

Delivering for our Customers

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Corporate Performance Report

Quarter 2 2023/24

Contents

1. Introduction
 2. Headlines
 3. Delivering the Corporate Plan and Supporting Strategies
 4. How are we performing –
 - Corporate Measures
 - Investment Measures
 - Pension Administration Measures
 - Financial Measures
 5. What Is Getting in the Way – Risk Management
 6. Learning From Things That Happen
 - Complaints
 - Appeals
 - Breaches
 - Satisfaction Surveys
-

1. Introduction

- 1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.
- 1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority's objectives, bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. By providing this single view of how we are doing it will be easier for councillors and other stakeholders to hold us to account for our performance.
- 1.3 This report presents the information on overall performance during the second quarter of the 2023/24 financial year. More detailed information on the performance of the Authority's investments and the pension administration department during the quarter are contained in other reports which are available on the Authority's website.

Recommendation

- 1.4 The financial measures set out within Section 4 of the report include details regarding forecast unavoidable over-spends for which a Supplementary Estimate of £197,500 is now being requested by the Assistant Director – Resources as Chief Finance Officer.
- 1.5 The Authority's approval for a Supplementary Estimate is required in line with the Financial Regulations in Part 4 of the Constitution and Members are recommended to:

a) Approve a Supplementary Estimate of £197,500 as set out in paragraphs 4.27 to 4.33 of the report.

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.



Sickness absence levels have reduced in this quarter.

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

Enhancements have been made to the risk register based on recent training delivered to management in preparation for increasing involvement of middle managers and the addition of an operational risk register.

There are risks and delays relating particularly to some of the 'Data' themed objectives in the Corporate Strategy.




Performance in pensions administration processing remains well below target, although showing some improvement.

Unavoidable overspends against the budget, reflecting the pressures in Pensions Admin primarily, are currently forecast leading to the need to request a Supplementary Estimate.








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:		Key to Status Icons Used	
ADIS	Assistant Director - Investment Strategy		On track for original timescale, no significant concerns
ADP	Assistant Director - Pensions		
ADR	Assistant Director - Resources		
Ben	Service Manager - Benefits		Some risks being addressed but remains achievable either within or close to target timescale
Cus	Service Manager - Customer Services		
Dir	Director		
Gov	Governance Team Leader		Not expected to be achieved within the timescale
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 2	On Track:
		Start	Finish			
Data						
D03	McCloud Remedy-	Mar-22	Apr-24	ADP		X
	<i>System Upgrades</i>	<i>Apr-23</i>	<i>Oct-23</i>	<i>Sys</i>	System testing ongoing. Software deliveries from supplier delayed. A significant number of routine software patches are being applied to enable the new software once it has been signed off to be placed in the live environment	X
	<i>Processing and Case Reviews</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>Ben</i>	Some processing around transfers has been adapted to reflect McCloud. However, the processing of reviews of previous retirements requires the software to be in place	X
	<i>Member Communications</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Cus</i>	McCloud Information Hub is live on the SYPA website using a combination of LGA and locally created resources	✓
	<i>Employer Communications</i>	<i>Oct-21</i>	<i>Mar-24</i>	<i>S&E</i>	Ongoing communication continues, the next period will see the development of agreed policy positions around data elements for communication to managers.	✓
D04	Complaints – Undertake root cause analysis of complaints which occur on multiple occasions	Jun-23	Dec-23	Ben	Limited progress made. Some process changes have been implemented in relation to specific cases. However, priority needs to be given to work to address backlogs etc., which will ultimately address identified causes of the most common complaint concerning timeliness.	X
D06	Deliver annual data improvement plan	Apr-22	Mar-25	TA	Regulator's Data Scores show improvement. A significant amount of work resulted in improvements to the annual pensions increase and benefits statement processes. An increased priority for data has been identified as part of the work to address challenges in Pensions Admin.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
Process Improvement						
P01	Implement contractual improvements to the Core UPM Pension Administration System –	Feb-22	Mar-25	ADP	There has been some improvement in the supplier relationship. However, delivery remains behind schedule. An audit of the UPM installation is planned to identify whether it is being deployed in the optimum configuration.	
P02	Monthly Data Collection (MDC) -	Mar-22	Mar-25	Ben	Performance in processing monthly data has significantly improved due to the work of the team now dedicated to this. Focus continues to be placed on employers who struggle to provide accurate data. However, significant further progress depends on the reconfiguration of the system by <i>Civica</i> to provide front end validation.	
P03	Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation –	Apr-22	Mar-25	Dir	Corporate approach to this area will be progressed further when new Service Manager - Programmes & Performance in post (from Dec 2023) and following initial settling in and information gathering period.	
	<i>Pension Administration Regular Management Information</i>	Apr-22	Mar-24	Ben / Sys / PP	Some limited progress made in areas of focus such as Monthly Data Collection. New Assistant Director will begin to grip this as part of implementing an overall improvement plan.	
P04	Financial Process Improvements -	Apr-22	Jun-24	ADR		
	<i>Review custodian arrangements and procure as necessary</i>	Feb-22	Jun-24	HoF	The first phase of this work - research of options and development of a specification and procurement plan (via the LGPS national framework) has been completed. The timetable determined is for implementation of the new custodian service from 1 June 2024 - to avoid interfering with annual processes and closedown work taking place in the March to May 2024 period.	

