

# Delivering for our Customers

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# Corporate Performance Report

**Quarter 3 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 third 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.

## 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 again in this quarter.







Improvement plans are now in place to address some of the risks and issues in the corporate strategy and in Pensions Administration performance  
(Detail reported elsewhere on this agenda)

It will take time to see marked improvements on on the processing performance.

### 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	
<b>ADIS</b>	Assistant Director - Investment Strategy		On track for original timescale, no significant concerns
<b>ADP</b>	Assistant Director - Pensions		
<b>ADR</b>	Assistant Director - Resources		
<b>Ben</b>	Service Manager - Benefits		Some risks being addressed but remains achievable either within or close to target timescale
<b>Cus</b>	Service Manager - Customer Services		
<b>Dir</b>	Director		
<b>Gov</b>	Governance Team Leader		Not expected to be achieved within the timescale
<b>HoF</b>	Head of Finance		
<b>HoG</b>	Head of Governance		
<b>ICT</b>	Head of ICT		
<b>INF</b>	Service Manager - ICT Infrastructure		
<b>OMO</b>	Operations Management Officer		
<b>PP</b>	Service Manager - Programmes and Performance		
<b>S&amp;E</b>	Service Manager - Support and Engagement		
<b>Sys</b>	Service Manager - Pensions Systems		
<b>TA</b>	Technical Adviser		





Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
<b>Data</b>						
D02	<b>Guaranteed Minimum Pension – Completion of Rectification process</b>	Nov-21	Dec-23 <b>Revised to Aug-24</b>	ADP	Project plan now in place. Dry run completed. A method is needed from system supplier to input the data provided by external consultants into Pensions Administration system. The finish date for this project is now Summer 2024.	
D03	<b>McCloud Remedy- System Upgrades</b>	Mar-22 <i>Apr-23</i>	Apr-24 <i>Oct-23</i>	ADP <i>Sys</i>	Project plan now in place and project is well in progress with initial upgrades to system now installed.	
	<i>Processing and Case Reviews</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>Ben</i>	Member letters updated for basic leaver cases for which the system will now calculate McCloud underpin. System provider now due to work on phase 2 of the system developments for additional calculations and rectification for members who have left since 2014.	
	<i>Member Communications</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Cus</i>	All members updated either through the website or newsletters. Members opted out of e-comms have been written to..	
	<i>Employer Communications</i>	<i>Oct-21</i>	<i>Mar-24</i>	<i>S&amp;E</i>	Website updated.	
D04	<b>Complaints – Undertake root cause analysis of complaints which occur on multiple occasions</b>	Jun-23	Dec-23	Ben	Work on this has been deferred due to the need to concentrate on addressing backlogs. Resource has been identified to take this forward in the Pensions Administration staffing changes being implemented on a phased basis.	

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
D05	<b>Pensions Dashboard – Provision of data in line with regulatory requirements</b>	Apr-23	Mar-25	Sys	Awaiting demonstration of the current system providers offering prior to soft market testing.	✓
D06	<b>Deliver annual data improvement plan</b>	Apr-22	Mar-25	TA	An increased priority for data improvement has been identified as part of the work to address challenges in Pensions Administration.	↔
<b>Process Improvement</b>						
P01	<b>Implement contractual improvements to the Core UPM Pension Administration System –</b>	Feb-22	Mar-25	ADP	A system audit of the UPM system is planned to take place in March 2024 to identify whether it is being deployed in the optimum configuration.	↔
P02	<b>Monthly Data Collection (MDC)</b>	Mar-22	Mar-25	Ben	Performance in processing monthly data continues to improve data flow from employers. Focus continues to be placed on employers who struggle to provide accurate data.	↔
P03	<b>Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation –</b>	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	Improvement plan being put in place as per report elsewhere on this agenda.	↔

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
P04	<b>Financial Process Improvements -</b>	<b>Apr-22</b>	<b>Jun-24</b>	<b>ADR</b>		
	<i>Review debt recovery processes</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>HoF</i>	Completed in November 2023.	✓
	<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>	Work has taken place to progress this area with new functionality for budget monitoring being used. Areas of the system we would like to utilise are not as easy to utilise as expected; liaison with the software provider, and other clients in similar positions, is taking place to allow further benefits to be realised.	↔
	<i>Complete the review of the VAT Partial Exemption Special Method</i>	<i>Mar-23</i>	<i>Dec-23</i>	<i>HoF</i>	The internal procurement work has begun for appointing consultants via a framework agreement. It is expected that a consultancy appointment will be made in Q1 2024/25 and work should be completed by Q3 2024/25.	✓
<b>Investment</b>						
I01	<b>Strategic Issues –</b>	<b>Apr-22</b>	<b>Mar-25</b>	<b>Dir</b>		
	<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 to Net Zero Action Plan prepared for March 24 Authority meeting. Additional climate positive investments identified in line with the last strategy review.	✓
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>Dir / ADIS</i>	New requirements not made into regulations. Development work on improvements to reporting ongoing with Border to Coast partners	↔



Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
		Start	Finish			
I02	<b>Tactical and Transactional Issues –</b>	<b>Apr-22</b>	<b>Ongoing</b>	<b>ADIS</b>		
	<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>	Decision made to proceed and reported to December Authority meeting. Due diligence process prior to transition ongoing.	✓
	<i>Conclude Project Chip</i>	<i>Sep-21</i>	<i>Sep-23</i>	<i>Dir</i>	Project Chip completed at the end of January 2024. Report setting out the results of the project to be considered at March 2024 Authority meeting.	✓
	<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 undertaken reflected in the Transition Plan reported to the March Authority meeting	✓
<b>Organisation</b>						
O01	<b>Governance –</b>	<b>Dec-21</b>	<b>Mar-25</b>	<b>ADR</b>		
	<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 implementation completed during 2022. Work on updating procurement processes has been taking place throughout 2023 with training from CIPFA's procurement adviser delivered in January 2024.	✓
	<i>Demonstrate compliance with the relevant TPR codes</i>	<i>Sep-22</i>	<i>Aug-23 Revised to Jun-24</i>	<i>ADP / HoG</i>	End date revised due to delays in TPR publishing the General Code. The new Code has now been published and compliance will be assessed with support from Aon as part of independent governance review Feb 2024 to June 2024.	✓

Ref	Project / Action	Timescale Start	Timescale Finish	Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
<b>002</b>	<b>People –</b>	<b>Jan-22</b>	<b>Ongoing</b>	<b>SMT &amp; HR</b>		
	<i>Consolidate the new finance team structure and capture benefits</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>HoF</i>	During Q3 2023/24 the Head of Finance and AD - Resources reviewed the team structure; benefits have been captured with improved performance, increased skill sets, more resilience and a clear cultural shift. Due to the changing shape of the demands for the team this piece of work led to further structural changes, approved at the February 2024 Authority meeting.	
	<i>Develop a staff Health and Wellbeing Strategy</i>	<i>Jan-23</i>	<i>Apr-24 Revised to Feb-25</i>	<i>ADR / HRBP</i>	Work on health and wellbeing continues to take place with an ever-increasing number of initiatives and support available for staff. The production of a Strategy document will be undertaken in 2024/25 to form part of the next full review of the Authority's corporate strategy suite of documents due to be approved in February 2025.	
	<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&amp;E</i>	Work on learning paths is now being supported by the Business Support Officer - L&D who has worked with service managers in different teams to capture needs. The work will continue on an on-going basis to become BAU (Business as Usual). The 2024/25 Corporate Strategy will also contain objectives relating to training paths specifically for Pensions Administration that the new Technical, Support and Training team will be responsible for.	
<b>003</b>	<b>ICT –</b>	<b>Jun-21</b>	<b>Mar-25</b>	<b>ICT</b>		
	<i>Complete the roll out of Microsoft 365 tools and the migration to the M365 infrastructure</i>	<i>Jun-21</i>	<i>Dec-23 To be revised</i>	<i>ICT</i>	M365 Licence renewal completed. The work commenced to migrate to OneDrive online and development of SharePoint Online with a working group established. Document libraries being created. The target completion date will be later than originally planned due to impact of increased responsibilities being brought into ICT (such as Pensions Systems team) since the strategy and timeline was devised.	







Ref	Project / Action	Timescale Start	Finish	Responsible Manager	2023/24 Progress Updates Quarter 2	On Track:
	<i>Strengthen Cyber Security</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	Implemented Cyber Awareness Training platform, including the instigation of periodic phishing exercises.	✓
<b>O05</b>	<b>Business Continuity –</b>	<b>Apr-22</b>	<b>Ongoing</b>	<b>ADR</b>		
	<i>Produce revised corporate business continuity plan</i>	<i>Apr-22</i>	<i>Dec-23 To be revised</i>	<i>ICT / OMO</i>	The target for completion of this objective has had to be deferred due to pressures from other work priorities for ICT team. The team have identified two potential providers of external consultancy work for supporting the production of a Business Continuity Plan / Strategy as planned which should enable good progress to be made on this in 2024/25.	✗
	<i>Reinstate annual testing of ICT Disaster Recovery arrangements.</i>	<i>Sep-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	Business Continuity Rehearsal completed successfully. This was the first recovery testing since our move to the online backup solution.	✓
<b>O06</b>	<b>Pay and Benefits Review</b>			<b>ADR</b>		
	<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>	Completed. The independent review was completed and this culminated in a report and a package of proposals for enhancements that was approved by the Authority's Staffing Committee in October 2023. These included: - Revised Grading Structure - taking effect from 1 April 2023 with backdating - Reduction to standard weekly working hours from 37 to 35 taking effect from 1 April 2024 - Salary sacrifice schemes for AVCs, Electric / ULEV Cars, and Cycle to Work - Enhanced family support policies: Maternity & Adoption Leave, and Maternity Support / Adoption Support Leave - Updated Loyal Service Award scheme to include recognition for 10 years, 20 years, 30 years and 40 years service - A new Employer Supported Volunteering Leave policy.	✓

