

July 2024

South Yorkshire Pensions Authority Annual Report 2023/2024 DRAFT

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1. Chairs Foreword

Welcome to South Yorkshire Pensions Authority's 2023/24 Annual Report.

2023/24 has proved as busy as ever for South Yorkshire Pensions Authority. The Authority has seen several significant developments including:

- The completion of Project Chip which transferred our agricultural property holdings into a new investment vehicle in partnership with Royal London in what was one of the largest ever agricultural land transactions in the UK.
- The agreement of a memorandum of understanding with the Mayoral Combined Authority as part of our Place Based Impact Investment Strategy, which is designed to bring fund managers more directly into contact with investment opportunities in South Yorkshire.
- Agreement of plans to address the long-term challenges facing our administration service and to address backlogs of processing activity while ensuring that resource levels are sufficient to meet the performance standards, which our scheme members rightly expect.
- Continuing to strengthen our approach to the governance of the pension fund and in particular ensuring that the members of the Authority and the Local Pension Board have the appropriate level of training to allow them to be effective in their roles.
- Being one of only 5 local government organisations to have their 2022/23 External Audit signed off by the statutory deadline.

As a new member of the Authority, I have been impressed both with sheer amount of “stuff” that our team gets done, but also with their commitment to doing the best for our scheme members. Whether that be in dealing with one of the nearly 50,000 phone calls we deal with each year or one of the over 70,000 pieces of casework we dealt with last year, or in identifying the right places to invest the pension savings of our scheme members. While we know that our teams face challenges, the levels of customer satisfaction reported in our rolling survey based on contact with well over 2,000 scheme members each year continues to show satisfaction levels of well over 80%, although we know we can and will do better as our plans for improvement take hold.

The service we provide to our nearly 180,000 scheme members is clearly important but so too is the service we provide to the nearly 600 employers in the Fund. We are renewing our focus on engaging with employers as we run in to the 2025 valuation, with the fund in

a sound financial position which will allow us to concentrate on maintaining stability in contributions at a time when many of our employers are facing significant financial challenges.

As you will see in the pages that follow, the Authority has completed a lot over the last 12 months while continuing to carefully steward the savings of our scheme members. This is a great credit to all the members of our team, however, the agenda for the Local Government Pension Scheme going forward remains as ambitious as ever with changes to the investment regulations and the delivery of the McCloud Remedy and Pensions Dashboards only the largest of the changes coming down the track. The next 12 months look to be as busy as the last.




Councillor Jayne Dunn



Chair of the South Yorkshire Pensions Authority

2023/24 Municipal Year



2. Year in Review

<p>Customer Service Excellence assessment confirms that SYPA can proudly continue to display the CSE logo for another 12 months. (May 2023)</p>	 <p>The logo for Customer Service Excellence (CSE) features the text 'CUSTOMER SERVICE EXCELLENCE' in a bold, sans-serif font, with a registered trademark symbol (®) to the right of 'EXCELLENCE'. Below the text are three dark purple squares: the first contains the letters 'CSE' in white, the second contains a white play button icon, and the third contains a white five-pointed star.</p>
<p>Councillor Jayne Dunn was appointed as our new Authority Chair taking over from our previous Chair, Councillor John Mounsey. We also published our new Consultation, Communications and Engagement Strategy. (June 2023)</p>	 <p>A professional headshot of Councillor Jayne Dunn, a woman with shoulder-length brown hair, wearing a black and white striped collared shirt. She is looking slightly to the left of the camera with a neutral expression.</p>
<p>We appointed Debbie Sharp as our new Assistant Director – Pensions. (July 2023)</p>	 <p>A professional headshot of Debbie Sharp, a woman with long, wavy grey hair and glasses, wearing a light-colored blazer over a dark top. She is smiling at the camera.</p>

<p>Following our assessment, we successfully retained our Cyber Security Essentials Plus certification, demonstrating our continued commitment to keeping our members data as safe as possible from cyber threats. (July 2023)</p>	
<p>We successfully sent out all of our members' Annual Benefit Statements by 31 August 2023.</p>	<p>No image</p>
<p>Employees enjoyed the Staff Away Day and our first ever SYPA Star Awards, taking time out to work on a range of plans to help shape the future of SYPA and celebrating the success of our people over the last 12 months. (September 2023)</p>	
<p>Our audited Statement of Accounts was published by the statutory deadline of 30 September 2023.</p>	<p>No Image</p>

We held our hybrid AGM and welcomed Jenny Wright from the Money and Pensions Service as our guest speaker to highlight their services and the support they can offer to our members. (October 2023)



Our Authority and Local Pension Board members came together for their first 'Member Training & Development Away Day' where they heard 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. (November 2023)

No image.

We 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. (December 2023)



Completion of Project Chip transferring 21,000 acres of farmland and associated buildings and Waldersey Farms Ltd worth £260m to a new investment vehicle in partnership with Royal London. (January 2024)



Approval of the 2024/25 budget including a significant investment in strengthening the administration service. (February 2024)

No image

3. Overall Management of the Fund Scheme Management and Advisers

Scheme Management and Advisers

Senior Officers

Director and Head of Paid Service: George Graham

Assistant Director – Resources & Chief Finance Officer: Gillian Taberner

Assistant Director – Pensions: Debbie Sharp (from November 2023)

Interim Assistant Director – Pensions: Nigel Keogh (April to October 2023)

Head of Governance and Corporate Services & Monitoring Officer: Jo Stone

Clerk – Sarah Norman (Chief Executive Barnsley MBC)

Asset Pool Operator

Border to Coast Pensions Partnership Limited

Fund Custodian

HSBC

Fund Bankers

HSBC

Lloyds

Fund Actuary

Hymans Robertson LLP

AVC Providers

Prudential

Scottish Widows

Utmost

Legal Advisers (Property)

Addleshaw Goddard

Pinsent Mason

Legal Advisers (Pensions, Investment and Local Government law)

Eversheds Sutherland

Squire Paton Boggs

Independent Property Valuer

Jones Lang LaSalle (Commercial Property)

External Auditor

KPMG

Internal Auditor

Barnsley MBC

Independent Investment Advisers

Trevor Castledine

Aoifinn Devitt

Independent Adviser to the Local Pension Board

Clare Scott

Investment Managers

The managers of major mandates are:

Aberdeen Standard Investments (Commercial Property)

Royal London Asset Management (Natural Capital)

Border to Coast Pensions Partnership Ltd (Listed Equities, new Alternative Commitments and Investment Grade Credit, Sterling Index Linked Bonds, Multi Asset Credit)

Cash and previously committed Alternatives are managed in-house.