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
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.	✓
	<i>Achieve initial Investors in People accreditation</i>	<i>Apr-23</i>	<i>Mar-25</i>	<i>HR</i>	This is not a current priority due to other work streams of higher importance. Will keep under review.	–
	<i>Achieve initial Pensions Administration Standards Association (PASA) accreditation</i>	<i>Apr-22</i>	<i>Mar-25</i>	<i>ADP / Ben</i>	Not started. Continuation of this approach to be reviewed	–
Investment						
I01	Strategic Issues –	Apr-22	Mar-25	Dir		
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>Dir / ADIS</i>	Continued discussions with Border to Coast. New regulations have still not emerged so it is difficult to specify information 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>	Initial changes to benchmark have been implemented	✓
	<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>	Report on the Border to Coast UK property proposition is going to Authority meeting in December. Subscription to the global real estate fund is due to be signed in December	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
	<i>Conclude Project Chip</i>	<i>Sep-21</i>	<i>Sep-23</i>	<i>Dir</i>	Completion now likely during January 2024 due to delays in certain property searches	
	<i>Review legacy portfolios and determine the ultimate exit routes in each case</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ADIS</i>	Work is being undertaken on cash flow analysis of each of the legacy assets	
Organisation						
O01	Governance –	Dec-21	Mar-25	ADR		
	<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>	Mostly complete except for full implementation of reporting workflows internally for officers. Delay due to technical issues requiring resolution by the supplier.	
O03	ICT –	Jun-21	Mar-25	ICT		
	<i>Complete the roll out of Microsoft 365 tools and the migration to the M365 infrastructure</i>	<i>Jun-21</i>	<i>Dec-23</i>	<i>ICT</i>	We've commenced the migration of documents to OneDrive online.	
	<i>Strengthen Cyber Security</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	M365 Security assessment completed including the action of key recommendations. Evaluation of Cyber Security awareness training solutions and targeted phishing campaigns.	
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>Mar-24</i>	<i>PP</i>	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. New Service Manager - Programmes and Performance recruited successfully and due to start in post from December 2023.	




Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
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>	A business continuity plan covering operational aspects of the Oakwell House building is being developed. This will feed into the new Corporate Plan.	✓
	<i>Reinstate annual testing of ICT Disaster Recovery arrangements.</i>	<i>Sep-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	A 3 day test of the ICT Disaster Recovery Plan has been booked for November 2023.	✓

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 July to September 2023 is as follows.

Measure	Performance Quarter 2 2023/24	Performance Quarter 1 2023/24	Performance YTD 2023/24	Performance in Previous Year Q2: 2022/23	Movement
Short Term Sickness Absence – Days Lost per FTE	0.82	0.96	1.78	1.24	
Long Term Sickness Absence – Days Lost per FTE	1.33	1.38	2.71	2.05	
Total Days Lost per FTE	2.15	2.34	4.49	3.29	

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 second quarter of the year has fallen slightly compared to the previous quarter and has fallen quite substantially compared to the same quarter last year.

4.5 The total days lost per FTE for year to date of 4.49 compares favourably with this time last year when the figure was 4.72.


4.6 Sickness absence is actively monitored under the Authority's managing attendance policy, and data on the application of this policy is reported quarterly to SMT. Human Resources have been carrying out 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.

4.7 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.

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

Investment Measures

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

Measure	Performance Quarter 2 2023/24	Quarterly Benchmark	Performance YTD 2023/24	2023/24 Benchmark	2023/24 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.30%	0.40%	0.50%	0.40%	2.20%	

4.10 We have continued to meet our benchmark return, although given the current market conditions, we are behind the actuarial target for the year.





4.11 The total Fund value at 30 September 2023 was £10.285bn.

4.12 The Funding Level at 30 September 2023 is estimated at 158%. The value of liabilities has continued to fall, whilst the valuation of assets was flat over the quarter, leading to a further slight increase in the funding level from 156% at Q1 to 158% at Q2.