## 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 sickness absence measures for this quarter as compared to last and as compared to this time last year are summarised in the following table.

Measure: Days Lost Per FTE	Quarter 3 2023/24	Quarter 2 2023/24	Quarterly Movement	Previous Year Q3: 2022/23	YTD at Q3 2023/24	Prior Year YTD at Q3 2022/23	Yearly Movement
Short Term Sickness Absence	0.99	0.82		0.96	2.77	2.93	
Long Term Sickness Absence	0.73	1.33		0.99	3.44	3.73	
<b>Total Days Lost per FTE</b>	<b>1.72</b>	<b>2.15</b>		<b>1.95</b>	<b>6.21</b>	<b>6.66</b>	

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 third quarter of the year has fallen compared to the previous quarter and compared to the same quarter last year.

4.5 There has been an increase in short term sickness absence in the quarter – mainly caused by a high incidence of cold / flu and sickness bugs occurring in December.

4.6 The total days lost per FTE for year to date of 6.21 compares favourably with this time last year when the figure was 6.66.


4.7 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.

4.8 Occupational health services are provided through 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.

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

## Investment Measures

4.10 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 3 2023/24	Quarterly Benchmark	Performance YTD 2023/24	2023/24 Benchmark	2023/24 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	4.20%	4.70%	4.70%	5.10%	3.30%	

4.11 Performance is within the expectations of the return target.

4.12 The total Fund value at 31 December 2023 was £10.688bn; compared with £10.285bn at 30 September 2023.





4.13 The Funding Level at 31 December 2023 is estimated at 149%. This has reduced from 158% at 30 September as the value of liabilities has risen more than the value of assets as rate expectations fell.

4.14 At the end of the quarter, 71.1% of the Fund’s assets were being managed in pooled structures provided by Border to Coast.

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## Pension Administration Measures

4.16 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 3	2023/24 Quarter 2	2023/24 YTD	Previous Year: 2022/23	Target 2023/24	Movement
Proportion of priority cases processed on time	68%	67%	64%	79%	100%	
Proportion of non-priority cases processed on time	53%	65%	51%	73%	100%	
Proportion of all cases processed on time	67%	65%	66%	68%	100%	
Proportion of employer data submissions on time	94%	93%	94%	95%	100%	

4.17 There has been a slight improvement to overall number of cases completed on time.

4.18 Targeted staff overtime was used to help reduce the number of leaver and deferment cases during October & November and this has skewed the performance percentage for non-priority cases as the team completed cases that were over 2 years old.

4.19 The backlog clearance exercise that we have planned over the next 12 months will continue to skew the performance metrics with regards to non-priority casework as historic cases are completed.

4.20 We do not expect a marked improvement to show for cases processed within SLA until:

- a) We have recruited to additional posts that will take us to full capacity.
- b) Reviewed SLA's - with the aim of moving to a target of 10 days for most case types.

4.21 Employer performance in relation to timeliness of data submissions has remained fairly consistent.

4.22 At the end of the quarter, membership of the Fund stood at 179,372.

4.23 There were 550 participating employers with active members at 31 December 2023, compared with 556 at 30 September 2023.

4.24 Three new employers were admitted to the scheme during the quarter.

4.25 No terminations were completed this quarter. However, there are instances where cessations are actioned sometime after the date of leaving. An exercise is currently underway to clear some historical cessations, and this has resulted in the total employer number being reduced by 9 at the end of this quarter compared to last.

