

Delivering for our Customers

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Corporate Performance Report

Quarter 4 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

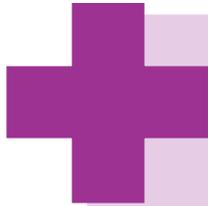
- 1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.
- 1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority's objectives, bringing together information on progress 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 final 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.

Recommendations

- 1.4 The financial measures set out within Section 4 of the report include details regarding proposed budget virements required in relation to two technical corrections to employee costs budget following a transfer of two teams between departments.
 - 1.5 The financial measures section also includes details regarding the outturn for 2023/24 and proposed transfer from reserves.
 - 1.6 The Authority's approval is required for the budget virement and for the reserves transfers and Members are recommended to:
 - a) **Approve the budget virements as set out in paragraphs 4.27 to 4.28 of the report.**
 - b) **Approve the Authority overspend of £49,200 to be charged to the Fund as set out in paragraphs 4.30 to 4.33 of the report.**
 - c) **Approve the transfers to and from earmarked reserves as set out in the table in paragraph 4.87; amounting to a net total transfer from reserves of £274,235.**
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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.



Good progress made on a range of corporate plans with several completed including the conclusion of Project Chip, Pay & Benefits review outcomes implemented and newly refreshed Project Management Methodology adopted.

Sickness absence levels for the year have reduced compared to the previous year.

Investment return for the year at 7.8% has met target expectations.

Improvement plans in place for Pensions Administration.

Some of the original objectives planned for completion in 2023/24 have had to be deferred.

Provisional budget outturn is an over-spend of 0.7%.

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



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 reflected 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 the target timescale – whether original or revised
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 4	On Track:
		Start	Finish			
Data						
D02	Guaranteed Minimum Pension – Completion of Rectification process	Nov-21	Dec-23 <i>Revised to Aug-24</i>	ADP	Project team is testing the system developments. Currently working on an August 2024 completion date.	
D03	McCloud Remedy- Processing and Case Reviews	Apr-23	Mar-24	Ben	A large number of leavers from the Fund are now having their benefits checked against the McCloud underpin by the Benefits team. There are limitations within the system which are to be targeted by the software provider in the Autumn.	
Process Improvement						
P01	Implement contractual improvements to the Core UPM Pension Administration System – <i>Improve functionality of employer hub</i>	Feb-22	Mar-25	ADP	Procurement completed for new Employer Hub application. Configuration in progress.	
P02	Monthly Data Collection (MDC)	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	Reporting – Implement improvements to the completeness and degree of automating of reporting across the organisation – <i>Pension Administration Regular Management Information</i>	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.	
		Apr-22	Mar-24	Ben / Sys / PP	Improvement plan in place as per report presented to the March Authority meeting.	

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 4	On Track:
		Start	Finish			
	<i>UPM Finance Reports</i>	<i>Apr-22</i>	<i>Mar-24</i>	<i>Sys / HoF</i>	Completed. Key reports all improved and implemented.	✓
	<i>Main accounting system reports</i>	<i>Apr-22</i>	<i>Mar-25</i>	<i>ADR / HoF</i>	To be fully progressed in 2024/25 in collaboration with Service Manager - Programmes and Performance.	✓
	<i>HR Reporting</i>	<i>Oct-22</i>	<i>Mar-25</i>	<i>ADR / HRBP</i>	To be progressed in the latter half of 2024/25 and into 2025/26 after the new HR system is implemented and in collaboration with Service Manager - Programmes and Performance.	↔
P04	Financial Process Improvements - <i>Complete the review of the VAT Partial Exemption Special Method</i>	Apr-22	Jun-24	ADR		
		<i>Feb-22</i>	<i>Jun-24</i> Revised to Oct-24	<i>HoF</i>	A procurement timetable has been produced for the Custodian tender. The tender will be going live on the LGPS framework for this in July 2024 with a view to an appointment being made in September 2024 and on-boarding during October 2024.	✓
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>	Completed, the 12-month review due took place April 2024 and accreditation retained.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 4	On Track:
		Start	Finish			
Investment						
I01	Strategic Issues – <i>Address systemic risks to the fund's investments resulting from climate change through progressing annual updates to the Net Zero action plan.</i>	Apr-22 <i>Mar-22</i>	Mar-25 <i>Mar-25</i>	Dir <i>Dir</i>	Update of Net Zero plan was approved at the March Authority meeting. Two investments have been identified for Natural Capital which will meet our climate positive investment criteria.	✓
	<i>Implement new requirements related to TCFD Reporting</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>Dir / ADIS</i>	Development work on improvements to reporting is ongoing with Border to Coast partners.	↔
I02	Tactical and Transactional Issues – <i>Implement revisions to the Strategic Asset allocation</i>	Apr-22 <i>Apr-23</i>	Ongoing <i>Ongoing</i>	ADIS <i>ADIS</i>	Changes are ongoing. The RLAM Natural Capital fund marks the first investment for this new asset category. Further investments are expected to complete before June.	✓
	<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	✓