4.13 At the end of the quarter, 70.0% of the Fund's assets were being managed in pooled structures provided by Border to Coast. We have continued to have drawdowns to Border to Coast alternatives, but because listed bonds and equities underperformed, the total proportion being managed by them has fallen very slightly from 70.4% to 70.0% in this quarter.

Pension Administration Measures

4.15 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 2	2023/24 Quarter 1	2023/24 YTD	Previous Year: 2022/23	Target 2023/24	Movement
Proportion of priority cases processed on time	67%	57%	61%	79%	100%	
Proportion of non-priority cases processed on time	65%	69%	70%	73%	100%	
Proportion of all cases processed on time	65%	67%	69%	68%	100%	
Proportion of employer data submissions on time	93%	94%	94%	95%	100%	

4.16 Performance in relation to Priority processing has improved this quarter. The non-priority performance has fallen slightly compared to Quarter 1.

4.17 There continues to be a challenging workload as reported in Quarter 1, but some progress is being made as evidenced by the increase in the priority performance.

4.18 Following the detailed capacity planning exercise, the Staffing Committee approved an increase of 6 FTE Pensions Officers to the Benefits Team establishment at their meeting on 31 October 2023. The implementation of this and the recruitment to be undertaken will need to be planned and phased over an appropriate timescale but should result in significant performance improvements once in place.

4.19 Some operational changes in the way in which the system is used to allocate case work have recently been implemented with the aim of improving efficiency which should also have a positive impact overall.

4.20 There has been a focus on clearing backlogs of leaver and deferment cases in the quarter. Due to the age of these cases, completing them has had a negative impact on non-priority performance, and this is expected to continue into Q3 as this work continues in clearing these backlogs.

4.21 At the end of the quarter, membership of the Fund stood at 177,550.

4.22 25 new employers were admitted to the scheme during the quarter, reflecting a significant number of new contractors (for e.g., catering, cleaning) in academies at the beginning of the new academic year. One termination was completed in the quarter.

4.23 There were 556 participating employers with active members at 30 September 2023.

Financial Measures

2023/24 Q2 Forecast Outturn

4.24 The quarter 2 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 Q2 Forecast	2023/24 Q2 Forecast Variance	2023/24 Q2 Forecast Variance
	£	£	£	£	%
Pensions Administration	2,870,210	3,077,530	3,370,220	292,690	9.50%
Investment Strategy	526,760	635,770	585,140	(50,630)	(8.00%)
Resources	942,210	1,033,720	1,081,630	47,910	4.60%
ICT	720,340	972,975	973,840	865	0.10%
Management & Corporate	693,470	869,650	876,560	6,910	0.80%
Democratic Representation	152,540	145,920	175,840	29,920	20.50%
Subtotal - Cost of Services	5,905,530	6,735,565	7,063,230	327,665	4.90%
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	7,135,230	327,665	4.80%
Appropriations to / (from) Reserves	(66,360)	(150,000)	(285,000)	(135,000)	90.00%
Total	5,928,990	6,657,565	6,850,230	192,665	2.90%

4.25 The forecast outturn for the year before transfers from reserves is an over-spend of £328k. After the transfers from reserves, we are currently forecasting a remaining over-spend of £193k, equivalent to 2.9% of the budget total.

4.26 This remaining over-spend after transfers from reserves includes specific items of expenditure that have arisen in the year and now represent unavoidable over-spends that cannot be resourced within the budgetary limits. As a result, I am submitting the request below for approval of a supplementary estimate of £197,500 to uplift the base budget to meet these costs.

2023/24 Supplementary Estimate Request

4.27 In accordance with paragraph 4.3 (e) of the Financial Regulations in Part 4 of the Constitution, member approval for a supplementary estimate is now requested in order to meet unavoidable expenditure that is over and above the previously approved budget that was set in February 2023.

4.28 The table below sets out the specific areas of expenditure for which this supplementary estimate is now being requested.

Departmental Budget	Item	Forecast Over-spend £	Supplementary Estimate Requested £
Pensions Administration	Staffing Costs Due to Capacity Shortage and for Addressing Backlogs	115,000	115,000
	Additional Costs for Interim Assistant Director - Pensions from Apr to Nov 2023	50,000	50,000
	Fees for Specialist Recruitment to Assistant Director - Pensions	10,500	10,500
Democratic Representation	Member Allowances Scheme Approved Changes	22,000	22,000
	Total	197,500	197,500

