South Yorkshire Pensions Authority

Statement of Accounts 2023/24

[Unaudited]

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Narrative Report

Introduction

This narrative report aims to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. The information contained in these accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the accounts by presenting a clear and understandable summary of the Authority's financial position and performance for the year and its prospects for future years. In order to achieve this, a commentary will be provided on how the Authority has used its resources to achieve its desired outcomes and will highlight and explain the linkages between information presented here and the information within the financial statements.

The report is structured as follows:

- About South Yorkshire Pensions Authority
- Our Mission
- Our Priorities
- Our Performance & Achievements
- Our Financial Position
- Our Future Spending Plans
- Risks and Challenges
- Current Issues
- Explanation of Our Financial Statements 2023/24

About South Yorkshire Pensions Authority

South Yorkshire Pensions Authority was established on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. The primary function of the organisation is to administer the South Yorkshire Pension Fund within the Local Government Pension Scheme (LGPS).

The South Yorkshire Pension Fund is one of the ten largest LGPS funds by both assets and membership, with an asset value of £10.9 billion and a total of 179,903 members at 31 March 2024.

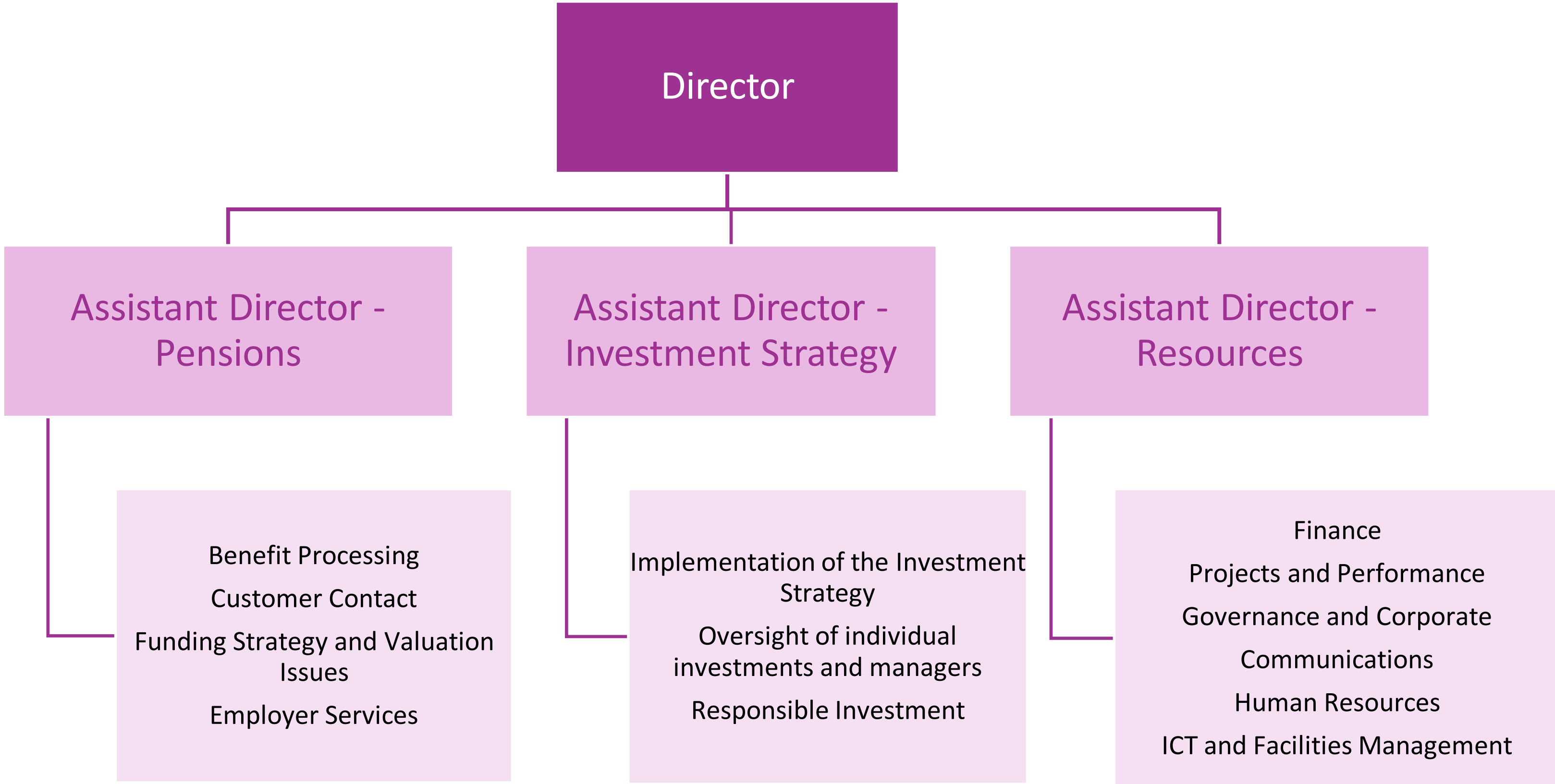
When the Authority was established in 1988, it was also made responsible for certain residual liabilities of the South Yorkshire Residuary Body. These were compensation payments which were not met by the Pension Fund. These liabilities are met by a levy on the four district councils of South Yorkshire payable in proportion to their populations. The four districts are: Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council.

The Authority is unique amongst the administering authorities in the LGPS in that it is the only democratically accountable, free-standing pensions organisation in the UK. While a small number of other administering authorities are not councils, their “boards” include appointed experts rather than being entirely made up of councillors.

The Authority has 12 members drawn from the four South Yorkshire districts outlined above, roughly in proportion to their population. The membership of the Authority in 2023/24 was as follows.

Barnsley MBC 2 Members	City of Doncaster Council 3 Members	Rotherham MBC 2 Members	Sheffield CC 5 Members	Non-Voting Co-opted Members 3 Members
Roy Bowser	Steve Cox	David Fisher	Simon Clement-Jones	Nicola Doolan-Hamer (Unison)
Mick Stowe	John Mounsey	Marnie Havard (Vice Chair)	Alexi Dimond	Garry Warwick (GMB)
	David Nevett		Jayne Dunn (Chair)	Vacant (Unite)
			Craig Gamble Pugh	
			Andrew Sangar	

The Authority is supported by the Senior Management Team, led by the Director who is the Head of Paid Service. The management structure of the Authority is set out in the diagram below.



The Authority also appoints a Clerk, Monitoring Officer and Chief Finance Officer, as required by law. The role of Clerk is undertaken by the Chief Executive of Barnsley Metropolitan Borough Council under a Service Level Agreement. The role of Chief Finance Officer is undertaken by the Assistant Director – Resources and the role of Monitoring Officer is undertaken by the Head of Governance and Corporate Services.

In total, the Authority directly employs around 125 people (115 FTE) based at the Authority's office, Oakwell House in Barnsley.

Our Mission

The Authority's mission is:

To deliver a sustainable and cost-effective pension scheme for members and employers in South Yorkshire delivering high levels of customer service and strong investment returns which facilitate stable contributions.

We only exist because of our customers and given that we only do one thing, run the pension scheme, we owe it to them to provide the best possible performance while maintaining costs within reasonable levels.

In order to achieve this mission, there are a number of things we need to do, our objectives, which are:

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

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

Investment Returns to maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long-term liabilities.

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

Scheme Funding to maintain a position of full funding (for the Fund as a whole) combined with stable and affordable employer contributions on an ongoing basis.

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

Valuing and Engaging our Employees to ensure that all our employees are able to develop a career with the Authority and are actively engaged in improving our services.

The way in which the organisation and its staff go about delivering these objectives reflects the values of the organisation which are:

- Honest & Accountable;
- Professional;
- Progressive; and
- Empowering.

Our Priorities

The Corporate Strategy is one of the key documents that frames the actions of the Authority and sets out the detailed plans for the organisation over a three-year time horizon that aligns with the period between valuations of the Pension Fund.

The strategy update for 2024 to 2027 reflects our ongoing commitment to build a stronger, more resilient organisation focussed on delivering for our customers. The focus over the next three years is on delivering improvements in which we do things in addressing long standing challenges across the organisation to ultimately improve the service received by our customers and our overall efficiency.

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

Over the next three years we will be making a range of changes and improvements over the entire range of the Authority's activities. To manage these more easily and provide clear accountability we have divided these up into programmes of work covering:

- *Administration Improvement Plan* – A series of interlinked activities which are intended to address long standing issues which have affected the underlying performance of the administration service and place the service on a stable and sustainable basis.
- *Delivering the Investment Strategy* – A range of activities which support delivering the investment strategy including progress to Net Zero.
- *People* – Activities which are designed to ensure that the Authority has the right number of people with the right levels of skills and experience to enable it to effectively deliver services.
- *Organisation Wide* – Activities which affect all parts of the organisation, and which are intended to strengthen parts of the organisational infrastructure.
- *Governance* – Activities which are intended to strengthen the governance framework and ensure the demonstration of compliance with regulatory requirements.
- *ICT* – A programme of work designed to ensure that the Authority's ICT infrastructure is both up to date and being effectively utilised to improve the delivery of services.

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

The plans and how these link to the Authority's objectives and corporate risks are set out in the table below.

Ref	Project / Action	Timescale		Link to Objectives	Link to Risks
		Start	Finish		
A	**Administration Improvement Plan**				
A1	Deliver ongoing improvements in data quality	Apr 2024	Mar 2026	Customer Focus Scheme Funding	O2 Data Quality O4 Regulatory Compliance
A2	Implement changes to the organisation approved during 2023	Feb 2024	Sept 2024	Customer Focus Valuing Employees	O6 Backlogs P2 Technical Knowledge P3 Single Point of Failure
A3	Implement system improvements to ensure that the Authority is making the best use of technology.	Apr 2024	Mar 2025	Customer Focus Listening to Stakeholders	O2 Data Quality O6 Backlogs
A4	Clear backlogs of casework	Feb 2024	Dec 2025	Customer Focus	O6 Backlogs
A5	Implement the McCloud Remedy	Apr 2024	Mar 2026	Customer Focus Scheme Funding	O3 Data Quality O4 Regulatory Compliance
A6	Implement the Pensions Dashboard	Apr 2024	Oct 2026	Customer Focus	O3 Data Quality O4 Regulatory Compliance
I	**Deliver the Investment Strategy**				
I1	Implement 2023 Investment Strategy Asset Allocation Changes	Mar 2023	Mar 2026	Investment Returns Responsible Investment Scheme Funding	I1 Market movements I2 Climate I3 B2C Strategic Plan I4 Cashflow I5 Contribution Affordability
I2	Progress the Authority’s Net Zero Ambition	Apr 2024	Ongoing	Investment Returns Scheme Funding	I1 Market Movements I2 Climate
I3	Deliver the Place Based Impact Investment Strategy	Mar 2023	Mar 2025	Investment Returns	I1 Market Movements I4 Cashflow
I4	Plan and deliver 2026 Strategy Review	Nov 2024	Mar 2026	Investment Returns Responsible Investment Scheme Funding	I1 Market Movements I2 Climate I3 B2C Strategic Plan I4 Cashflow I5 Contribution Affordability

Ref	Project / Action	Timescale		Link to Objectives	Link to Risks
		Start	Finish		
P	**People**				
P1	Develop and implement a new organisation-wide Learning and Development Strategy	Apr 2024	Sept 2025	Valuing Employees	P2 Technical Knowledge P3 Single Point of Failure
P2	Develop and implement a corporate policy to ensure consistency of career grade schemes across the organisation	Apr 2024	Jun 2025	Valuing Employees	P1 Vacancies P2 Technical Knowledge
O	**Organisation Wide**				
O1	Develop a fully revised and updated Business Continuity Strategy	Apr 2024	Dec 2024	Customer Focus Effective Governance	O1 Cyber Security O4 Regulatory Compliance
O2	Develop and implement a Sustainability Strategy for the organisation	Jan 2025	Mar 2026	Responsible Investment Effective Governance	I2 Climate Change
O3	Procure and implement a new HR and Payroll system	Mar 2024	Dec 2024	Effective Governance Valuing Employees	G4 Project Delivery
O4	Develop and implement a new Performance Management Framework	Apr 2024	Dec 2024	Effective Governance	G4 Project Delivery
G	**Governance**				
G1	Implement the results of the Independent Governance Review	Jul 2024	Mar 2025	Listening to Stakeholders Effective Governance	G1 Member Knowledge & Understanding
G2	Complete and embed the updated suite of Information Governance policies and procedures	Apr 2024	Sept 2025	Customer Focus Effective Governance	O3 Data Protection
G3	Ensure compliance with the new TPR General Code of Practice	Apr 2024	Mar 2025	Effective Governance	O4 Regulatory Compliance

Ref	Project / Action	Timescale		Link to Objectives	Link to Risks
		Start	Finish		
T	**ICT**	*All the ICT actions below also underpin and support all the SYPA Objectives by providing the infrastructure for whole organisation and our services.*			
T1	Complete M365 Roll Out	Apr 2024	Jun 2024	Effective Governance Valuing Employees	G4 Project Delivery
T2	Adoption and exploitation of available M365 tools and functionality	Jul 2024	Mar 2026	Effective Governance Valuing Employees	G4 Project Delivery O3 Data Protection
T3	Maintain the Authority’s cyber defences	Apr 2024	Mar 2026	Customer Focus Effective Governance	O1 Cyber Security O3 Data Protection O4 Regulatory Compliance
T4	Deliver ongoing improvements to the Authority’s ICT infrastructure	Apr 2024	Mar 2026	Effective Governance Valuing Employees	O1 Cyber Security

Our Performance and Achievements

The performance of the organisation in delivering on our corporate objectives and plans is reported quarterly at full Authority meetings. These Corporate Performance Reports are available on the Authority's website at: Quarterly Corporate Performance Reports (sypensions.org.uk). Additionally, further information on the overall performance of the Authority for the year is provided in the Annual Report published on our website at: www.sypensions.org.uk .

Investments

This year our investments in listed equities, in particular, overseas equities were the driver of growth for the Fund although negative returns from our index-linked portfolio partly offset this with other asset classes giving low single digit returns. Over the year the Fund delivered a return of 7.8% against an expected return of 8.1% from the benchmark. This resulted in a Fund value of £10.984 billion at 31 March 2024.

Over the last year we introduced a new Investment Strategy which incorporates Renewable Energy, Climate Opportunities and Natural Capital as new asset classes with divestment to come from listed equities and Multi Asset Credit bonds. This new strategy continues the de-risking of the Fund assets by reducing the volatility in the strategy and incorporates the Authority's Net Zero Strategy. The expected return from the strategy was not diminished from the previous strategy but the volatility and diversification were improved.

We have held a direct portfolio of agricultural property for over 40 years. This portfolio was held as a store of value and as a diversifying asset but did not fit into the new LGPS pooling environment. During the year we completed a joint venture project with Royal London where these assets became the seed assets for a new Natural Capital fund and allowed us to realise part of our investment. This fund will enable delivery on the environmental potential of the portfolio and improve the capital stock whilst also continuing to contribute to UK food security. Our holding in the new fund will form the cornerstone for our Natural Capital portfolio.

At the end of the financial year, 72% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration

This year has seen the appointment of a new Assistant Director – Pensions in November 2023, following a period of several months of this role being vacant and covered on an interim basis from March 2023.

The appointment has ensured a renewed ability and focus on the strategic direction and performance for the department, resulting in the agreement of detailed improvement plans to address the range of long-term challenges being faced.

There is a large backlog of casework that has built up over the last few years and a project plan was developed in the year to clear the backlog in a managed way over a period of approximately 9 to 12 months, which commenced from January 2024.

The pensions administration teams continued to deal effectively with a very high volume of incoming work and were successful in sending out Annual Benefits Statements to all our members by the required date of 31 August 2023.

In October 2023, the Authority approved a restructuring plan involving the addition of 11 new posts (including 6 Pensions Officers) to the staffing establishment in this department from April 2024 in response to the results of a detailed capacity planning exercise. This involves a considerable investment into service delivery that is necessary to ensure the team is sufficiently resourced to address the challenges ahead and meet our objectives.

Preparatory work for implementing these changes has been completed in the latter half of the year and the new structure and recruitment will take place in 2024/25.

Corporate Plan Delivery

In delivering on the 2023/24 corporate plan, some of the highlights of the last year are as follows:

- The completion of the transfer of the agricultural property portfolio, as referred to above, to a new investment vehicle in partnership with Royal London. This involved 21,000 acres of farmland and associated buildings, that the Fund had built up since 1976, in a deal worth £260m. This is one of the largest farmland deals ever completed in the UK and represented the culmination of 2 ½ years of work.

- As part of delivering on the HR Strategy and addressing recruitment and retention risks, a Pay & Benefits review was completed in the year, with independent benchmarking and consultancy, the outcome from which was to develop and implement a package of enhancements to the employee pay structure and wider benefits. These included improvements to the Authority's loyal service award scheme, a new employer-supported volunteering policy, plans to introduce salary sacrifice schemes for lease cars and additional voluntary contributions to pensions, and to family-related policies including maternity and adoption leave.

- Continued progress in implementing our Place Based Impact Investment strategy, including agreement of a memorandum of understanding with the Mayoral Combined Authority which is designed to bring fund managers more directly into contact with investment opportunities in South Yorkshire.

- In pensions administration, more than 90,000 casework items were processed for our members – a new record. This reflects the increasing volumes of work that we are seeing as well as the commencement in the final quarter of the year of the concentrated plan to clear backlogs.

- Continued retention of accreditation in the areas of Cyber Security and Customer Service Excellence following annual independent reviews.

- We continued to strengthen our governance arrangements, with particular focus on providing a range of learning and development for members of the Authority and the Local Pension Board to ensure that they have the required knowledge and understanding to fulfil their roles effectively. This included holding our first Member CPD Away Day bringing all these members together to hear from external speakers on topics ranging from the investment decision-making process to ethical issues in navigating the role of pensions committee or board member, as well as having time to work on providing direction and input to the corporate strategy and defining risk appetite.

- To ensure the effective management of the programme of projects across the organisation to achieve the corporate strategy plans, a new project management methodology has been implemented and is supported by a small Programmes and Performance team who also monitor and report on all of the projects, ensuring a clear overview for senior management and the wider leadership team.

- In December 2023, the Authority won the Place Based Impact Investment Award at the Pensions for Purpose Awards for our extensive efforts in investing within South Yorkshire. Our strategic investments have been instrumental in bolstering the local economy, facilitating the creation of new homes and jobs, enhancing local infrastructure, nurturing businesses, and providing crucial support to SMEs.

- The Authority once again published its audited annual statement of accounts for 2022/23 by the end of September 2023, ahead of the statutory deadline and was one of only 5 local government organisations to do so.

Our Financial Position

The Authority's day-to-day running costs are managed through the operational budget, while costs and income associated with specific investments and dealings with scheme members are managed through the Pension Fund directly. The financial performance of the Fund is set out in the financial statements and notes for the Fund, later within this publication.

The operational budget for 2023/24 was approved in February 2023 at a total of £6,657,565; a revised budget for 2023/24 was approved in December 2023 at a total of £6,855,065. The overall outturn for the year, was an over-spend of £49,200; the details of which are set out below.

South Yorkshire Pensions Authority Operational Budget	2022/23 Actuals £	2023/24 Budget £	2023/24 Revised Budget £	2023/24 Outturn £	2023/24 Outturn Variance £	2023/24 Outturn Variance %
Pensions Administration	2,870,210	3,077,530	2,945,360	3,231,130	285,770	9.70%
Investment Strategy	526,760	635,770	635,770	569,210	(66,560)	(10.50%)
Resources	942,210	1,033,720	1,204,350	1,236,520	32,170	2.70%
ICT	720,340	972,975	1,280,645	1,124,100	(156,545)	(12.20%)
Management & Corporate	693,470	869,650	699,020	764,770	65,750	9.40%
Democratic Representation	152,540	145,920	167,920	182,870	14,950	8.90%
Subtotal Net Cost of Services	**5,905,530**	**6,735,565**	**6,933,065**	**7,108,600**	**175,535**	**2.50%**
Capital Expenditure Charged to Revenue	89,820	72,000	72,000	69,900	(2,100)	(2.90%)
Subtotal Before Transfers to Reserves	**5,995,350**	**6,807,565**	**7,005,065**	**7,178,500**	**173,435**	**2.50%**
Appropriations to Reserves	(66,360)	(150,000)	(150,000)	(274,235)	(124,235)	82.80%
Total	**5,928,990**	**6,657,565**	**6,855,065**	**6,904,265**	**49,200**	**0.70%**

The outturn for the year was an over-spend of £49k or 0.7% after transfers from reserves. This overspend of £49k has arisen due to additional unforeseen external audit costs.

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.

The cost of services budget was over-spent by £173k or 2.5% for the year prior to reserves transfers. The main variances by each of the service budget heads are explained below.

Pay Costs 2023/24

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.

The outcomes of the pay and benefits review, approved by the Staffing Committee in October 2023, 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.

Pensions Administration - £286k Over-Spend

- The employee costs budget was over-spent by £210k. This is made up of the following items:
    - The additional cost for this department of applying the pay award for 2023/24 was £99k.
    - 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.
    - There was a minor under-spend of (£2k) in relation to staff turnover.
- The actuarial fees budget was 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 savings made on the main actuarial services budget by not requiring take-up of all the potential services available.
- 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.
- 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.

- An over-spend of £11k due to a reduction in administration fees income compared to the budgeted income due to lower volumes of payroll and employer administration services required.
- 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.
- There was an additional cost of £5k for the year relating to employee relocation expenses and an over-spend of £2k on recruitment. 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.
- A number of miscellaneous items have resulted in minor over-spends which together come to a total of £11k. The over-spend items include hybrid mail, ill health reports, death certificates, venue hire and SMS messaging, offset by small under-spends on miscellaneous expenditure.

Investment Strategy – (£67k) Under-Spend

- The employee costs budget was over-spent by £14k. This is made up of the following items:
  - The additional cost for this department of applying the pay award for 2023/24 was £9k.
  - 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.
- 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.
- The advisers and consultancy budgets were under-spent by (£44k). The consultancy budget was set based on estimated needs and costs for a number of items in relation to TCFD and impact 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.
- An under-spend of (£50k) on legal and other professional fees mainly due to not taking up an additional professional licence for Bloomberg as planned for in the budget.
- The training budget has been under-spent by (£3k), due to a lack of activity in the year.

Resources - £32k Over-Spend

- The employee costs budget was over-spent by £28k. This is made up of the following items:
  - The additional cost for this department of applying the pay award for 2023/24 was £55k.
  - 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.

  - 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 in lieu of notice.
- The recruitment budget was over-spent by £8k due to having required the services of a specialist agency for a second transactions officer in the financial services team and additional advertising fees from two attempts to recruit a Governance Officer due to failing to appoint at the first attempt.
- Additional income of (£5k) from the fees for providing secretariat services to the Border to Coast Joint Committee not included in the original budget.
- A minor over-spend of £1k on the training budget, through a variety of professional and short courses being undertaken through the year.