Details of managers within the Alternatives portfolios are available at

<https://www.sypensions.org.uk/Investments/AlternativeCommitments>

Performance Measurement

Hymans Robertson LLP

Members of the South Yorkshire Pensions Authority – 2023/24 Municipal Year

Barnsley MBC

Cllr Mick Stowe* (SC, AAC) [Labour]

Cllr Roy Bowser (AGC) [Labour]

City of Doncaster Council

Cllr Steve Cox (AGC) [Conservative]

Cllr John Mounsey* (SC, AAC) [Labour]

Cllr David Nevett (AGC) [Labour]

Rotherham MBC

Cllr David Fisher (SC, AAC) [Conservative]

Cllr Marnie Havard* **Vice Chair** (AGC Chair, SC, AAC) [Labour]
– Resigned 22/03/2024

Sheffield City Council

Cllr Jayne Dunn* **Chair** (SC, AAC) [Labour]

Cllr Simon Clement-Jones (AGC) [Liberal Democrat]

Cllr Craig Gamble-Pugh [Labour]

Cllr Alexi Dimond [Green]

Cllr Andrew Sangar (SC, AAC) [Liberal Democrat]

Non-Voting Members appointed by the Trades Unions:

Garry Warwick GMB

Nicola Doolan-Hamer UNISON

Richard Bedford Unite (from 14/12/2023)

Members of the South Yorkshire Local Pension Board – 2023/24 Municipal Year

Employee Representatives

Garry Warwick (GMB) - Trades Union

Nicola Doolan-Hamer (UNISON) - Trades Union (**Vice Chair**)

Danny Gawthorpe (Unite) - Trades Union

Andrew Gregory - LGPS Member

David Webster – LGPS Member

Employer Representatives

Nicola Gregory – Minerva Learning Trust

Riaz Nurennabi – Sheffield Hallam University (**Chair**)

Councillor Emma Hoddinott - Local Authority Member
(Rotherham MBC)

Councillor Ken Richardson - Local Authority Member (Barnsley
MBC)

Key:

AGC = Member of the Audit & Governance Committee

SC = Member of the Staffing Committee

AAC = Member of the Appointments and Appeals Committee

*= S41 Member who answers questions on behalf of the
Authority in meetings of the relevant full Council.

Key Policies

Please see below links to a selection of the Fund's key strategy documents, statements and reports. Clicking on each link will take you directly to a full PDF version of the relevant document on our website.

[Consultation and Communication Strategy](http://www.sypensions.org.uk/Consultation%20and%20Communication%20Strategy/SYPA%20Consultation%20Communications%20and%20Engagement%20Strategy%202023.pdf) (<http://www.sypensions.org.uk/Consultation and Communication Strategy/SYPA Consultation Communications and Engagement Strategy 2023.pdf>)

[Funding Strategy Statement](http://www.sypensions.org.uk/Funding%20Strategy%20Statement/Core%20Funding%20Strategy%20Statement%20and%20Appendix.pdf) (<http://www.sypensions.org.uk/Funding Strategy Statement/Core Funding Strategy Statement and Appendix.pdf>)

[Report on the Actuarial Valuation](http://www.sypensions.org.uk/Actuarial%20Valuation/20230907%20South%20Yorkshire%20Pension%20Fund%20-%20Revised%20Final%20Whole%20Fund%20Results.pdf) (<http://www.sypensions.org.uk/Actuarial Valuation/20230907 South Yorkshire Pension Fund - Revised Final Whole Fund Results.pdf>)

[Investment Strategy Statement](http://www.sypensions.org.uk/Investment%20Strategy%20Statement/Investment%20Strategy%20Statement%20March%202023.pdf) (<http://www.sypensions.org.uk/Investment Strategy Statement/Investment Strategy Statement March 2023.pdf>)

[Pensions Administration Strategy](http://www.sypensions.org.uk/Pensions%20Administration%20Strategy/SYPA%20Pension%20Administration%20Strategy%20July%202020.pdf) (<http://www.sypensions.org.uk/Pensions Administration Strategy/SYPA Pension Administration Strategy July 2020.pdf>)

[Governance Compliance Statement](https://www.sypensions.org.uk/Portals/0/pdf/Governance%20Compliance%20Statement%202024.pdf) (<https://www.sypensions.org.uk/Portals/0/pdf/Governance Compliance Statement 2024.pdf>)

4. Governance and Training

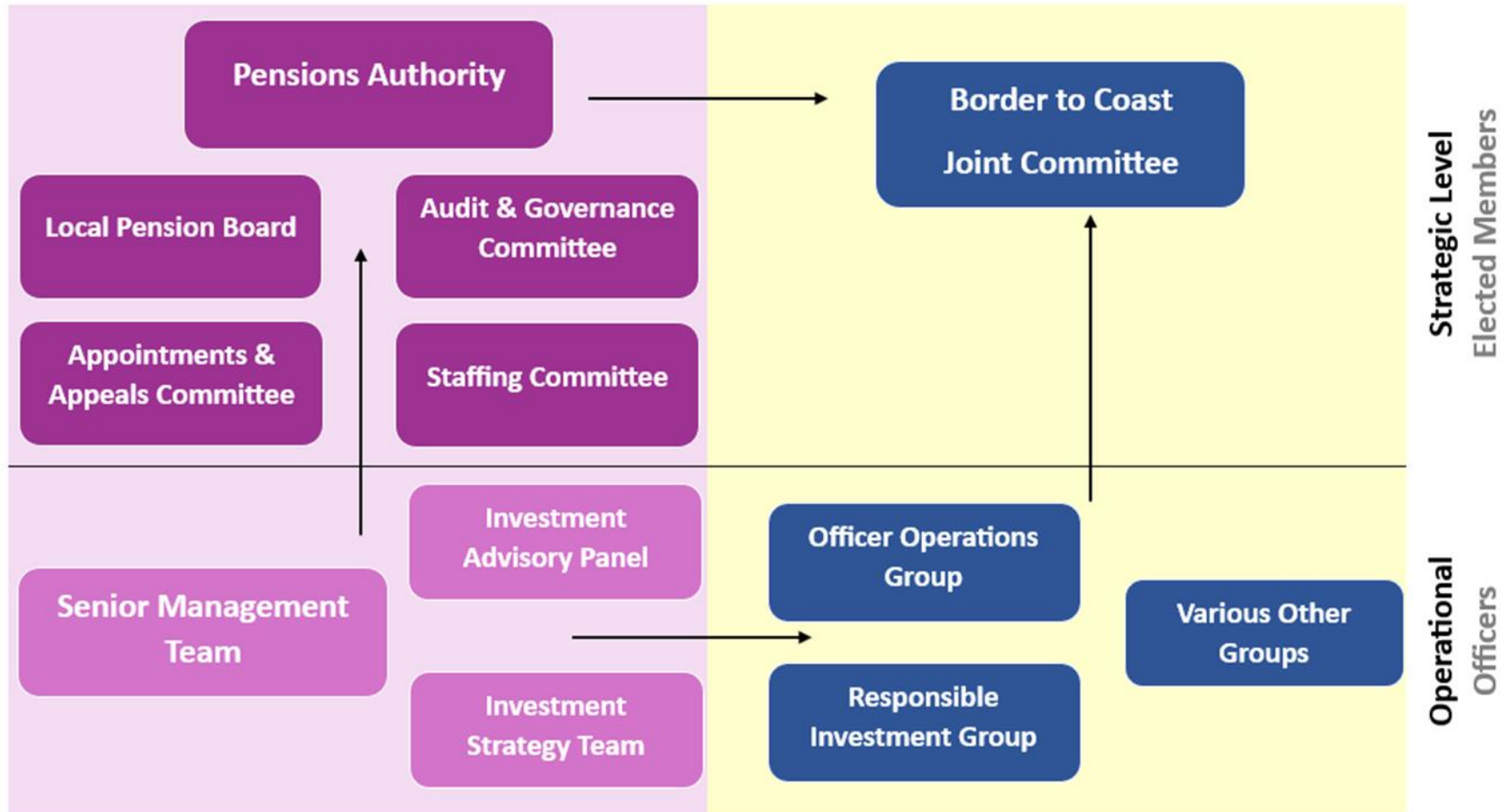
About South Yorkshire Pensions Authority