Ref	Project / Action	Timescale Start	Timescale Finish	Responsible Manager	2023/24 Progress Updates Quarter 4	On Track:
Organisation						
O01	Governance –	Dec-21	Mar-25	ADR		
	<i>Review and update information governance arrangements</i>	<i>Jun-22</i>	<i>Mar-24</i>	<i>HoG</i>	An action plan is in place that continues to be implemented between now and the end of this calendar year, with a phased approach to updating the Authority's data protection policy and procedures with training and other enhancements that have been identified. Progress on the action plan is regularly reviewed with internal audit colleagues.	✓
	<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.	↔
	<i>Demonstrate compliance with the relevant TPR codes</i>	<i>Sep-22</i>	<i>Aug-23</i> <i>Revised to Jun-24</i>	<i>ADP / HoG</i>	End date was revised due to delays in TPR publishing the General Code. The new Code was published in March and compliance was assessed in the same month with support from Aon as part of independent governance review work. An action plan and report will be developed and reported to LPB and Authority in the coming months.	↔
O02	People –	Jan-22	Ongoing	SMT & HR		
	<i>Procure and implement a new HR and Payroll System</i>	<i>Apr-23</i>	<i>Mar-24</i> <i>Revised to Mar-25</i>	<i>ADR / HoF / HRBP</i>	This project has had to be deferred to 2024/25 due to prioritising the significant work required in 2023/24 on the pay and benefits review. Procurement activity is planned for early summer 2024 and a detailed timetable for implementation will be developed following the procurement outcome.	↔
	<i>Develop an Apprenticeship framework to support existing and future apprentices</i>	<i>Apr-23</i>	<i>Mar-24</i>	<i>HRBP</i>	An apprenticeship framework has been developed which we are currently updating as part of enhancements to the 'Work for Us' section of our website - in progress but won't be fully complete until Q1 of 2024/25.	✓

Ref	Project / Action	Timescale Start	Finish	Responsible Manager	2023/24 Progress Updates Quarter 4	On Track:
	<i>Undertake staff survey and identify appropriate responses to the results</i>	<i>Jun-23</i>	<i>Dec-23</i>	<i>ADR / HRBP</i>	Completed. The staff survey was carried out in autumn 2023 with the very positive results reported to the Authority in December 2023 and communicated across the organisation including actions planned in response to the results.	✓
O03	ICT –	Jun-21	Mar-25	ICT		
	<i>Complete the roll out of Microsoft 365 tools and the migration to 365 infrastructure</i>	<i>Jun-21</i>	<i>Dec-23</i> <i>Revised to</i> <i>Aug-24</i>	<i>ICT</i>	Migration of documents to OneDrive online completed. SharePoint Online development and document migration continuing - working to a deadline for completion of end of July 2024. Exploring how the newly acquired M365 tools can be used to enhance security and productivity.	✓
	<i>Agree and implement a revised hardware replacement programme</i>	<i>Apr-22</i>	<i>Jun-23</i>	<i>INF</i>	Laptop replacement completed for 2023/24.	✓
	<i>Review and update ICT policies, including specifically a review of password management arrangements</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT</i>	External resource identified to assist with the review and update of ICT policies to be utilised in quarter 1 of 2024/25.	✓
	<i>Strengthen Cyber Security</i>	<i>Apr-22</i>	<i>Ongoing</i>	<i>ICT / INF</i>	Prepared Cyber Awareness session to be delivered to LPB and internal users. Ongoing Cyber Awareness training including targeted modules for specific roles.	✓
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>	Completed. New framework for application of the project management methodology now fully implemented across the organisation, making use of digital tools available through M365 that is helping make the process more efficient and effective for users as well as enabling much improved reporting to provide the leadership team and SMT with clear line of sight on individual projects and the overall programme.	✓

Ref	Project / Action	Timescale		Responsible Manager	2023/24 Progress Updates Quarter 4	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 Revised to Dec-24</i>	<i>ICT / OMO</i>	Deferred to first half of 2024/25 as reported in Q3. Will now be progressed in 2024/25.	

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 quarter and the figures for the full year as compared to the previous year are summarised in the following table.