**Financial Measures***2023/24 Q3 Forecast Outturn*

4.26 The quarter 3 forecast expenditure for the year and variance against the revised budget for the year is as follows.

South Yorkshire Pensions Authority Operational Budget	2022/23 Actuals £	2023/24 Original Budget £	2023/24 Revised Budget £	2023/24 Q3 Forecast £	2023/24 Q3 Forecast Variance £	2023/24 Q3 Forecast Variance %
Pensions Administration	2,870,210	3,077,530	<b>3,253,030</b>	3,477,830	224,800	6.90%
Investment Strategy	526,760	635,770	<b>635,770</b>	560,470	<b>(75,300)</b>	<b>(11.80%)</b>
Resources	942,210	1,033,720	<b>1,033,720</b>	1,062,660	28,940	2.80%
ICT	720,340	972,975	<b>972,975</b>	881,410	<b>(91,565)</b>	<b>(9.40%)</b>
Management & Corporate	693,470	869,650	<b>869,650</b>	892,750	23,100	2.70%
Democratic Representation	152,540	145,920	<b>167,920</b>	183,710	15,790	9.40%
<b>Subtotal - Cost of Services</b>	<b>5,905,530</b>	<b>6,735,565</b>	<b>6,933,065</b>	<b>7,058,830</b>	<b>125,765</b>	<b>1.80%</b>
Capital Expenditure Charge to Revenue	89,820	72,000	<b>72,000</b>	69,900	<b>(2,100)</b>	<b>(2.92%)</b>
<b>Subtotal before transfers to reserves</b>	<b>5,995,350</b>	<b>6,807,565</b>	<b>7,005,065</b>	<b>7,128,730</b>	<b>123,665</b>	<b>1.80%</b>
Appropriations to / (from) Reserves	(66,360)	<b>(150,000)</b>	<b>(150,000)</b>	<b>(273,665)</b>	<b>(123,665)</b>	82.40%
<b>Total</b>	<b>5,928,990</b>	<b>6,657,565</b>	<b>6,855,065</b>	<b>6,855,065</b>	<b>0</b>	<b>0.00%</b>

- 4.27 Following Authority approval granted at the December meeting for a supplementary estimate of £197,500, the outturn forecast position at the end of quarter 3 is that expenditure for the year will match the total revised budget of £6,855k.
- 4.28 The forecast shows that the cost of services subtotal expenditure is forecast to be overspent by £125k, equivalent to 1.8% of the budget – however this will be fully met by the planned transfers from earmarked reserves.
- 4.29 The details of the significant variances are set out below.

*2023/24 Salary Budget Variances*

- 4.30 The pay award for 2023/24 was agreed by the NJC in November 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.
- 4.31 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 actual 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. However, the level of underspend due to turnover and vacancies has remained in excess of this by a total of just under (£137k).
- 4.32 The net total impact across the above two items is therefore a forecast underspend of just under (£18k) – as summarised in the first two columns of Table 1 on the next page.
- 4.33 The total cost in 2023/24 arising from the pay and benefits review outcomes as previously reported, 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.
- 4.34 The following table summarises the above variances by department.



Table 1 Salary Budget Variances by Type and by Department	Additional Cost of Pay Award Offset by Corporate Contingency Budget	Underspend Due to Recruitment Delays Offset by Vacancy Allowance	Pay and Benefits Review	Apprentice Pay Grade Uplift	Total Variances on Salaries Budgets
	£	£	£	£	£
Pensions Administration	112,000	(95,700)	109,000	17,000	142,300
Investment Strategy	9,000	(2,700)	5,000		11,300
Resources	49,000	(67,000)	30,000	14,000	26,000
ICT	15,000	(59,700)	17,000		(27,700)
Management & Corporate: Departmental Budget	8,000	(30,300)	6,000		(16,300)
Democratic Representation	1,000	0			1,000
<b>Subtotal</b>	<b>194,000</b>	<b>(255,400)</b>	<b>167,000</b>	<b>31,000</b>	<b>136,600</b>
Management & Corporate: Corporate Contingency and Vacancy Allowance	(75,000)	118,550	-	-	43,550
<b>Net Total</b>	<b>119,000</b>	<b>(136,850)</b>	<b>167,000</b>	<b>31,000</b>	<b>180,150</b>
	<b>(17,850)</b>		<b>198,000</b>		<b>180,150</b>

### 2023/24 Cost of Services - Variances

4.35 Pensions Administration – Forecast Over-Spend £225k:

4.36 £142k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above.

4.37 Costs relating to hybrid mail are forecast to be £4k over budget. Whilst the general direction towards greater use of online and email communications with members is continuing to reduce costs here, the work being done by the team to clear backlogs has resulted in an increase to the usage of mail for these cases which are additional to the normal level of activity, and this has therefore led to the small over-spend currently forecast.

4.38 The actuarial fees budget is forecast to be over-spent by a net total of £22k. There are additional one-off costs here of the actuary undertaking processing of a backlog of annual allowance / lifetime allowance tax cases. These costs have been partly offset by savings made on the main actuarial services budget by not requiring take-up of all of the potential services available.