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 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.

Governance Structure

The diagram below shows how the different elements of our governance arrangements fit together and how they relate to the various elements of the Border to Coast Pensions Partnership in relation to investment matters.



Representation

The Authority's position on the representation of the different employer and scheme member interests within its governance arrangements is set out in the [Policy Statement on Representation](#) published on the Authority's website. The details of the representation within each of the relevant structures is explained below.

Pensions Authority

The voting membership of the Pensions Authority is set out in the Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987, under which the Authority was created. This specifies the total voting membership of the Authority as 12: made up of the following number of members appointed by each of the District Councils. The appointments made by the District Councils must, in line with the provisions of the Local Government Acts, in aggregate reflect the political balance both within the individual councils and across the County.

District	Number of Voting Members
Barnsley Metropolitan Borough Council	2
City of Doncaster Council	3
Rotherham Metropolitan Borough Council	2
Sheffield City Council	5
Total	12

In addition, 3 representatives of the recognised Trades Unions have been co-opted as non-voting members of the Authority to represent the interests of scheme members.

Independent Advisers and Investment Advisory Panel

The Authority retains two independent investment advisers to provide advice to members of the Authority and to assist officers in developing and monitoring the effectiveness of the investment strategy and in achieving effective oversight of Border to Coast. An Investment Advisory Panel is in place to support this work, comprising these two advisers together with the Director and the Assistant Director – Investment Strategy, and other officers from time to time as relevant. The Panel meets quarterly, ahead of the formal Authority meetings.

Committees

Appointments of Councillors to any Committees established by the Authority must also reflect the relevant political balance and the Authority has also chosen to apply this provision to any ad-hoc working groups.

Local Pension Board

The role of the Local Pension Board, as set out in the Public Service Pensions Act 2013, is to assist the Authority in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the Fund.

Regulations require that Pension Boards comprise equal numbers of voting members representing scheme members and scheme employers, although it is also possible to have a non-voting independent Chair.

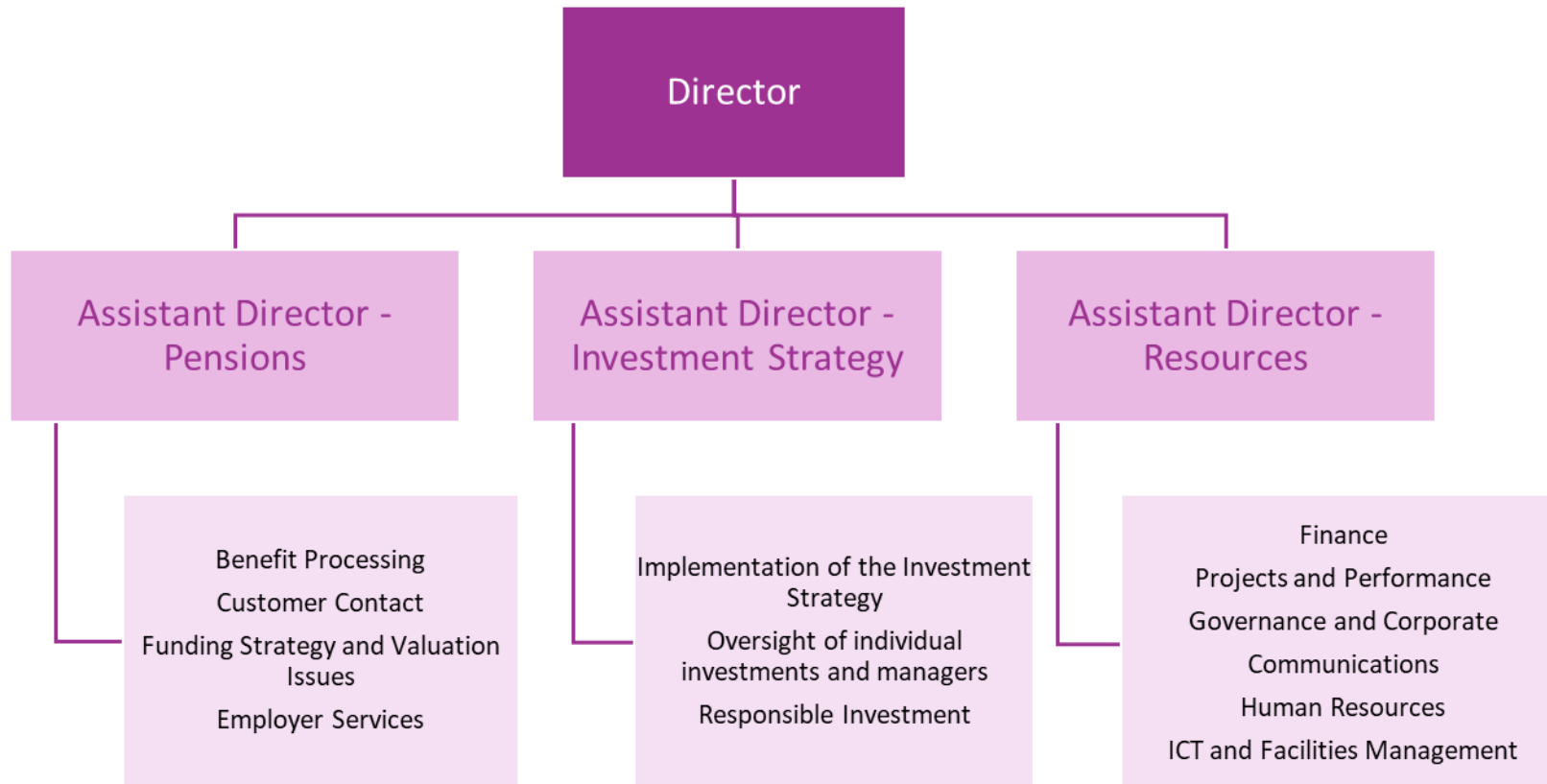
The South Yorkshire Local Pension Board is comprised as follows:

Scheme Employers	Scheme Members
2 Councillors from the District Councils	1 Representative from GMB
3 Other Employer Representatives	1 Representative from UNISON
	1 Representative from Unite
	2 Other scheme members
5 Representatives	5 Representatives

In addition, an Independent Adviser supports the work of the Board. The Board has its own constitution and budget, although both are ultimately approved by the Authority.

Officers

The Authority, its Committees and the Local Pension Board are 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.

Governance Arrangements

The Authority's [Constitution](#) sets out the framework of rules and roles and responsibilities of the Authority and its Committees and of the statutory officers. This is divided into parts covering:

1. Summary and Articles of the Constitution - This is the main body of the Constitution which sets out the basic framework of rules and roles and responsibilities of the Authority and its Committees and of the statutory officers.
2. Scheme of Delegation to Officers – which sets out the various powers and responsibilities delegated to individual officers of the Authority.
3. Scheme of Delegation for the Border to Coast Pensions Partnership – which sets out the arrangements for making decisions in relation to the Authority's responsibilities as a member of the Border to Coast Pensions Partnership.
4. Standing Orders – which set out various key procedures such as the arrangements for meetings of the Authority and its committees together with the financial regulations and rules for procuring goods and services.
5. Codes and Protocols – which set out how issues such as conflicts of interest should be dealt with and the codes of conduct for both staff and members of the Pensions Authority together with the arrangements for ensuring the independence of key statutory officers.
6. Members Allowance Scheme – which sets out the allowances payable to members for their work on the Authority and Local Pension Board.

In addition, a separate [Local Pension Board Constitution](#) sets out the framework, roles and responsibilities, and arrangements specifically relating to the Local Pension Board.

Both the Authority's Constitution and the Local Pension Board Constitution contain a Conflicts of Interest Policy setting out how these are handled in the relevant context for each body and the procedures to be followed by members and officers. These are further supported by Member and Officer Codes of Conduct, which also form part of the constitution. Each member of the Authority and the Local Pension Board also complete a register of interests on joining and these are published on the Authority's website. The registers are reviewed annually when preparing the statement of accounts and each Authority member and Senior Officer completes an annual declaration regarding any related party transactions; details of which are disclosed in Note 21 to the Authority's own Statement of Accounts published at: [Our Accounts \(sypensions.org.uk\)](http://sypensions.org.uk).

The Authority publishes an annually updated [Governance Compliance Statement](#) which provides the detail of how our arrangements ensure that we conform with the requirements of the Local Government Pension Scheme Regulations.

As a stand-alone local authority, we are required under the Accounts and Audit Regulations 2015 to conduct an annual review of the effectiveness of our system of internal control and to produce an Annual Governance Statement, which is approved by the members of the Authority meeting as a whole and then signed off by the Director as Head of Paid Service and the Chair of the Authority. This statement is included in full in this annual report on page 29.

The Annual Governance Statement assesses compliance with and performance against the standards set out in the Authority's [Local Code of Corporate Governance](#) published on the Authority's website.

Work of the Authority in 2023/24

The Authority held five formal meetings during the year. An annual work programme provides the basis for the agendas for meetings and includes a range of issues covering corporate matters relating to running of the organisation, governance, pensions administration, investment strategy and matters relating to the Border to Coast Pensions Partnership. The work of the Authority in 2023/24 is summarised below.

Investment Strategy

- Received quarterly updates on Investment Performance, Market Commentary, Responsible Investment
- Received and noted a report on the completion of 'Project Chip' – the transfer of its agricultural property portfolio and creation of a new farmland joint venture with Royal London
- Approved the Authority's Response to the Government Consultation: "Local Government Pension Scheme (England and Wales): Next steps on Investments"
- Approved the annual updates to the Responsible Investment and Climate Change Policies, Net Zero Action Plan and Annual Statement of Commitment to the Impact Investing Principles for Pension Funds
- Considered a report on appraisal of the performance and arrangements in place for independent advice in relation to investment matters
- Authorised the Director to sign a memorandum of understanding (MoU) with the South Yorkshire Mayoral Combined Authority (SYMCA) in relation to the place based impact investment strategy

Pooling Matters - Border to Coast

- Received an update on progress with the delivery of the Border to Coast UK Real Estate proposition and the implications for the Authority
- Considered a report on Border to Coast's strategic plan and budget – approved the casting of the Authority's vote in favour
- Received and noted a report on the fund's Transition Plan for transfer of remaining assets to Border to Coast
- Approved changes to the legal agreements concerned with the operation of Border to Coast to accommodate a change in the company's funding model
- Received and noted the results of the annual review of Border to Coast and endorsed recommendations for action
- Considered and endorsed revised Responsible Investment policies of Border to Coast
- Received an update on progress with the delivery of the Border to Coast UK Real Estate proposition and the implications for the Authority

Corporate Managing the Organisation

- Approved the update to the Corporate Strategy for 2024 to 2027
- Approved the Medium Term Financial Strategy 2024/25 to 2026/27 and the 2024/25 Budget, Treasury Management Strategy Statement, and Pay Policy Statement
- Approved specific proposals relating to Senior Management remuneration and Finance Service additional resourcing
- Approved the Procurement Forward Plan for 2024/25
- Received quarterly corporate performance updates.
- Approved Debt Write-Offs in line with the Financial Standing Orders of the Constitution
- Approved the Levy for 2024/25 to be charged to the District Councils under the Levying Bodies (General) Regulations 1992
- Received reports on the Staff Survey Results 2023, and the Results of Benchmarking Exercises in both Pensions Administration and Investments.