Measure: Days Lost Per FTE	Quarter 4 2023/24	Quarter 3 2023/24	Quarterly Movement	Full Year 2023/24	Full Year 2022/23	Yearly Movement
Short Term Sickness Absence	1.19	0.99		3.96	3.77	
Long Term Sickness Absence	0.84	0.73		4.28	4.70	
Total Days Lost per FTE	2.03	1.72		8.24	8.47	

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 the final quarter of the year has slightly increased compared to the previous quarter. However, the annual comparison shows a slight decrease with 8.2 total days lost for 2023/24, compared to 8.5 in the previous year.

4.5 According to the Chartered Institute of Personnel and Development's (CIPD) annual Health and Wellbeing at Work report for 2023, the average rate of employee absence was 7.8 days nationally, though the report highlights that average sickness absence levels remain considerably higher in the public sector at 10.6 days per employee than in other sectors¹.

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. This policy is due to be reviewed and updated in the first quarter of 2024/25. This will (as is the case with all HR policy reviews) be carried out in collaboration with the trades union representatives.

4.7 The HR team continue to undertake additional measures to support and ensure line managers take appropriate steps to manage attendance in line with the policy,

¹ [Health and wellbeing at work | CIPD](#)

ensuring early interventions, proactive actions in line with the policy and provision of support and signposting as appropriate.

- 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 4 2023/24	Quarterly Benchmark	Performance YTD 2023/24	2023/24 Benchmark	2023/24 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	3.00%	3.20%	7.80%	8.10%	6.20%	

4.11 Performance is within the expectations of the return target.

4.12 The total Fund value at 31 March 2024 was £10.694bn; compared with £10.688bn at 31 December 2023.

4.13 The Funding Level at 31 March 2024 is estimated at 151%. This has increased marginally from 149% at 31 December 2023 as the value of liabilities has fallen more than the value of assets as rate expectations increased.

4.14 At the end of the quarter, 71.9% of the Fund’s assets were being managed in pooled structures provided by Border to Coast.

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 4	2023/24 Quarter 3	2023/24 Full Year	Previous Year: 2022/23	Target 2023/24	Year on Year Movement
Proportion of priority cases processed on time	64%	68%	64%	79%	100%	
Proportion of non-priority cases processed on time	66%	53%	67%	73%	100%	
Proportion of all cases processed on time	65%	67%	66%	68%	100%	
Proportion of employer data submissions on time	93%	94%	94%	95%	100%	

4.17 As previously reported, there has been an impact on processing performance arising from resourcing shortfalls and some of the metrics being skewed as a result of the backlog clearance exercise due to the nature of historic cases being completed.

4.18 Achieving the target processing times continues to be challenging and will remain so in the early part of 2024/25. We are seeing a reduction in the volume and age of our backlog cases however, completing these cases continues to impact our SLA targets.

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

- a) We have recruited to the additional posts that will take us to full capacity. Recruitment plans and timelines are currently being developed with the aim of carrying this out during the summer.
- b) SLA's are reviewed – with the aim of moving to a target of 10 days for most case types.

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

4.21 At the end of the quarter, membership of the Fund stood at 179,903.

4.22 There were 556 participating employers with active members at 31 March 2024, compared with 550 at 31 December 2023.

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

4.24 No terminations were completed this quarter.

Financial Measures

2023/24 Budget Virements

- 4.25 The original budget for 2023/24 was approved by the Authority at their February 2023 meeting. A supplementary estimate of £197,500 was approved by the Authority at their December 2023 meeting.
- 4.26 In the final quarter of the year, approval is now requested for two virements required in relation to technical amendments regarding transfer of functions to different departments that have occurred during the year, requiring transfer of the budget and related expenditure to the relevant budget heads as follows.
- a) The Programmes and Performance team and the Communications team transferred from the Management and Corporate budget head to the Finance and Corporate Services budget head.
 - b) The Pensions Systems team transferred from the Pensions Administration budget head to the ICT budget head.
- 4.27 The effect of this is shown below.

Budget Virements 2023/24	2023/24 Revised Budget at Q3	Virement Q4	2023/24 Revised Budget at Q4
Pensions Administration	3,253,030	(307,670)	2,945,360
Investment Strategy	635,770		635,770
Resources	1,033,720	170,630	1,204,350
ICT	972,975	307,670	1,280,645
Management & Corporate	869,650	(170,630)	699,020
Democratic Representation	167,920		167,920
Subtotal - Cost of Services	6,933,065	0	6,933,065
Capital Expenditure Charged to Revenue	72,000	0	72,000
Subtotal - Total Expenditure	7,005,065	0	7,005,065
Transfer to / (from) Reserves	(150,000)	0	(150,000)
Total Budget Requirement	6,855,065	0	6,855,065

2023/24 Q4 Provisional Outturn

4.28 The quarter 4 outturn expenditure and variance against the revised budget (including the virements above) is as follows.