- 4.39 The address tracing budget is forecast to be under-spent by (£12k), due to a new licencing arrangement that has resulted in savings. The reduction in costs is reflected in a reduced budget for 2024/25.
- 4.40 The professional fees budget is forecast to be over-spent by £38k. Approximately half of this was due to a one-off piece of work from the address tracing provider to support the update of email address contacts for scheme members, which will help with the quality and efficiency of communications. The remaining part of the over-spend is due to work required on GMP Reconciliation and Rectification in year. Additional budget requirements for professional fees that are expected next year for this area were included in the budget set for 2024/25.
- 4.41 The recruitment fees budget is forecast to be over-spent by £5k. The main driver of the over-spend is due to the costs of specialist, targeted recruitment undertaken for two managerial posts. Some of this over-spend has been offset by a reduced number of recruitment advertising campaigns overall.
- 4.42 An over-spend for Legal fees of £6k 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 has been set to reflect this increased requirement for legal fees.
- 4.43 HMRC late payment interest is forecast to be over-spent by £7k. This relates to late payment interest on member annual allowance (AA) and lifetime allowance (LTA) tax charges paid by the Fund under the Scheme Pays rules. The late payment interest charge is borne by the Authority where the delay in payment is due to a delay in the Authority producing the Pensions Savings Statements, and not the fault of the member. A budget is not normally included for these costs, as they would normally be small and are not easy to predict, and the cost can usually be met from under-spends in other areas. However, as noted above, this year, work is being undertaken with external support to process a backlog of AA and LTA charges – therefore this has resulted in a forecast of higher than usual late payment interest expenditure. It is anticipated that this will be a one-off additional cost in 2023/24 and potentially with some further costs in the early part of 2024/25.
- 4.44 An over-spend of £9k in total is forecast due to a reduction in administration fees income compared to the estimated income for the budget. Fees charged to employers and payroll administration fees have both reduced slightly compared to expectations – mainly related to volume. The 2024/25 income budget has been set to reflect this reduction.
- 4.45 A number of miscellaneous items are forecast to result in minor over-spends which together come to a total of £4k. The over-spend items include ill health reports, death certificates, venue hire and SMS messaging, offset by small under-spends on staff training.
- 4.46 Investment Strategy – Forecast Under-Spend (£75k):
- 4.47 £11k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above.
- 4.48 The performance measurement budget is forecast to be over-spent by £6k. Following the previous contract ending, a new contract was implemented with a new provider. This resulted in an on-boarding fee which is driving the majority of this over-spend.
- 4.49 An over-spend of £4k is forecast for investment advisers due to inflationary increases in fees being above the assumptions when the budget was set. The budget for 2024/25 has been set at a higher rate to reflect this.
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- 4.50 The consultancy budget is forecast to be under-spent by (£48k). The budget was set based on estimated needs and costs for a number of items in relation to TCFD and impact reporting that are now not going ahead in this year; some of the work is being covered by internal resources and the remainder is not currently required.
- 4.51 An under-spend of (£48k) is also 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.
- 4.52 Resources – Forecast Over-Spend £29k:
- 4.53 £26k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above.
- 4.54 The recruitment budget is forecast to be over-spent by £8k 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. Additionally, two attempts to recruit a Governance Officer were required due to failing to appoint at the first attempt, and this led to additional recruitment advertising fees.
- 4.55 Additional income of (£5k) 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 has been set to reflect the agreed fee income for this going forward.
- 4.56 ICT – Forecast Under-Spend (£92k):
- 4.57 (£28k) forecast under-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above.
- 4.58 The training budget is forecast to be over-spent by £4k due to several additional short courses being undertaken – taking advantage of promotional offers from an external provider that provided good value for money. There is an under-spend on the corporate training budget (shown in Management & Corporate), which can be used to offset the additional training spend in individual departments.
- 4.59 At this stage in the year, a net under-spend of (£6k) 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. Arrangements put in place to replace the system, at no cost to the Authority, using internal staff resource to develop a spreadsheet-based system. This will continue to be used pending procurement of a custodian in 2024/25.
  - b) HR & Payroll system forecast under-spend (£50k) – the procurement and implementation of the new system has been delayed until at least July 2024. The implementation and additional annual costs have been included in the 2024/25 budget.
  - c) UPM (Pensions Administration software system) forecast over-spend £53k – a number of additional upgrades have been required in 2023/24 that were not known when setting the budget, partly affected by the vacancy of the AD – Pensions at the time. The Head of ICT has now taken over responsibility for this budget, in close consultation with the AD – Pensions in relation to the needs of the service. Therefore, the estimates for the 2024/25 budget are
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believed to be more robust – although the nature of pensions administration and potential for new requirements arising from regulations etc., can lead to further costs for enhancements / upgrades arising. For this reason, we do also maintain funds in the ICT reserve as a contingency.