ICT – (£157k) Under-Spend

- The employee costs budget was under-spent by (£99k). This is made up of the following items:
  - The additional cost for this department of applying the pay award for 2023/24 was £28k.
  - 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.
  - 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 in the Systems team. The reason for not recruiting was due to requiring time to take stock following the transfer of this team to ICT (having previously been in pensions administration) and undertaking an assessment of the resourcing needs in order to plan an appropriate strategy for filling the posts required, given that these are specialist posts that can be challenging to recruit.
- The training budget was 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.
- A minor net under-spend of (£1k) on the budgets for various software systems, comprising:
  - 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.
  - 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.
  - UPM (Pensions Administration) software system over-spend £56k – a number of additional upgrades were 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.

- 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 was delayed to 2024/25.
- 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.
- 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.

Management & Corporate – £66k Over-Spend

- The employee costs budget was over-spent by £45k. This is made up of the following items:
  - The additional cost for this department of applying the pay award for 2023/24 was £2k.
  - 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.
  - There was a minor under-spend of (£2k) in relation to staff turnover.
  - 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 was 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 was an under-spend of (£75k).
- An under-spend of (£32k) in relation to various budgets relating to the Oakwell House office building:
  - 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.
  - 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.
  - A budget for Oakwell House repairs and maintenance was created in 2023/24 and has been underspent by (£11k). 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.
- External audit costs have been over-spent by £49k, as explained above in regard to the total over-spend for the year.
- The recruitment budget was over-spent by £7k due to using the services of an agency for the Programmes and Performance Manager recruitment, which led to a successful appointment in December 2023.

- 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.
- 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.
- 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.
- The professional services budget was over-spent by £22k, primarily due to 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.
- The budget for printing and photocopying was under-spent by (£5k) reflecting the Authority's continued move towards being paperless.
- 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 led to a higher than forecast actual on the secondary contributions.
- A number of miscellaneous items resulted in a minor net over-spend of £3k.
- 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.

Democratic Representation - £15k Over-Spend

- 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.
- 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.
- 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.

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

- The capital expenditure budget was under-spent by (£2k) due to lower than estimated costs of laptops purchased during the year.

Reconciliation of Budget Outturn to the Expenditure & Funding Analysis Note

The statement of accounts includes the Expenditure and Funding Analysis (EFA) at Note 1 – which sets out the net amounts chargeable to the General Fund for the year as compared to the amounts accounted for under generally accepted accounting practices shown in the Comprehensive Income and Expenditure Statement (CIES). These amounts are analysed across the services within the Authority on the same basis as shown in the budget outturn table above. However, some differences remain between the service totals above and the service totals shown in the EFA note.

The table below sets out the details, and the reasons for these differences are explained as follows.

The main difference relates to VAT expenses incurred that we are unable to recover from HMRC. Unlike other local authorities, as an authority with the sole purpose of administering the Pension Fund, we do not currently have Section 33 status under the VAT Act 1994. Instead, we use a special exemption method agreed with HMRC for reclaiming a proportion of our VAT charges only. The remaining proportion of the VAT expense that is not recoverable is Authority expenditure and is therefore recognised in the CIES and is charged in full to the General Fund as shown on the EFA Note; but as it is a varied and unpredictable cost over which budget managers cannot exert any control, it is not reported for budget purposes.

There are also some minor rounding differences as a result of the budget reports being presented with figures rounded to the nearest £10 for presentational purposes whereas the figures in the CIES are shown as actual amounts rounded to the nearest £1 only.

Reconciliation of Services Totals in the Budget Outturn Report to Amounts Shown in the Expenditure and Funding Analysis (EFA) Note	2023/24 Budget Outturn £	2023/24 Irrecoverable VAT Expense - Not Reported for Budget Purposes £	Rounding Adjustments for Budget Reporting £	2023/24 Net Expenditure Chargeable to the General Fund in the EFA Note £
Pensions Administration	3,231,130	240,820	(2)	3,471,948
Investment Strategy	569,210	117,859	(5)	687,064
Resources	1,236,520	70,152	2	1,306,674
ICT	1,124,100	-	3	1,124,103
Management & Corporate	764,770	-	(4)	764,766
Democratic Representation	182,870	-	5	182,875
Net Cost of Services	**7,108,600**	**428,831**	**(1)**	**7,537,430**

Earmarked Reserves

The Authority has four earmarked revenue reserves, the Corporate Strategy reserve, the Pay and Benefits reserve, the ICT reserve, and the Capital Projects reserve.

For 2023/24, movements to and from these reserves have been agreed as shown in the following table.

We operate within a rule which limits the amount we can hold in the revenue reserves, i.e., Corporate Strategy, Pay and Benefits and ICT reserves, to 10% of the Operational Budget (resulting in a limit of £686k for 31 March 2024), and the current level remains below this limit at £129k or 1.88%.

Earmarked Reserves	Balance at 01/04/2023 £	Transfers In £	Transfers Out £	Transfers Between Reserves £	Balance at 31/03/2024 £
Corporate Strategy Reserve	110,220	22,000	(91,235)	25,000	65,985
Pay and 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**

The earmarked reserves are held for the following purposes.

- Corporate Strategy Reserve – To fund non-recurrent costs arising from projects which are required to implement the Corporate Strategy.
- Pay and Benefits Reserve – This reserve was created in order to set aside funds required to meet additional costs arising from a pay and benefits review that was completed and implemented during 2023/24.
- ICT Reserve – To fund expenditure on ICT equipment and to enable a programme of systems development for the Authority.
- Capital Projects Reserve – This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets.

Our Future Spending Plans

- The operating budget for 2024/25 was approved in February 2024.
- During 2023/24, the Senior Management Team completed a review, plan and consultation for addressing Pensions Administration capacity issues, which had led to a casework backlog. The resulting report included a range of proposals involving growth in the staffing establishment to be implemented over the course of 2024/25 and estimated cost implications of £444k in 2024/25. The proposals were approved by the Staffing Committee in October 2023 and are included in the budget for 2024/25 presented below. Additionally, the outcome of the pay and benefits review completed in the year was reported to the same meeting, at which a package of proposals with an estimated cost of £197k in 2024/25 was approved by the Committee.
- The budget for the year ahead, as set out in the table below, reflects continued emphasis on equipping the organisation for meeting the challenges expected in the next three years as detailed in the Corporate Strategy.

South Yorkshire Pensions Authority Operating Budget	2023/24 Outturn £	2024/25 Budget £	2025/26 Estimate £	2026/27 Estimate £
Pensions Administration	3,231,130	3,646,910	3,705,860	3,781,910
Investment Strategy	569,210	656,400	669,000	681,610
Resources	1,236,520	1,434,760	1,461,520	1,490,540
ICT	1,124,100	1,495,590	1,535,000	1,547,490
Management & Corporate	764,770	840,180	856,990	874,120
Democratic Representation	182,870	127,060	129,600	132,190
Unfunded Liabilities	315,336	332,000	343,620	355,650
Subtotal Revenue Expenditure:	**7,423,936**	**8,532,900**	**8,701,590**	**8,863,510**
Capital Expenditure	69,900	98,500	65,000	65,000
Contribution (from) / to Reserves	(274,235)	(28,000)	135,000	145,000
Levy on District Councils	(315,336)	(332,000)	(343,620)	(355,650)
Total Charge to Pension Fund	**6,904,265**	**8,271,400**	**8,557,970**	**8,717,860**

The overall budget requirement is for a total of £8,271,400 representing a total increase of £1,416,335 on the previous year's revised annual budget of £6,855,065. This total increase comprises:

- £731,460 – relating to the previously approved proposals for Organisational Resilience and Sustainability, resourcing plans and pay and benefits review impacts; and
- £126,440 – relating to additional resourcing and succession planning approved by the Authority; and
- £558,435 – relating to the annual increase required for operational running costs.

In assessing this level of budget increase, £558,435 represents a 6% uplift compared to 2023/24.

The estimates for the remainder of the Medium Term set out above are based on projecting the 2024/25 budget forward, adjusting for planned savings and estimated inflationary increases as necessary.

The key uncertainties and risks in relation to this financial forecast, and the mitigations in place, are as follows:

- Pay Costs
    - Employee costs make up approximately two thirds of the overall budget. The budget estimates for employee costs have been prepared based on a detailed line-by-line analysis, taking account of career grade progression, individual incremental progression, and the estimates include additional staffing resources. Based on experience over the last few years in particular, the vacancy allowance remains at 2.5% of the salary and on-costs budget for 2024/25 to allow for time-lag in filling vacancies, and now reflecting the current challenging recruitment environment.
    - There is uncertainty over the likely level of any pay award for 2024/25. The pay award agreed for 2023/24 was higher than the assumption used for budget setting, some of this additional cost was absorbed within the existing budgets due to under-spends arising from staff turnover and time taken to fill vacancies. For the purpose of setting employee cost budgets in 2024/25, an assumption of a 4% uplift was used. There is a risk that the actual pay award, once confirmed, will be higher than this. In the event of higher employee costs than forecast, managers will seek to absorb the in-year impact through the management of vacancies and seeking to either defer one-off expenditure or avoid aspects of running cost expenditure. This is the usual process of budgetary control, and it seems unlikely that any cost increases would be on a scale beyond that which measures of this sort could address.
- Deterioration in budgetary control. Budgetary controls and processes are currently robust and well-embedded. We continue to refine and enhance this, and work is ongoing to maximise the benefits being achieved from the main accounting system in particular. There is therefore no indication of any likelihood of deterioration. The controls in this regard are also subject to regular internal audit review.
- Loss of external income. This is mitigated through prudent budgeting, for example not including any assumptions around additional software sales which tend to be sporadic, and through securing longer term agreements with customers with staggered end dates so that not all agreements come to an end at the same time.

Risks and Challenges

Risk Management is the process by which the Authority identifies and overcomes those issues which might prevent it achieving its and the Pension Fund's objectives. Given the financial scale of the Pension Fund and the fact that it invests money in order to achieve financial return, the effective management of risk is crucial to us being able to achieve our objectives. The risks that face the Authority therefore include both the risks to it as an organisation, and the risks inherent in its role as administering authority of the South Yorkshire Pension Fund. The details below reflect this.

The Authority sets out broad policies in the Investment Strategy Statement which conform to the LGPS Investment Regulations and further details are also covered in the Pension Fund's annual reports.

The corporate risk register, which forms an integral part of the Corporate Strategy, is regularly reviewed throughout the year by the Authority's Senior Management Team, reported to the Authority on a quarterly basis, and the risk management framework and arrangements are overseen by the Audit and Governance Committee over the course of the year. Any changes made to each iteration of the risk register are fully detailed in the quarterly Corporate Performance reports to the Authority meetings during the year (available on our website at: Quarterly Corporate Performance Reports (sypensions.org.uk).

The key risks identified and the assessment of their relative likelihood and impact are shown in the figures on the next page. The arrangements in place to mitigate some of the key risk areas include the following.

Investment Risk Management:

- Acting with proper advice – such advice may come from appropriately qualified officers, the Fund's Independent Advisers or specialist consultants retained for specific projects.
- Maintaining a diversified portfolio of assets – The Fund's Strategic Asset Allocation is intended to reduce the overall level of investment risk by investing across a range of asset classes the performance of which is not directly correlated.
- The setting of limits within individual investment management agreements with regard to the types of exposure the investment manager is allowed to achieve relative to a benchmark, the level of concentration of holdings and measures of portfolio risk, and for certain types of investment the duration of the transaction and the credit quality of the counter-party These are reported on by managers and significant movements or breaches are followed up as part of ongoing performance review.

Cyber Risk Management:

- Annual external reassessment of cyber security controls against the cyber essentials plus standards
- Mandatory induction training for all new staff and mandatory annual refresher training for all staff.
- Regular training for members of the ICT Team.
- Ongoing enhancement of ICT security systems.
- Regular review of incidents and attempts to breach security to identify opportunities to improve cyber defences.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

Impact	1 Very Low	2 Low	3 Medium	4 High	5 Very High
5 Very High	IAF-004			IAF-002	
4 High			GOV-004 GOV-005 OPE-003 OPE-004 PEO-003	OPE-002 OPE-005	
3 Medium		GOV-001	IAF-001 IAF-003 IAF-005	PEO-002	
2 Low					
1 Very Low					

Likelihood

Risk Reference	Risk
IAF-002	Failure to mitigate the impact of climate change
OPE-002	Cyber Security attack
OPE-005	Backlogs in pensions administration processing work
GOV-004	Failure to deliver Corporate Strategy key objectives
GOV-005	Failure to comply with data protection requirements
OPE-003	Poor data quality
OPE-004	Failure of the Authority to comply with relevant Regulations
PEO-002	High level of vacancies within the organisation
PEO-003	Single points of failure in specialist knowledge roles
IAF-001	Material changes to the value of investment assets and/or liabilities
IAF-003	Failure to manage key risks in the Border to Coast Strategic Plan
IAF-005	Employer contributions become unaffordable
GOV-001	Insufficient knowledge and understanding of Authority and LPB Members
IAF-004	Imbalance in cashflows

Current Issues

Governance

The Pensions Regulator's (TPR) new General Code of Practice came into effect on 27 March 2024, replacing the previous Code of Practice 14 for Public Service Pension Schemes with a unified code that raises the bar for the governance of pension funds and will require the Authority to continue to devote resources and attention to ensure on-going compliance and improved practices in this area.

We are well-placed to address this, having undertaken an independent governance review from February to April 2024 and completing an initial assessment of our compliance with all of the requirements of the TPR Code in March. Both of these will form the basis for action plans to be developed and implemented in the coming year.

Regulatory Drift

There remain a significant number of proposed regulatory changes applying to the LGPS which have yet to be enacted. These include regulations around equalising survivor benefits, climate reporting, and the enactment of proposals in the 2023 consultation on investments relating to pooling and investment strategy. The General Election on 2024 may also result in a changed approach from Government to the way in which it wishes to see things such as pooling delivered as well as the acceleration of an emerging debate around the number of funds within the LGPS.

Where possible, the Authority is taking action to adopt proposals as best practice before regulation, but this backlog of regulatory change, once enacted, will result in a peak of workload for the Authority's officers and may result in a need to bring in specialist assistance.

Pension Administration Challenges

The Authority has over the last year become much clearer on the nature and scale of the challenges facing the administration service including the implementation of the McCloud remedy and has allocated considerable resources to addressing them. This work forms a substantial part of the corporate strategy and is being closely monitored by the Senior Management Team and the members of the Authority.

Pensions Dashboards

We now know the date by which we will need to be ready to connect the Pensions Dashboards ecosystem, which is October 2025. Pensions dashboards will enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement.

The Authority will need to ensure the digital infrastructure is in place to enable us to connect by the required date and places even more emphasis than is already the case on us maintaining accurate data. Data quality will be a key strand of our workplans over the next year.

Staff Changes

A number of key staff will retire in the next two years, resulting in the loss of a considerable amount of knowledge and experience to the Authority. Plans to replace these individuals are being made early and workplans include tasks to ensure that the loss of knowledge is a minimised as far as possible.

Explanation of our Financial Statements

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below, and further detail is also provided on each of the financial statements that follow.

The Statement of Responsibilities sets out the respective responsibilities of the Authority and the Chief Finance Officer.

The Independent Auditor's Report gives the auditor's opinion on the financial statements and on the Authority's arrangements for securing economy, efficiency and effectiveness in our use of resources.

Financial Statements

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves (i.e., those that can be applied to fund expenditure) and unusable reserves.

The Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount to be funded from the charge to the Pension Fund.

The Balance Sheet shows the value of the Authority's assets and liabilities at the reporting date. These are matched by reserves which are split into two categories; usable and unusable reserves.

The Cash Flow Statement shows the changes in the Authority's cash and cash equivalents during the reporting period.

Notes to the Financial Statements

The Expenditure and Funding Analysis note shows how expenditure is used and funded from resources by the Authority in comparison with those resources consumed by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the services in the organisation.

The other notes to the financial statements provide further detail on material items within the core financial statements.

The Pension Fund Statement of Accounts

In accordance with the requirement of the Code for administering authorities of Local Government Pension Scheme pension funds, the following statements and notes are presented.

The Fund Account discloses the changes during the year in the net assets available for benefits.

The Net Assets Statement shows the assets available to fund benefits at the year end.

Notes to the Pension Fund Financial Statements

The Actuarial Value of Promised Retirement Benefits note provides information on the actuarial valuation, carried out in accordance with IAS 19, of the liabilities to pay pensions and other benefits in the future. This is an important supplement to the Net Assets Statement in the Fund's statement of accounts, which does not take account of liabilities to pay pensions and other benefits after the period end.

The other notes to the Pension Fund financial statements provide further detail on material items within the Fund Account and the Net Assets Statement.

A Glossary of key terms can be found at the end of this publication.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Annual Governance Statement

2023/24

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority's Local Code of Corporate Governance, available on our website at: Local Code of Corporate Governance (sypensions.org.uk) complies with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government Framework 2016.

The Local Code and this statement are also supported by the Governance Compliance Statement which the Authority is required to produce under s 55(1) of the Local Government Pension Scheme Regulations 2013, which is also available on our website: here.

This statement explains how the Authority has complied with the Local Code and meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 relating to the preparation and approval of an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture, and values by which the Authority is directed and controlled, and the activities through which it accounts to and engages with employing bodies, pensioners, contributors, and other stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk: it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify risks to the achievement of the Authority's policies, aims and objectives. The system attempts to evaluate the likelihood of those risks being realised and the impact should they be realised and how to manage them efficiently, effectively, and economically. The governance framework has been in place during the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

Outline of the Governance Framework

The Authority's framework of governance continues to evolve in line with best practice and is based upon the 7 Core Principles set out in the 2016 CIPFA/SOLACE guidance, Delivering Good Governance in Local Government: Framework. More details about the Authority's arrangements for ensuring compliance with each of the 7 Core Principles are set out in the Authority's Local Code of Corporate Governance.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Arrangements in Place
Codes of conduct covering the behaviour of both members and officers, form part of the Constitution, with appropriate mechanisms for ensuring that action can be taken where transgressions are reported. For officers these are reinforced through a framework of values and behaviours, including specific management behaviours, which are reflected upon at individual level as part of the appraisal system. A comprehensive review of the Constitution was undertaken in the last year and the revised document, approved in June 2023, is available here: Constitution (sypensions.org.uk) An Independent Governance Review has been carried out from February 2024 to April 2024 which recommended that the Authority consider its terms of reference regarding co-opted members and duplication of their membership between Authority and the Local Pension Board. This will be considered in the action plan to be developed arising from the final report on this review, due to be presented to Authority and Local Pension Board members in June 2024. As required under local government law, elected members are required to complete declarations of interest which are publicly available and to declare any conflicts which might arise in discussion of specific matters at meetings of the Authority and its committees. Similar arrangements apply to members of the Local Pension Board, under requirements governed by the Local Government Pension Scheme regulations and the Public Service Pensions Act 2013. Registers of potential conflicts, including personal relationships, for staff and a register of gifts and hospitality for both staff and officers. A comprehensive policy framework exists in relation to issues such as fraud and corruption and a Whistleblowing Policy should any individual wish to make a confidential disclosure. Some of these policies are now overdue for review and will be updated in the forthcoming year. The Authority also participates in the National Fraud Initiative. The Authority has a formal policy on the reporting of material breaches of the relevant pension regulations and any breaches which occur are reviewed by the Local Pension Board (LPB) at each of its meetings. A need to improve the monitoring, identifying and recording of breaches not deemed to be material has been identified and an appropriate policy and procedure for this will be developed in the forthcoming year.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Complaints policies in relation to quality of service, and statutory appeals processes in relation to decisions made under the Pensions Regulations. Procurement arrangements are in place to comply with legislative requirements, good practice, achieve value for money and demonstrate accountability. Following internal audit review early in the year, improvements have been made to ensure that the procedures in place are fully compliant with regulations and to introduce a gateway approval document that guides staff through the process and ensures all stages are appropriately documented. A training course on procurement was delivered by CIPFA for all staff involved in procurement activity. These procedures as well as the Contract Standing Orders that form part of the Constitution will also be updated during the forthcoming year to reflect changes in new procurement legislation and regulations that are expected to come into force from October 2024. The Authority operates with an extremely strong value base in relation to ethical standards and values reflecting the seriousness of its responsibility as steward of the pension savings of a very large number of individual scheme members. The values and behaviours framework is central to both the Corporate Strategy and the appraisal process and the wider policy and constitutional framework covering issues such as recruitment and selection and procurement. The Authority also seeks to bring its commitment to these values into the role it plays within any partnership in which it participates, particularly the Border to Coast Pensions Partnership which is central to the delivery of its corporate objectives. The Authority ensures that it is aware, through the employment of specialist officers and advisers, of the statutory requirements which are placed upon it and takes steps to ensure that it complies with them in an open and transparent way. This includes the maintenance of an up-to-date Constitution which is regularly reviewed and includes definitions of both the Corporate Planning Framework and Pensions Policy Framework, together with terms of reference for committees and an appropriate scheme of delegation to officers. The Authority maintains up to date role profiles for all posts within the organisation and ensures that it has appropriately qualified statutory officers in post who are able to operate in a way which complies with the relevant professional codes. Formal records are kept of decisions taken by both officers and members together with the advice considered in making such decisions. The Authority has a Governance team to oversee and manage democratic services, governance and assurance, and compliance with regulations.
Areas for Improvement • Whilst reporting of material breaches is well embedded, further work is required to ensure appropriate monitoring and recording of breaches not deemed to be material. • Policies in relation to counter-fraud and whistleblowing are overdue for review and will therefore be reviewed and updated in the forthcoming year.

Principle B: Ensuring openness and comprehensive stakeholder engagement
Arrangements in Place
The Authority seeks to be as open as possible with stakeholders, conscious that it is the steward of the savings of around 180,000 individuals, working for close to 600 different employers. To this end it complies with its obligations under the Freedom of Information Act and makes a considerable volume of information automatically and freely available through its website. The Freedom of Information Act Publication Scheme, which specifies the information published by the Authority and how to access this, is used as one means of signposting information electronically. This includes a range of information on investment holdings, performance, the policy frameworks, and responsible investment issues such as how shares have been voted. In addition, meeting agendas and papers for the Authority, the various committees and the Local Pension Board are published online a week before each meeting and all meetings are open to the public, and webcast. Key decisions made by officers are formally recorded and details published on the website. To promote clarity in the information provided to support decision making, reports for decision making bodies follow a standard format which ensures that, for example, implications for the financial position of the Authority of a decision are clearly explained. In addition, all reports for decision are required to outline relevant risk considerations, so that these can be understood by decision makers. All reports must be reviewed and cleared by the relevant statutory officers prior to submission for decision to Authority / Committee / Local Pension Board meeting agendas. The Authority has in place clear protocols regarding its participation as a Partner Fund in the Border to Coast Pensions Partnership. Clearly defined roles are set out for each participant in the Partnership in its Governance Charter and the relevant legal agreements. Regular reports are provided to the Authority by officers on the activity and performance of the Partnership, including a comprehensive annual review which considers the achievement of both the Authority’s and the Partnership’s objectives. To ensure the views of stakeholders are considered in a systematic way by decision makers when relevant, the Authority has adopted a Communications and Consultation Strategy which provides a standard framework for engaging with stakeholders. Resources are specifically allocated to support engagement with employers to support the maintenance of a productive and supportive relationship between them and the Authority. All engagement with employers takes place within the context of the Communications and Consultation Strategy which requires the results of any consultation process to be reported back alongside the actions proposed following the consultation.