South Yorkshire Pensions Authority Operational Budget	2022/23 Actuals £	2023/24 Original Budget	2023/24 Revised Budget £	2023/24 Q4 Outturn £	2023/24 Q4 Outturn Variance £	2023/24 Q4 Outturn Variance %
Pensions Administration	2,870,210	3,077,530	2,945,360	3,231,130	285,770	9.7%
Investment Strategy	526,760	635,770	635,770	569,210	(66,560)	(10.5%)
Resources	942,210	1,033,720	1,204,350	1,236,520	32,170	2.7%
ICT	720,340	972,975	1,280,645	1,124,100	(156,545)	(12.2%)
Management & Corporate	693,470	869,650	699,020	764,770	65,750	9.4%
Democratic Representation	152,540	145,920	167,920	182,870	14,950	8.9%
Subtotal - Cost of Services	5,905,530	6,735,565	6,933,065	7,108,600	175,535	2.5%
Capital Expenditure Charge to Revenue	89,820	72,000	72,000	69,900	(2,100)	(2.9%)
Subtotal before transfers to reserves	5,995,350	6,807,565	7,005,065	7,178,500	173,435	2.50%
Appropriations to / (from) Reserves	(66,360)	(150,000)	(150,000)	(274,235)	(124,235)	82.8%
Total	5,928,990	6,657,565	6,855,065	6,904,265	49,200	0.70%

- 4.29 The provisional outturn for the year is an over-spend of £49k or 0.7% after transfers from reserves.
- 4.30 The cost of services subtotal expenditure is forecast to be overspent by £173k, equivalent to 2.5% of the budget. All but £49k of this will be met by the planned transfers from earmarked reserves.
- 4.31 The overspend of £49k has arisen due to additional unforeseen external audit costs.
- 4.32 PSAA (Public Sector Audit Appointments) are responsible for appointing auditors and setting the rates they can charge annually, known as scale fees. In preparation for the 2023/24 audit, we had been informed of a significant increase to fees for the new audit contracts let for the five year period commencing with 2023/24 audits, leading to a budget increase of £78k. However, the confirmed fees for the year were only advised after the budget had been approved and included a further increase of £30k per year. In addition, in the final quarter of 2023/24, the Authority's former auditor informed us of their proposed additional fees of £19k in relation to the impact of new audit standards on the 2022/23 audit that will now be put forward to PSAA for approval.
- 4.33 The details of the significant variances within each budget head are set out below.

2023/24 Cost of Services – Variances

4.34 Pay Costs 2023/24

- 4.35 The pay award for 2023/24 was agreed by the NJC in November 2023 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. The impact of this on salary budget variances is included in the details shown for each department below.
- 4.36 The outcomes of the pay and benefits review, approved by the Staffing Committee in October 2023, as previously reported, resulted in additional costs of £198k. This cost is to be met in year from the Pay & Benefits Reserve that was set up for this purpose and the details are set out later in this report.
- 4.37 Pensions Administration –Over-Spend £286k:
- 4.38 The employee costs budget was over-spent by £210k. This is made up of the following items:
- a) The additional cost for this department of applying the pay award for 2023/24 was £99k.
 - b) The implementation of the pay and benefits review cost £113k for this department. Pay and benefits review costs are offset by a transfer from the pay and benefits reserve noted in the reserves section later in the report.
 - c) There was a minor under-spend of (£2k) in relation to staff turnover.
- 4.39 Costs relating to hybrid mail are £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.
- 4.40 The actuarial fees budget is over-spent by a net total of £16k. 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
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savings made on the main actuarial services budget by not requiring take-up of all of the potential services available.