- 4.29 Following the interim Assistant Director – Pensions taking up post in March 2023, significant workload backlogs and shortage of staff capacity were identified and a number of measures implemented to begin addressing these issues. The measures implemented include overtime and casual staff cover – as explained in further detail in paragraph 4.40 below. This has resulted in a total forecast over-spend of £115k. Further measures such as additional outsourcing of some work relating to tax calculations for Pensions Savings Statements and Annual Allowances have been covered by budget underspends in other areas.
- 4.30 The new Assistant Director – Pensions Administration is now in post and looking to work through the outstanding backlog. Work between the relevant officers is ongoing to better understand the budget requirements for 2024/25.
- 4.31 The requirement to employ an Interim Assistant Director – Pensions to cover the vacancy in this role from March to 6 Nov 2023 has incurred necessary additional costs of £50k in this financial year over and above the budget saving from the vacancy in the same period.
- 4.32 In order to ensure a successful appointment to this key senior management position of Assistant Director – Pensions, a specialist recruitment service was used, and this has resulted in additional cost of £10.5k.
- 4.33 At the June 2023 Authority meeting, Members approved changes to the Members Allowances Scheme in order to provide remuneration for Non-Voting Authority Members, Local Pension Board Members and, should one be recruited, an Independent Adviser for the Audit & Governance Committee. There is therefore a forecast over-spend of £22k on the budget for Members Allowances required as a result.

2023/24 Local Government Pay Award and Salary Expenditure Variances

- 4.34 The pay award for 2023/24 has been agreed 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.
- 4.35 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 assumption of 2%, plus a corporate contingency budget of £75k. The additional cost of the pay award above the total of these is £119k. 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. However, the level of underspend due to turnover and vacancies has remained in excess of this by a total of (£125k).

- 4.36 The net total impact across the above two items is therefore a forecast underspend of just over (£6k) – as summarised in the first two columns of Table 1 on the next page.
- 4.37 The work following the pay and benefits review has now been completed and a package of proposals was approved by the Staffing Committee on 31 October 2023, subject to final consultation with the trades union and with staff to be concluded by 6 December 2023. The estimated total cost of the proposals for 2023/24, as approved by the Staffing Committee is £167k.
- 4.38 The above is in addition to the cost relating to a change arising from the pay and benefits review that was already implemented with effect from 1 April 2023. This 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, therefore resulting in a forecast over-spend of £31k.
- 4.39 The total cost in 2023/24 arising from both the pay and benefits changes outlined above is £198k. This cost is to be met in year from the Pay & Benefits Reserve that was set up for this purpose and has a balance of £200k available.
- 4.40 When setting the budget, there has historically been no requirement for a separate budget for staff overtime or for the use of casual staff cover. In recent years, expenditure on overtime and casual cover in the Pensions Administration department has been fully met from underspends on the staffing budget arising from carrying vacancies – the level of vacancies leading to the need for overtime and casual cover. However, the use of overtime and additional hours from casual staff has increased significantly for this year, partly due to the requirement to target additional staff resources on addressing backlogs of casework processing. Also reflecting the evidence from a recent capacity planning exercise which demonstrated that the benefits team requires additional staff resource of six FTE pensions officers. It has therefore not been possible to absorb the overtime and casual cover staffing costs within the approved budget for this year and there is an unavoidable overspend of £115k currently forecast as a result.
- 4.41 The following table summarises the above variances by department.
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Table 1 Salaries Budgets – Variances by Type and Department	Additional Cost of Pay Award Offset by Corporate Contingency Budget	Underspend Due to Recruitment Delays Offset by Vacancy Allowance	Pay and Benefits Review Proposals	Apprentice Pay Grade Uplift	Overtime and Casual Staff Cover	Total Variances on Salaries Budgets
	£	£	£	£	£	£
Pensions Administration	112,000	(108,000)	109,000	17,000	115,000	245,000
Investment Strategy	9,000	(3,000)	5,000	0	0	11,000
Resources	49,000	(45,000)	30,000	14,000	0	48,000
ICT	15,000	(60,000)	17,000	0	0	(28,000)
Management & Corporate - Departmental Budget	8,000	(28,000)	6,000	0	0	(14,000)
Democratic Representation	1,000	0	0	0	0	1,000
Subtotal	194,000	(244,000)	167,000	31,000	115,000	263,000
Management & Corporate – Corporate Budgets for Contingency and for Vacancy Allowance	Q(75,000)	118,550	0	0	0	43,550
	119,000	(125,450)	167,000	31,000	115,000	306,550
Net Totals	(6,450)		198,000		115,000	306,550

