revenue reserves following the transfers proposed for the year is £226k in total, equating to 3.4% of the Authority's total revenue budget, and is well within the limit of 10% that we set for ourselves in the Medium-Term Financial Strategy for 2023/24 onwards.

Treasury Management

- 4.71 The Fund's cash balances at 30 June 2023 stood at £100.4 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.



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



4.73 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 0.97% of the Fund, compared with 0.74% at 31 March 2023.

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 August 2023. The following changes were made.

Risk Scores Changed:

Risk O5 – Change to the CARE Revaluation date to bring it in line with the tax year. Current risk score reduced from 16 to 4.

- 5.3 All software updates were implemented successfully, and the delays did not result in any missed statutory deadlines. This risk has now reached its target score and will be removed from the next version of the risk register.

New Risks Added:

Risk O6 – Mismatch of resources and workload in Pensions Administration resulting in backlogs.

- 5.4 This is a new risk and has a high risk score at 16 (red). Existing control measures include the current performance management framework, a capacity planning exercise has been undertaken and an action plan considering a range of specific actions to address aspects of problems identified has been developed and is being worked through. The outcomes of the capacity planning exercise and focus groups recently held will be considered by members over the Autumn. However, this may take some time to have an impact. Continuation of implementation of the action plan (particularly the automation of certain bulk processes) will provide some mitigation in the interim.
-

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 Q1 2023/24	Received YTD 2023/24	Received in Previous Year: 2022/23
Complaints	7	7	24
Appeals Stage 1	0	0	4
Appeals Stage 2	2	2	4

- 6.2 A detailed report of complaints and action taken is provided to the Local Pensions Board for scrutiny.
- 6.3 The reasons behind the complaints received this quarter are almost evenly split between timeliness of response and quality of information provided. Responsiveness of AVC providers also remains a noticeable cause of complaints. Where possible changes are made to address the causes of complaint, for example through reminders to staff about particular issues.
- 6.4 Two Stage 2 Appeals were received and determined during the quarter; both related to ill health and neither was upheld.

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 Two breaches were recorded this quarter.
- 6.7 One breach related to the release of information due to human error and this has been followed up with the staff concerned, although the information was not released beyond the relevant scheme employer.
- 6.8 The second breach concerned a cyber-attack on the hybrid mail supplier where affected members have been contacted and provided with appropriate advice.
- 6.9 We are in the process of settling claims in relation to five transfer cases which will result in a breach being reported to the Regulator in the next quarter.

Satisfaction Surveys

- 6.10 A survey of retiring members between February and April found that 91% of the 101 respondents were satisfied with the service they received. The main reason for dissatisfaction continues to be around lack of feedback being provided during the process. This is gradually being addressed.
- 6.11 A customer centre survey showed that of the 430 respondents, 81% were satisfied with the service they received. There is a marked decline in satisfaction which in part

may be due to turnover of staff resulting in a less experienced team handling queries. Sources of dissatisfaction are around timeliness of response accuracy of responses and the need for repeat calls.

- 6.12 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 August meeting.