- 4.41 The professional fees budget has been over-spent by £39k. 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.
- 4.42 A small over-spend for Legal fees of £4k. During 2023/24 there has been a growth in the use of external legal advice for primarily employer-related work; the 2024/25 budget has been set to reflect this increased requirement for legal fees.
- 4.43 An over-spend of £11k in total, 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 reductions. The 2024/25 income budget has been reduced accordingly.
- 4.44 The address tracing budget is 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.
- 4.45 There was an additional cost of £5k for the year relating to employee relocation expenses.
- 4.46 The recruitment fees budget has been over-spent by £2k. The main driver of the small over-spend is 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.
- 4.47 A number of miscellaneous items have resulted in minor over-spends which together come to a total of £7k. The over-spend items include ill health reports, death certificates, venue hire and SMS messaging, offset by small under-spends on miscellaneous expenditure.
- 4.48 Investment Strategy – Under-Spend (£67k):
- 4.49 The employee costs budget was over-spent by £14k. This is made up of the following items:
- a) The additional cost for this department of applying the pay award for 2023/24 was £9k.
 - b) The implementation of the pay and benefits review cost £5k for this department. Pay and benefits review costs are offset by a transfer from the pay and benefits reserve noted in the reserves section later in the report.
- 4.50 The performance measurement budget was over-spent by £16k. 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.
- 4.51 An over-spend of £3k 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.
- 4.52 The consultancy budget has been under-spent by (£47k). The budget was set based on estimated needs and costs for a number of items in relation to TCFD and impact
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reporting that did not go ahead during the year; some of the work is being covered by internal resources and the remainder is not required.

- 4.53 An under-spend of (£50k) on legal and other professional fees based on the activity and requirements during the year. The main driver of this under-spend is an additional professional licence for Bloomberg budgeted for, that was not implemented.
- 4.54 The training budget has been under-spent by (£3k), due to a lack of activity in the year.
- 4.55 Resources – Forecast Over-Spend £32k:
- 4.56 The employee costs budget was over-spent by £28k. This is made up of the following items:
- a) The additional cost for this department of applying the pay award for 2023/24 was £55k.
 - b) The implementation of the pay and benefits review cost £46k for this department. Pay and Benefits review costs are offset by a transfer from the pay and benefits reserve noted in the reserves section later in the report.
 - c) There was a net under-spend of (£73k) comprising (£81k) driven by staff turnover and recruitment delays, partly offset by £8k costs of an employee exit payment (PILON).
- 4.57 The recruitment budget has been over-spent by £8k due to having required the services of a specialist agency for a second transactions officer in the financial services team; 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.
- 4.58 Additional income of (£5k) was due to not including a budget for the 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.
- 4.59 A minor over-spend of £1k on the training budget, through a variety of professional and short courses being undertaken through the year.
- 4.60 ICT – Under-Spend: (£157k):
- 4.61 The employee costs budget was under-spent by (£99k). This is made up of the following items:
- a) The additional cost for this department of applying the pay award for 2023/24 was £28k.
 - b) The implementation of the pay and benefits review cost £30k for this department. Pay and benefits review costs are offset by a transfer from the pay and benefits reserve noted in the reserves section later in the report.
 - c) There was a significant under-spend of (£157k) driven by staff turnover and recruitment delays. A small number of vacant posts were not recruited throughout the year, some of these posts (within the Pensions Systems team) had previously been disclosed under Pensions Administration prior to the virement above. The reason for not recruiting was due to requiring time to take stock following the transfer of the team to ICT and undertaking an assessment of the resourcing needs in order to plan an appropriate strategy
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for filling the posts required, given that these are specialist posts that can be challenging to recruit. The 2024/25 budget has been set to reflect the likely plans and timelines for recruitment with an allowance to direct some of the vacancy budget resources to be used on purchasing consultancy support from the system supplier to ensure that the service delivery is not negatively impacted.

- 4.62 The training budget has been 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.
- 4.63 A minor under-spend of (£1k) on the budgets for various software systems:
- a) Investment accounting system under-spend (£9k) – the supplier went into liquidation in May 2023 without notice. Arrangements were put in place to replace the system, at no cost to the Authority, using internal staff resource to develop a spreadsheet-based system. This has continued to be used throughout this year pending procurement of a custodian in 2024/25.
 - b) HR & Payroll system under-spend (£48k) – the procurement and implementation of the new system has been delayed until the summer of 2024. The implementation and additional annual costs have been included in the 2024/25 budget.
 - c) UPM (Pensions Administration) software system over-spend £56k – 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 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.
- 4.64 An under-spend of (£29k) 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.
- 4.65 The budget for various software licences and maintenance were 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.
- 4.66 A number of miscellaneous items resulted in a minor net over-spend of £4k. This comprises an over-spend on accessories and consumables, offset by under-spends in relation to insurance and telephony.
- 4.67 Management and Corporate – Over-Spend: £66k
- 4.68 The employee costs budget was over-spent by £45k. This is made up of the following items:
- a) The additional cost for this department of applying the pay award for 2023/24 was £2k.
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- b) The implementation of the pay and benefits review cost £1k for this department. Pay and benefits review costs are offset by a transfer from the pay and benefits reserve noted in the reserves section later in the report.
- c) There was a minor under-spend of (£2k) in relation to staff turnover.
- d) A net over-spend of £44k in relation to the centrally held vacancy allowance and corporate contingency budgets to offset variations across the other Authority budget heads. The vacancy allowance budget is held centrally to account for turnover across the Authority to offset under-spends in relation to time taken to recruit to vacancies across the service areas reported; the outturn on this is an over-spend of £119k. The corporate contingency budget was set to provide for the risk of over-spends in relation to the national pay award, given this was not known at the time of setting the budget and there was a significant level of uncertainty over the assumptions used; the outturn on this is an under-spend of (£75k).