2023/24 Forecast and Explanation of Other Variances

- 4.42 The significant variances against budget for each of the departments are explained below.
- 4.43 Pensions Administration – Forecast Over-Spend £293k:
- 4.44 £245k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above.
- 4.45 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 £50k.
- 4.46 Costs relating to hybrid mail are forecast to be (£7k) under budget, through the continuing reduction in the number of physical documents being sent. The budget for 2024/25 will be set to reflect the reduction in usage.
- 4.47 The actuarial fees budget is forecast to be under-spent by (£20k), 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.
- 4.48 The address tracing budget is forecast to be under-spent 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.
- 4.49 The other professional fees budget is forecast to be over-spent by £19k due to the outsourcing of a one-off piece of work. The unexpected work was in relation to the pensions administration backlog; requirements in relation to the backlog are being assessed for the 2024/25 budget.
- 4.50 The recruitment fees budget is forecast to be over-spent by £6k. The main driver of the over-spend is due to the costs of specialist, targeted recruitment undertaken for the Assistant Director – Pensions role, which was successful. Some of this over-spend is offset by a reduced number of recruitment advertising campaigns overall.
- 4.51 An over-spend for Legal fees of £5k is forecast. During 2023/24 there has been a growth in the use of external legal fees for primarily employer-related work; the 2024/25 budget will be set to reflect the increased requirement for legal fees.
- 4.52 HMRC late payment interest is forecast to be over-spent by £3k. The cost in this area fluctuates based on the timing of the information we receive for member accounting for tax returns. A budget is not normally included for these costs due to their nature, the spend is usually covered by under-spends in other areas.
- 4.53 An over-spend of £2k is forecast in relation to the annual employer forum – the budget assumed this event would be held at Oakwell House, however due to the very large number of attendees for this popular event, there was a need to hire an external venue with sufficient capacity. The venue hire cost will be reflected in the 2024/25 budget.
- 4.54 Investment Strategy – Forecast Under-Spend (£51k):
- 4.55 £11k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above.
- 4.56 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.
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- 4.57 The performance measurement budget is forecast to be over-spent by £8k. Following the previous contract ending, the performance measurement is now being done by Hymans Robertson, this new relationship resulted in an on-boarding fee which is driving the majority of the over-spend.
- 4.58 An under-spend of (£2k) is forecast for professional training. During 2023/24 it is not expected that any professional training will go ahead. For the 2024/25 budget we will be reflecting known training costs for the department, with a planned responsible investment course.
- 4.59 The professional fees budget is forecast to be under-spent by (£48k). The budget reflected estimated needs and costs for a number of items in relation to TCFD and impact reporting that are not going ahead in this year; some of the work is being covered by internal staff and the remainder is not currently required.
- 4.60 An under-spend of (£23k) 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.
- 4.61 Resources – Forecast Over-Spend £48k:
- 4.62 £48k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above.
- 4.63 The recruitment budget is forecast to be over-spent by £4k due to having required the services of a specialist agency for a second transactions officer; two posts were required, one of which was filled during 2022/23, however the second was delayed until 2023/24.
- 4.64 Additional income of (£4k) is forecast due to not including fee income for providing secretariat services for the Border to Coast Joint Committee when setting the budget as this was yet to be agreed at that time. The 2024/25 budget will be set to reflect the agreed fees for this going forward.
- 4.65 ICT – Forecast Over-Spend (£1k):
- 4.66 (£28k) forecast under-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above.
- 4.67 The training budget is forecast to over-spent by £3k due to several additional courses being undertaken. is a management & corporate underspend on training, which allows for additional training spend in individual departments.
- 4.68 At this stage in the year, a net over-spend of £37k 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) HR & Payroll system forecast under-spend (£7k) – the procurement and implementation of the new system has been delayed until at least January 2024.
 - c) UPM (Pensions Administration system) forecast over-spend £53k – a number of additional upgrades to the system are required in 2023/24. The requirements to upgrade were not disclosed when setting the budget;
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communications with Civica are taking place to get more accurate estimates for the 2024/25 budget.