Principle B: Ensuring openness and comprehensive stakeholder engagement
Emphasis is placed on increasing the volume and improving the quality of interaction with employers and an employer forum session and surveys have been undertaken during the year. The Authority's website includes an area for employers and an employer newsletter is sent to all employers quarterly with updates on relevant information, training, and events. There is a current focus on monitoring the performance of employers in relation to data submission; including quality, timeliness and resolving queries; and reporting on this to the Local Pension Board. The processes for engaging with and understanding the views of scheme members are also set out in the Communications and Consultation Strategy. Interaction with scheme members includes offering appointments to meet with staff either through online / virtual sessions or in-person appointments at our office in Barnsley. The Authority's complaints and appeals processes are available to scheme members in relation either to quality of service, or specific decisions made under the LGPS regulations. Information from the complaints and appeals processes forms part of the Authority's performance management framework and influences the development of policy, practice, and processes, including specific projects reflected in the Corporate Strategy. As part of its assurance and scrutiny role, the Local Pension Board receives a quarterly report outlining the nature of all appeals and complaints and the subsequent actions and learning as well as quarterly information on the results of various rolling customer satisfaction surveys which examine specific aspects of the service to scheme members, which also include information on learning and actions from this feedback

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
Arrangements in Place
The Authority sets out a clear vision supported by specific objectives for achieving that vision within its Corporate Strategy which is at the heart of its corporate planning framework. Delivery against these objectives and key quality of service standards is reported quarterly to members of the Authority within a comprehensive report, allowing action to be taken to address any variations if required. All activity is undertaken within a risk management framework which covers all aspects of the Authority's work.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
The Authority's Responsible Investment Policy sets out how it reflects the balance between economic, social, environmental and governance issues within its investment decision making process and the areas where it seeks to move partners within the Border to Coast Pensions Partnership to a shared position. Responsible investment is central to the Authority's approach to the management of the funds for which it is responsible, and it is an active participant in a range of initiatives which seek to support the achievement of its objectives in this area. Work has continued during the year to develop new approaches to reporting the impact of various investments and the results of this will be reflected in future annual reports. The Authority's decision making on key issues of this sort is transparent with appropriate decisions either taken in public meetings or published and supporting information placed in the public domain whenever possible. (Exceptions to this are limited and would include, for example, commercially sensitive market information that cannot be made public). The Authority actively engages with groups seeking to influence its policies in different ways and uses its Communication and Consultation Strategy to seek views on issues where appropriate and to consider differing views when making decisions. Beyond the investment sphere, the Authority maintains an Equality and Diversity Scheme to guide its approach to the delivery of fair access to its services for any individual with a protected characteristic. This scheme is due for review and further work on the detail in terms of application and measurement will be required in the year ahead.
Areas for Improvement • A comprehensive review and update of the Equality, Diversity and Inclusion Scheme is required.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
Arrangements in Place
The Authority's officers ensure that when making decisions, elected members have access to as much objective information as possible, as well as to the views of appropriately skilled and experienced independent advisers where specialist areas such as investment strategy are under consideration. Where members require additional information, officers agree specific timescales for its provision. The corporate planning process and the medium-term financial strategy are how the Authority agrees the relative priority and resource requirements of specific interventions.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
The Authority's discretions policy statement (as administering authority of the South Yorkshire Pension Fund) was reviewed and updated during the year, setting out clearly how the Fund will exercise discretions in relation to the LGPS regulations, including detail of the level to which decisions on each item are delegated and how applied. The Authority has a well-defined and robust corporate planning framework with the review cycle linked at a high level to the major cyclical events impacting its operations (principally the triennial actuarial valuation of the Pension Fund). This framework is supported by well-established consultation arrangements ensuring that stakeholder views can influence plans where appropriate. A risk management framework is in place that ensures that both risks to service delivery and risks impacting the assets and liabilities of the Pension Fund can be addressed holistically. A framework for monitoring the delivery of all the various plans and strategies is in place with a comprehensive report including both financial and performance information presented to the Authority on a quarterly basis with more detailed reports covering pension administration presented quarterly to the Local Pension Board and on investment performance to the Authority. These reports highlight deviations from plans and identify and assess the risks relevant to the achievement of objectives as well as including information around feedback received and how it has been acted on. The Authority's medium-term financial strategy and corporate strategy draw on inputs from both stakeholder feedback mechanisms, the views of elected members and the Senior Management Team's assessment of developments in the wider external environment to direct resources to address priority areas. The medium-term financial strategy examines both the Authority's operating budget and the financial position of the Pension Fund ensuring that all areas of cost and income are fully considered. Strong budgetary control is evident, and managers are conscious of the need to demonstrate financial probity. In addition, given the centrality of being a responsible investor to the way in which the Authority invests the Pension Fund, regular publicly available reports are provided to the Authority detailing responsible investment activity undertaken and the outcomes achieved through this activity. These include summaries of the Fund's votes at company annual meetings. As part of this approach the Authority subscribes to the principles set out in the FRC's Stewardship Code which requires investors to report to stakeholders in a clear way on how they have managed the funds for which they are responsible. During 2023/24 the Authority commissioned an external provider to undertake an Independent Governance Review, the results of which will be reported in June 2024 and an action plan developed as required in response to any recommendations.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
Areas for Improvement • Independent Governance Review to be reported to Authority and Local Pension Board members in June and an action plan developed in response to recommendations.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
Arrangements in Place
The Authority's statutory role holders – the Director as Head of Paid Service, the Assistant Director – Resources as Chief Finance Officer and the Head of Governance & Corporate Services as Monitoring Officer, meet along with the Deputy Clerk on a quarterly basis. Independent Advisers with suitable skills and experience are employed to support both the Local Pension Board and the Authority. Steps have also been taken during 2023/24 to increase training for members of the Audit and Governance Committee to enable them to provide more effective challenge. These have included briefing sessions on relevant topics before each meeting. The frequency of meetings has been increased to four per year. In line with recommended practice, an independent member will be appointed to the Committee in the forthcoming year. Both the Audit & Governance Committee and the Local Pension Board conduct annual effectiveness reviews to assess their own effectiveness and impact, identifying areas for improvement. Joint meetings of the Authority Chair and Vice Chair and the Local Pension Board Chair and Vice Chair are held regularly throughout the year. A need to support further improvements to the effectiveness of the relationship between the Local Pension Board and the Authority was identified by the Board in their most recent review and has also been highlighted from the Independent Governance Review undertaken this year. Actions to address this will form part of the action plans in response to these reviews. A Learning and Development Strategy is in place for elected members supported by the allocation of specific time within the overall programme of meetings. This strategy is set within the context of the CIPFA Knowledge and Skills Framework and has regard to the requirements of the Pensions Regulator. The Governance team apply a strong focus to ensure all mandatory training is completed. To further strengthen elected members' knowledge and collaboration across the Authority and Local Pension Board, a joint member development away day was delivered for the first time in November 2023 with training provided on investments, ethical standards, the corporate strategy,

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
and risk appetite. This will continue as an annual event. The continued development and maintenance of knowledge, skills and understanding for Authority and Local Pension Board members is an ongoing challenge due to external factors leading to turnover and risks to continuity of membership. This will be subject to further work in the year ahead, when more ways to achieve greater continuity of membership (particularly of the LPB) will be considered. The Governance team will also enhance the learning and development arrangements in place by introducing individual training plans and encouraging increased attendance of members at external conferences and events. These actions will form part of the action plan arising from the Independent Governance Review. For staff of the Authority, an appraisal system is used to manage individual performance, plan learning and development, and support the succession planning process which is in place in key risk areas. Over the last two years, the Authority have approved and implemented an organisational resilience and sustainability plan, a staffing and capacity plan for pensions administration and a comprehensive review of pay and benefits – these plans have included the establishment of a range of additional resources and changes to reporting lines across the organisation, to be implemented over the course of the period to March 2025, designed to strengthen capacity, enhance capability, and increase sustainability. Work also continues to reduce the risk of single points of failure, and this is identified in the strategic risk register. The risks relating to changes due to take place this year in key investment roles (officers and advisers) will be considered as part of this. Ongoing learning and development plans for the Authority's workforce are devised annually to support the goals set out in individual appraisals and are kept under review throughout the year. In addition to competency-based progression through the pension administration career grade, this can include professional qualification training, external training courses, and internally provided technical updates and system specific training. The policy and detailed procedures relating to career grade progression in teams across the organisation requires review in the coming year. Learning and development activity is further supported through access to online resources through a range of systems such as online reading rooms, SharePoint, and LinkedIn Learning. In the last year, the focus in this area has been further strengthened with the addition of a new post in the HR team for supporting organisational learning and development. The Director has an annual appraisal with the Chair and Vice Chair of the Authority and the Clerk to review performance against objectives and set objectives for the next year. This process was enhanced for 2023/24 with the addition of 360-degree feedback from a range of internal and external stakeholders, inclusion of learning and development considerations as relevant to this role, and the appraisal process is now supported and facilitated by the Head of HR from Barnsley MBC.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
Health, Safety and Wellbeing arrangements are prominent and embedded across the organisation. An external Health & Safety adviser is retained, and the range of additional health and wellbeing support continues to grow each year, including workplace health checks and a range of webinars and other activities which target a variety of key physical, emotional, and mental health and wellbeing topics. A new post of Operations Management Officer was appointed to during the last year, providing a suitably experienced and knowledgeable resource to ensure effective facilities management and health and safety arrangements.
Areas for Improvement • Actions in relation to improvements to Authority and LPB membership, knowledge, and inter-relationship to form part of the Independent Governance Review action plan. • The career grade scheme requires review and update to ensure there is a suitable corporate scheme providing consistency across the organisation, supplemented by appropriately tailored and effective progression schemes for different roles / service areas incorporating accredited training / professional qualifications alongside development and assessment of workplace experience and skills.

Principle F: Managing risks and performance through robust internal control and strong public financial management
Arrangements in Place
Managing Risk A risk management policy framework is in place reviewed annually by the Audit and Governance Committee. Specialist risk management training was delivered to relevant managers and officers during the year, and this resulted in improvements being identified and incorporated in the latest update to this framework. This also sets out clearly the responsibilities for managing the risks facing the organisation, how they should be assessed and reported. The strategic risk register is reviewed monthly by the Senior Management Team with reporting on a quarterly basis to meetings of the Authority as part of the overall performance management framework, together with review and challenge by the Local Pension Board. During the coming year, additional, operational level risk registers for each service will be introduced to help further embed the culture of risk management throughout the organisation as well as to support and inform the strategic risk register. This will be supported by use of the

Principle F: Managing risks and performance through robust internal control and strong public financial management
integrated risk management and performance software system, enabling more efficient recording and reporting of risk and performance and with input from various levels of management throughout the organisation. **Managing Performance** Arrangements for the reporting and monitoring of performance are in place, including clearly defined timetables for the reporting of information across the full range of activity, integrated with financial monitoring. Wherever possible, data is placed in the public domain and statutory reporting timescales are adhered to. The Authority undertakes benchmarking of its cost base and performance across both the main streams of operational activity, pensions administration and investment. A small team supports and co-ordinates the management of programmes and performance across the organisation. The use of an agreed project management methodology and central oversight and reporting of projects has been implemented during the year and will continue to be embedded. The team are now working on review and enhancement of the Authority's performance management framework with changes and improvements to be implemented in the 2024/25 year. These will incorporate ensuring that there is consistency across the reporting formats used for the Authority and the Local Pension Board. Progress has continued in relation to the analysis and development of plans to address backlogs and deliver improvements in pensions administration processing performance. The Corporate Strategy for 2024 to 2027 includes the Administration Improvement Plan with a series of actions to be completed over 2024 to 2026. High quality data is central to the effectiveness of the organisation in its core function as a pension administrator. The Authority has a policy framework in place to ensure both the security and integrity of the large quantities of data which it holds. The Authority's Head of Governance and Corporate Services is the Senior Information Risk Owner (SIRO). In addition, resourcing is provided through the Governance team to provide a focus on compliance and continued development of the Authority's information governance framework. The Service Director for Customer Information and Digital Services at Barnsley MBC acts as the Authority's Data Protection Officer and his work is supported by an annual programme of internal audit review activity to ensure compliance with the policy framework. The Authority has received the Cyber Essentials + accreditation from government in relation to its arrangements for information security. The controls in relation to cyber security are well embedded, and continually being developed and enhanced, making use of specialist tools,

Principle F: Managing risks and performance through robust internal control and strong public financial management
awareness training and with support available from external specialists on retainer. Plans are in place to review and update the suite of ICT policy documentation, including cyber security, during 2024. From the Independent Governance Review and reviewing compliance against the Pensions Regulator's new General Code of Practice, a need has also been identified to carry out ongoing specialist assessments of third party service providers' arrangements. This will be addressed in the relevant action plans. An annual assessment of the quality of data held for pension administration purposes is undertaken and a data improvement plan is produced to ensure that any issues identified are addressed. Progress with delivering the data improvement plan is overseen by the Local Pension Board. **Robust Internal Control** The Authority has an Audit and Governance Committee in place whose terms of reference are consistent with the relevant professional standards. The Committee has produced its own Annual report, available within the Governance section of the Authority's website, which sets out the work it has undertaken during the year. The Committee is responsible for overseeing the work of Internal Audit, provided by Barnsley MBC's Corporate Assurance Service, and in particular ensuring that the Internal Audit plan addresses key control risks facing the Authority. The Head of Internal Audit is required under the relevant professional standards to produce an annual opinion on the adequacy of the control environment. For 2023/24 this opinion is that "based on the systems reviewed and reported on by Internal Audit during the year to date, together with management's response to issues raised, I am able to give a reasonable (positive) assurance opinion regarding the effectiveness of the control, risk and governance environment." Progress made in implementing actions agreed following audit reviews is reported to every meeting of the Committee and this helps to ensure that the control environment continues to be strengthened through the audit process. The importance of internal control is well-embedded across the organisation and officers ensure a strong and effective working relationship is maintained with both Internal and External Audit, including regular liaison meetings, and ensuring independent access is available to the Audit and Governance Committee Chair and members. **Strong Public Financial Management** The Authority is steward of a very large pension fund and therefore strong financial management is crucial to its effective operation. A strong framework of budgetary control is in place and monitoring against the operational budget, along with monitoring of investment performance, is reported quarterly to the Authority. Key projects are required to operate within defined budgets which receive approval through the appropriate decision-making processes.

Principle F: Managing risks and performance through robust internal control and strong public financial management
The Authority's Medium Term Financial Strategy defines various fiscal rules which constrain the growth in expenditure, mirroring to some extent, the constraints which apply to conventional local authorities through the council tax capping regime.
Areas for Improvement • Performance Management Framework - There is a need to make better use of management information in reporting on and managing performance through the development of a new performance management framework. This should achieve outcomes of enhancing the robustness of the process, ensuring consistency in how different areas are reported upon and freeing up the time-of-service managers so that they can focus on interpreting the results and taking appropriate action in response. • Continue to build on the progress being made to achieve the elements of the pensions administration improvement plan and clearance of backlogs in processing work.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability
Arrangements in Place
The Authority seeks to be open and transparent in all its activities, seeking to minimise the amount of information that must remain confidential. A substantial amount of information about the Authority's services and activities is published on its website: www.sypensions.org.uk including, for example, details of investment holdings and voting records. The agendas and public reports for all meetings of the Authority, its committees and the Local Pension Board are published and the public parts of meetings of the Authority, its committees and the Local Pension Board are webcast. The Authority's annual report also contains a significant amount of information on its activities in a more user-friendly format. The Freedom of Information Publication Scheme provides clear signposting to the information which is publicly available and where it can be found. The Authority regards telling its story as a key activity, to report and demonstrate its performance, achievement of value for money and effective stewardship of scheme members' savings. For key documents such as the Annual Report and Accounts, the Authority follows the relevant professional codes in terms of the provision of information and seeks to go beyond them where possible, particularly in terms of presenting the information in a way which allows the reader to set information in the context of the Authority's work and easily understand it.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability
The Authority has continued to publish its audited accounts and annual report in advance of the statutory publication deadlines every year, ensuring that information for stakeholders is provided on a timely basis to promote effective accountability. The Authority uses the governance framework set out in the Local Code of Corporate Governance to ensure that the information provided in reporting is accurate and consistent and that the same standards are met by key partnerships such as the Border to Coast Pensions Partnership. The Internal Audit function operates under a charter which conforms to the relevant public sector internal audit standards ensuring that the Authority complies with the relevant professional standards. The Audit and Governance Committee reviews progress on implementation of actions agreed following audit reviews carried out by both internal and external audit and potentially other review agencies when the Scheme Advisory Board's Good Governance reforms are introduced. All these arrangements also apply to the way in which the Authority engages with various partners and a comprehensive process of gathering assurance from those managing money on behalf of the Authority is undertaken each year. The Authority seeks to ensure that the activity undertaken on its behalf by the Border to Coast Pensions Partnership reflects the agreed Governance Charter which applies similar standards to the Authority's arrangements in the Partnership's unique context.

Governance Action Plan 2022/23 – Progress Update

The table below sets out the actions identified for improvement and development in last year's Annual Governance Statement and the progress made against these during 2023/24.

Action Plan 2022/23	Responsible Officer	Target Date	Progress Update 2023/24
Complete process mapping and implement fully updated procedures for appeals processing with clearly defined roles and responsibilities. Provide guidance, training and support for relevant staff to support the above.	Head of Governance and Corporate Services	July2023	**Completed** A full review of the appeals process has been completed which identified clearly defined roles and responsibilities. Training on the new process was delivered to all relevant staff in October 2023.
Transfer online processes for annual appraisals to a new HR System and continue to embed the consistency and quality requirements by providing training for both line managers and employees. Recruit to new Business Support Officer role in the HR team to support Learning and Development strategy and provision across the organisation.	Assistant Director – Resources & HR Business Partner	Mar 2024	**Partially Completed** Work continued on embedding consistency and quality in annual appraisals and training was delivered for both line managers and employees. New Business Support Officer – Learning and Development was appointed and commenced in post in October 2023. Only action remaining is to implement the new HR system in 2024/25.
Undertake a review of the Director Appraisal process and consider and commission appropriate external support arrangements that will seek to enhance the independence of the process and introduce the gathering of 360-degree feedback to inform the appraisal. Aim to implement new arrangements for the 2023/24 appraisal.	Assistant Director – Resources and Head of Governance and Corporate Services	Oct 2023	**Completed** New arrangements for the Director Appraisal process were developed and implemented in March 2024 for the appraisal relating to the 2023/24 year.

Action Plan 2022/23	Responsible Officer	Target Date	Progress Update 2023/24
Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.	Head of ICT	Jan 2024	**Carried Forward** Due to other workload priorities, particularly in relation to focus on improvements required on the pensions administration software system, this action has been deferred and is now expected to be completed in the first half of 2024/25.
Introduce arrangements for the centralised production of performance information allowing managers to focus on interpretation and follow-up action. Implement new risk and performance management software system.	Head of Governance & Corporate Services and Service Manager – Programmes & Performance	Oct 2023	**Partially Completed, Partially Carried Forward** Following a period of vacancy in the role of Service Manager – Programmes and Performance, there has been a delay in full completion. The role has been filled since December 2023 and work to develop the performance management framework is now in progress, to be completed in 2024/25. The new Risk Management and Performance Software system was implemented in August 2023 with work completed so far to input the strategic risk register on the system. Work remaining to be completed in 2024/25 will be to add the operational risk registers and incorporate performance metrics and reporting.
Complete thorough analysis of backlogs and the root causes of these. Complete comprehensive capacity planning exercises in Benefits Team and Customer Services. Based on the above, develop and implement a detailed action plan to tackle the existing backlogs and to put arrangements in place designed to prevent such backlogs building up going forward. This will require a significant amount of work over several months.	Assistant Director – Pensions	Ongoing throughout the year. Progress to be reviewed on a regular basis	**Partially Completed, Partially Carried Forward** A thorough analysis of backlogs and capacity planning was completed. A revised structure was approved by the Authority in October 2023. The revised structure will be recruited to in 2024/25. A plan to clear the Backlogs was put in place in January 2024. The reduction is being tracked and reported to the Director, the Authority and the Local Pension Board.

Action Plan 2022/23	Responsible Officer	Target Date	Progress Update 2023/24
Complete a review and update of the Local Code of Corporate Governance.	Head of Governance and Corporate Services	Jan 2024	**Completed** The Local Code of Corporate Governance was updated and published in December 2023.

Review of Governance 2023/24 – Areas for Improvement and Action Plan

The table below sets out the actions planned to be undertaken during the forthcoming year to address the areas for improvement identified from this year's review of governance effectiveness, along with any actions carried forward from last year as outlined in the progress update above.

Principle and Area for Improvement	Actions Required in 2024/25	Responsible Officer	Date for Completion
A: Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law. **Recording of Regulatory Breaches**	Develop and implement a dedicated recording mechanism for regulatory breaches, supported by training for staff and a decision-making process for reporting material breaches.	Assistant Director – Pensions and Head of Governance & Corporate Services	September 2024

Principle and Area for Improvement	Actions Required in 2024/25	Responsible Officer	Date for Completion
A: Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law. **Review of Counter-Fraud and Whistleblowing Policies**	Complete a review and update of the Anti-Fraud, Bribery and Corruption Policy Statement and the Whistleblowing Policy.	Head of Governance & Corporate Services	December 2024
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits. **Equality, Diversity and Inclusion (EDI)**	Undertake a thorough review of the EDI scheme – prioritising a series of agreed specific actions.	SMT	February 2025
D. Determining the interventions necessary to optimise the achievement of the intended outcomes. **Complete Independent Governance Review**	Independent Governance Review to be completed in June 2024 and an action plan to be developed to address any recommendations.	Head of Governance & Corporate Services	December 2024

Principle and Area for Improvement	Actions Required in 2024/25	Responsible Officer	Date for Completion
E: Developing capacity, including the capability of leadership and individuals **Career Grade Scheme**	Develop an Authority Career Grade Scheme that provides a central policy applicable across the organisation supplemented by appropriately tailored schemes for individual roles that include assessment procedures and incorporate relevant accredited training / professional qualifications alongside development of workplace experience and skills.	Assistant Director – Resources and HR Business Partner	March 2025
F: Managing risks and performance **Business Continuity**	Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.	Head of ICT	Oct 2024
F: Managing risks and performance **Performance Management**	Develop and implement a new Performance Management Framework which will include central production of performance information that will ensure improved reporting and enable service managers and heads to focus on interpretation and taking remedial actions as necessary.	Head of Finance & Performance and Service Manager – Programmes & Performance	In stages over the course of the year to March 2025
F: Managing risks and performance **Pensions Administration Improvement and Backlog Clearance Plan**	Deliver the elements of the Pensions Administration Improvement Plan.	Assistant Director – Pensions	In stages to March 2026. Progress will be reported on quarterly to Authority and Local Pension Board.

Conclusion

To the best of our knowledge, the governance arrangements as defined above have operated effectively during the 2023/24 year. We propose over the coming year to take steps to address the areas identified for improvement to further enhance our governance arrangements. Progress in implementing these improvement actions will be monitored by officers and Internal Audit and through regular reports to the Authority and its committees.

We are satisfied that these steps will address the issues identified in our review of effectiveness and will assess their implementation and operation as part of our next annual review.