4.69 An under-spend of (£32k) in relation to various budgets relating to the Oakwell House office building:

- a) The utility bills budget was under-spent by (£28k), mainly due to the price of electricity reducing in the latter half of the year. The budget was set on a prudent basis without building in these potential reductions.
- b) The facilities management and other premises budgets were under-spent by (£1k), 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 has been 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 has been 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, through transferring an annual amount into earmarked reserves.

4.70 External audit costs have been over-spent by £49k, as explained in paragraph 4.33 above in regard to the overall Authority over-spend.

4.71 The recruitment budget has been over-spent by £7k. 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.

4.72 An under-spend of (£18k) 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 previously been under-utilised. The positive impact 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.

- 4.73 The budget for HR services provided by Barnsley MBC under a service level agreement was 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 staffing establishment.
- 4.74 The budget for Internal audit services provided by Barnsley MBC under a service level agreement was under-spent by (£9k). The driver of the under-spend was fewer plan days being delivered than budgeted for, this was offset by higher daily rate fees due to inflation.
- 4.75 The professional services budget was over-spent by £22k. The main drivers for the over-spend have been additional actuarial fees for governance consultancy regarding member knowledge and skills development, various corporate legal fees and the 2023/24 portion of costs for the Independent Governance review carried out between February and May 2024.
- 4.76 The budget for the Multi-Functional Device (Printer / Photocopier) has been under-spent by (£5k). As the Authority has moved towards 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.
- 4.77 An under-spend of (£5k) on the budget for employer secondary rate pension contributions which relates to past service costs and is therefore held as a corporate budget. The secondary contribution rate from 1 April 2023 is set as a negative percentage of pensionable pay costs due to the Authority's own funding position (as an employer in the scheme) being in surplus at the 2022 triennial valuation. As the total pensionable pay for the year was higher than forecast, this has led to a higher than forecast actual on the secondary contributions.
- 4.78 A number of miscellaneous items resulted in a minor net over-spend of £3k. This comprises an over-spend on apprenticeship levy and insurance, offset by under-spends in relation to subscriptions, transport and other supplies. The Authority receives the benefit of the apprenticeship levy back through drawdowns of our apprenticeship levy pot to pay for the apprenticeships and training in place.
- 4.79 The Health, Safety & Wellbeing budget was 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.
- 4.80 Democratic Representation – Over-Spend: £15k
- 4.81 An over-spend of £1k related to the impact of the pay award on the Director's costs, a third of which is charged to this budget.
- 4.82 The Authority and Local Pension Board members' training budget was 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 (including Scrutiny for LPB members, and Cyber Risk & Scams, and McCloud for all members) 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. The 2024/25 budget includes increases for both the LPB and Authority member training.
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4.83 A small over-spend of £2k on miscellaneous items such as travel, catering and adviser fees, based on the activity during the year, and the newly introduced Members Away Day.

4.84 Capital Expenditure Charge – Under-Spend (£2k):

4.85 The capital expenditure budget was under-spent by (£2k) as the costs of laptops purchased during the year were lower than what had been budgeted.

Earmarked Reserves

4.86 The table below shows the transfers to, from and between all four of the earmarked reserves at the end of 2023/24.

Reserve	Balance at 01/04/2023 £	Contributions to Reserves £	Contributions from Reserves £	Transfers Between Reserves £	Balance at 31/03/2024
Corporate Strategy Reserve	110,220	22,000	(91,235)	25,000	65,985
Pay & Benefits Reserve	200,000	0	(200,000)	0	0
ICT Reserve	78,030	10,000	0	(25,000)	63,030
Subtotal Revenue Reserves	388,250	32,000	(291,235)	0	129,015
Capital Projects Reserve	34,290	15,000	(30,000)	0	19,290
Total Earmarked Reserves	422,540	47,000	(321,235)	0	148,305
Net Total Transfer			(274,235)		

4.87 The contribution of £22k into the Corporate Strategy reserve is for setting aside of funds to meet the costs of the next investment strategy review due in 2026. The contributions from this reserve are to meet the costs incurred this year associated with:

- a) Legal fees for the final stage of the Constitution review.
- b) Additional over-spends in Pensions Administration.
- c) Costs of the staff retention scheme.