- 4.69 An under-spend of (£16k) is forecast on the hardware budget. The budget was set to include a roll-out of member devices; a new solution has been found by the ICT team, which means the new devices are no longer required.
- 4.70 The accessories and consumables budget is forecast to be over-spent by £5k. The main driver of the overspend is growing numbers of staff requiring equipment. A budget in this area will be created in 2024/25 to cover the ongoing cyclical costs and costs involved with staff growth.
- 4.71 Management and Corporate – Forecast Over-Spend £7k:
- 4.72 £30k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above, comprising an under-spend of (£14k) on the departmental budget and £43.5k net cost from the corporate contingency and corporate vacancy allowance budgets.
- 4.73 An under-spend of (£47k) is forecast in relation to various budgets relating to Oakwell House:
- a) The utility bills budget is 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.
 - b) The facilities management and other premises budgets are forecast to be under-spent by (£4k), following the reduction of some charges on the monthly contract. The under-spend in relation to the facilities management contract is offset by additional costs for miscellaneous building items.
 - c) Office furniture is forecast to be over-spent by £5k. A number of different furniture needs have been assessed following the appointment of the Operations Management Officer. Further requirements will be taken into consideration when setting the 2024/25 budget.
 - d) A budget for Oakwell House repairs and maintenance was created in 2023/24 and is forecast to be underspent by (£28k). 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.
- 4.74 External audit costs are forecast to be over-spent by £30k. When setting the budget for 2023/24 we increased the budget significantly in line with the estimates provided by PSAA (Public Sector Audit Appointments) which indicated an increase of at least 150% on the previous scale fees. Following conclusion of the audit procurement by PSAA, they have now provided an updated scale fee for 2023/24 which includes consolidation of fees that previously had to be separately agreed in relation to additional requirements (such as VFM work, new auditing standards) and also uplifted by 150%, leading to this forecast over-spend.
- 4.75 The recruitment budget is forecast to be over-spent by £5k. A one-off additional recruitment campaign requiring services of an agency for the Programmes and Performance Manager role is the main drive of the over-spend. This recruitment did lead to an appointment, with the role holder due to start in December 2023.
- 4.76 An under-spend of (£15k) is forecast in the corporate training budget. Whilst training budgets have been historically under-utilised at the Authority, in the last year or so
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there has been increased focus on training provision and this is borne out in the smaller under-spend forecast for 2023/24. This will be further improved following the appointment to the new role of Business Support Officer – Learning and Development in the HR team from October 2023.

- 4.77 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 and increase to the team establishment.
- 4.78 The Multi-Functional Device (Photocopier) budget is forecast to be under-spent by (£3k). 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.
- 4.79 The Health, Safety & Wellbeing budget is forecast to be over-spent by £1k. 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.
- 4.80 Democratic Representation – Forecast Over-Spend £30k:
- 4.81 £1k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.34 to 4.41 above.
- 4.82 The forecast additional cost of the 2023/24 pay award for existing members allowances is £4k. The nationally agreed pay award applied was 3.88%.
- 4.83 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 now a forecast over-spend of £18k for this year on the budget for member allowances. This will be built into the budgets from next year onwards.
- 4.84 The Authority members' training budget is forecast to be over-spent by £4k. This reflects an increased use of external training providers as part of the approved Member Learning & Development Strategy and is part of achieving the aim of enhancing support for member knowledge and skills development.
- 4.85 A small over-spend of £3k is currently forecast on miscellaneous items such as travel and catering based on the expected activity and requirements for this year, and the newly introduced Members Away Day.

Earmarked Reserves

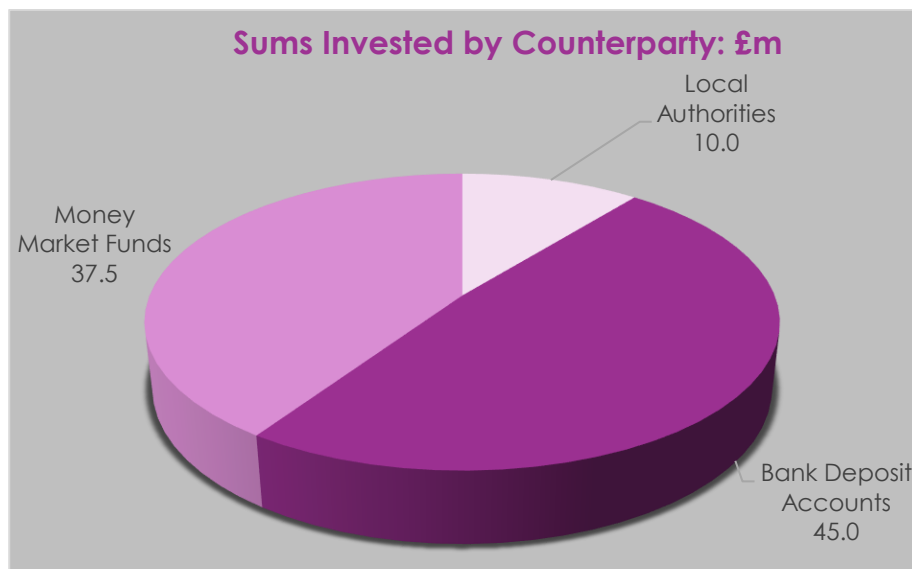
- 4.86 The table below shows the forecast transfers to and from all four of the earmarked reserves in 2023/24.
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Reserve	Balance at 01/04/2023 £	Contributions to Reserves £	Contributions from Reserves £	Forecast Balance at 31/03/2024
Corporate Strategy Reserve	110,220	11,000	(66,000)	55,220
Pay & Benefits Reserve	200,000	0	(200,000)	0
ICT Reserve	78,030	10,000	(25,000)	63,030
Subtotal Revenue Reserves	388,250	21,000	(291,000)	118,250
Capital Projects Reserve	34,290	15,000	(30,000)	19,290
Total Earmarked Reserves	422,540	36,000	(321,000)	137,540
Net Total Transfer			(285,000)	