Signed: Chair South Yorkshire Pensions Authority	Signed: Director South Yorkshire Pensions Authority

Independent Auditor's Report

The independent auditor's report to the members of South Yorkshire Pensions Authority will be placed here following conclusion of the audit.

Independent Auditor’s Report

The independent auditor’s report to the members of South Yorkshire Pensions Authority on the statements of the South Yorkshire Pension Fund will be placed here following conclusion of the audit.

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Director – Resources, who is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Finance Officer's Certificate

I certify that the accounts give a true and fair view of the financial position of South Yorkshire Pensions Authority at 31 March 2024 and its income and expenditure for the year then ended.

Gillian Taberner, FCPFA **Date: 31 May 2024**

Assistant Director – Resources, Chief Finance Officer

Approval of the Statement of Accounts

To be added following audit and approval.

Comprehensive Income And Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) summarises the resources that have been generated and consumed, in the process of providing services and managing the Authority during the year. The statement includes all the day to day expenses and related income on an accruals basis.

Restated 2022/23					2023/24		
Gross Expenditure £	**Gross Income £**	**Net Expenditure £**		**Notes**	**Gross Expenditure £**	**Gross Income £**	**Net Expenditure £**
3,490,308	(66,123)	3,424,185	Pensions Administration		3,485,349	(64,149)	3,421,200
930,983	0	930,983	Investment Strategy		679,204	0	679,204
1,146,694	(3)	1,146,691	Resources		1,293,052	(4,650)	1,288,402
917,239	(82,986)	834,253	ICT		1,274,711	(80,941)	1,193,770
838,133	(2,876)	835,257	Management & Corporate Costs		1,041,950	0	1,041,950
160,752	0	160,752	Democratic Representation		182,244	0	182,244
7,484,109	(151,988)	7,332,121	**Cost of Services**		7,956,510	(149,740)	7,806,770
0	(6,555,200)	(6,555,200)	Other Operating Income	[9]	0	(7,333,091)	(7,333,091)

Comprehensive Income And Expenditure Statement (continued)

Restated 2022/23 Gross Expenditure £	Restated 2022/23 Gross Income £	Restated 2022/23 Net Expenditure £		Notes	2023/24 Gross Expenditure £	2023/24 Gross Income £	2023/24 Net Expenditure £
			Financing and Investment Income and Expenditure:				
287,000	0	287,000	Net Interest on the Net Defined Benefit Liability	[23]	0	(95,000)	(95,000)
0	(315,336)	(315,336)	Taxation Income	[9]	0	(311,901)	(311,901)
7,771,109	(7,022,524)	**748,585**	**Deficit on Provision of Services**	[9]	7,956,510	(7,889,732)	**66,778**
		(10,658,222)	Remeasurements of the Net Defined Benefit Liability	[23]			1,654,415
		(10,658,222)	**Other Comprehensive Income and Expenditure**				1,654,415
		(9,909,637)	**Total Comprehensive Income and Expenditure**				**1,721,193**

Movement In Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce the charges to funds under management) and other 'unusable reserves'. Credit balances represent a positive reserve position. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.
The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable on a funding basis for the year. Due to the fact that the Authority charges its expenditure to the South Yorkshire Pension Fund, the Authority retains no balance on its General Fund.

Movement In Reserves During 2023/24:	**General Fund Balance**	**ICT Reserve**	**Pay & Benefits Reserve**	**Corporate Strategy Reserve**	**Capital Projects Reserve**	**Total Usable Reserves**	**Unusable Reserves**	**Total Authority Reserves**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Balance At 1 April 2023	**0**	**(78,030)**	**(200,000)**	**(110,220)**	**(34,290)**	**(422,540)**	**(1,002,227)**	**(1,424,767)**
Deficit On The Provision Of Services	66,778	0	0	0	0	**66,778**	0	66,778
Other Comprehensive Income & Expenditure	0	0	0	0	0	**0**	1,654,415	1,654,415
Total Comprehensive Income & Expenditure	**66,778**	**0**	**0**	**0**	**0**	**66,778**	**1,654,415**	**1,721,193**
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	207,457	0	0	0	0	**207,457**	(207,457)	0
Net Decrease/(Increase) Before Transfers To Earmarked Reserves	**274,235**	**0**	**0**	**0**	**0**	**274,235**	**1,446,958**	**1,721,193**
Transfers (To)/From Earmarked Reserves (Note 8)	(274,235)	15,000	200,000	44,235	15,000	**0**	0	0
(Increase)/Decrease in 2023/24	**0**	**15,000**	**200,000**	**44,235**	**15,000**	**274,235**	**1,446,958**	**1,721,193**
Balance At 31 March 2024 Carried Forward	**0**	**(63,030)**	**0**	**(65,985)**	**(19,290)**	**(148,305)**	**444,731**	**296,426**

Restated Movement In Reserves During 2022/23:	General Fund Balance	ICT Reserve	Pay & Benefits Reserve	Corporate Strategy Reserve	Capital Projects Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£	£	£
Balance At 1 April 2022	**0**	**(205,950)**	**0**	**(143,838)**	**(139,116)**	**(488,904)**	**8,973,774**	**8,484,870**
Deficit On The Provision Of Services	748,585	0	0	0	0	**748,585**	0	748,585
Other Comprehensive Income & Expenditure	0	0	0	0	0	**0**	(10,658,222)	(10,658,222)
Total Comprehensive Income & Expenditure	**748,585**	**0**	**0**	**0**	**0**	**748,585**	**(10,658,222)**	**(9,909,637)**
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 7)	(682,221)	0		0	0	**(682,221)**	682,221	0
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	**66,364**	**0**	**0**	**0**	**0**	**66,364**	**(9,976,001)**	**(9,909,637)**
Transfers (To)/From Earmarked Reserves (Note 8)	(66,364)	127,920	(200,000)	33,618	104,826	**0**	0	0
(Increase)/Decrease in 2022/23	**0**	**127,920**	**(200,000)**	**33,618**	**104,826**	**66,364**	**(9,976,001)**	**(9,909,637)**
Balance At 31 March 2023 Carried Forward	**0**	**(78,030)**	**(200,000)**	**(110,220)**	**(34,290)**	**(422,540)**	**(1,002,227)**	**(1,424,767)**

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves available to the Authority to provide services. The Authority must maintain a prudent level of these reserves for unexpected events. The second category of reserves is unusable reserves, i.e. those that the Authority is not able to use to provide services. This includes reserves that hold timing differences shown in the Movement in Reserves Statement line: 'Adjustments between accounting and funding basis under regulations'.

Restated 31 March 2023 £		Note	31 March 2024 £
1,374,367	Property, Plant & Equipment	[10]	1,307,191
144,682	Intangible Assets	[11]	107,742
1,544,000	Pensions Net Defined Benefit Asset	[2c] and [23]	0
3,063,049	**Long Term Assets**		**1,414,933**
2,203,201	Short Term Debtors	[13]	1,033,877
2,203,201	**Current Assets**		**1,033,877**
(1,777,925)	Short Term Creditors	[14]	(915,572)
(1,777,925)	**Current Liabilities**		**(915,572)**
(62,366)	Long Term Creditors	[14]	(24,372)
(2,001,192)	Pensions Net Defined Benefit Liability	[2c] and [23]	(1,805,292)
(2,063,558)	**Long Term Liabilities**		**(1,829,664)**
1,424,767	**Net Assets / (Net Liabilities)**		**(296,426)**
(422,540)	Usable Reserves	[8]	(148,305)
(1,002,227)	Unusable Reserves	[15]	444,731
(1,424,767)	**Total Reserves**		**296,426**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
The Authority has no cash flows from financing activities due to the nature of the Authority's work which is entirely related to the administration of the South Yorkshire Pension Fund.

This also means that all cash balances held are due to the Pension Fund. Therefore, the year-end cash balance is nil for the Authority at 31 March 2024 and at 31 March 2023. Therefore there is no separate disclosure for cash and cash equivalents.

31 March 2023		Note	31 March 2024
£			£
(748,585)	Net Deficit on the Provision of Services		(66,778)
1,123,594	Adjustment to Net Deficit on the Provision of Services For Non-Cash Movements	[16]	143,674
375,009	**Net Cash Flows from Operating Activities**		**76,896**
(375,729)	Net Cash Flows from Investing Activities	[17]	(76,896)
(720)	**Net Increase or (Decrease) in Cash & Cash Equivalents**		0
720	Cash and Cash Equivalents at the Beginning of the Reporting Period		0
0	**Cash and Cash Equivalents at the End of the Reporting Period**		**0**

Note 1. Expenditure And Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. As a single purpose Authority, most expenditure is charged to the Pension Fund and, with the exception of earmarked reserves, there is no balance retained on the General Fund at the end of either the current or prior year. This note also shows how the expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23				2023/24		
Net Expenditure chargeable to General Fund	**Adjustments between the funding and accounting basis**	**Net Expenditure in the CIES**		**Net Expenditure chargeable to General Fund**	**Adjustments between the funding and accounting basis**	**Net Expenditure in the CIES**
£	**£**	**£**		**£**	**£**	**£**
3,068,757	355,428	3,424,185	Pensions Administration	3,471,948	(50,748)	3,421,200
889,169	41,814	930,983	Investment Strategy	687,064	(7,860)	679,204
1,007,470	139,221	1,146,691	Resources	1,306,674	(18,272)	1,288,402
720,340	113,913	834,253	ICT	1,124,103	69,667	1,193,770
693,466	141,791	835,257	Management & Corporate Costs	764,766	277,184	1,041,950
152,539	8,213	160,752	Democratic Representation	182,875	(631)	182,244
6,531,741	**800,380**	**7,332,121**	**Net Cost of Services**	**7,537,430**	**269,340**	**7,806,770**

2022/23				2023/24		
Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the CIES
£	£	£		£	£	£
(6,465,377)	(118,159)	(6,583,536)	Other Income and Expenditure	(7,263,195)	(476,797)	(7,739,992)
66,364	**682,221**	**748,585**	**Deficit on Provision of Services**	**274,235**	**(207,457)**	**66,778**
(488,904)			Opening General Fund and Earmarked Reserves Balance	(422,540)		
66,364			Plus Deficit for the Year	274,235		
(422,540)			Closing General Fund and Earmarked Reserves Balance	(148,305)		

Note 2a. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the Local Government Act 2003 (the 2003 Act) primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost.

The financial statements have been prepared on the going concern basis which assumes that the Pensions Authority will continue in existence for the foreseeable future. The Authority is the administering authority of the South Yorkshire Pension Fund and as such, its expenses are borne by the Fund it administers.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is included in the Balance Sheet, subject to the relevant amount exceeding a de-minimis threshold of £1,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits held with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Expenditure and Funding Analysis provides the Authority's segmental analysis and the service section of the Comprehensive Income and Expenditure Statement follows the same segmental analysis. In line with Code requirements, the reportable segments are based on the Authority's internal management reporting. Where changes occur to the reportable segments as a result of re-organisation, comparative figures for the prior year are re-stated to match the new format in accordance with the requirements set out in the Code.

v. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the net cost of services in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The Authority participates in the Local Government Pension Scheme (LGPS) which it also administers. The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on bond yields as at the date of calculation.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

  - Quoted securities - current bid price
  - Unquoted securities - professional estimate
  - Unitised securities - current bid price
  - Property - market value

The change in the net pensions liability is analysed into the following components:

- Service Cost Comprising:

  - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements Comprising:

  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve as Other Comprehensive Income and Expenditure;
  - Effect of Asset Ceiling – where the defined benefit liability is negative (i.e., an asset), a limit is applied to the amount that may be recognised as an asset on the balance sheet, this limit is termed the asset ceiling; if an adjustment is required to reduce the total asset to the amount of the asset ceiling, this adjustment is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - Contributions paid to the Fund by the employer – cash paid as employer contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

vi. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the accounting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

vii. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, creditors, debtors, investments and bank deposits of the Authority.

Cash, debtors and creditors are the Authority’s only financial instruments; these are disclosed on the Balance Sheet, and are classified as financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

The Authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

viii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events is capitalised when it is expected that future economic benefit or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life on a straight line basis. The assets are funded directly from revenue and charged to the Fund. The capital element is then adjusted in the Capital Adjustment Account.

ix. Property, Plant and Equipment

Assets that have a physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

<u>Recognition</u>

Expenditure on the acquisition or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

<u>Measurement</u>

Assets are initially measured at cost, comprising:

• The purchase price; and

• Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Assets are then carried in the Balance Sheet at depreciated historical cost, due to the assets having short useful lives or low values (or both).

<u>Impairment</u>

Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

<u>Depreciation</u>

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following basis:

• Vehicles, plant, furniture and equipment – on a straight line basis, as advised by a suitably qualified officer.

Items of property, plant and equipment are excluded from depreciation before they are available for use. Therefore Assets Under Construction are not depreciated. Once the asset is available for use (even if not in actual use yet) it is transferred to the relevant asset category within Property, Plant and Equipment and is subject to depreciation from the date of being available for use.

Disposals

When an asset is disposed or decommissioned, the carrying amount of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any amounts written off on disposals will not be a charge against the General Fund, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

x. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Operating Leases - The Authority as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

xi. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

xii. Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xiii. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets and for retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

xiv. VAT

The Authority has partial exemption from VAT, as such not all VAT suffered is recoverable. Income and expenditure items are accounted for net of VAT; however, the irrecoverable VAT expense is charged to the relevant services in the Comprehensive Income and Expenditure Statement.

Note 2b. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are set out below.

- **Post Employment Benefits - Net Defined Benefit Pensions Liability / Asset**

As set out in Note 23, the net balance of the Authority's funded defined benefit obligations is a surplus as at 31 March 2024.
Where this is the case, there is a limit on the amount that can be recognised as an asset on the Balance Sheet and the Code requires that this shall be determined in accordance with *IAS 19 Employee Benefits* and *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

This limit, termed the asset ceiling, is required because the pension surplus reported under IAS 19 is not fully realisable by the Authority in the form of refunds or reductions in contributions. The asset ceiling is therefore calculated and applied to ensure that any asset recognised on the balance sheet reflects only the economic benefits that are realisable by the Authority.

The application of *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and the methodology to be used in calculating the asset ceiling is complex and requires judgements to be made regarding the various components of the calculation.

In reaching the judgements required, the Authority has carefully considered the requirements in the Code, IAS 19 and IFRIC14, has consulted with its actuary and external auditors, and has referred to guidance issued by CIPFA in November 2023, *CIPFA Bulletin 15 - Reporting of pensions surpluses and IFRIC 14* . Additionally, a broad consensus position has been reached by LGPS auditor, actuary and practitioner bodies.

It is important to note that there is no definitive correct method to follow in applying the accounting standards in this respect as the standards only set out high level principles which require judgements to be made and are also dependent on employer-level factors. However, the Authority is satisfied that the methodology now established and widely agreed among LGPS auditor and practitioner bodies is the most suitable method for calculating its asset ceiling and has therefore applied this to the relevant values in its statement of accounts.

The asset ceiling represents the economic benefit available to the Authority as a reduction in future contributions and has been calculated as follows.

A.Present Value of Future Service Cost
Less
B.Present Value of Future Service Contributions

A. Present Value of Future Service Cost
This is calculated as the future service cost multiplied by an annuity over the expected life of the Authority as an employer in the scheme - which is determined to be an indefinite life as the Authority is an LGPS employer open to new entrants. It is therefore calculated as an annuity in perpetuity.
The future service cost amount is the projected 2024/25 service cost calculated by the actuary using the IAS 19 assumptions at 31 March 2024.

B. Present Value of Future Service Contributions
This is calculated as:

> Future service (primary rate contributions) multiplied by an annuity that is calculated in perpetuity on the same basis that the expected life of the Authority as an employer in the scheme is indefinite.

> Negative past service (secondary rate contributions) multiplied by an annuity that is calculated only for the remaining period of the Authority's funding valuation time horizon – which was 16 years at the last funding valuation at 31 March 2022.

The economic benefit available as a reduction in future contributions cannot be negative, so where B is greater than A, the economic benefit available as a reduction in future contributions is £0.

The result of the calculation as at 31 March 2024 is as follows:

A. Present Value of Future Service Cost = £41,487,000

B. Present Value of Future Service Contributions = £45,739,000

As B is greater than A, the economic benefit available as a reduction in future contributions, i.e., the asset ceiling, is £0.

As this asset ceiling result is lower than the value of the actual surplus reported under IAS 19, an adjustment is required to limit the value of the asset recognised on the balance sheet to £0. The adjustment applied at 31 March 2024 is £3,690,415, which is recognised within Other Comprehensive Income and Expenditure on the Comprehensive Income and Expenditure Statement and further details are set out in Note 23 Defined Benefit Pension Asset / Liability.

Note 2c. Prior Year Restatement

Defined Benefit Pension Asset / Liability Restatement

Further to the details in Note 2b regarding the critical judgements applied in calculating the limitation on the extent to which any pension surplus under IAS 19 may be recognised as an asset on the Authority's balance sheet, the judgements applied have changed since the publication of the Authority's 2022/23 audited accounts, requiring a restatement as explained below.

At the date of authorising the 2022/23 statement of accounts for issue in September 2023, there was limited further guidance available on the application of IFRIC 14 and auditors and practitioners had not yet reached a consensus position in relation to certain judgements required in determining the basis to be used for components of the asset ceiling calculation. Therefore, the Authority consulted with its Actuary and with its external auditor for that year and agreed an approach to the calculation as follows.

The asset ceiling is to be calculated as:

A.Present Value of Future Service Cost
Less
B.Present Value of Future Service Contributions

In order to calculate the present values, an appropriate time horizon must be determined for the calculation of the appropriate annuity.

For the asset ceiling calculated at 31 March 2023 as reported in the 2022/23 statement of accounts, the approach used was to apply an annuity in perpetuity to both the future service cost (A) and also the future service contributions (B). The asset ceiling that resulted from this was £11,245,000. As this figure was larger than the Authority's actual net asset of £3,713,778, the actual figure was recognised in full on the Balance Sheet at 31 March 2023.

Subsequently, guidance was issued by CIPFA in November 2023 and a broad consensus reached on an appropriate methodology, as described above in Note 2b.

The Authority is satisfied that this methodology now established and widely agreed among LGPS auditor and practitioner bodies is the most suitable method for calculating its asset ceiling and has therefore applied this to the relevant values in its statement of accounts.

This approach differs from that used in the 2022/23 statement of accounts in two ways:

i) The asset ceiling calculations do not take account of unfunded benefits; and

ii) In calculating the present value of future service contributions (item B), the previous approach applied an annuity in perpetuity to the total net future employer contributions. The new approach instead splits the future employer contributions into:

> Future service (primary rate contributions) which continue to be calculated using an annuity in perpetuity; and

> Negative past service (secondary rate contributions) which are calculated using an annuity based on the remaining period of the Authority's funding valuation time horizon – which was 16 years at the last funding valuation at 31 March 2022.

The revised asset ceiling at 31 March 2023 resulting from this change in methodology is £1,544,000. As this figure is smaller than the Authority's actual net asset at the same date of £3,713,778, the asset to be recognised on the balance sheet must be limited to the value of the asset ceiling and therefore an adjustment of £2,359,778 is required. This adjustment is recognised in Other Comprehensive Income and Expenditure on the Comprehensive Income and Expenditure Statement.

The Authority has determined that it is necessary to restate the prior year accounts for the effect of this material change and to account for this as a change in accounting policy due to this being a change in how the accounting policy is applied and taking the following factors into consideration.

The Code requires that:

> Authorities select and apply their accounting policies consistently for similar transactions, other events and conditions.

> A change in accounting policy should only be made if required by the Code or if this will result in the financial statements providing reliable and more relevant financial information about the effects of transactions, other events or conditions on an authority's financial position, financial performance and cash flows.

> In accordance with the qualitative characteristic of comparability (which depends on consistency and adequate disclosure), an authority should apply the same accounting policy consistently from one period to the next … until one of the two conditions for change set out above is satisfied. The users of financial statements need to be able to compare financial statements and information over time in order to be able to evaluate trends in its financial position, financial performance and cash flows.

Consequently, the prior year Comprehensive Income & Expenditure Statement, Movement in Reserves Statement, and Balance Sheet have been restated for the year ending 31 March 2023, as have the relevant disclosures in Note 15 Unusable Reserves and Note 23 Defined Benefit Pension Asset/Liability for the same period. The effects of the restatement are as follows.

Effect on Comprehensive Income and Expenditure Statement 2022/23

	As Previously Stated 2022/23	Change	As Restated 2022/23
Remeasurements of the Net Defined Benefit Liability	(13,018,000)	2,359,778	(10,658,222)
Other Comprehensive Income and Expenditure	**(13,018,000)**	**2,359,778**	**(10,658,222)**
Total Comprehensive Income and Expenditure	**(12,269,415)**	**2,359,778**	**(9,909,637)**

Effect on Movement In Reserves Statement 2022/23

Unusable Reserves	As Previously Stated 2022/23	Change	As Restated 2022/23
Other Comprehensive Income & Expenditure	(13,018,000)	2,359,778	(10,658,222)
Total Comprehensive Income & Expenditure	**(13,018,000)**	**2,359,778**	**(10,658,222)**
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	**(12,335,779)**	**2,359,778**	**(9,976,001)**
(Increase)/Decrease in 2022/23	**(12,335,779)**	**2,359,778**	**(9,976,001)**
Balance At 31 March 2023 Carried Forward	**(3,362,005)**	**2,359,778**	**(1,002,227)**

Total Authority Reserves	As Previously Stated 2022/23	Change	As Restated 2022/23
Other Comprehensive Income & Expenditure	(13,018,000)	2,359,778	(10,658,222)
Total Comprehensive Income & Expenditure	**(12,269,415)**	**2,359,778**	**(9,909,637)**
Net (Increase)/Decrease Before Transfers To Earmarked Reserves	**(12,269,415)**	**2,359,778**	**(9,909,637)**
(Increase)/Decrease in 2022/23	**(12,269,415)**	**2,359,778**	**(9,909,637)**
Balance At 31 March 2023 Carried Forward	**(3,784,545)**	**2,359,778**	**(9,909,637)**

Effect on Balance Sheet 31 March 2023

	As Previously Stated 31 March 2023	Change	As Restated 31 March 2023
Pensions Net Defined Benefit Asset	3,713,778	(2,169,778)	1,544,000
Long Term Assets	**5,232,827**	**(2,169,778)**	**3,063,049**
Pensions Net Defined Benefit Liability	(1,811,192)	(190,000)	(2,001,192)
Long Term Liabilities	**(1,873,558)**	**(190,000)**	**(2,063,558)**
(Net Liabilities) / Net Assets	**3,359,269**	**(2,359,778)**	**1,424,767**
Unusable Reserves	(3,362,005)	2,359,778	(1,002,227)
Total Reserves	**(3,784,545)**	**2,359,778**	**(1,424,767)**

Note 3. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Authority is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued on or before 1 January 2024 but not yet adopted by the Code. The 2024/25 Code will introduce amendments in respect of:

> IFRS 16 Leases issued in January 2016

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The CIPFA Code of Practice requires the new standard to be implemented by local authorities from 01 April 2024 and permits voluntary early adoption from 1 April 2023. The Authority will implement the standard from 01 April 2024.