A transfer of £25k from into the Corporate Strategy Reserve from the ICT reserve is proposed in order to achieve the required balance between these reserves at the end of the year based on the needs going forward.

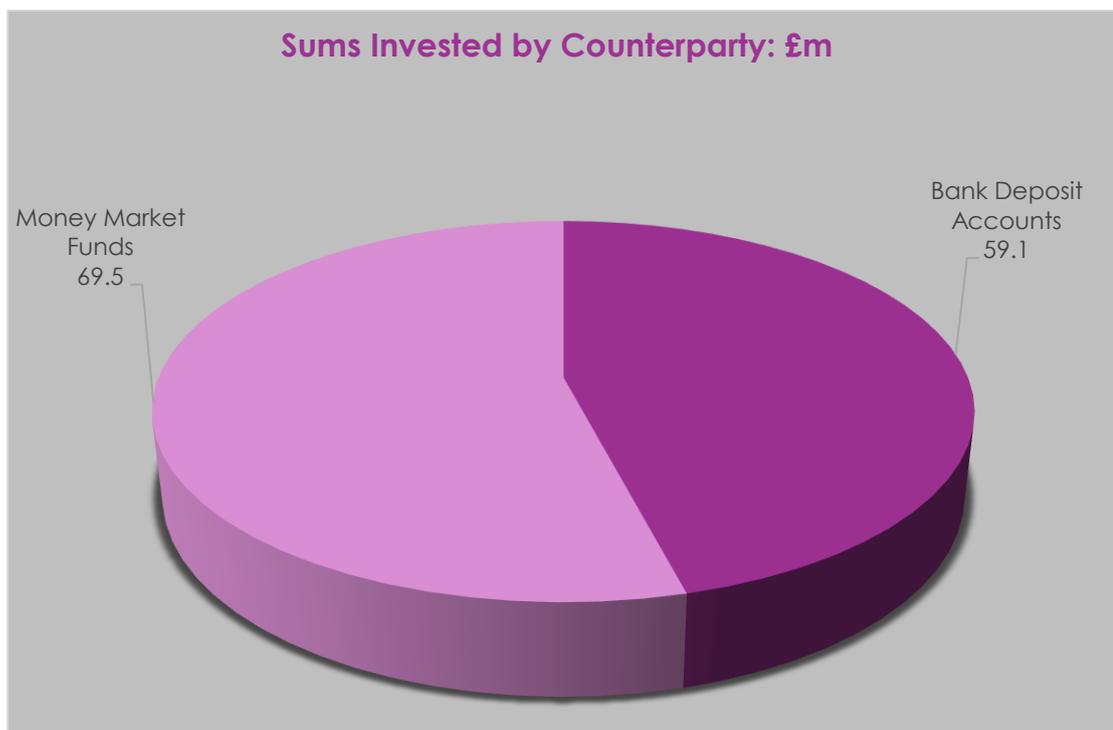
4.88 The Pay & Benefits reserve was created to meet the then unknown costs in 2023/24 of the pay & benefits review outcomes. This work was concluded during the year with a total cost of £198k and therefore the total balance available in this reserve has been fully used to meet this cost.

4.89 The contribution into the ICT reserve was to set aside the income received from software sales in line with policy to be used for future ICT development requirements.