Governance

- Approved the Constitution and Political Balance / Membership, Appointed Chair and Vice Chair
- Received and noted the annual reports of the Audit & Governance Committee and the Local Pension Board
- Received reports on Regulatory and Policy Updates, Decisions taken between meetings using the urgency procedure, work programme and training calendar
- Approved the 2023/24 Member L&D Strategy, Changes to the Members Allowances Scheme, Revised Constitution and Terms of Reference of the Local Pension Board, Policy Statement on Representation
- Approved the Annual Governance Statement

Pensions Administration

- Received a report on Pensions Administration performance standards and endorsed the proposals therein
- Received and noted a report setting out a comparison of the Fund's valuation results with the results across the LGPS
- Received and noted the Discretions Policy Statement
- Considered a report on the Pensions Administration Improvement Plan and progress update
- Approved a revised Consultation, Communications and Engagement Strategy

Appointments and Appeals Committee

This committee met once during the year and approved the appointment of Debbie Sharp to the role of Assistant Director – Pensions.

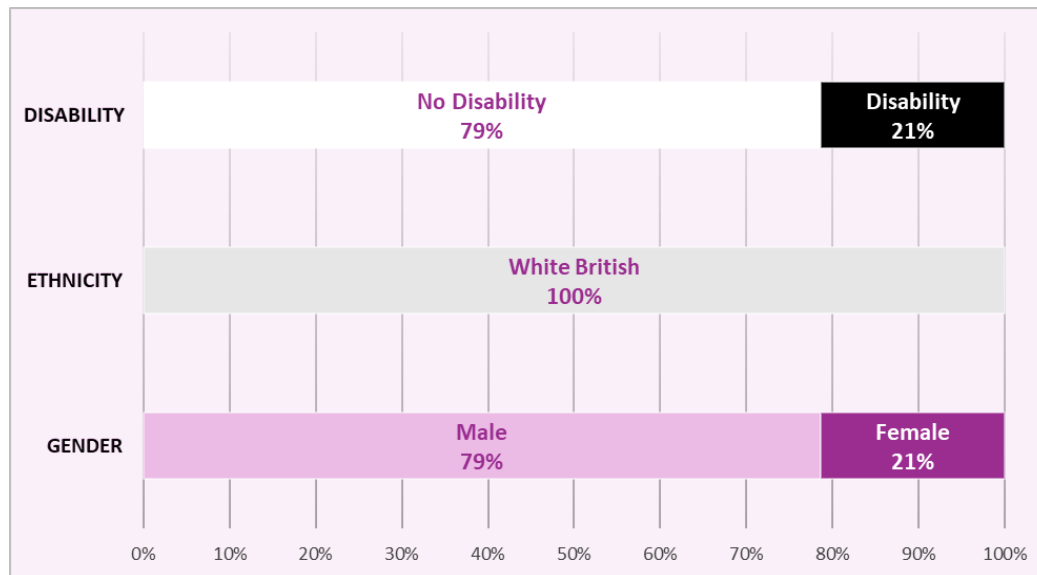
Staffing Committee

This committee met once during the year. The Committee considered and approved a range of improvements to the Pay and Benefits package, including a revised pay grading structure, a reduction in full time weekly working hours from 37 to 35, and various enhancements to other benefits including family-related leave policies. The Committee also considered and approved a range of staffing changes, including additional resourcing, within the Pensions Administration department following on from the Organisational Resilience and Sustainability exercise conducted in 2022.

Audit and Governance Committee

This committee met four times during the year and full details of attendance and work completed is set out in the Committee’s Annual Report 2023/24, included at page 49 below.

Authority Membership Diversity Characteristics



Authority Members' Attendance at Authority Meetings

Authority Members	8 June 2023	7 September 2023	7 December 2023	8 February 2024	14 March 2024
Councillor Jayne Dunn (Chair)	✓	✓	✓	✓	✓
Councillor Marnie Havard (Vice Chair)	✓	✓	✗	✓	✗
Councillor Roy Bowser	✓	✓	✓	✓	✓
Councillor Simon Clement-Jones	✓	✓	✓	✓	✓
Councillor Steve Cox	✓	✓	✗	✗	✓
Councillor Alexi Dimond	✓	✗	✓	✓	✓
Councillor David Fisher	✓	✗	✓	✓	✓
Councillor Craig Gamble Pugh	✓	✓	✗	✗	✓
Councillor John Mounsey	✓	✓	✓	✓	✓
Councillor David Nevett	✓	✗	✓	✓	✓
Councillor Andrew Sangar	✓	✓	✓	✓	✓
Councillor Mick Stowe	✗	✓	✓	✓	✓
Non-Voting Co-Opted Members					
Nicola Doolan-Hamer (UNISON)	✓	✓	✓	✗	✓
Richard Bedford (Unite) <i>[From 14 December 2023]</i>	N/A	N/A	N/A	✗	✗
Garry Warwick (GMB)	✓	✓	✓	✗	✓

Committee Members' Attendance at Appointments & Appeals and Staffing Committee Meetings

Committee Members	Appointments and Appeals Committee 25 July 2023	Staffing Committee 31 October 2023
Councillor Jayne Dunn (Chair)	✓	✓
Councillor David Fisher	✗	✓
Councillor Marnie Havard	✓	✗
Councillor John Mounsey	✓	✗
Councillor Andrew Sangar	✗	✓
Councillor Mick Stowe	✓	✓

Key:

✓ Attended ✗ Apologies Received

The work completed and the member attendance of the Local Pension Board and the Authority's Audit & Governance Committee are set out in their respective annual reports, which follow on pages 49 - 61 (Audit & Governance Committee Annual Report) and pages 62 - 75 (Local Pension Board Annual Report)

Member Knowledge and Understanding



Members of the Authority and Local Pension Board have an obligation to ensure that they have a level of knowledge and understanding of the issues with which they are dealing to allow them to make properly informed decisions and fulfil their roles and responsibilities effectively. The Authority has a [Member Learning and Development Strategy](#) in place to provide a framework for Members to access the support they need in meeting this obligation.

The Strategy sets out expectations for mandatory training completion and includes an annual plan of training events and seminars on relevant topics, aiming to meet the range of individual member learning needs through internal and external means. The Authority takes part in a National Knowledge Assessment to assess the effectiveness of these arrangements and to inform the member L&D Strategy.

All members of the Authority and the Local Pension Board are required to complete a comprehensive e-learning course consisting of several modules designed to cover all key areas needed for Authority and Board members to successfully manage the running of a Fund. Members are also supported to undertake the Local Government Association's (LGA) 3-day Fundamentals training programme, which consists of sessions delivered by experts in their field, providing an overview of the LGPS and covering current issues relating to the administration, investments and governance of the scheme.

An annual 'away day' event is held to bring all the South Yorkshire Pensions Authority and Local Pension Board members together to support maintaining up-to-date knowledge and understanding, as well as provide opportunities for collaboration and networking.

The learning and development activity completed by members of the Authority in 2023/24 is set out below.