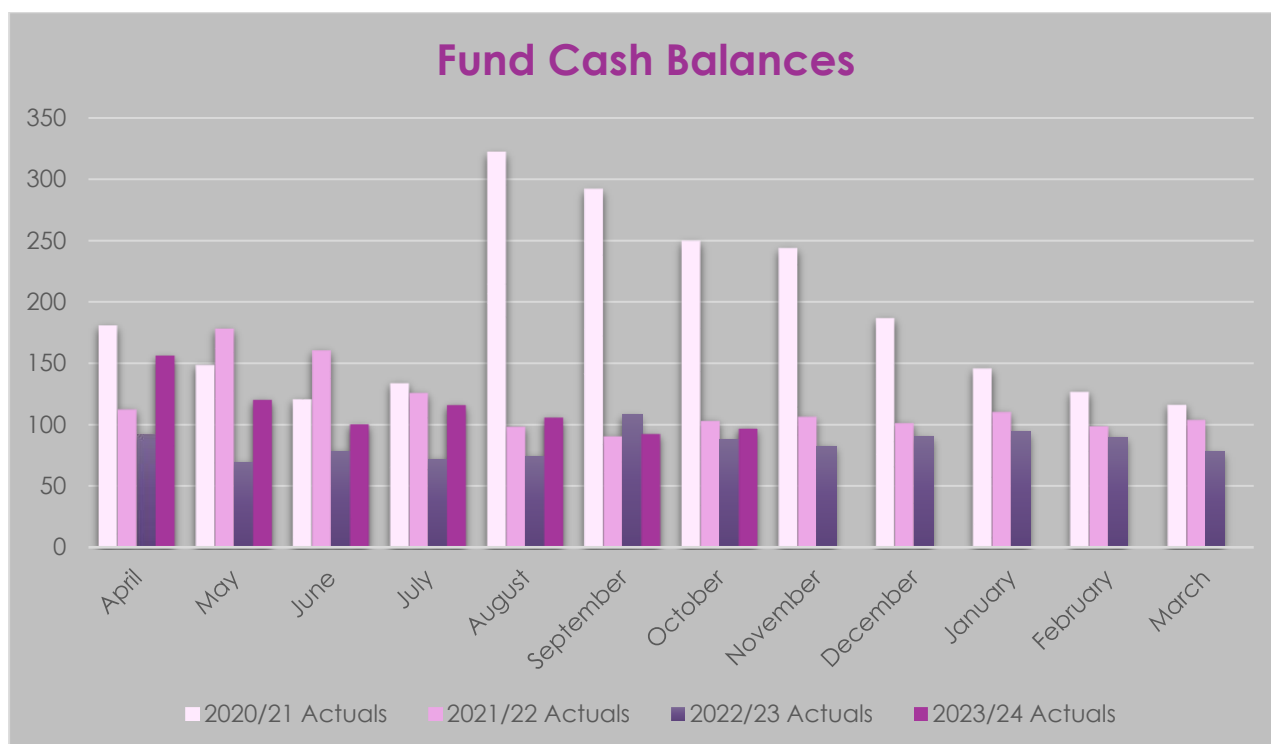
- 4.87 The planned transfers out of the Corporate Strategy reserve are to meet costs associated with the legal fees for the final stage of the Constitution review and providing for the costs of the retentions scheme this year. The transfer into the reserve is for setting aside of funds to meet the costs of the next investment strategy review due in 2026.
- 4.88 The Pay & Benefits reserve was created to meet the then unknown costs in 2023/24 of the pay & benefits review outcomes. This work has now been concluded with a forecast cost of £198k and therefore the balance available in this reserve will be fully used to meet this cost.
- 4.89 The ICT reserve transfers relate to setting aside the income from software sales and funding the costs of developments on areas such as the pensions administration software system.
- 4.90 The transfer out of the Capital Projects reserve is to finance the capital expenditure incurred this year on laptop replacements. The transfer into this reserve is setting aside of funds for meeting future costs of upgrades required to the office building.
- 4.91 The result of the above is a net total transfer out of reserves of (£285,000).
- 4.92 The forecast total balance in reserves following the transfers proposed, is £138k of which the revenue reserves total is £118k, equating to 1.8% 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