The Authority has one material lease which will be impacted by the standard; the lease for Oakwell House, disclosed in Note 22 Leases. The lease will require the Authority to recognise the value of the future lease payments as a right-of-use asset and to recognise the obligation to make the payments as a liability on the Balance Sheet. The Authority anticipates that the impact of initial application of IFRS 16 as adopted by the Code will be to increase the Authority's assets by £914,302 and to increase the Authority's liabilities by a corresponding amount of (£914,302) on the balance sheet to be reported in the 2024/25 statement of accounts. This estimated impact is based on the known value of the future minimum lease payments up to the date of the break clause in the lease of 28 May 2036.

The following amendments to be introduced in the 2024/25 Code provide clarifications but are not anticipated to have any impact on the amounts expected to be reported in the Authority's financial statements.

> Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.

The amendments:

- specify that an entity’s right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

> Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

> Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

Note 4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The item estimated in the Authority's Balance Sheet at 31 March 2024 where there is significant estimation uncertainty that could result in a material adjustment within the next financial year is the net Pensions Liability. The estimation is complex and the key factors are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the obligations of changes in individual assumptions can be measured. For example: > A 0.1% decrease in the discount rate assumption would result in an increase to the obligations of approximately 2% or £567,000 > A one year increase in the life expectancy assumption would result in an increase to the obligations of approximately 4% or £1,076,000 > A 0.1% increase in the salary inflation rate assumption would result in an increase to the obligations of approximately 0% or £24,000 > A 0.1% increase in the pension increase rate assumption would result in an increase to the obligations of approximately 2% or £553,000. However, the assumptions interact in complex ways. During 2023/24, the Authority’s actuaries advised that the net pensions liability had decreased by £1,773,000 due to updating of the financial assumptions (see further detail below), had decreased by £179,000 due to changes in demographic assumptions, and had increased by £808,000 due to estimates being corrected as a result of other experience.

Impact of Inflation

The rate of inflation has an effect on the assumptions used and the impact of these on the Authority's obligations.
The impact of the change in financial assumptions adopted for the period ending 31 March 2024 was a reduction in the liability totalling £1,773,000. This can be further explained broken down as follows.

Pension Increase Rate – Market derived CPI inflation has fallen over the period, which has led to a 0.20% reduction in this assumption. This has served to reduce the Authority's obligations and accounts for £1,025,000 of the total reduction in the liability.

Salary Increase Rate – the salary increase assumption has fallen over the period by 0.20% This has served to reduce the Authority's obligations and accounts for £180,000 of the total reduction in the liability.

Discount rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.10% increase in this assumption. This served to reduce the Authority's obligations and accounts for £570,000 of the total reduction in the liability.

The impact of changes arising from Other Experience for the period ending 31 March 2024 was an increase in the liability totalling £808,000. The primary driver for this reduction is as follows.

Pensions Increase (PI) Order – The actual PI order for April 2024 was 6.7%, which is significantly higher than the pension increase rate assumption built into the obligations at the start of the accounting period. This increases pensions in payment, deferred pensions and CARE pots and has served to increase the Authority's obligations and accounts for an increase of £803,000 in the liability.

The impact of the items above, and related items in the previous year, has been the critical factor in the net pensions liability on the Authority’s balance sheet changing significantly from a net liability at 31 March 2022 to an asset at 31 March 2023 and at 31 March 2024 prior to making required adjustments for the asset ceiling. See Notes 2b and 2c and Note 23 for further details.

Note 5. Events After The Reporting Period

The Statement of Accounts was authorised for issue on 31 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no such events to disclose.

Note 6. Supplementary Information to Note 1. Expenditure & Funding Analysis

This note provides further information and a breakdown of the adjustments shown in Note 1 Expenditure & Funding Analysis to show how the figures accounted for in the Comprehensive Income and Expenditure Statement are adjusted from accounting basis to funding basis.

	Adjustments between funding and accounting basis 2023/24			
Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	**Adjustment for Capital Purposes**	**Net Change for Pensions Adjustments**	**Other Statutory Adjustments**	**Total Adjustments**
	£	**£**	**£**	**£**
Pensions Administration	0	(45,187)	(5,561)	**(50,748)**
Investment Strategy	0	(4,030)	(3,830)	**(7,860)**
Resources	0	(17,044)	(1,228)	**(18,272)**
ICT	72,363	(7,037)	4,341	**69,667**
Management & Corporate Costs	101,649	174,515	1,020	**277,184**
Democratic Representation	0	(631)	0	**(631)**
Net Cost of Services	**174,012**	**100,586**	**(5,258)**	**269,340**
Other Income and Expenditure from the Expenditure & Funding Analysis	(69,896)	(406,901)	0	(476,797)
Difference Between General Fund Deficit and the CIES Deficit on the Provision of Services	**104,116**	**(306,315)**	**(5,258)**	**(207,457)**

Adjustments for Capital Purposes

This column adjusts for the following:
•Net Cost of Services: Depreciation and amortisation charges; and
•Other Income and Expenditure from the EFA: Charge to the General Fund to finance the capital expenditure incurred in the year.

Net Change for Pensions Adjustments

This column presents the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:
•Net Cost of Services: this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and any past service costs.
•Other Income and Expenditure from the EFA: Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

This column presents other statutory adjustments between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:
•Net Cost of Services: this represents the removal, as required by statute, of the expenditure charged to the Comprehensive Income and Expenditure Statement resulting from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement Amounts	Adjustments between funding and accounting basis 2022/23			
	Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Statutory Adjustments	Total Adjustments
	£	£	£	£
Pensions Administration	0	348,739	6,689	**355,428**
Investment Strategy	0	41,074	740	**41,814**
Resources	0	135,445	3,776	**139,221**
ICT	57,458	51,110	5,345	**113,913**
Management & Corporate Costs	100,244	51,914	(10,367)	**141,791**
Democratic Representation	0	8,213	0	**8,213**
Net Cost of Services	**157,702**	**636,495**	**6,183**	**800,380**
Other Income and Expenditure from the Expenditure & Funding Analysis	(89,823)	(28,336)	0	(118,159)
Difference Between General Fund Surplus and the CIES Surplus on the Provision of Services	**67,879**	**608,159**	**6,183**	**682,221**

Note 7. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. All expenditure of the Authority that is charged to the General Fund is then fully charged to the Pension Fund.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of an Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice.

2022/23		**2023/24**
£	***Adjustments to Revenue Resources***	**£**
General Fund		**General Fund**
(157,702)	Reversal of Entries Included in the Surplus or Deficit on Provision of Services in Relation to Capital Expenditure (Transferred to Capital Adjustment Account)	(174,012)
(608,159)	Pensions Costs (Transferred to the Pensions Reserve)	306,315
(6,183)	Holiday Pay (Transferred from/(to) the Accumulated Absences Adjustment Account)	5,258
(772,044)	**Total Adjustments to Revenue Resources**	**137,561**
	Adjustments Between Revenue and Capital Resources	
89,823	Capital Expenditure Financed from Revenue Balances (Transferred to the Capital Adjustment Account)	69,896
89,823	**Total Adjustments Between Revenue and Capital Resources**	**69,896**
(682,221)	**Total Adjustments**	**207,457**

8. Transfers (To) / From Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 Apr 2022	Transfers Between Reserves	Transfers In	Transfers Out	Balance at 31 Mar 2023	Transfers Between Reserves	Transfers Out	Transfers In	Balance at 31 Mar 2024
	£	£	£	£	£	£	£	£	£
Corporate Strategy Reserve	(143,838)	(85,000)	118,618	0	(110,220)	(25,000)	91,235	(22,000)	**(65,985)**
Pay & Benefits Reserve	0	(50,000)	0	(150,000)	(200,000)	0	200,000	0	**0**
ICT Development Reserve	(205,950)	120,000	26,250	(18,330)	(78,030)	25,000	0	(10,000)	**(63,030)**
Capital Projects Reserve	(139,116)	15,000	89,826	0	(34,290)	0	30,000	(15,000)	**(19,290)**
Total:	**(488,904)**	**0**	**234,694**	**(168,330)**	**(422,540)**	**0**	**321,235**	**(47,000)**	**(148,305)**

Corporate Strategy Reserve

This reserve exists to fund non-recurrent costs associated with various projects required for the implementation of the Corporate Strategy of the Authority. Amounts from this reserve have been used during the year in line with plans as follows:

> £14,000 has been used to fund the 2023/24 cost in relation to the retention incentive scheme payment as set out in Note 19;

> £10,000 has been used to fund a review of the constitution;

> £67,235 has been used to fund Pensions Administration additional costs; and

> £22,000 has been transferred into the reserve to cover future Investment Strategy review costs.

A total of £25,000 has been transferred into this reserve from the ICT Development Reserve to reflect the resourcing requirements that the reserve has needed during 2023/24.

Pay & Benefits Reserve
This reserve was created to fund additional costs arising from a pay and benefits review across the organisation. The results of the review were implemented during 2023/24, leading to additional expenditure on staffing costs. The following transfers have taken place during the year.
> £200,000 has been transferred out of this reserve to cover the additional costs resulting from the pay and benefits review.

ICT Development Reserve
This reserve is used to fund expenditure on ICT equipment and to enable a programme of systems development for the Authority.
The following transfers have taken place during the year.
> £10,000 has been transferred into this reserve from income generated from the sales of in-house developed software to other organisations.
A total of £25,000 has been transferred from this reserve to the Corporate Strategy Reserve to reflect the resourcing requirements that the reserve balances have been earmarked to meet during 2023/24.

Capital Projects Reserve
This reserve exists to meet the financing of capital projects and expenditure in relation to the Authority's property, plant and equipment assets and intangible assets. During the year, amounts from this reserve have been used as follows.
> £30,000 has been used to finance the capital expenditure costs of additions to the Laptop equipment assets.
A total of £15,000 has been transferred from this reserve to other earmarked reserves to reflect the resourcing requirements that the reserve balances have been earmarked to meet in future years.

Note 9. Expenditure And Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

2022/23	Expenditure	2023/24
£		£
4,457,739	Employee Benefits Expenses	4,889,324
157,701	Depreciation and Amortisation	174,012
2,242,460	Other Service Expenses	2,464,343
626,209	Irrecoverable VAT Expense	428,831
287,000	Net Interest Expense on the Net Defined Benefit Liability	0
7,771,109	**Total Expenditure**	**7,956,510**

2022/23	Income	2023/24
£		£
	Fees, Charges & Other Service Income:	
(82,986)	Charges for provision of IT services and IT sales	(80,941)
(22,850)	Charges for administration in relation to employer recharges for actuarial services	(23,850)
(36,986)	Charges for administration in relation to payroll	(36,498)
(3,786)	Charges to scheme members in relation to information provision on receipt of pension sharing orders upon divorce	(3,300)
(5,380)	Other Income	(5,151)
(151,988)	***Subtotal Fees, Charges and Other Service Income***	**(149,740)**

2022/23 £	Income	2023/24 £
	Other Operating Income:	
(6,555,200)	Charge to the South Yorkshire Pension Fund	(7,333,091)
	Financing and Investment Income and Expenditure:	
0	Net Interest Income on the Net Defined Benefit Liability	(95,000)
	Taxation Income	
(315,336)	Levy for Residual Liabilities	(311,901)
(6,870,536)	***Subtotal Other Income***	**(7,739,992)**
(7,022,524)	**Total Income**	**(7,889,732)**
748,585	**Deficit on the Provision of Services**	**66,778**

Fees, Charges and Other Service Income - Recognition

Income from the provision of IT services and sales of internally developed IT systems to other public sector bodies is recognised in the period in which the services are provided. The £80,941 income in 2023/24 includes £64,997 (2022/23: £66,648) charged to the Office of the Police and Crime Commissioner for IT service provision; this is charged in four equal quarterly instalments on the basis of a set fee agreed for each financial year and the income is recognised in the year in which the services are provided. The remaining £15,944 IT income is in relation to sales of internally developed software products (EPIC and DART) to other LGPS pension funds and maintenance of this software. The income for the sale of software licences is recognised at the date of sale, and the income for software maintenance services is recognised over the period for which the fee is charged.

An administration fee is charged to employers in order to cover the costs of the Authority in relation to the handling of requests and other requirements for various actuarial services including provision of reports and information. This is calculated as a percentage of the fees charged by the actuary for these services and the income is recognised in the period when the services are provided.

The administration fee in respect of payroll relates to the administering of deductions from pension for members who have a health insurance plan provided by Westfield Health and the payment of these to the provider. The fee is charged as a percentage of the total amount deducted and paid over on a monthly basis and the income is recognised in the month to which it relates.

Other Operating Income

The Authority incurs costs in the discharge of its functions as the administering authority of the South Yorkshire Pension Fund. In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Authority charges its costs to the Fund as they are incurred. The total charge to the South Yorkshire Pension Fund is recognised as Other Operating Income in the Authority's CIES for the year to which it relates.

Taxation Income

The costs and expenses incurred in administering the residual liabilities of the former South Yorkshire Residuary Body are financed by a Levy issued to the four district councils of Barnsley Metropolitan Borough Council, City of Doncaster Council, Rotherham Metropolitan Borough Council and Sheffield City Council. The Levy is charged in accordance with The Levying Bodies (General) Regulations 1992 and is allocated to each district in proportion to their populations. The total received is recognised as Taxation Income in the Authority's CIES for the year to which it relates.

Note 10. Property, Plant and Equipment

Movements in 2023/24:	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Total Property, Plant and Equipment
	£	£	£
Cost			
At 1 April 2023	1,455,659	98,844	**1,554,503**
Additions	0	69,896	**69,896**
At 31 March 2024	**1,455,659**	**168,740**	**1,624,399**
Accumulated depreciation			
At 1 April 2023	(124,306)	(55,830)	**(180,136)**
Depreciation charge	(101,650)	(35,422)	**(137,072)**
At 31 March 2024	**(225,956)**	**(91,252)**	**(317,208)**
Net Book Value At 31 March 2024	**1,229,703**	**77,488**	**1,307,191**
Net Book Value At 31 March 2023	**1,331,353**	**43,014**	**1,374,367**

Comparative Movements in 2022/23:

	Vehicles, Plant, Furniture & Equipment - Oakwell House	Vehicles, Plant, Furniture & Equipment - Laptops	Total Property, Plant and Equipment
	£	£	£
Cost			
At 1 April 2022	1,391,536	73,144	**1,464,680**
Additions	64,123	25,700	**89,823**
At 31 March 2023	**1,455,659**	**98,844**	**1,554,503**
Accumulated depreciation			
At 1 April 2022	(24,062)	(35,312)	**(59,374)**
Depreciation charge	(100,244)	(20,518)	**(120,762)**
At 31 March 2023	**(124,306)**	**(55,830)**	**(180,136)**
Net Book Value At 31 March 2023	**1,331,353**	**43,014**	**1,374,367**
Net Book Value At 31 March 2022	**1,367,474**	**37,832**	**1,405,306**

The Oakwell House asset represents the value of the major refurbishment project on the Authority's office accommodation and includes full mechanical and electrical plant, solar panels, furniture, fittings and equipment. The practical completion date and handover was 06 December 2021 and the asset is being depreciated from 1 January 2022.

The Laptops asset represents the value of laptop computers purchased. There have been additions to this asset during the year due to the growth in the workforce and ongoing programme of replacements on a 4-yearly cycle.

Depreciation

• Vehicles, plant, furniture and equipment: Oakwell House
The Oakwell House asset comprises two components with different useful economic lives as follows:
- Audio-visual equipment and fittings: In line with advice from the Head of ICT, a useful life of 10 years has been determined for this component. Depreciation is therefore charged over 120 months on a straight line basis commencing in the month following acquisition.
- The remaining plant, furniture, fittings and equipment component has been determined as having a useful economic life of 15 years. Depreciation is therefore charged over 180 months on a straight line basis commencing in the month following acquisition.

• Vehicles, plant, furniture and equipment: Laptops
It has been determined that the laptops have a useful economic life of 4 years.
Depreciation is charged over 48 months on a straight line basis commencing in the month following acquisition.

Note 11. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The Authority's licence for its Pensions Administration software is the only intangible asset held.

In February 2022, the previous licence for this software expired and a new contract was entered into for a new 5 year licence from this date. This was accounted for as an addition in 2021/22 and is being amortised over 60 months starting from March 2022.

The amortisation charge of £36,940 in 2023/24 (£36,940 in 2022/23) was charged to the ICT service line within Net Cost of Services in the Comprehensive Income and Expenditure Statement.

2022/23 Pensions Administration System £		2023/24 Pensions Administration System £
	Balance at Start of Year:	
184,700	Gross Carrying Amount	184,700
(3,078)	Accumulated Amortisation	(40,018)
181,622	**Net Carrying Amount at Start of Year**	**144,682**
(36,940)	Amortisation for the Period	(36,940)
144,682	**Net Carrying Amount at End of Year**	**107,742**
	Comprising:	
184,700	Gross Carrying Amount	184,700
(40,018)	Accumulated Amortisation	(76,958)

Note 12. Financial Instruments

31 March 2023		31 March 2024
£		£
	Financial Assets at Amortised Cost	
1,969,216	Short Term Debtors	621,808
1,969,216	**Total Financial Assets at Amortised Cost**	**621,808**
	Financial Liabilities at Amortised Cost	
(667,231)	Short Term Creditors	(665,046)
(62,366)	Long Term Creditors	(24,372)
(729,597)	**Total Financial Liabilities at Amortised Cost**	**(689,418)**
1,239,619	**Total Financial Instruments**	**(67,610)**

The short term debtors classified as financial assets do not include prepayments.

The short term creditors classified as financial liabilities do not include statutory creditors in respect of taxes payable to HMRC.

Nature and Extent of Risks Arising From Financial Instruments

The Authority’s activities expose it to the following financial risks:

• Credit risk – the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

• Liquidity risk – the risk that an entity (the Fund) will have difficulties in paying its financial liabilities.

As the Authority’s primary purpose is as the administrator of the South Yorkshire Pension Fund, the management of risk in relation to financial instruments is mainly relevant to the Fund itself and is covered in detail in Note 17 to the South Yorkshire Pension Fund Accounts that follow.

All of the Authority’s income and expenditure is charged directly to the Fund (or financed from the Levy in respect of residual liabilities), therefore market risks and liquidity risks are managed by the Fund.

All of the Authority’s financial assets are short term debtors, and have been assessed for likelihood of default. All are anticipated to be received within 3 months.

The Authority’s financial liabilities include both short and long term creditors. The short term creditors are anticipated to be paid within 3 months.

Note 13. Short Term Debtors

31 March 2023		31 March 2024
£		£
138,307	Trade Receivables	123,743
233,985	Prepayments	412,069
1,830,909	Owed from Pension Fund	498,065
2,203,201	**Total**	**1,033,877**

Note 14. Creditors

31 March 2023		31 March 2024
£		£
	Short Term Creditors	
(476,065)	Trade Payables	(348,249)
(72,571)	Payable to HMRC - Employment Taxes	(102,201)
(1,038,123)	Payable to HMRC - VAT	(148,325)
(17,518)	Capital Creditors	(10,518)
0	Deferred Income	(47,375)
(173,648)	Other Payables	(258,904)
(1,777,925)		**(915,572)**
	Long Term Creditors	
(62,366)	Retention Payments Due on Retirement	(24,372)
(1,840,291)	**Total**	**(939,944)**

Note 15. Unusable Reserves

Restated 31 March 2023 £		Note 15	31 March 2024 £
(1,519,049)	Capital Adjustment Account	[a]	(1,414,933)
457,192	Pensions Reserve	[b]	1,805,292
59,630	Accumulated Absences Adjustment Account	[c]	54,372
(1,002,227)	**Total Unusable Reserves**		**444,731**

a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition or subsequent costs such as depreciation, impairment losses and amortisation are charged to the Comprehensive Income & Expenditure Statement. The Account is credited with amounts set aside by the Authority as finance for the costs of acquisition or enhancement.

2022/23 £		2023/24 £
(1,586,928)	Balance at 1 April	(1,519,049)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
36,940	Amortisation of Intangible Assets	36,940
120,762	Depreciation of Vehicles, Plant, Furniture & Equipment	137,072
	Capital financing applied in the year:	
(89,823)	Capital Expenditure Charged Against the General Fund Balance	(69,896)
(1,519,049)	**Balance at 31 March**	**(1,414,933)**

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer’s contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Restated 2022/23 £		2023/24 £
10,507,255	Balance at 1 April	457,192
(10,658,222)	Remeasurement Of The Net Defined Benefit Liability	1,654,415
1,386,000	Reversal Of Items Relating To Retirement Benefits Debited or Credited to the Surplus On the Provision Of Services in the CIES	622,000
(777,841)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable In The Year	(928,315)
457,192	**Balance at 31 March**	**1,805,292**

The Pensions Reserve includes the reserve calculated for the residual liabilities; the breakdown is shown below:

Restated 31 March 2023 £	**Pensions Reserve**	31 March 2024 £
(1,544,000)	South Yorkshire Pensions Authority - Funded Obligations	0
190,000	South Yorkshire Pensions Authority - Unfunded Obligations	185,000
1,811,192	Unfunded Obligations of the Former South Yorkshire Residuary Body	1,620,292
457,192	**Total**	**1,805,292**

c) Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23			2023/24
£			£
53,447	Balance at 1 April		59,630
(53,447)	Settlement or cancellation of accrual made at the end of the preceding year	(59,630)	
59,630	Amounts accrued at the end of the current year	54,372	
6,183	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**(5,258)**
59,630	**Balance at 31 March**		**54,372**

Note 16. Cash Flow Statement - Operating Activities

The Deficit on Provision of Services has been adjusted for the following non-cash movements:

2022/23		2023/24
£		**£**
36,940	Amortisation	36,940
120,762	Depreciation	137,072
608,159	Movement in Pension Liability	(306,315)
13,622	Increase / (Decrease) in Long Term Provision / Creditor	(37,994)
596,299	Increase / (Decrease) in Short Term Creditors	(902,728)
(252,188)	(Increase) / Decrease in Debtors	1,216,699
1,123,594	**Total Adjustment for Non Cash Movements**	**143,674**

Note 17. Cash Flow Statement - Investing Activities

2022/23		2023/24
£		**£**
(375,729)	Purchase of Property Plant & Equipment	(76,896)
(375,729)	**Total Investing Activities**	**(76,896)**

The Authority does not have any financing cash flows. This is due to the nature of the Authority's work in that its sole purpose is to administer the South Yorkshire Pension Fund.

Note 18. Officers' Remuneration

The remuneration paid to the Authority's senior employees, is as follows:

		Further Details	Salary, fees and allowances	Employer Pension Contributions	Pension Contributions Due On Retirement*	Total
			£	£	£	£
Director (Head of Paid Service)	2023/24		131,850	25,052		**156,902**
	2022/23		123,415	19,870		**143,285**
Assistant Director - Investment Strategy	2023/24		94,211	17,900	14,535	**126,646**
	2022/23		90,692	14,601	13,622	**118,915**
Assistant Director - Pensions	2023/24	[a]	35,624	6,769		**42,393**
Assistant Director - Resources (Chief Finance Officer April 2023 onwards)	2023/24		103,632	19,690		**123,322**
	2022/23		85,143	13,708		**98,851**
Head of Governance & Corporate Services (Monitoring Officer January 2023 onwards)	2023/24	[b]	71,158	13,520		**84,678**
	2022/23		60,071	9,671		**69,742**

[a] The Assistant Director – Pensions took up the post in November 2023; the remuneration shown in the table is for the period November 2023 - March 2024.