- 4.60 An under-spend of (£29k) is forecast on the hardware replacement budget. The budget included provision for a potential requirement to purchase member devices; an alternative solution was found meaning this has not been required. Additionally, the budget for monitor replacements has not been utilised as the work has been delayed to 2024/25.
- 4.61 The budget for various software licences and maintenance are forecast to be under-spent by (£36k). This is due to some licence cost increases not being quite as high as budgeted for, and some costs budgeted for in 2023/24 that will now fall in 2024/25.
- 4.62 A number of miscellaneous items are forecast to result in a minor net over-spend of £3k. This comprises an over-spend on accessories and consumables, offset by under-spends in relation to insurance and telephony.
- 4.63 Management and Corporate – Forecast Over-Spend £7k:
- 4.64 £28k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above, comprising an under-spend of (£16k) on the departmental budget and £43.5k net cost from the corporate contingency and corporate vacancy allowance budgets.
- 4.65 An under-spend of (£39k) is forecast in relation to various budgets relating to Oakwell House:
- a) The utility bills budget is forecast to be under-spent by (£28k), 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 (£8k), 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 maintenance items.
  - c) Office furniture is forecast to be over-spent by £7k. A number of different furniture needs have been assessed following the appointment of the Operations Management Officer with a dedicated focus on managing the office facility. Further requirements have been 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 (£10k). The purpose of the budget is to spread the cost of any significant works that may be required in future over a number of years, such as a new roof for example. Any under-spend will be transferred to Reserves at the end of the year.
- 4.66 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 provided an updated scale fee for 2023/24 which includes consolidation of fees that previously had to be separately agreed in relation to additional
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requirements (such as VFM work, new auditing standards) and these have also been uplifted by 150%, leading to this forecast over-spend.

- 4.67 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 driver of this over-spend. This recruitment did lead to a successful appointment, with the role holder joining the organisation in December 2023.
- 4.68 An under-spend of (£16k) is forecast on the corporate training budget. However, this is partly offset by increased training costs at departmental level and is much smaller than has historically been the case when this budget has been under-utilised. The outcome of providing increased focus on support for learning and development, including the appointment to a new role of Business Support Officer – Learning and Development in the HR team from October 2023 – is evident in the increased usage of this budget.
- 4.69 The budget for HR services provided by Barnsley MBC under a service level agreement is forecast to be over-spent by £5k 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 management resource needed for the increasing workload and increased team establishment.
- 4.70 The professional services budget is forecast to be over-spent by £8k. The main drivers for the over-spend have been additional governance actuarial fees for consultancy regarding member knowledge and skills development and various corporate legal fees.
- 4.71 An over-spend of £2k is forecast for the apprenticeship levy. The increase in salary costs through the 2023/24 pay award and pay and benefits review have resulted in an increase in apprenticeship levy costs. The Authority receives the benefit of this back through drawdowns of our apprenticeship levy pot to pay for the apprenticeships and training in place.
- 4.72 The budget for the Multi-Functional Device (Printer / Photocopier) is forecast to be under-spent by (£4k). 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 have been reflected in a reduced budget for 2024/25.
- 4.73 The Health, Safety & Wellbeing budget is forecast to be over-spent by £4k. The main drivers are occupational health costs and office related health and safety costs, which are both gradually having increased demands. The 2024/25 budget has been increased in this area to reflect the additional spending required. This aligns with the organisational commitment to this area.
- 4.74 Democratic Representation – Forecast Over-Spend £15k:
- 4.75 £1k forecast over-spend on salary budget as detailed in Table 1 and paragraphs 4.30 to 4.34 above.
- 4.76 The Authority and Local Pension Board members' training budget is forecast to be over-spent by £12k. This reflects an increased use of external training providers commissioned for several seminars on specific and current issues in the year (e.g., scrutiny for LPB members, Cyber risk and scams, McCloud) as part of the approved Member Learning & Development Strategy and is part of achieving the aim of
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enhancing support for member knowledge and skills development. The 2024/25 budget includes increases for both the LPB and Authority member training.

- 4.77 A small over-spend of £2k is currently forecast on miscellaneous items such as travel, catering and advisor fees, based on the expected activity and requirements for this year, and the newly introduced Members Away Day.