Event / Course	Date	Cllr Jayne Dunn	Cllr Marnie Havard	Cllr Roy Bowser	Cllr Simon Clement-Jones	Cllr Steve Cox	Cllr Alexi Dimond	Cllr David Fisher	Cllr Craig Gamble-Pugh	Cllr John Mounsey	Cllr David Nevett	Cllr Andrew Sangar	Cllr Mick Stowe
LGPS Online Learning Academy*	2023/24	✓	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23	✓	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23
Member Induction and Development Morning	08/06/2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
SYPA Seminar – Government Consultation on Pooling	02/08/2023	✓			✓	✓					✓	✓	
SYPA Seminar – Hymans Robertson Presentation on McCloud	14/09/2023	✓	✓	✓							✓	✓	✓
Border to Coast Strategic Development Workshop	23/10/2023	✓				✓		✓			✓	✓	✓
Hymans Robertson Training: TPR General Code including Cyber Security and Scams	26/10/2023	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓

Event / Course	Date	Cllr Jayne Dunn	Cllr Marnie Havard	Cllr Roy Bowser	Cllr Simon Clement-Jones	Cllr Steve Cox	Cllr Alexi Dimond	Cllr David Fisher	Cllr Craig Gamble-Pugh	Cllr John Mounsey	Cllr David Nevett	Cllr Andrew Sangar	Cllr Mick Stowe
Responsible Investment Seminar - Climate Change Metrics	14/11/2023	✓	✓			✓		✓					✓
SYPA - Members Away Day	30/11/2023	✓	✓	✓	✓			✓		✓	✓	✓	✓
LGA – LGPS Governance Conference	18/01to 19/01/2024												✓
SYPA Seminar – Border to Coast UK Property Fund	08/02/2024	✓	✓	✓				✓		✓	✓	✓	✓
SYPA Benchmarking Results Administration and Investments	15/02/2024				✓	✓				✓		✓	✓

* The LGPS Online Learning Academy is an online tool that all members of the Authority and the Local Pension Board complete as part of the support made available to equip them with the knowledge and understanding required to fulfil their roles. The learning plan comprises 8 modules covering the following topics:

1. An Introduction to the LGPS
2. Governance and Oversight Bodies
3. Administration and Fund Management
4. Funding and Actuarial Matters

5. Investments
6. Current Issues
7. Financial Markets and Product Knowledge
8. Actuarial Methods Standards and Practices

Both the LGPS Online Learning Academy and the LGA Fundamentals training course are completed within one year of joining the Authority and are reviewed periodically throughout members' terms of office.

Oversight of the Pool Operating Company: Border to Coast Pensions Partnership

The Border to Coast operating company manages over 70% of the Authority's investments currently and this will grow over coming years to more than 90%. It is therefore vitally important that the Authority exercises proper oversight of this key relationship. A comprehensive process is in place to achieve this oversight, the purpose of which is to:

- Provide assurance to the members of the Pensions Authority that participation in the Border to Coast Partnership is meeting the objectives set when the decision to participate was taken.
- Provide assurance that the various investment propositions are performing in line with expectations.
- Provide assurance that the Authority is making a positive contribution to the ongoing development of the Partnership.
- Provide assurance that the operating company is operating effectively and managing the risks that it faces therefore ensuring the ongoing availability of the various investment propositions.

The process includes the following elements.

- Investment Strategy team members participate in quarterly meetings of Border to Coast and partner funds reviewing the performance of each investment proposition.
- A standard form of summary assessment is produced for each proposition with RAG ratings across a range of seven key aspects and an overall rating. These individual assessments are collated into an overall summary report that is discussed at each quarterly Investment Advisory Panel meeting, and this informs the quarterly investment update report that is taken to the Authority.
- On an annual basis, the Investment Advisory Panel conduct a full-day review meeting with the Border to Coast operating company. The focus of the review includes as a minimum:
 - A discussion with the Chief Executive Officer (CEO) focussed on broader developments and staffing.

- Discussions with selected portfolio managers on specific propositions identified as needing attention through the regular monitoring process.
- A discussion with the Head of Responsible Investment (RI) and Deputy Chief Investment Officer (CIO) around RI and progress on Net Zero.
- Discussions with others as necessary on issues raised through regular dialogue within the Investment Advisory Panel. For example, this might involve a discussion with the CIO about how SYPA's strategy aspirations might be met through the pool.
- The outcomes from the quarterly reviews and this annual review meeting are drawn together in an Annual Review Report considered at the September meeting of the Authority each year, with the CEO (or other senior representative) of Border to Coast present. The report is structured and provides RAG ratings for the four themes of: People, Process, Performance, and Partnership, which feeds into an overall assessment of how well the Partnership is meeting both the founding principles and the Authority's original objectives in opting to join Border to Coast.
- A further key element of the review involves seeking feedback from both the operating company and the other partners about how the Authority is perceived within the Partnership and whether we are seen to play a constructive role, this adds an important '360-degree' element to the process.
- The Annual Review Report makes recommendations for improvements in processes, actions that are needed, and issues to be raised in relation to specific investment propositions.

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 \(sypensions.org.uk\)](https://www.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 \(sypensions.org.uk\)](https://www.sypensions.org.uk/constitution)

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.

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.

Principle B: Ensuring openness and comprehensive stakeholder engagement

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.

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

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

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.

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.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

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.

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, 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

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

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.

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.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 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 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.

Principle F: Managing risks and performance through robust internal control and strong public financial management

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, 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.

Principle F: Managing risks and performance through robust internal control and strong public financial management

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.

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.

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.

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
<p>Complete process mapping and implement fully updated procedures for appeals processing with clearly defined roles and responsibilities.</p> <p>Provide guidance, training and support for relevant staff to support the above.</p>	Head of Governance and Corporate Services	July 2023	<p>Completed</p> <p>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.</p>
<p>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.</p> <p>Recruit to new Business Support Officer role in the HR team to support Learning and Development strategy and provision across the organisation.</p>	Assistant Director – Resources & HR Business Partner	Mar 2024	<p>Partially Completed</p> <p>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.</p>
<p>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.</p>	Assistant Director – Resources and Head of Governance and Corporate Services	Oct 2023	<p>Completed</p> <p>New arrangements for the Director Appraisal process were developed and implemented in March 2024 for the appraisal relating to the 2023/24 year.</p>

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
<p>A: Behaving with integrity, demonstrating strong commitment to ethical values, respecting the rule of law.</p> <p>Review of Counter-Fraud and Whistleblowing Policies</p>	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
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p> <p>Equality, Diversity and Inclusion (EDI)</p>	Undertake a thorough review of the EDI scheme – prioritising a series of agreed specific actions.	SMT	February 2025
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <p>Complete Independent Governance Review</p>	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
<p>E: Developing capacity, including the capability of leadership and individuals</p> <p>Career Grade Scheme</p>	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

Principle and Area for Improvement	Actions Required in 2024/25	Responsible Officer	Date for Completion
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.