[b] From January 2023, the Monitoring Officer role is undertaken by the Authority's Head of Governance & Corporate Services, who commenced in post with the Authority in May 2022.

*** Pensions Contributions Due On Retirement**

Costs have been accrued for the payment of additional employer pension contributions for the Assistant Director - Investment Strategy, as shown in the table above.
This is in respect of a Staff Retention Incentives Scheme introduced in 2020/21 to support succession planning. The payment is payable to the pension fund on behalf of the post holder upon retirement. This was previously recognised in the prior year accounts as a long term creditor in the Authority's balance sheet. The Assistant Director - Investment Strategy is now due to retire during 2024/25, therefore the balance owed of £52,529 is recognised as a short term creditor on the Authority's balance sheet as at 31 March 2024. (£37,994 recognised as a long term creditor at 31 March 2023).

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2022/23 Number of employees	2023/24 Number of employees
£50,000-£54,999	0	1
£55,000-£59,999	1	1
£70,000-£74,999	1	1
£80,000-£84,999	0	1

Exit Packages

The numbers of exit packages with total cost per band are shown below. There was one such package agreed in 2023/24 (2022/23: two).

Exit Package Cost Band	2022/23 Number of Other Departures Agreed		2023/24 Number of Other Departures Agreed
Cost Band:		Cost Band:	
£0 - £70,000	2	£0 - £10,000	1

The total cost for the exit packages shown in the table above was £8,616 (2022/23 £82,193) that has been charged to the Comprehensive Income and Expenditure Statement in the current year.
Costs in 2022/23 were shown in a wider band range for the purposes of retaining individuals' confidentiality.

Note 19. Members' Allowances

The Authority paid the following amounts for elected members during the year. Member allowances are paid in accordance with the scheme of allowances as published on the Authority's website. Changes to the scheme were approved in June 2023 to add allowances for co-opted members of the Authority and allowances for members of the Local Pension Board. These changes resulted in an increase to the total allowances paid in 2023/24 compared to the prior year. Members' expenses paid are for travel and hotel costs, incurred in travelling to meetings and/or training events on Authority business.

2022/23		**2023/24**
£		**£**
64,373	Member Allowances	87,249
394	Employer National Insurance on Member Allowances	428
1,264	Expenses	2,368
66,030	**Total**	**90,045**

Note 20. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the statement of accounts:

2022/23		**2023/24**
£		**£**
31,833	Fees payable to Deloitte LLP with regard to external audit services carried out for the 2022/23 year	19,685
0	Fees payable to KPMG LLP with regard to external audit services carried out for the 2023/24 year	148,276
31,833	**Total**	**167,961**

KPMG LLP have been appointed by Public Sector Audit Appointments Ltd (PSAA) as the External Auditor for the Authority and Fund, for five years commencing with the audit of 2023/24. The audit scale fee for the Authority (covering the total fee for auditing both Authority and Fund accounts) set by PSAA is £148,276 for the 2023/24 audit. This reflects an increase of around 150% compared to the previous scale fees that was applied to all the audit contracts let by PSAA in order to reflect current audit requirements and incorporate the impact of additional audit work required due to various factors including auditing standards changes.

The previous scale audit fee was £31,833 for 2022/23. As this was not sufficient to meet the costs of additional external audit requirements, the Authority's former external auditor, Deloitte, have proposed additional fees, which have been agreed with the Authority, in respect of the 2022/23 audit of £19,685. The process for Deloitte to calculate and propose the fee and then to obtain approval from the PSAA means that there is a time lag before it can be confirmed and charged to the Authority, therefore these additional fees relating to the audit of 2022/23 have been disclosed in 2023/24.

Note 21. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

South Yorkshire Pension Fund

The Pension Fund is a related party to the Authority as all expenditure (except for that financed by the Levy in relation to Residual Liabilities) is charged to the Fund.

During the year, the Authority paid a total of £616,414 (2022/23: £462,505) to the Fund in respect of employer pension contributions and received a total of £7,333,091 (2022/23: £6,555,200) from the Fund as the amount recharged for Authority expenditure for the year.
At 31 March 2024, there is a debtor balance of £498,065 (31 March 2023: £1,830,909) in the Authority's balance sheet for the sum due from the Fund.

In addition to the above, the Authority paid a total of £311,901 (2022/23: £315,336) to the Fund as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body. The Authority's expenditure in this regard was financed by charging a levy for this amount to the four South Yorkshire districts (Barnsley MBC, City of Doncaster Council, Rotherham MBC and Sheffield CC) in proportion to their populations.

Barnsley Metropolitan Borough Council

The statutory role of Clerk for the Authority is undertaken by an officer of Barnsley MBC; the statutory role of Chief Finance Officer was undertaken by an officer of Barnsley MBC until 31 March 2023. (From 1 April 2023 the Authority's Assistant Director - Resources has been designated as the Chief Finance Officer).

Amounts paid to Barnsley MBC during the year included:
>£47,872 (2022/23: £45,568) in respect of business rates charged on the Authority's office accommodation.

>£123,975 (2022/23: £147,841) in respect of fees for the Service Level Agreement through which the Council provides a range of support services to the Authority including Governance, HR, Internal Audit and other corporate services.

Members

Members of the Authority have direct control over the Authority’s financial and operating policies. An examination of the Register of Members’ Interests confirms that there were no related party transactions to disclose.

Members, through separate employment, could have access to scheme membership of the Pension Fund; the 12 Authority members have the following status in relation to the Pension Fund as at 31 March 2024:
> Active Member (i.e., paying into the scheme): 1
> Deferred Member (i.e., previously paid into the scheme and benefits on hold in the scheme pending retirement): 1
> Pensioner Member (i.e., receiving pension benefits from the scheme): 2
The remaining 8 Authority members are not scheme members in the South Yorkshire Pension Fund.

Officers

Certain officers might also be in a position to influence significantly the policies of the Authority.

Director

Barnsley College is an employer within the Pension Fund. The Authority's Director (Head of Paid Service) was appointed as a Governor of Barnsley College in September 2022.
The Director has made the appropriate declarations in respect of this appointment and arrangements have been put in place to ensure the Director is not involved with specific decisions or discussions concerning the College's participation in the Fund.

Barnsley College paid contributions to the Fund totalling £2,219,658 in 2023/24 split as follows:
> Employee Contributions £551,737
> Employer Contributions £1,667,921

Barnsley College paid other amounts to the Authority and Fund totalling £3,183 as follows:
> Legacy Retirement Costs £1,439 to the Fund
> Recharged Actuarial Costs £1,744 to the Authority

No other material related party transactions have been identified following consultation with relevant officers.

Note 22. Leases

Operating Leases - Authority as Lessee

A lease was entered into with Mapeley Gamma Acquisitions Ltd (c/o FI Real Estate Management) for office accommodation at Oakwell House, 2 Beevor Court, Pontefract Road, Barnsley S71 1HG. The lease commenced with effect from 28 May 2021 for a period of 30 years with a lease break clause at 15 years, and a rent review due at 28 May 2031.

The lease rentals included an incentive in the first five years of the lease period, with rent set at £40,356 per annum to 27 May 2026. The rent will increase to £90,800 per annum thereafter subject to a rent review at 28 May 2031.
Additionally, the first six months of the lease period - to 27 November 2021 - were free of rent whilst the property was being refurbished by the Authority. The rent commencement date was 28 November 2021.
In line with the accounting policy as required by the Code, the lease rentals are charged to the CIES on straight-line basis over the life of the lease.

The future minimum lease payments due under the non-cancellable lease in future years are:

31 March 2023		31 March 2024
£		£
40,373	Not later than one year	40,356
254,455	Later than one year and not later than five years	304,877
740,541	Later than five years	649,780
1,035,369	**Total**	**995,013**

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2022/23		2023/24
£		£
81,720	Lease Charge for Oakwell House	81,720
81,720	**Total**	**81,720**

Note 23. Defined Benefit Pension Asset / Liability

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS) for its employees, administered by the Authority itself, which is a defined benefit scheme. It is also a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The South Yorkshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. South Yorkshire Pensions Authority is the designated statutory body responsible for administering the South Yorkshire Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. Policy is determined in accordance with Pension Fund regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made to the Authority is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

Restated 2022/23 £	Comprehensive Income & Expenditure Statement	2023/24 £
	Cost of Services	
	Service Cost Comprising:	
1,099,000	Current Service Cost	716,000
0	Past Service Cost Including Curtailments	1,000
	Financing and Investment Income and Expenditure	
287,000	Net Interest Expense	(95,000)
1,386,000	**Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services**	**622,000**
	Other Post-Employment Benefits Charged To The Comprehensive Income And Expenditure Statement	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
1,838,000	Return on Plan Assets (excluding the amount included in the net interest expense)	(934,000)
(285,000)	Actuarial Gains Arising on Changes Based on Demographic Assumptions	(198,000)
(17,295,000)	Actuarial Gains Arising on Changes in Financial Assumptions[1]	(1,793,000)
2,724,000	Actuarial Losses Arising on Changes Based on Other Experience	889,000
2,359,778	Effect of Asset Ceiling[2]	3,690,415
(10,658,222)	**Total Post-Employment Benefits Charged to Other Comprehensive Income And Expenditure**	**1,654,415**
	Movement in Reserves Statement	
1,386,000	Reversal of Net Charges Made to the Surplus On Provision Of Services for Post-Employment Benefits in Accordance with the Code	**622,000**
(777,841)	Actual Amount Charged Against the General Fund Balance for Pensions in the Year: Employer's Contributions Payable to the Scheme	**(928,315)**
608,159	**Total Post-Employment Benefits Adjustment Recognised in Movement in Reserves Statement**	**(306,315)**

[1] The actuarial remeasurements of the net defined benefit liability include a significant gain of £1,793,000 arising from changes in financial assumptions as shown above.
These financial assumptions comprise the following:
a. Discount Rate – This assumption has increased by 0.1% due to a rise in the corporate bond yield (from which the discount rate is derived) as a result of the high inflationary environment. The discount rate is used to discount future obligations to present value and therefore this increase in the discount rate has served to reduce the Authority's pension obligations significantly, accounting for approximately £576,000 of the total above.
b. Pension Increase Rate – This assumption has reduced by 0.2% due to a fall in market derived CPI inflation over the period, which has served to reduce the Authority's obligations, accounting for approximately £1,035,000 of the total above.
c. Salary Increase Rate - This assumption has reduced by 0.2% over the period, which has served to reduce the Authority's obligations, accounting for approximately £182,000 of the total above. The salary increase assumption used by the actuary is set relative to the CPI assumption.

[2] The amounts recognised on the balance sheet can be broken down as follows to show the effect of the asset ceiling - this is explained in further detail below the following table.

Restated 31 March 2023	**Net Defined Benefit (Asset) / Liability Recognised on the Balance Sheet**	**31 March 2024**
(3,903,778)	Net Asset (Unadjusted) - Excluding Unfunded Obligations	(3,690,415)
2,359,778	Effect of the Asset Ceiling	3,690,415
(1,544,000)	**Net Asset - South Yorkshire Pensions Authority Funded Obligations**	**0**
190,000	Unfunded Obligations of South Yorkshire Pensions Authority	185,000
1,811,192	Unfunded Obligations of the Former South Yorkshire Residuary Body	1,620,292
457,192	**Net Liability Recognised on the Balance Sheet**	**1,805,292**

The IAS 19 Accounting Standard imposes a limit on the maximum amount of surplus which can be recognised on the balance sheet. This is termed the ‘asset ceiling’ in the accounts.
The total unadjusted asset for the Authority at 31 March 2024 would be £5,865,000 excluding any asset ceiling adjustments. After including the effect of the ceiling applied in 2022/23 to the opening balance, this reduces to £3,505,415. This is split between funded and unfunded obligations:

•Funded - £3,690,415
•Unfunded - (£185,000)
The asset ceiling is applied to the asset excluding any unfunded obligations. The liability in respect of the unfunded obligations is added to the final net position after accounting for any asset ceiling adjustments required, as shown in the above table.

Following review of the accounting requirements and consultation with the actuary, the limit of the surplus - the 'asset ceiling' - has been calculated based on the difference between:
A. the net present value of future service costs and
B. the net present value of future employer contributions.
The calculated difference is (£4,252,000) but because this is a negative result - i.e. B is greater than A - this means that the economic benefit available to the Authority as a reduction in future contributions is limited to £0 and the asset ceiling is therefore £0.
As this asset ceiling result is lower than the value of the actual asset, an adjustment is required to limit the value of the asset recognised on the balance sheet to this value. This is shown as 'Effect of the Asset Ceiling' in the table above.

The accounting treatment involves the use of complex calculations requiring judgements to be made. Further details on the judgements exercised are set out in Note 2b. The methodology used to calculate the effect of the asset ceiling has changed during the year and this has resulted in a restatement to the values recognised in the accounts for the year ending 31 March 2023. This is further explained in Note 2c.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

Restated 31 March 2023		**31 March 2024**
£		**£**
(26,563,412)	Present Value of Funded Liabilities	(26,717,091)
(1,811,193)	Present Value of Unfunded Liabilities	(1,805,292)
27,917,413	Fair Value of Plan Assets	26,717,091
(457,192)	**Net Liability Arising from Defined Benefit Obligation**	**(1,805,292)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Restated 2022/23		2023/24
31,124,531	**Opening Fair Value of Plan Assets At 1 April**	**27,917,413**
840,000	Interest Income	1,441,000
	Remeasurement Gains/(Losses):	
(1,838,000)	Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	934,000
152,000	Other Experience	0
447,660	Contributions from Employer	600,093
330,180	Contributions from Employer in Respect of Unfunded Benefits	328,222
204,000	Contributions from Employees Into the Scheme	253,000
(653,000)	Benefits Paid	(738,000)
(330,180)	Unfunded Benefits Paid	(328,222)
30,277,191	**Subtotal - Fair Value of Plan Assets at 31 March Prior to Asset Ceiling Adjustment**	**30,407,506**
(2,359,778)	Effect of Asset Ceiling	(3,690,415)
27,917,413	**Closing Fair Value of Plan Assets At 31 March**	**26,717,091**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2022/23		2023/24
£		£
(41,631,786)	**Opening Balance At 1 April**	**(28,374,605)**
(1,099,000)	Current Service Cost	(716,000)
(1,127,000)	Interest Cost	(1,346,000)
(204,000)	Contributions from Scheme Participants	(253,000)
	Remeasurement (Gains) And Losses:	
285,000	Actuarial Gains Arising on Changes in Demographic Assumptions	198,000
17,295,000	Actuarial (Gains)/Losses Arising on Changes in Financial Assumptions	1,793,000
(2,876,000)	Actuarial (Gains) / Losses Arising on Changes Based on Other Experience	(889,000)
0	Past Service Cost (Including Curtailments)	(1,000)
653,000	Benefits Paid	738,000
330,181	Unfunded Benefits Paid	328,222
(28,374,605)	**Closing Balance At 31 March**	**(28,522,383)**
	Comprising:	
(26,563,412)	Present Value Of Funded Liabilities	(26,717,091)
(1,811,193)	Present Value Of Unfunded Liabilities	(1,805,292)
(28,374,605)		**(28,522,383)**

Local Government Pension Scheme Assets

The fair value of the plan assets held at 31 March 2024 comprised the following classes of assets. The values are shown as £000 amounts, rounded to the nearest £100.

Please note that the totals shown are the unadjusted value of the plan assets prior to applying adjustments for the effect of the asset ceiling.

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2024	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	2.0	0.3	2.3	0%
Debt Securities				
Other	88.3	1,787.5	1,875.8	6%
Private Equity				
All	53.1	3,371.7	3,424.8	11%
Real Estate				
UK Property	37.0	2,539.7	2,576.7	8%
Overseas Property		33.4	33.4	0%
Investment Funds and Unit Trusts				
Equities	0.0	15,054.2	15,054.2	46%
Bonds	0.0	4,916.5	4,916.5	15%
Infrastructure	237.1	3,044.7	3,281.8	10%
Other	59.1	1,060.9	1,120.0	3%
Cash and Cash Equivalents				
All	457.5	0.0	457.5	1%
Total Assets	**934.1**	**31,808.9**	**32,743.0**	**100%**

The fair value of the plan assets held at 31 March 2023 comprised the following classes of assets:

Asset Category	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total as at 31 March 2023	Percentage of Total Assets
	£000	£000	£000	
Equity Securities				
Other	2.0	0.3	2.3	0%
Debt Securities				
Corporate Bonds (Non Investment Grade)	0.0	0.6	0.6	0%
UK Government	0.0	112.6	112.6	0%
Other	91.6	1,671.7	1,763.3	6%
Private Equity				
All	53.0	3,164.0	3,217.0	11%
Real Estate				
UK Property	41.1	2,484.7	2,525.8	8%
Overseas Property	0.0	38.0	38.0	0%
Investment Funds and Unit Trusts				
Equities	0.0	13,677.2	13,677.2	45%
Bonds	0.0	5,059.5	5,059.5	17%
Infrastructure	320.7	2,717.2	3,037.9	10%
Other	0.0	555.3	555.3	2%
Cash and Cash Equivalents				
All	288.5	0.0	288.5	1%
Total Assets	**796.9**	**29,481.1**	**30,278.0**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions on mortality rates, salary levels, etc.

The defined benefit liability has been estimated by Hymans Robertson LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are as follows:

31 March 2023	Financial Assumptions	31 March 2024
% p.a		% p.a
2.95	Pension Increase Rate (CPI)	2.75
3.55	Salary Increase Rate	3.35
4.75	Discount Rate	4.85

	Mortality Assumptions	
31 March 2023		31 March 2023
Years	*Longevity at 65 for current pensioners*	Years
20.5	Men	20.6
23.7	Women	23.6
	Longevity at 65 for future pensioners [1]	
21.5	Men	21.4
25.2	Women	25

[1] *Figures assume members aged 45 as at the last formal valuation date.*

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivities below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below is consistent with those used in the previous period.

Change in Assumptions at 31 March 2024	Impact on the defined benefit obligation in the scheme	
	Approximate % Increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% Decrease in Real Discount Rate	2%	547
1 Year Increase in Member Life Expectancy	4%	1,076
0.1% Increase in the Salary Increase Rate	0%	86
0.1% Increase in the Pension Increase Rate (CPI)	2%	470

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers’ contributions at as constant a rate as possible. These figures are based on IAS 19 assumptions, however using the actuarial assumptions during the latest valuation, the funding level for the Authority has been calculated at around 125%. The South Yorkshire Pension Fund has an agreed strategy with the actuary to maintain a funding level of at least 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

The Authority expects to pay employer's contributions for the period to 31 March 2025 of approximately £548,000 in relation to the Authority itself and of £311,000 in relation to the unfunded residual liabilities of the former South Yorkshire County Council and Residuary Body.

The average duration of the defined benefit obligation for funded scheme members is estimated to be 20 years and for unfunded members is estimated to be 5 years.

SOUTH YORKSHIRE PENSIONS AUTHORITY

South Yorkshire Pension Fund

Financial Statements

& Notes 2023/24

South Yorkshire Pension Fund - Fund Account

2022/23 £000		Notes	2023/24 £000
	Dealings with Members, Employers and Others Directly Involved in the Fund		
(210,836)	Contributions	[7]	(392,268)
(25,107)	Transfers In from Other Pension Funds	[8]	(29,755)
(235,943)			**(422,023)**
346,267	Benefits	[9]	385,636
20,125	Payments To and On Account of Leavers	[10]	29,990
366,392			**415,626**
130,449	**Net (Additions) / Withdrawals from Dealings With Members**		**(6,397)**
68,428	Management Expenses	[11]	84,793
198,877	**Net Withdrawals Including Fund Management Expenses**		**78,396**
	Returns On Investments		
(57,455)	Investment Income	[12]	(72,118)
330,160	Profit And Losses on Disposal of Investments and Changes in the Value of Investments	[14b]	(788,740)
272,705	**Net Return on Investments**		**(860,858)**
471,582	**Net Decrease/ (Increase) in the Net Assets Available for Benefits During the Year**		**(782,462)**
(10,673,562)	**Opening Net Assets of the Scheme**		(10,201,980)
(10,201,980)	**Closing Net Assets of the Scheme**		**(10,984,442)**

South Yorkshire Pension Fund - Net Assets Statement

31 March 2023 £000		Notes	31 March 2024 £000
	Long Term Investments		
1,182	Equities		1,182
	Investment Assets		
786	Equities		763
38,082	Bonds		0
9,342,809	Pooled Investment Vehicles		10,300,122
702,029	Direct Property	[14a]	508,525
97,025	Cash		151,687
2,250	Other Investment Assets		2,676
10,184,163	**Total Net Investments**	[14a]	**10,964,955**
33,482	Current Assets	[20]	35,420
10,217,645			**11,000,375**
(15,665)	Current Liabilities	[21]	(15,933)
10,201,980	**Net Assets of the Fund Available to Fund Benefits at the End of the Reporting Period**		**10,984,442**

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

Notes To The South Yorkshire Pension Fund For The Year Ended 31 March 2024
Note 1. Description Of Fund

The South Yorkshire Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by South Yorkshire Pensions Authority.

a) General

The LGPS is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following scheme legislation:
• the LGPS Regulations 2013 (as amended)
• the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
• the LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by South Yorkshire Pensions Authority (the Authority) to provide pensions and other benefits for pensionable employees of South Yorkshire Pensions Authority, the four district councils in South Yorkshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Authority, which consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition, 3 representatives of the recognised Trades Unions act as observers to represent the interests of scheme members.
In accordance with the requirements of the Public Services Pensions Act 2013, the Authority has established a Local Pension Board. The Board holds regular meetings and provides oversight, challenge and scrutiny over how the administering authority exercises its responsibilities. It publishes its own annual report which is available on the Authority’s website and within the Annual Report.

The Border to Coast Pensions Partnership (Border to Coast) was created in response to Government policy on the pooling of investments. South Yorkshire Pension Fund, along with 10 other partner funds, are equal shareholders in the company. Most of the Fund's equity investments have been managed by Border to Coast since July 2018 and transition of the Fund's assets from internal management to Border to Coast is a continuing process that is expected to take a number of years to complete fully. At 31 March 2024, approximately 72% (31 Mar 2023: 70%) of the Fund's assets were being managed in pooled structures provided by Border to Coast.
Asset allocation remains the responsibility of the Authority.

Other investments are managed internally, with the assistance of advisors on real estate matters, in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. The Authority has an appointed independent investment advisory panel and has a retained actuary, Hymans Robertson LLP.

Further information is available in the Annual Report available from the Fund's website at www.sypensions.org.uk

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the South Yorkshire Pension Fund include:

• Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.

• Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

South Yorkshire Pension Fund	**31 March 2023**	**31 March 2024**
Number of Employers with Active Members	548	553
Number of Employees (Active Contributors)	52,763	51,726
Number of Pensioners	61,662	63,523
Number of Deferred Pensioners *	62,012	64,654
Total Number of Members in the Pension Scheme	**176,437**	**179,903**

* The total shown for deferred pensioners includes 11,195 unprocessed leavers at 31 March 2024 (11,351 at 31 March 2023). Once processed, these leavers could be a combination of deferred pensioners, frozen refunds, and aggregations. Until processed, this outcome is not known.