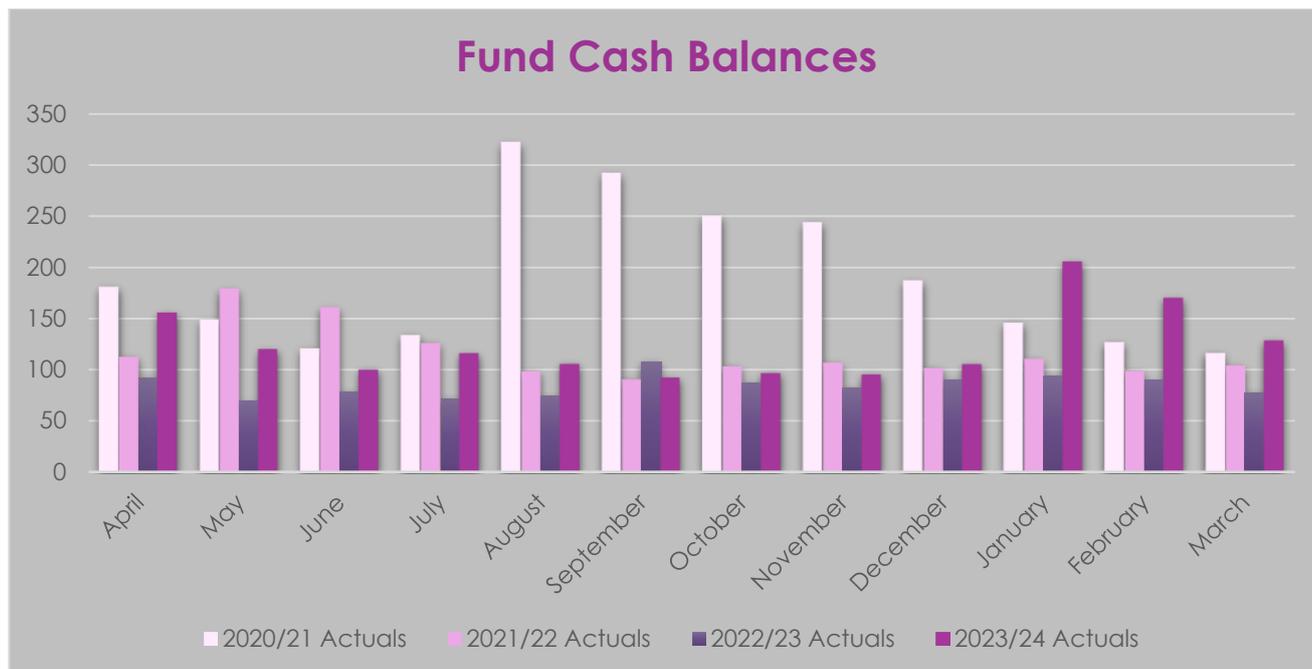
- 4.90 The contribution into the Capital Projects reserve is setting aside of funds for meeting future costs of upgrades required to the office building. The contribution from this reserve is to finance the expenditure incurred this year on the laptop replacement programme.
- 4.91 The result of the above is a net total transfer out from reserves of (£274,235). Members are asked to approve this transfer.
- 4.92 The balance of the revenue reserves at the end of the year, following the transfers, is £129k in total, equating to 1.9% of the Authority's total revenue budget, which falls well within the limit of 10% set in the Medium-Term Financial Strategy for 2023/24 onwards.

Treasury Management

- 4.93 The Fund's cash balances at 31 March 2024 stood at £128.6 million (£105.5 million at 31 December 2023). 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.
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4.95 Cash is only held pending Fund investment and the balance of cash at the end of the year represents 1.17% of the Fund, compared with 0.99% at 31 December 2023.

4.96 The significant increase that can be seen in the chart above of cash held as at the end of January 2024, and shown to be steadily reducing in February and March, is due to the conclusion of Project Chip which resulted in a large cash inflow that was held temporarily pending re-investment by the Fund, which is taking place on a phased basis.

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 register is now held on risk management software system, enabling a more streamlined process for reviewing, recording and reporting on risks as well as assisting managers through the use of triggers and action reminders for example.
 - 5.3 The Corporate Risk Register report is attached at Appendix A and is set out in a new format compared to previous reports as it has been produced directly from the new risk management software system.
 - 5.4 The results of the latest review of the Authority's risks undertaken in May 2024 are set out in the commentary shown in the final column of the table in the report.
 - 5.5 No risk scores have changed since the last review reported and no new risks have been added.
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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 Q4 2023/24	Received in Q3 2023/24	Received 2023/24 Full Year	Received in Previous Year: 2022/23
Complaints	4	7	26	24
Appeals Stage 1	2	4	7	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 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 Appeals received were due to an incorrect retirement quote not being honoured and one that involved incorrectly calculated benefits due to information received from an employer.

Breaches of Law and Regulation

- 6.5 We are required to maintain a register of breaches, the detail of which is reported to the Local Pension Board at each meeting as part of their oversight role.
- 6.6 Two breaches were recorded this quarter, taking the total for this year to date to six.
- 6.7 These breaches related to payment of a refund after the 5-year legislative cut-off period. It is likely that we will continue to see these as we work through our backlog.

Satisfaction Surveys

- 6.8 A survey of retiring members between November 2023 and January 2024 found that 94% of the 122 respondents were satisfied with the service they received.
- 6.9 A customer centre survey for the same period showed that of the 94 respondents, 90% were satisfied with the service they received.