4.93 The Fund’s cash balances at 30 September 2023 stood at £92.5 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.



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



4.95 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 0.90% of the Fund, compared with 0.97% at 30 June 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 Strategic Risk Register is attached at Appendix A.
- 5.3 As part of agreed management actions arising from an internal audit review of risk management arrangements, a training course on risk management was delivered to SMT and Middle Managers during the quarter alongside a plan to introduce an additional layer of operational risk register managed by the Heads of and Service Managers that will feed into the strategic risk register.
- 5.4 Outcomes from the training and wider preparation for the additional layer of risk management have resulted in some changes to the format of the strategic register that are incorporated in Appendix A. These include separating out the risk into the component parts of the 'Risk Event' from the 'Risk Causes' and the 'Risk Effects'. The measures to manage the risks – both the existing ones in place and the planned actions – now include the preventative measures designed to reduce the likelihood of the risk event occurring and the mitigating measures designed to reduce or mitigate the impact should the risk event occur.
- 5.5 The results of the full review of the Authority's strategic risks undertaken in November 2023 include the following changes.

Risk Scores Changed:

Risk G3 – Breakdown of Control Environment.

Current risk score reduced from 6 to 4. Now at target and will be removed from the register.

- 5.6 This risk was originally identified in relation to the specific COVID risk register that was put in place to cover risks arising from lockdown and moving to fully remote working in 2020. The controls and processes and any changes since then have been fully embedded with assurance from internal and external audit.
- 5.7 The control environment is continually kept up to date and risk assessed as part of business as usual activities such as the annual plans for internal audit work, the planning and interim work undertaken by external audit, and the review for annual governance statement assurance. Additionally, operational risk registers will deal with the management of controls and assurance at each service level and any concerns will be escalated to SMT as part of the regular review.

Risk I1 – Material changes to the value of investment assets and/or liabilities due to major market movements.

Current risk score reduced from 12 to 9.

- 5.8 Evidence over the last 12 months indicates that the Fund has broadly held its value during a period of market volatility, indicating that the impact score can be reduced and the target score achieved.
- 5.9 Given nature of this risk however it will remain on the register to be kept under review.

Risk P2 – Reduced levels of technical knowledge and senior management capacity during period of AD – Pensions vacancy.

Current risk score reduced from 12 to 9. Now at target and will be removed from the register.

- 5.10 This risk was originally added in relation to a specific SMT vacancy to which we have now successfully appointed. This specific risk has therefore been fully mitigated, reached the target score and will be removed from the risk register.

New Risks Added:

Risk P3 – Single point of failure due to unexpected vacancies or long term absence/s in specialist knowledge roles.

- 5.11 This is a new risk and has a moderate risk score at 12 (yellow) reflecting an assessed likelihood of Medium and impact of High. The risk is present partly due to the size of the organisation meaning that some team sizes are very small, and some individual roles carry out a range of specialist tasks without any deputising capacity in place for example.
- 5.12 The measures identified for this risk include those aimed at improving recruitment and retention generally, focus on wellbeing and prevention of absence, maintenance of detailed procedure manuals / work instructions, learning and development strategies to support knowledge transfer, and the intention to produce succession plans and identify specific issues and actions to improve resilience in each of the different teams.
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6. Learning from things that happen

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

	Received in Q2 2023/24	Received in Q1 2023/24	Received YTD 2023/24	Received in Previous Year: 2022/23
Complaints	8	7	15	24
Appeals Stage 1	1	0	1	4
Appeals Stage 2	0	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 bulk of complaints continue to be concerned with the quality and timeliness of information provided. It is clear that some of the identified backlog issues are resulting in complaints.
- 6.4 One Stage 1 Appeal was determined during the quarter; the appeal was upheld. Actions by SYPA caused a delay in processing a transfer into the Fund resulting in a lower value than anticipated being added to the member's pension account. In addition, the initial response to the complaint was inadequate causing additional distress to the scheme member. The member's account has been adjusted in line with the decision considered likely if the case were to be considered by the Ombudsman and compensation of £200 awarded to the member.

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 Three breaches were recorded this quarter, taking the total for this year to date to five.
- 6.7 All three breaches in this quarter resulted from human error, in two cases the actions of scheme members prevented further release of information and in the third case additional controls have now been put in place to prevent recurrence.
- 6.8 We are still 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

- 6.9 A survey of retiring members between May and July found that 91% of the 45 respondents were satisfied with the service they received.
- 6.10 A customer centre survey showed that of the 376 respondents, 86% were satisfied with the service they received.