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employer contributions are set based on triennial actuarial funding valuations. The latest triennial valuation was undertaken as at 31 March 2022 and this determined the employer contribution rates payable from April 2023 to March 2026.
The Primary employer contribution rates paid in 2023/24 ranged from 15.1% to 39.6% and the Secondary employer contribution rates paid in 2023/24 ranged from -39.6% to 23.2%. This resulted in a range of net employer contribution rates paid of 0.0% to 40.8%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website at www.lgpsmember.org.

e) Investment Performance

Despite further rises in interest rates by major central banks during 2023, the global economy avoided recession. As the year progressed there was increasing conviction that an economic soft landing would unfold, with economic growth slowing but remaining reasonable and inflation rates falling and expected to continue to decline in 2024. This led to expectations that central banks would be able to make cuts in interest rates in 2024 and to equity markets showing strong gains in the second half of the year. This outcome was much better than had widely been expected at the start of the year.

Bond markets have responded to the change in rate expectations over the year. They started very weak as the rhetoric for rates to stay higher for longer prevailed, but then as the mood changed and inflationary pressures eased the expectation that rate cuts would be imminent grew and bond yields fell. This led to a recovery in prices but in the final quarter of the year expectations were scaled back as unexpected sticky inflation tempered the expectation of imminent cuts and bond values fell again.

UK commercial property continued to suffer as rising interest rates led to yield increases but started to stabilise at the end of the period following a significant correction over the previous eighteen months. The office and retail sectors continued to see capital value declines and more polarisation based on the quality of assets, while the industrial and residential sectors started to improve as they are expected to benefit from better near-term prospects for rental growth. Transaction volumes remained low during the year as capital value declines weighed on performance and investors continued to narrow their focus on prime and best-in-class assets.

Over the last year we introduced a new Investment Strategy which incorporates Renewable Energy, Climate Opportunities and Natural Capital as new asset classes with divestment to come from listed equities and Multi Asset Credit (MAC) bonds. This new strategy continues the de-risking of the Fund assets by reducing the volatility in the strategy and incorporates the Authority's Net Zero Strategy. The expected return from this new strategy was not diminished from the previous strategy but the volatility and diversification were improved. These investments are made on a commitment and drawdown basis and so it will take some time until we meet the new benchmark weightings.

We have held a direct portfolio of agricultural property for over 40 years. This portfolio was held as a store of value and as a diversifying asset, but did not fit into the new LGPS pooling environment. During the year we completed a joint venture project with Royal London where these assets became the seed assets for a new Natural Capital fund and allowed us to realise part of our investment. This fund will still allow the delivery on the environmental potential of the portfolio and improve the capital stock whilst also continuing to contribute to UK food security. Our holding in the new fund will form the cornerstone of our Natural Capital portfolio. Due diligence has also been undertaken on several timberland funds and it is expected that two investments will be made during 2024. Over the year, we also switched money from listed equities and MAC to new investments within the alternative asset classes, in particular infrastructure and Climate Opportunity funds.

This year our investments in listed equities, particularly overseas equities, were the driver of growth for the Fund although negative returns from our index-linked portfolio partly offset this with other asset classes giving low, single-digit returns. Over the year the Fund delivered a return of 7.8% against an expected return of 8.1% from the benchmark (-3.3% in 2022/23 against an expected return of -4.1%) and it had a market value (net investment assets only) of £10,965m at 31 March 2024 (£10,184m at 31 March 2023).

Note 2. Basis Of Preparation

The Statement of Accounts summarises the Fund's transactions for 2023/24 and its financial position at 31 March 2024. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no such accounting changes to be disclosed in this respect for 2023/24.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 19.

The accounts have been prepared on a going concern basis.

Note 3. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently during the financial year and the previous financial year.

Fund Account - Revenue Recognition

a) Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they related.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if received earlier than the due date. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers To / From Other Schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment Income

i. Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iii. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iv. Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis over the term of the lease. Rental income is recognised in the Fund Account as it accrues and any amounts received in respect of the future year are disclosed in the Net Assets Statement as current liabilities.

v. Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account - Expense Items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance, Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administrative Expenses	All costs incurred by the Authority in respect of pensions administration are accounted for on an accruals basis and charged to the Fund.
Oversight and Governance	All costs incurred by the Authority in respect of Oversight and Governance are accounted for on an accruals basis and are charged to the Fund.
Investment Management Expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments. Fees of the external investment managers, property advisor and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. All costs incurred by South Yorkshire Pensions Authority internally in respect of investment management expenses are accounted for on an accruals basis and are also charged to the Fund.

Net Assets Statement

g) Financial Assets

The shares held as an unquoted equity investment in Border to Coast Pensions Partnership Ltd, are valued at cost - i.e. transaction price - as an appropriate estimate of fair value. It has been determined that cost remains an appropriate proxy for fair value at 31 March 2024. There is no market in the shares held and cost is a reasonable estimate of fair value. See Note 4 for further details.

All other financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 15). For the purposes of disclosing levels of the fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and Leasehold Properties

Properties are valued quarterly by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors’ Valuation Standards, see Note 15 for more details.

i) Foreign Currency Transactions

Dividends, interest, and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

k) Loans and Receivables

Financial assets classed as amortised cost are carried in the Net Assets Statement at amortised cost, i.e. the outstanding principal receivable as at the year-end date plus accrued interest.

l) Financial Liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from the changes in the fair value of the liability between contract date, the year-end and the eventual settlement date are recognised in the Fund Account as part of the change in market value of the investments.

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Assets Statement is the outstanding principal repayable plus any accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant accounting standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 19).

n) Additional Voluntary Contributions

The South Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

o) Contingent Liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.
Contingent liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

Note 4. Critical Judgements In Applying Accounting Policies

Pension Fund Liability

The net pension fund liability is re-calculated every three years by the appointed actuary, Hymans Robertson LLP, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Notes 18 and 19. Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Investment in Border to Coast

This investment has been valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2024, taking consideration of audited accounts for the company at 31 December 2023, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2024.

Directly Held Property

The Fund's property portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods between three months and ten years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by IAS 17 and the Code, therefore the properties are retained on the Net Assets Statement at fair value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease.

Private Equity

It is important to recognise the highly subjective nature of determining the fair value of unquoted private equity investments. They are inherently based on forward looking estimates and it is necessary to apply judgement to the valuation. Unquoted private equities and infrastructure investments are valued by the investment managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Note 5. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made. The items in the net assets statement for which there is a significant risk of material adjustment for the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The actuarial present value of promised retirement benefits at 31 March 2024 is £9,352 million. The sensitivities regarding the principal assumptions used to measure the obligations are as follows: • a 0.1% p.a. reduction in the discount rate would increase the promised retirement benefits by approximately 2% or £170 million • a 0.1% p.a. increase in salary growth would increase the promised retirement benefits by approximately £8 million • a 0.1% p.a. increase in the pension increase rate (CPI) would increase the promised retirement benefits by approximately 2% or £174 million • a 1 year increase in member life expectancy would increase the promised retirement benefits by approximately 4% or £374 million
Private market investments (Note 15)	Private market instruments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £4,573 million at 31 March 2024 (£4,219 million at 31 March 2023) in the financial statements. Based on the assessed level of volatility using the same methodology as outlined in the sensitivity analysis shown in Note 17, if prices fell by 9.6% this would reduce the value of these assets by around £440 million.

Investments in private equity funds are valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers. These are as at 31 December 2023, then rolled forward for known cash flows in order to derive the valuation at 31 March 2024. This is the method used on the basis that any changes in market value from 31 December to 31 March are unlikely to be material. The reasonableness of this assumption is reviewed each year.

Item	Uncertainties	Effect if actual results differ from assumptions
Freehold, leasehold property and pooled property funds (Note 15)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could all affect the fair value of property-based investments. The total value of property investments in the Net Assets Statement is £1,195 million including both directly held property and property held in pooled investment vehicles. The directly held commercial property portfolio is valued at 31 March 2024. At 31 March 2024 there is a range of potential outcomes. Note 17 shows the effect, based on an assessed volatility range, of a fall of 7% in these property values. For illustrative purposes, a fall of 10% would result in a reduction to the values in the Net Assets Statement of £120 million. However, it should be noted that this is illustrative only and is not necessarily indicative of the actual effects that would be experienced.

Note 6. Events After The Reporting Period

The Statement of Accounts was authorised for issue on 31 May 2024 . Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Non-Adjusting Event

The financial statements and notes have not been adjusted for the following event taking place after 31 March 2024 as it provides information that is relevant to an understanding of the Fund’s financial position but does not relate to conditions at that date.

The Fund is preparing to transition its commercial property holdings (valued at £508.5m in the Net Assets Statement as at 31 March 2024) to be managed by Border to Coast Pensions Partnership in a newly created UK Real Estate fund. It is planned that the Fund's directly held commercial property assets will be exchanged for the equivalent value of units in the new fund managed by Border to Coast. The transition will continue to progress the Fund’s commitment to pooling its assets. A significant process of commercial property due diligence is under way and based on current timelines, it is estimated that this will be concluded during 2024/25.

Note 7. Contributions Receivable

By Category

2022/23 £000		2023/24 £000
72,604	**Employees' Contributions**	**78,097**
	Employers' Contributions:	
124,461	Primary Contributions[1 and 2]	349,350
8,001	Secondary Contributions [Deficit / (Surplus) Recovery][1 and 2]	(39,698)
5,770	Augmentation Contributions	4,519
138,232	**Total Employers' Contributions**	**314,171**
210,836	**Total Contributions Receivable**	**392,268**

By Employer Type

2022/23 £000		2023/24 £000
651	Administering Authority	853
	Scheduled bodies: [2]	
24,675	Barnsley Metropolitan Borough Council	30,327
13,986	City of Doncaster Council	33,767
14,976	Rotherham Metropolitan Borough Council	32,675
36,619	Sheffield City Council	158,780
110,495	Other Scheduled Bodies	130,294
9,434	Admitted Bodies	5,572
210,836		**392,268**

[1] Employer Contributions

As detailed in Note 18, employer contributions are determined based on the results of funding valuations held every three years. The 2022 Pension Fund triennial valuation determined the employer contributions for the three-year period commencing 1 April 2023. This valuation saw the Fund move to a funding surplus position from a deficit at the previous triennial valuation in 2019.
Employer contributions are made up of:
> the primary contribution rate – contributions payable towards future benefits
> the secondary contribution rate – the costs associated with sufficiently funding benefits accrued up to the valuation date
In broad terms, the results of the 2022 funding valuation led to an increase in the primary contributions due from employers for 2023/24 and a significant reduction in the secondary contributions with many employers in surplus and therefore the secondary contributions becoming a negative amount. These changes are the main reason for the significant differences in the contributions receivable in 2023/24 when compared with 2022/23. Employer prepayments also affect this as explained further below.

[2] Employer Contributions: Prepayments

In April 2023, Sheffield City Council made a prepayment in relation to their employer contributions due for the period April 2023 to March 2026. By making the payment early, the cash amounts payable over the period are reduced. The amount of the prepayment and the discount applied were calculated by the Fund's actuary based on an estimate of the pensionable pay for Sheffield City Council over the 3 year period. The prepayment amounted to £134.31 million in respect of primary and secondary contributions. These amounts are accounted for in full in the period received and are therefore included in the figures shown for 2023/24 above.
Sheffield City Council had previously prepaid their employer contributions due for the period April 2020 to March 2023 on the same basis - the prepayment was accounted for in the period received of 2020/21 and therefore is not included in the 2022/23 figures shown above.

No other employers have made prepayments in relation to their employer contributions due for the period April 2023 to March 2026.

In April 2020, City of Doncaster Council, Rotherham Metropolitan Borough Council and one Other Scheduled Body (South Yorkshire Fire & Rescue Authority) made prepayments in relation to their employer contributions due for the period April 2020 to March 2023 amounting to £87.366 million in respect of normal contributions.
Additionally, Barnsley Metropolitan Borough Council and 46 Other Scheduled Bodies (primarily Multi Academy Trusts and large employers including South Yorkshire Fire & Rescue Authority and The Chief Constable) opted to make prepayments in relation to their deficit recovery contributions due for the period April 2020 to March 2023 amounting to £13.241 million in respect of secondary contributions.
These amounts were all accounted for in the period received (2020/21) and are therefore not included in the 2022/23 figures shown above.

Note 8. Transfers In From Other Pension Funds

2022/23 £000		2023/24 £000
25,107	Individual Transfers	29,755
25,107		**29,755**

Note 9. Benefits Payable

By Category

2022/23 £000		2023/24 £000
272,528	Pensions	304,524
64,045	Commutation and Lump Sum Retirement Benefits	72,738
9,694	Lump Sum Death Benefits	8,374
346,267		**385,636**

By Employer Type

2022/23 £000		2023/24 £000
798	Administering Authority	704
	Scheduled Bodies:	
44,441	Barnsley Metropolitan Borough Council	48,046
48,035	City of Doncaster Council	55,030
48,205	Rotherham Metropolitan Borough Council	54,189
107,919	Sheffield City Council	118,749
67,626	Other Scheduled Bodies	78,207
29,243	Admitted Bodies	30,711
346,267		**385,636**

Note 10. Payments To And On Account of Leavers

2022/23 £000		2023/24 £000
584	Refunds to Members Leaving Service	887
19,543	Individual Transfers	29,107
(2)	Payments for Members Joining State Scheme	(4)
20,125		**29,990**

Note 11. Management Expenses

2022/23 £000		2023/24 £000
4,170	Administrative Costs	5,001
62,732	Investment Management Expenses [Note 11a]	78,160
1,526	Oversight and Governance Costs	1,632
68,428		**84,793**

Note 11a. Investment Management Expenses

2022/23					2023/24			
Management Fees	Performance Related Fees	Transaction Costs	Total		Total	Management Fees	Performance Related Fees	Transaction Costs
£000	£000	£000	£000		£000	£000	£000	£000
24,024	5,765	1,495	**31,284**	South Yorkshire Pensions Authority	**39,543**	23,419	13,938	2,186
29,861	0	194	**30,055**	Border to Coast Pensions Partnership	**37,534**	32,602	4,213	719
1,292	0	0	**1,292**	Abrdn	**996**	996	0	0
41	0	0	**41**	Bidwells	**30**	30	0	0
55,218	**5,765**	**1,689**	**62,672**		**78,103**	**57,047**	**18,151**	**2,905**
			60	Custody fees	57			
			62,732	**Total**	**78,160**			

In accordance with CIPFA guidance management fees deducted at source and transaction costs are shown gross.

Wherever possible these figures are based on actual costs disclosed by the manager; where this is not available, best estimates have been made using other available information.

The presentation of this note has been amended to comply with CIPFA guidance and present an analysis of investment management expenses by investment manager as a more meaningful categorisation to show the nature of the costs incurred and how these arise for each different investment manager type.

Note 12. Investment Income

2022/23 £000		2023/24 £000
243	Income from Equities	0
14,201	Bonds	66
15,406	Income from Pooled Investment Vehicles	36,992
25,852	Net Property Income [Note 12a]	28,567
1,868	Interest on Cash Deposits	6,314
(115)	Other	179
57,455	**Net Investment Income**	**72,118**

The Fund's equity holdings, together with its investment grade and index linked bond holdings, are now managed in pooled funds provided by Border to Coast and there is no direct income from those funds; the value of that income is instead reflected within the valuation of the Fund holdings. The income is accumulated and reinvested; therefore, the value of the income is reflected in the price of the units held and would only be realisable by the Fund by selling the units. The value of this re-invested income is reported separately and is shown below for information.

Re-Invested Income In Border to Coast Pooled Investment Vehicles

2022/23 £000		2023/24 £000
38,732	Border to Coast UK	36,919
73,535	Border to Coast Developed Overseas	65,866
58,449	Border to Coast Emerging Markets	19,785
0	Border to Coast Investment Grade Credit	21,744
14,810	Border to Coast Sterling Index Linked Bonds	28,386
25,237	Border to Coast MAC Fund	26,595
29,838	Border to Coast Listed Alternatives Fund	6,307
240,601		**205,602**

Note 12a. Property Income

2022/23 £000		2023/24 £000
26,782	Rental income	28,365
604	Other dividends and interest	1,262
(1,534)	Direct operating expenses	(1,060)
25,852	**Net income**	**28,567**

No contingent rents have been recognised as income during the period.

Note 13a. Other Fund Account Disclosures - External Audit Costs

2022/23 £000		2023/24 £000
39	Fees Payable in Respect of External Audit	168
39		**168**

Note 13b. Other Fund Account Disclosures - Irrecoverable VAT

2022/23 £000		2023/24 £000
199	Irrecoverable VAT Included in Administration Cost	241
362	Irrecoverable VAT Included in Investment Management Expense	118
65	Irrecoverable VAT Included in Oversight & Governance Cost	70
626		**429**

Unlike other local authorities, the Authority does not currently have Section 33 status under the VAT Act 1994 that would enable it to reclaim VAT incurred. This is due to its unique nature as a local authority with the sole purpose of administering the Pension Fund. Instead, a special exemption method agreed with HMRC is used for reclaiming a proportion of the Authority's VAT expense only. The remaining proportion that is not recoverable is charged to the management expenses of the Fund as outlined above. This irrecoverable proportion is approximately 8% of the total VAT expense incurred. The amounts shown here are included in the respective totals shown in Note 11.

Note 14a. Investments

31 March 2023 £000		31 March 2024 £000	31 March 2024 £000
	Long Term Investments		
1,182	Equities	1,182	
1,182			**1,182**
	Investment Assets		
786	Equities	763	
38,082	Bonds	0	
38,868			**763**
	Pooled Investments		
4,755,200	Equities	5,040,813	
1,062,509	Private Equity	1,390,000	
2,226,458	Credit	2,274,333	
929,969	Infrastructure	908,962	
160,118	Indirect Property	0	
208,555	Other Managed Funds	686,014	
9,342,809			**10,300,122**

31 March 2023 £000		31 March 2024 £000	31 March 2024 £000
	Other Investments		
660,719	Direct Property	508,525	
41,310	Property Other	0	
702,029			**508,525**
97,025	Cash Deposits	151,687	
2,250	Investment Income Due	2,676	
99,275			**154,363**
10,184,163	**Total Investment Assets**		**10,964,955**
10,184,163	**Net Investment Assets**		**10,964,955**

Note 14b. Reconciliation Of Movements In Investments And Derivatives

Period 2023/24	Market Value 1 April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2024
	£000	£000	£000	£000	£000
Equities	1,968	0	(953)	930	**1,945**
Bonds	38,082	45,000	(31,226)	(51,856)	**0**
Pooled Investments	9,342,809	953,062	(841,123)	845,374	**10,300,122**
Property	702,029	51,129	(239,462)	(5,171)	**508,525**
	10,084,888	**1,049,191**	**(1,112,764)**	**789,277**	**10,810,592**
Other Investment Balances:					
Cash Deposits	97,025			(537)	**151,687**
Other Investment Assets	2,250				**2,676**
Net Investment Assets	**10,184,163**			**788,740**	**10,964,955**

Period 2022/23	Market Value 1 April 2022	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market Value 31 March 2023
	£000	**£000**	**£000**	**£000**	**£000**
Equities	**26,803**	0	(23,535)	(1,300)	**1,968**
Bonds	**64,692**	30,000	(47)	(56,563)	**38,082**
Pooled Investments	**9,648,130**	730,438	(877,371)	(158,388)	**9,342,809**
Property	**795,555**	31,570	(8,773)	(116,323)	**702,029**
					0
	10,535,180	**792,008**	**(909,726)**	**(332,574)**	**10,084,888**
Other Investment Balances:					
Cash Deposits	118,756			2,414	97,025
Other Investment Assets	2,468				2,250
Net Investment Assets	**10,656,404**			**(330,160)**	**10,184,163**

Note 14c. Investments Analysed By Fund Manager

Market Value 31 March 2023 %	Market Value 31 March 2023 £000		Market Value 31 March 2024 £000	Market Value 31 March 2024 %
Investments managed by Border to Coast Pensions Partnership:				
7.0%	702,953	Border to Coast Sterling Index Linked Bonds	703,521	6.5%
10.4%	1,057,699	Border to Coast UK	1,055,453	9.6%
27.9%	2,845,928	Border to Coast Developed Overseas	3,248,747	29.6%
6.8%	695,779	Border to Coast Emerging Markets	736,612	6.7%
5.5%	562,712	Border to Coast MAC (Multi Asset Credit) Fund	390,192	3.6%
4.3%	435,757	Border to Coast Investment Grade Credit	552,538	5.0%
1.5%	155,794	Border to Coast Listed Alternatives Fund	153,007	1.4%
2.4%	244,898	Border to Coast Private Equity Series	411,162	3.7%
1.1%	115,644	Border to Coast Private Credit Series	170,512	1.6%
3.5%	355,724	Border to Coast Infrastructure Series	456,148	4.2%
70.4%	**7,172,888**		**7,877,893**	**71.9%**
Investments managed outside of Border to Coast Pensions Partnership:				
23.1%	2,350,556	South Yorkshire Pensions Authority	2,349,170	21.4%
4.7%	477,930	Abrdn - Direct Property - Commercial Portfolio	490,050	4.5%
1.8%	182,789	Bidwells - Direct Property - Agricultural Portfolio	18,475	0.2%
0.0%	0	Royal London Asset Management	229,367	2.0%
29.6%	**3,011,275**		**3,087,062**	**28.1%**
100.0%	**10,184,163**	**Total Net Investment Assets**	**10,964,955**	**100.0%**

The following investments each represent over 5% of the net assets of the Fund at 31 March 2024.

Market Value 31 March 2023			Market Value 31 March 2024	
%	**£000**	**Security**	**£000**	**%**
6.9%	702,953	Border to Coast Sterling Index Linked Bonds	703,521	6.5%
10.4%	1,057,699	Border to Coast UK	1,055,453	9.6%
27.9%	2,845,928	Border to Coast Developed Overseas	3,248,747	29.6%
6.8%	695,779	Border to Coast Emerging Markets	736,612	6.7%
4.3%	435,757	Border to Coast Investment Grade Credit	552,538	5.0%
	5,738,116		**6,296,872**	

Note 14d. Property Holdings

The Fund's investment property portfolio comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows.

2022/23 £000		2023/24 £000
779,745	**Opening balance at 1 April**	**660,719**
	Additions:	
467	Purchases	18,540
167	New Construction	509
1,036	Subsequent Expenditure	1,240
(8,773)	Disposals[1]	(163,047)
(111,923)	Net Increase / (Decrease) in Market Value	(9,436)
660,719	**Closing balance at 31 March**	**508,525**

The Fund holds a number of buildings in prime locations. There are no legal restrictions on the ability to realise these properties or on the remittance of income or disposal proceeds, although the Fund recognises that it could take six months to achieve disposal on favourable terms.

As at 31 March 2024, there were no vacant properties (31 March 2023: two) and two vacant units (31 March 2023: five) across the property portfolio. Repairs and maintenance of the properties are either directly with the occupant of the property or via a service charge. Each lease sets out the condition in which a property should be left at the end of the tenancy and states that any cost to restore it to this condition is the responsibility of the tenant.