### Earmarked Reserves

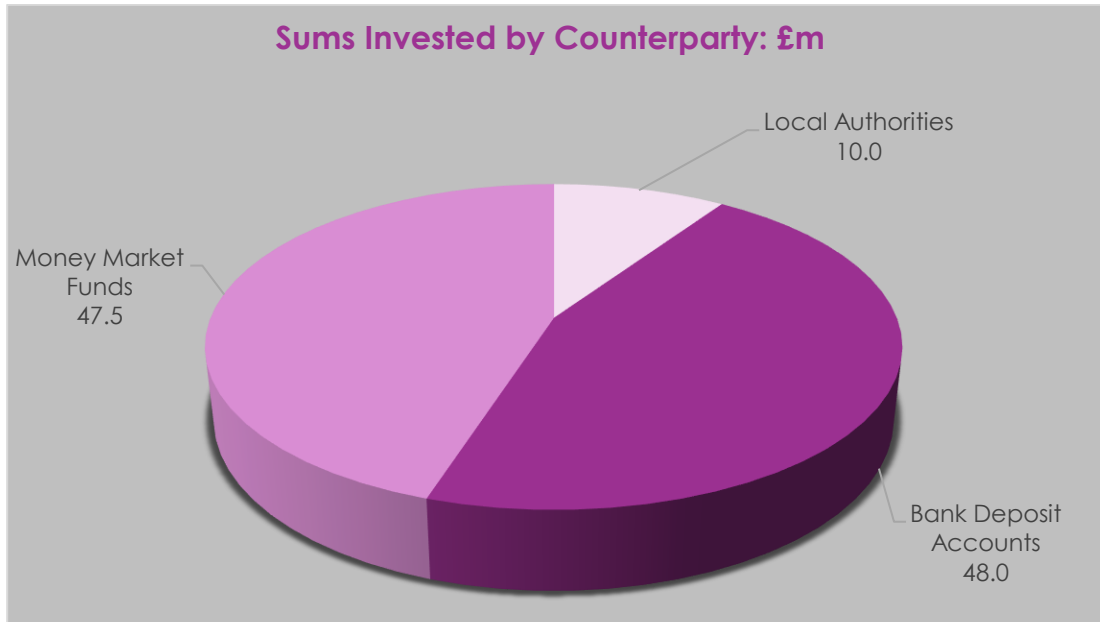
- 4.78 The table below shows the forecast transfers to and from all four of the earmarked reserves in 2023/24.

Reserve	Balance at 01/04/2023 £	Contributions to Reserves £	Contributions from Reserves £	Forecast Balance at 31/03/2024
Corporate Strategy Reserve	110,220	22,000	(66,000)	66,220
Pay & Benefits Reserve	200,000	0	(200,000)	0
ICT Reserve	78,030	10,335	(25,000)	63,365
<b>Subtotal Revenue Reserves</b>	<b>388,250</b>	<b>32,335</b>	<b>(291,000)</b>	<b>129,585</b>
Capital Projects Reserve	34,290	15,000	(30,000)	19,290
<b>Total Earmarked Reserves</b>	<b>422,540</b>	<b>47,335</b>	<b>(321,000)</b>	<b>148,875</b>
<b>Net Total Transfer Out of Reserves</b>			<b>(273,665)</b>	