<p>Signed:</p> <p><i>Jayne Dunn</i></p> <p>Chair South Yorkshire Pensions Authority</p> <p>Date: 6 June 2024</p>	<p>Signed:</p> <p><i>George Graham</i></p> <p>Director South Yorkshire Pensions Authority</p> <p>Date: 6 June 2024</p>
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Audit & Governance
Committee
Annual Report
2023/24
March 2024

Foreword

I am pleased to present the annual report of the Authority's Audit and Governance Committee covering the Committee's activity during the 2023/24 financial year. Reporting on the Committee's work in this way contributes to the process of assurance gathering which is used to produce the Authority's Annual Governance Statement and demonstrates the robustness of the overall governance arrangements that are in place.

Councillor Marnie Havard

Chair

Audit and Governance Committee – South Yorkshire Pensions Authority



1. Introduction

This report is produced in order to provide stakeholders with information on the work of the Committee over the 2023/24 Municipal Year and to support the process of assurance gathering required in order to produce the Authority's Annual Governance Statement.

It outlines the Committee's:

- Role and responsibilities
- Membership and attendance
- Work programme

2. Committee Information

Audit and Governance Committee Role and Responsibilities

The Committee's terms of reference are set out in the Authority's Constitution and are as follows:

To fulfil the following core audit committee functions:

- a. Consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- c. Be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- d. Approve (but not direct) internal audit's Charter and annual plan.
- e. Monitor performance against internal audit's Charter and annual plan.
- f. Review summary internal audit reports and the main issues arising and seek assurance that action had been taken where necessary.
- g. Receive the annual report of the Head of Internal Audit.

- h. Consider the annual reports of external audit and inspection agencies.
- i. Ensure that there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.
- j. Review financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- k. To oversee the production of and approve the Authority's Annual Governance Statement.
- l. To review and approve the annual Statement of Accounts and the Authority's Annual Report, focusing on:
 - i. The suitability of, and any changes in accounting policies.
 - ii. Major judgemental issues e.g. provisions.
- m. To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focusing on significant adjustments and material weaknesses in internal control reported by the external auditor.
- n. Monitor the Authority's risk register and annual governance action plan, reporting issues of concern to the full Authority.

Membership

The Committee's membership at the end of March 2024 was:

Councillor Marnie Havard (Chair)

Councillor Roy Bowser

Councillor Simon Clement-Jones

Councillor Steve Cox

Councillor David Nevett

In addition, the three Non-Voting Co-Opted Members nominated to the Authority by the recognised trade unions are entitled to attend and participate in meetings of the Committee.

During the year these representatives were:

Nicola Doolan-Hamer (Unison)

Richard Bedford (Unite) – [from December 2023]

Garry Warwick (GMB)

Committee Meetings and Attendance

The Committee held four meetings during the municipal year (July 2023, October 2023, December 2023 and March 2024). The business conducted reflected the terms of reference and the pattern of work of the Authority's Internal and External Auditors. The schedule of Members' and Officers' attendance is attached as Appendix A.

Councillor Marnie Havard was appointed by the Authority to Chair the Committee.

Good practice guidance suggests that the Chief Financial Officer should attend regularly, and that the Monitoring Officer and other senior officers should contribute as appropriate. The actual attendance recorded demonstrates that this was achieved.

3. Committee Work Programme and Outcomes

The Committee maintains a broad programme of work for its main areas of activity. The reports received during 2023/24 are shown in Appendix B; the outcomes of the Committee's work in relation to these are summarised below. The bullet points in the boxes in *italics* are the core functions from the CIPFA guidance; the details below each box identify how the Committee has achieved its responsibilities.

Risk Management and Internal Control

- *Considering the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and corruption arrangements.*
- *Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors.*
- *Being satisfied that the Authority's assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.*

The Committee has:

- Completed the Annual Review of the Authority's Risk Management Framework in October 2023; significant revisions were implemented to reflect the additional layer of assurance controls and implementation of a new risk management and performance software system.
- Received regular progress reports from the Head of Internal Audit on internal control matters.
- Received regular reports on progress against audit recommendations.
- Considered the results of the review of internal control and internal audit for 2022/23.

Internal Audit and External Audit

- *Approving (but not directing) Internal Audit's strategy and plan, and monitoring performance.*
- *Reviewing summary Internal Audit reports and the main issues arising and seeking assurance that action has been taken where necessary.*
- *Receiving the annual report of the head of Internal Audit.*
- *Considering the reports of external audit and inspection agencies.*
- *Ensuring that there are effective relationships between Internal Audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.*

In relation to Internal Audit, the Committee has:

- Agreed the Internal Audit Strategy and Annual Plan for 2023/24.
- Received and considered the Head of Internal Audit's Annual Report for 2022/23, including the opinion on the Authority's internal control arrangements.
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

The schedule of Internal Audit Review Results 2023/24 at Appendix C summarises the outcomes of Internal Audit Activity during the year.

In relation to External Audit, the Committee has:

- Received reports from the former external auditor, Deloitte, on their Audit Plans for the Authority and Fund relating to the audit of year ended 31 March 2023.
- Received regular progress reports and a final report on the audit of year ended 31 March 2023 from Deloitte.
- Received an introductory update and an audit plan relating to the audit of year ended 31 March 2024 from the new external auditor, KPMG.

Statement of Accounts

- *Reviewing the financial statements, the external auditor's opinion and reports to members, and monitoring management action in response to the issues raised by external audit.*
- *Overseeing the production of, and approving, the Authority's Annual Governance Statement.*
- *Overseeing the production of, and approving, the Authority's Annual Statement of Accounts, focussing on:*
 - *Suitability of, and any changes in, accounting policies;*
 - *Major judgemental issues e.g. provisions.*
- *Receiving and agreeing the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focussing on significant adjustments and material weaknesses in internal control reported by the external auditor.*

The Committee has:

- Overseen the production of, and approved the Authority's Annual Governance Statement 2022/23;
- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2022/23;
- Received and approved Deloitte's Report on the 2022/23 Audit, and their Annual Report 2022/23 which includes their findings and conclusion on the Authority's Value for Money arrangements. No recommendations were made in either report.

Working Arrangements

Members considered and agreed the Committee's Annual Report for 2022/23 which was then published on the Authority's website.

As part of considering the Annual Report, members considered the extent to which its arrangements remained robust.