[1]Disposals in 2023/24 have significantly increased in comparison to 2022/23 due to the sale of the agricultural property portfolio that took place during the year. The directly held agricultural portfolio has been transferred to a new joint venture with Royal London Asset Management. The joint venture has created a new Natural Capital Vehicle of which the Fund owns around 46% of the holdings, classified as Pooled Investment Vehicles in the Net Assets Statement and valued at £131m at 31 March 2024. The remaining proceeds from the disposals were reinvested in the Royal London UK Real Estate Fund, also classified as Pooled Investment Vehicles in the Net Assets Statement and valued at £98m at 31 March 2024. Further details can be found in Note 24a. Related Party Transactions – Subsidiary Companies.

Note 15a. Fair Value - Basis Of Valuation

The shares held as unquoted equities in our pool, Border to Coast Pensions Partnership Ltd, are valued at cost, i.e. transaction price, as an appropriate estimate of fair value. This is reviewed and assessed each year. Relevant factors include that there is no market in the shares held, disposal of shares is not a matter in which any shareholder can make a unilateral decision, and the company is structured so as not to make a profit. As at 31 March 2024, taking consideration of audited accounts for the company at 31 December 2023, there is also no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2024.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Exchange traded pooled investments and property funds	Level 1	Closing bid value on published exchanges	Not required	Not required
Pooled investments - listed funds, bonds and private debt	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis or a single price advised by the fund manager	Not required

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Pooled investments - limited partnerships, hedge fund of funds, other funds and property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by post balance sheet events, gating or closing of pooled property funds, changes to expected cash flows, or by any differences between audited and unaudited accounts.
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Jones Lang LaSalle for the commercial portfolio and Fisher German for the agricultural portfolio in accordance with the *RICS Valuation – Professional Standards* January 2014	• Existing lease terms and rentals • Independent market research • Vacancy levels • Estimated rental growth • Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.

Sensitivity Of Assets Valued At Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Assessed valuation (+/-)	Value 31 March 2024 £000	Value on increase £000	Value on decrease £000
Equities (Long Term)	0%	1,182	1,182	1,182
Equities	10%	99	109	89
Pooled Investment Vehicles	10%	3,109,115	3,420,026	2,798,204
Pooled Property Funds	7%	151,484	162,088	140,880
Property	6%	508,525	539,036	478,014
		3,770,405	**4,122,441**	**3,418,369**

Note 15b. Fair Value Hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.
Such instruments include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.
Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

The table that follows provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values 31 March 2024	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss	162,263	6,880,600	3,260,698	10,303,561
Non-financial assets at fair value through profit and loss (Note 14d)			508,525	508,525
Net investment assets	**162,263**	**6,880,600**	**3,769,223**	**10,812,086**

The following assets were carried at cost:

Values 31 March 2024	Total £000
Investments in Border to Coast Pensions Partnership Pool	1,182
Investments held at cost	**1,182**

Reconciliation to Net Assets Statement	
Total Analysed Above	10,813,268
Plus Cash	151,687
Total Net Investments per Net Assets Statement	**10,964,955**

Values 31 March 2023	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs Level 3 £000	Total £000
Financial assets at fair value through profit and loss	168,530	6,533,570	2,723,137	9,425,237
Non-financial assets at fair value through profit and loss (Note 14d)			660,719	660,719
Net investment assets	**168,530**	**6,533,570**	**3,383,856**	**10,085,956**

The following assets were carried at cost:				Total
Values 31 March 2023				**£000**
Investments in Border to Coast Pensions Partnership Pool				1,182
Investments held at cost	**0**	**0**	**0**	**1,182**

Reconciliation to Net Assets Statement	
Total Analysed Above	10,087,138
Plus Cash	97,025
Total Net Investments per Net Assets Statement	**10,184,163**

Note 16a. Classification Of Financial Instruments

The financial instruments of the Fund comprises its investment assets, debtors and creditors as shown in the Net Assets Statement. Property held is classified as investment property and is not a financial instrument so is not included in the classification below.

31 March 2023				31 March 2024		
Fair value through profit and loss £000	**Assets at amortised cost £000**	**Liabilities at amortised cost £000**		**Fair value through profit and loss £000**	**Assets at amortised cost £000**	**Liabilities at amortised cost £000**
			Financial Assets			
1,968	0	0	Equities	1,945	0	0
38,082	0	0	Bonds	0	0	0
9,342,809	0	0	Pooled Investments	10,300,122	0	0
41,310	0	0	Property Other	0	0	0
2,250	0	0	Other Investment Balances	2,676	0	0
0	97,025	0	Cash	0	151,687	0
0	33,482	0	Sundry Debtors and Prepayments	0	35,420	0
9,426,419	**130,507**	**0**		**10,304,743**	**187,107**	**0**
			Financial Liabilities			
0	0	(15,665)	Sundry Creditors	0	0	(15,933)
9,426,419	**130,507**	**(15,665)**	**Total**	**10,304,743**	**187,107**	**(15,933)**
	9,541,261				**10,475,917**	

Note 16b. Net Gains And Losses On Financial Instruments

2022/23 £000		2023/24 £000
	Financial Assets	
(216,251)	(Loss) / Gain on Assets at Fair Value Through Profit and Loss	794,448
2,414	(Loss) / Gain on Assets at Amortised Cost	(537)
(213,837)	**Net (Loss)/ Gain on Financial Instruments**	**793,911**

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

Note 17. Nature And Extent Of Risks Arising From Financial Instruments

Risk and Risk Management

The Fund’s primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members).
Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund’s forecast cash flows.

The management of risk is described within the Fund’s Investment Strategy Statement (ISS) which is included in the published annual report and accounts and is also available in the 'Investments' area of the Fund’s website (https://www.sypensions.org.uk). It centres upon the adoption of an investment strategy, as represented by the Fund’s customised benchmark, which is appropriate to meet the objectives of the Funding Strategy Statement. It focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

The cash balances of the Fund are managed by the Administering Authority. The Authority’s treasury management activities are governed by the Local Government Act 2003 and the Fund has broadly adopted CIPFA’s Treasury Management Code of Practice. The annual Treasury Management Strategy for 2023/24 was approved by the Authority in February 2023.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, any identified risk is monitored and reviewed.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter (OTC) equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund's ISS sets out the details of how the risk of negative returns due to price fluctuations is managed. Different asset classes have different risk and return characteristics and will therefore react differently to external events and will not necessarily do so in a correlated or pre-determined manner. No single asset class or market acts in isolation from other assets or markets. It is, therefore, extremely difficult to meaningfully estimate the consequences of a particular event in a particular asset on other asset classes. It is important to recognise that returns, volatility and risks vary over time.
In order to minimise the risks associated with market movements the Fund is well diversified across asset classes and within individual portfolios and constantly monitored and reviewed.

Price Risk - Sensitivity Analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. ‘Riskier’ assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on the Fund’s asset allocations. Based on this, the Fund has determined that the following movements in market price risk are reasonably possible for 2024/25, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset Type	**Values at 31 March 2024**	**Potential Market Movements**	**Potential Value on Increase**	**Potential Value on Decrease**
	£000	**(+/-)**	**£000**	**£000**
Long Term Equities	1,182	0.00%	1,182	1,182
Overseas Equities	763	10.24%	841	685
Pooled Investment Vehicles	10,110,199	9.62%	11,082,800	9,137,598
Indirect Property	189,923	7.17%	203,540	176,306
Total	**10,302,067**		**11,288,363**	**9,315,771**

Asset Type [Prior Year]	Values at 31 March 2023	Potential Market Movements	Potential Value on Increase	Potential Value on Decrease
	£000	(+/-)	£000	£000
Long Term Equities	1,182	0.00%	1,182	1,182
Overseas Equities	786	12.03%	881	691
UK Bonds	37,879	20.50%	45,644	30,114
Overseas Bonds	203	7.24%	218	188
Pooled Investment Vehicles	9,182,691	11.57%	10,245,128	8,120,254
Indirect Property	160,118	7.85%	172,687	147,549
Total	**9,382,859**		**10,465,740**	**8,299,978**

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Different classes of asset have different risk and return characteristics and sensitivities to changes in financial factors, in particular to inflation and interest rates. The Fund's investment strategy takes into account these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. The sensitivity analysis shown below is based on the Fund's methodology for this risk and shows the potential impact of a 0.95% change in interest rates. This percentage is equal to 1 standard deviation of the 10 year government bond yield (annualised).

The analysis assumes that all other variables, in particular exchange rates, remain constant.

Exposure To Interest Rate Risk	Values 31 March 2024 £000	Potential Interest Rate Movement (+/-)	Potential Value on Increase £000	Potential Value on Decrease £000
Cash - Sterling	129,418	0.95%	130,647	128,189

Exposure To Interest Rate Risk [Prior Year]	Values 31 March 2023 £000	Potential Interest Rate Movement (+/-)	Potential Value on Increase £000	Potential Value on Decrease £000
Cash - Sterling	77,751	0.89%	78,443	77,059

Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The Fund's customised benchmark regulates such exposure: part of that approach involves the Authority passively hedging its overseas property portfolio's currency risk.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 6.97%. A strengthening/weakening of the pound by 6.97% against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets Exposed to Currency Risk	Asset Value 31 March 2024 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Overseas Equities	763	53	816	710
Overseas Pooled Funds	6,934,022	483,301	7,417,323	6,450,721
Overseas indirect property	11,193	780	11,973	10,413
Cash - Currency	22,269	1,552	23,821	20,717
Total Change In Assets Available To Pay Benefits	**6,968,247**	**485,686**	**7,453,933**	**6,482,561**

Assets exposed to currency risk [Prior Year]	Asset Value 31 March 2023	Potential Market Movement	Value on Increase	Value on Decrease
	£000	£000	£000	£000
Overseas Equities	786	87	873	699
Overseas Bonds	203	22	225	181
Overseas Pooled Funds	6,547,550	720,885	7,268,435	5,826,665
Overseas indirect property	12,763	1,405	14,168	11,358
Cash - Currency	19,274	2,122	21,396	17,152
Total Change In Assets Available To Pay Benefits	**6,580,576**	**724,521**	**7,305,097**	**5,856,055**

b) Credit Risk

Credit risk represents the risk that the counterparty to the financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The Fund’s benchmark allowance for cash at 31 March 2024 was 1.5% of the Fund (1.5% at 31 March 2023). The actual cash held at 31 March 2024 represented 1.18% of the Fund value (0.76% at 31 March 2023).
The Treasury Management Strategy for managing the cash balances held includes limits as to the maximum sum placed on deposit with individual financial institutions and applies a minimum short term credit rating requirement of F1 or better.

Summary of Cash Balances and Credit Ratings

Counterparty Type	Rating	31 March 2023 £000	31 March 2024 £000
Money Market Funds	AAA	32,000	69,500
Banks	Minimum of F1	35,751	59,918
Other Local Authorities	-	10,000	0
Total		**77,751**	**129,418**

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £129.4 million (31 March 2023 £77.8 million).

The Fund maintains at least £40 million of its cash balances as readily available through the use of money market funds, call accounts and short-term deposits to meet expected or unexpected demands for cash.

Note 18. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation is due to take place as at 31 March 2025.

The funding strategy objectives are to:

1. take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
2. use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
3. where appropriate, ensure stable employer contribution rates
4. reflect different employers' characteristics to set their contributions rates, using a transparent funding strategy
5. use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. A risk-based approach to setting employer contribution rates is used to meet these objectives.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

Based on the assumptions adopted, the Fund was assessed as 119% funded (99% at the 2019 valuation). This corresponded to a surplus of £1,685 million (2019 valuation: £63 million deficit).

The employer contribution rate is made up of two components as follows:

Primary Contribution Rate

The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Secondary Contribution Rate

The Secondary rate covers the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate appropriate to their circumstances. These are shown in the 'Rates and Adjustments Certificate' section of the Valuation Report available on the Authority's website at www.sypensions.org.uk

The table below shows the whole Fund contribution rate as determined at the 2022 Valuation, as compared with the rates set at the previous valuation.

	Last Valuation 31 March 2019		This Valuation 31 March 2022	
Primary Rate	16.1% of pay		20.3% of pay	
Secondary Rate	2020/2021	£26,675,000	2023/2024	(£21,921,000)
	2021/2022	£13,475,000	2024/2025	(£20,058,000)
	2022/2023	£13,881,000	2025/2026	(£18,043,000)

In broad terms, primary rates have increased since the last valuation due to rising inflation. While secondary rates had decreased due to strong investment performance since the previous valuation. However, all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Valuation Assumptions

To set and agree assumptions for the valuation, the Fund carried out in depth analysis and review in February 2022 with the final set agreed by the Pensions Authority on 17 March 2022. The main actuarial assumptions used for assessing the Solvency Funding Target were as follows:

Financial Assumptions	**Required for**	**Last Valuation 31 March 2019**	**This Valuation 31 March 2022**
Discount Rate	To place a present value on benefits promised to members at the valuation date.	3.9% per annum	4.45% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	2.4% per annum	2.7% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	3.6% per annum	3.3% per annum

Demographic Assumptions	**Years**
Life expectancy for current pensioners - men age 65	21.0
Life expectancy for future pensioners - men age 45	22.0
Life expectancy for current pensioners - women age 65	24.0
Life expectancy for future pensioners - women age 45	25.5

Commutation Assumption

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up. It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

Risk Analysis

Specific risks relating to the valuation include:

• McCloud: the remedy to resolve the McCloud case had yet to be formalised in regulations when the valuation was completed. However, an allowance was included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities.

• Goodwin: the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1% to 0.2% of liabilities). Therefore, no allowance was made for this case at the 2022 valuation.

• Cost Cap: at the time of the valuation, a legal challenge was still ongoing in relation to the results of the 2016 cost cap valuation and no information was known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance was made for any changes to the benefit structure that may occur as a result of a cost cap valuation. The legal decision was subsequently published in April 2024 which was in agreement with the earlier ruling from the High Court (published in March 2023) which ruled in favour of HM Treasury on all grounds. Following this, on 11 April 2024, the Government Actuary's Department published its completed valuation of the Local Government Pension Scheme (England and Wales) as at 31 March 2020. The valuation found that the core ‘cost cap cost’ of the scheme lies outside the 3% cost control mechanism corridor (3.2% below target cost). The new ‘economic cost cap cost’ of the scheme also lies outside the 3% corridor, but in the other direction (7.3% above target cost). As a result, the mechanism as a whole is not breached and the Government is not proposing to make any changes to scheme benefits.

• GMP Indexation: it was assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is the same approach that was taken for the 2019 valuation.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2022; this is available in the 'How We Operate' area of the Fund's website at: www.sypensions.org.uk.

Note 19. Actuarial Present Value Of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year.

This valuation is not carried out on the same basis as that used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes set out in Note 18. The actuary has also valued ill health and death benefits in line with IAS 19.

Financial Assumptions	**Required for**	**31 March 2023**	**31 March 2024**
Discount Rate	To place a present value on benefits promised to members at the valuation date.	4.75% per annum	4.85% per annum
Benefit Increases/CARE Revaluation	To determine the size of future benefit payments	2.95% per annum	2.75% per annum
Salary Increases	To determine the size of future final-salary linked benefit payments	3.55% per annum	3.35% per annum

Demographic Assumptions	**Years**
Life expectancy for current pensioners - men age 65	20.6
Life expectancy for future pensioners - men age 45	21.4
Life expectancy for current pensioners - women age 65	23.6
Life expectancy for future pensioners - women age 45	25.0

Results	**31 March 2023**	**31 March 2024**
Present value of promised retirement benefits	£9,280 million	£9,352 million

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2024 and 31 March 2023. The Actuary estimates that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £516m. The Actuary estimates that the impact of the change in demographic assumptions is to decrease the actuarial present value by £65m.

Note 20. Current Assets

31 March 2023 £000		31 March 2024 £000
	Short Term Debtors	
6,123	Contributions Due - Employees	6,594
18,602	Contributions Due - Employers	19,109
24,725		**25,703**
1,265	Early Retirement Strain Contributions Receivable	553
7,492	Sundry Debtors	9,164
33,482	**Total**	**35,420**

Note 21. Current Liabilities

31 March 2023 £000		31 March 2024 £000
(7,578)	Sundry Creditors	(6,262)
(2,725)	Payroll Expenses Payable	(3,564)
(5,362)	Advance Property Rents	(6,107)
(15,665)	**Total**	**(15,933)**

The Fund Net Assets Statement at 31 March 2024 includes a creditor of £0.498 million (£1.831 million at 31 March 2023) for sums due to the Authority. This is included in the 'Sundry Creditors' line above.

Note 22. Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Prudential, Scottish Widows and Utmost Life & Pensions. This note shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs.
In accordance with Regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

Restated Market Value 31 March 2023 £000		Market Value 31 March 2024 £000
10,551	Prudential[1]	10,105
Not available	Scottish Widows[2]	Not available
1,544	Utmost Life & Pensions	1,389
12,095	**Total**	**11,494**

Restated AVCs Paid to Providers 2022/23 £000		AVCs Paid to Providers 2023/24 £000
1,797	Prudential[1]	1,690
Not available	Scottish Widows[2]	Not available
6	Utmost Life & Pensions	4
1,803	**Total**	**1,694**

[1] At the date when the 2022/23 accounts were authorised for issue, it was reported that audited figures from Prudential were not available and therefore the figures disclosed for 2022/23 were based on a snapshot of the fund at 31 March 2023. The audited figures for 2022/23 have subsequently been provided and are now disclosed above.
However, the equivalent information for 2023/24 has again not been provided by Prudential to the required timescales. Instead, Prudential have provided the figures disclosed above for 2023/24 based on a snapshot of the fund at 31 March 2024.

[2] At the date of authorising the 2023/24 accounts for issue, Scottish Widows have again been unable to provide the necessary information for both 2022/23 and 2023/24 within the required timescales.

The issues above have been reported to The Pensions Regulator.

Note 23. Agency Services

The South Yorkshire Pension Fund pays discretionary awards to former employees of various bodies as shown below. The amounts paid are fully reclaimed from the employer bodies.

2022/23 £000		2023/24 £000
	Payments on behalf of:	
15	South Yorkshire Pensions Authority	16
2,393	Barnsley MBC	2,544
1,788	City of Doncaster Council	1,862
1,252	Rotherham MBC	1,331
5,529	Sheffield CC	5,775
1,463	Other Scheduled Bodies	1,457
48	Admitted Bodies	49
12,488	**Total**	**13,034**

Note 24. Related Party Transactions

South Yorkshire Pensions Authority

The South Yorkshire Pension Fund is administered by South Yorkshire Pensions Authority. During the reporting period, the Authority incurred costs of £7.333 million (2022/23 £6.555 million) in relation to the administration and management of the Fund and was reimbursed by the Fund for these expenses. All transactions are shown either in the Authority's statements or in the Fund accounts. All contributing employers are related parties to the Fund, and have material transactions with the Fund during the year in the form of contributions described elsewhere in the accounts.

The Fund received a total of £0.312 million (2022/23: £0.315 million) from the Authority as contributions for the unfunded benefits residual liabilities of the former South Yorkshire County Council and Residuary Body.

Elected members of the Authority are related parties to the Fund and are required to sign declarations when they are also members of the Fund.

External fund managers are also related parties to the Fund and fees paid to them are included within investment management expenses (see Note 11a).

Border To Coast Pensions Partnership

Border to Coast Pensions Partnership (Border to Coast) is a related party to the Fund as the Fund is a shareholder in the company, along with 10 other LGPS Funds, and holds shares amounting to £1.182 million at 31 March 2024 (31 March 2023: £1,182 million).
Direct costs of £6.122 million (2022/23 £5.149 million) were paid to Border to Coast during the 2023/24 year.

Note 24a. Related Party Transactions - Subsidiary Companies

Waldersey Farms Limited and FH Bowser Limited

The Fund previously held within its portfolio two wholly owned subsidiaries - Waldersey Farms Limited and FH Bowser Limited - a farming company and a company holding agricultural property to let to third parties respectively.
During the year, the Fund completed a transaction to transfer its directly held agricultural property portfolio and the two wholly owned companies to Royal London Asset Management as part of the creation of a new farmland Joint Venture. The transaction completed on 26 January 2024.
The total value of the directly held agricultural property and the investments in the two companies reported on the Fund's Net Assets Statement as at 31 March 2023 was £224m. These created the seed assets for a new Royal London Natural Capital vehicle of which South Yorkshire Pension Fund owns around a 46% holding. The remaining proceeds received from the sale of the agricultural property have been reinvested into a Royal London UK Real Estate fund. The holdings in both the Natural Capital vehicle and the UK Real Estate fund are reported in the Fund's Net Assets Statement as Pooled Investment Vehicles at a total value of £229m at 31 March 2024.
Due to legal delays, one of the agricultural property assets sales has yet to complete and this asset continues to be held as direct property in the Net Assets Statement at a value of £18m at 31 March 2024.

Note 24b. Key Management Personnel

The key management personnel of the Fund are the senior managers and the holders of statutory roles for the South Yorkshire Pensions Authority. These officers and their remuneration payable is set out in Note 18 to the Authority's accounts.

Note 25. Contractual Commitments and Contingent Assets

Outstanding capital commitments (investments) at 31 March are shown below. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of a number of years from the date of the original commitment. The following table shows the commitments analysed according to the different currencies in which they are designated.

	31 March 2023		31 March 2024
Currency	**£ Equivalent**	**Currency**	**£ Equivalent**
000	**£000**	**000**	**£000**
£272,654	**272,654**	£348,828	**348,828**
€366,756	**322,452**	€300,416	**256,503**
$1,214,848	**984,719**	$1,462,723	**1,170,928**
	1,579,825		**1,776,259**

At 31 March 2024, 7 admitted body employers (31 March 2023: 6) in the South Yorkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2023/24 (2022/23: Nil).

Glossary of Key Terms

Accounting Period
The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Amortisation
A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Balances
These represent the accumulated surplus of revenue income over expenditure.

Budget
An expression, mainly in financial terms, of the Authority's intended income and expenditure to carry out its objectives.

Capital Adjustment Account
The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure
Payments for the acquisition, construction, enhancement or replacement of non-current assets that will be of use or benefit to the Authority in providing its services for more than one year.

Cash Equivalents
Short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the main professional body for accountants working in public services.

Contingent Liability
A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

Creditors
Amounts owed by the Authority for work done, goods received or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Debtors
Amounts due to the Authority that have not been received at the balance sheet date.

Depreciation
The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

Employee Benefits
Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits; and the cost of post-employment benefits, i.e. pensions.

Expected Rate of Return on Pensions Assets
The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

Fair Value
The amount for which an asset could be exchanged or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs
In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available.
The fair value hierarchy has three levels of inputs:

Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold;

Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold;

Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund
The main revenue fund of the Authority which is used to meet the cost of services paid for from the Pension Fund for which the Authority is the administering authority.

Intangible Assets
Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software and licences.

Interest Cost
For defined benefit pension schemes, the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

Leasing
A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

Liability
An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Non-Current Asset
An item that yields benefit to the Authority for a period of more than one year.

Past Service Cost
Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Reserves
The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Revenue Expenditure
Spending incurred on the day-to-day running of the Authority. This mainly includes employee costs and general running expenses.

Useful Economic Life
The period over which the Authority expects to derive benefit from non-current assets.

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