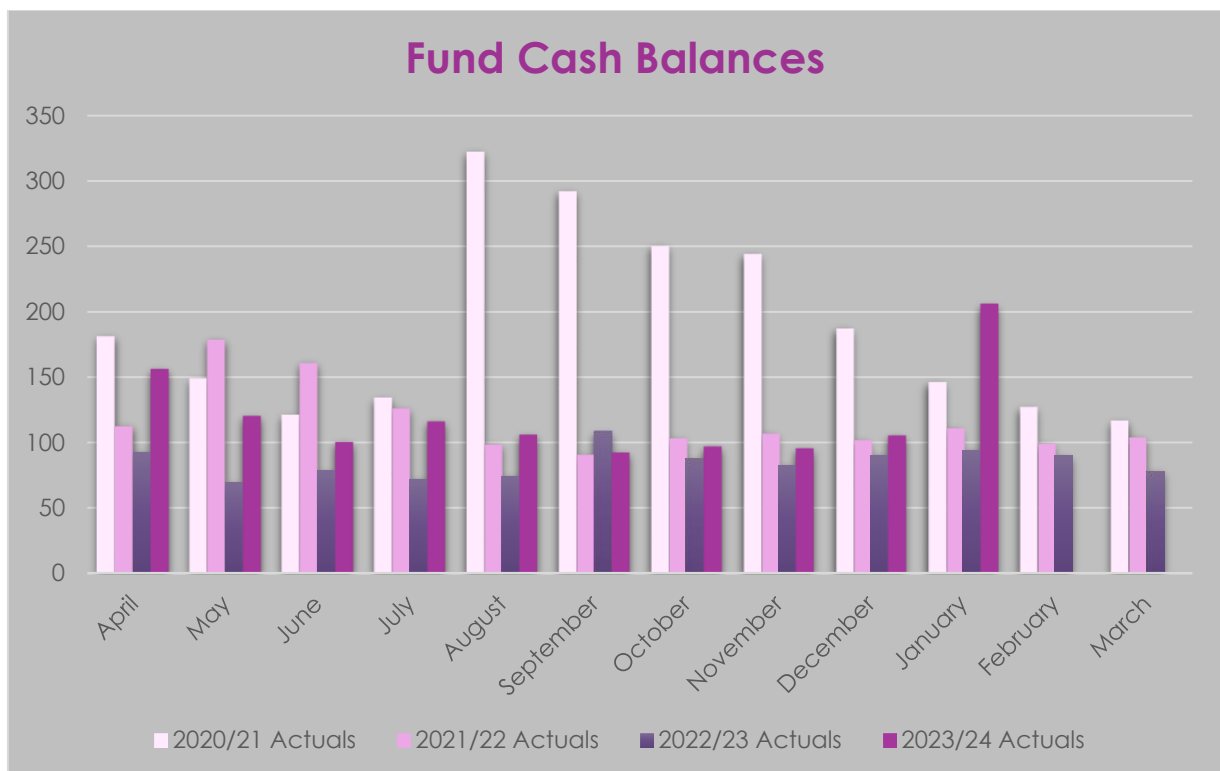
- 4.79 The planned transfers out of the Corporate Strategy reserve are to meet costs associated with the legal fees for the final stage of the Constitution review and providing for the costs of the retentions scheme this year. The transfer into the reserve is for setting aside of funds to meet the costs of the next investment strategy review due in 2026.
- 4.80 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.
- 4.81 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.
- 4.82 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.
- 4.83 The result of the above is a net total transfer out of reserves of (£273,665).
- 4.84 The forecast total balance in reserves following the transfers proposed, is just under £149k, of which the revenue reserves total is just under £130k, equating to 1.9% 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*

4.85 The Fund’s cash balances at 31 December 2023 stood at £105.5 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.



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



- 4.87 Cash is only held pending Fund investment and the balance of cash at the end of the quarter 3 represents 0.99% of the Fund, compared with 0.90% at 30 September 2023.
- 4.88 The significant increase that can be seen in the chart above of cash held as at the end of January 2024 is due to the conclusion of Project Chip which resulted in a large cash inflow that will be held temporarily pending re-investment by the Fund.



## **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 reported last quarter, the risk register underwent a comprehensive review in November 2023 and the format was updated and enhanced. 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.
  - 5.4 The results of the latest review of the Authority’s strategic risks undertaken in February 2024 are set out in the commentary shown in blue font on the register attached at Appendix A.
  - 5.5 No risk scores have changed since the last review reported and no new risks have been added.
  - 5.6 The risk owner for the two risks relating to ‘People’ has been changed from the Director to the Assistant Director – Resources.
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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 Q3 2023/24	Received in Q2 2023/24	Received YTD 2023/24	Received in Previous Year: 2022/23
Complaints	7	8	22	24
Appeals Stage 1	4	1	5	4
Appeals Stage 2	0	0	2	4

- 6.2 A detailed report of complaints and action taken is provided to the Local Pensions Board for scrutiny.
- 6.3 There were no identifiable trends and only one complaint was caused by SYPA – due to delays in annual allowance processing.
- 6.4 Four stage 1 appeals were received in the quarter, two are still within regulatory timeline. A new reporting procedure has been introduced which it is hoped will be used to report to the Authority as part of the Q4 corporate performance report.
- 6.5 Two stage 1 appeals were determined in the quarter; one was upheld, and one was rejected. Although rejected, a payment of compensation was made to the member.

### *Breaches of Law and Regulation*

- 6.6 We are required to maintain a register of breaches, the detail of which is reported to the Local Pension Board at each meeting as part of their oversight role.
- 6.7 One breach was recorded this quarter, taking the total for this year to date to six.
- 6.8 The breach related to payment of a refund after the 5-year legislative cut-off period.
- 6.9 A breach has been reported to the Regulator in relation to five transfer cases as previously advised.

### *Satisfaction Surveys*

- 6.10 A survey of retiring members between August and October found that 92% of the 130 respondents were satisfied with the service they received.
- 6.11 A customer centre survey showed that of the 307 respondents, 86% were satisfied with the service they received.