Appendix A

Member and Officer Attendance at Audit & Governance Committee Meetings 2023/24

Member/Officer	27 July 2023	21 September 2023	14 December 2023	7 March 2024
Councillor Marnie Havard	✓	✓	✓	✓
Councillor Roy Bowser	Note 1	Note 1	Note 1	✓
Councillor Simon Clement-Jones	✓	✓	✓	✓
Councillor Steve Cox	✓	✓	✓	✓
Councillor David Nevett	✓	✓	✓	✓
Nicola Doolan-Hamer	✓	✓	✓	Note 1
Richard Bedford	N/a - Note 2	N/a - Note 2	✓	Note 1
Garry Warwick	✓	Note 1	✓	✓
Director – George Graham	✓	✓	✓	✓
Assistant Director – Resources (Chief Financial Officer) – Gillian Taberner	✓	✓	✓	✓
Head of Governance (Monitoring Officer) – Jo Stone	✓	Note 1	Note 1	✓
Head of Finance – Will Goddard	✓	✓	✓	✓
External Audit (Deloitte)	✓	✓	N/A – Note 3	N/A – Note 3
External Audit (KPMG)	N/A – Note 3	N/A – Note 3	✓	✓
Internal Audit (Barnsley MBC)	✓	✓	✓	✓

Notes

1. Apologies
2. Appointed to the Committee from December 2023.
3. External Auditors – Deloitte in place for audit of year ended 31/03/2023, attending meetings up to and including September 2023. KPMG appointed for audits of years from 1 April 2023 for next five years and attended meetings from December 2023 onwards.

Appendix B

Committee Activity

Function/Issue	27 July 2023	21 September 2023	14 December 2023	7 March 2024
Risk Management				
Annual Review of the Risk Management Framework			Approved	
Governance and Internal Control				
Annual Review of the Governance Compliance Statement				Approved
Progress on Implementation of Audit Recommendations	Noted	Noted	Noted	Noted
Effectiveness Review	Noted			Agreed
Local Code of Corporate Governance			Approved	
Internal Audit				
Progress Report	Noted	Noted	Noted	
Annual Report 2022/23	Noted			
Internal Audit Charter	Noted			
Effectiveness Review		Noted		
External Audit				
Auditor Appointment Process		Noted		

Function/Issue	27 July 2023	21 September 2023	14 December 2023	7 March 2024
Status Report on the 2022/23 Audit	Noted			
Final Report on the 2022/23 Audit		Noted		
Annual Audit Report 2022/23		Recommended to the Authority		
External Audit Plan 2023/24				Approved
Statement of Accounts				
Draft Statement of Accounts 2022/23	Noted			
Audited Statement of Accounts 2022/23		Approved		
Letter of Representation		Approved		
Accounting Policies - Accounts for Year Ending 31 March 2024				Noted
Committee Working Arrangements				
Audit & Governance Committee Annual Report 2023/24				Approved

(The term “Noted” is used to include resolutions to note and to receive reports).

Appendix C

Results of Internal Audit Reviews 2023/24

Review Topic	Assurance Level *	High Priority Findings	Medium Priority Findings	Low Priority Findings
Pensions Administration (C/fwd from 2022/23) Actuarial Transition	Reasonable	0	1	1
Pensions Administration (C/fwd from 2022/23) Pensions Admin System – PIR	Reasonable	1	2	0
Service Wide (C/fwd from 2022/23) Procurement Compliance	Limited	0	3	1
Service Wide Cybersecurity	Reasonable	0	0	2
Investment Strategy Governance & Performance - Border to Coast	Substantial	0	0	0
Pensions Administration Customer Services including Contact Centre	Reasonable	0	1	2
Finance – Core Financial System Main Accounting	Substantial	0	0	0
Finance – Core Financial System Accounts Receivable	Reasonable	0	1	0
Finance – Core Financial System UPM Pensioners Payroll	Substantial	0	0	0
Finance – Core Financial System Authority Staff Payroll	Substantial	0	0	0
Finance – Core Financial System Investment Income	Substantial	0	0	0
Finance – Core Financial System Accounting for Deals	Substantial	0	0	0

Review Topic	Assurance Level *	High Priority Findings	Medium Priority Findings	Low Priority Findings
Finance – Core Financial System Fund Contributions	Substantial	0	0	0
Finance – Core Financial System Purchase to Pay	Substantial	0	0	2
Resources HR - Appraisal Process	Reasonable	0	3	1
Totals	15 Opinions	1	11	9

* Key to Assurance Levels:

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exists that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable Assurance	A sufficient framework of key controls exists that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	Risk exists of objectives not being achieved due to the absence of key controls in the system.	A significant breakdown in the application of key controls.
	No Assurance	A significant risk exists of objectives not being achieved due to the absence of controls in the system.	A fundamental breakdown in the application of all or most controls.

South Yorkshire Local Pension Board Annual Report 1 May 2023 to 30 April 2024

Foreword

Welcome to the annual report of the South Yorkshire Local Pension Board ('the Board').

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. It comprises equal numbers of representatives of scheme members and employers.

On behalf of the Board, I would like to thank the staff at the Authority for continuing to deliver a high-quality pensions service and for the support provided to the Board.

Thank you to members of the Board for your continued diligence, support and commitment.

Riaz Nurennabi, Chair



Role of the Local Pension Board

The role of the Local Pension Board as defined by Sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Authority in the following matters:

- a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
- b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;
- c) such other matters as the scheme regulations may specify.

The Board's Terms of Reference are documented in the Board's Constitution which is available on the Authority's website [here](#).

Membership during the Year

The Board's membership over the year was as follows:

Name	Date of joining	Nominated by/ Representing	Term of Office (to)
Employee Representatives			
Nicola Doolan-Hamer (Vice-Chair)	23/07/2015	Unison	June 2024 (3 rd Term)
Garry Warwick	23/07/2015	GMB	June 2024 (3 rd Term)
Danny Gawthorpe	06/06/2020	Unite	May 2026 (2 nd Term)
David Webster	01/10/2019	Selected from active, deferred and pensioner members	June 2025 (2 nd Term)
Andrew Gregory	25/07/2019		September 2025 (2 nd Term)
Employer Representatives			
Riaz Nurennabi (Chair)	04/08/2022	Sheffield Hallam University	December 2025 (1 st Term)
Ken Richardson	20/05/2022	Local Authority	May 2025 (1 st Term)
Emma Hoddinott	20/07/2023		July 2026 (1 st Term)
Nicola Gregory	18/01/2018	Academies	December 2026 (3 rd Term)
Vacancy	Vacant from April 2023		
Independent Adviser			
Clare Scott	Oct 2019	-	Term ended June 2024

There is currently one employer representative vacancy that we were unable to fill during the year; recruitment is ongoing, and it is currently anticipated that this will be filled in time for the August 2024 meeting of the Board.

Meeting Attendance

Attendance at the Board's meetings through the year was as follows:

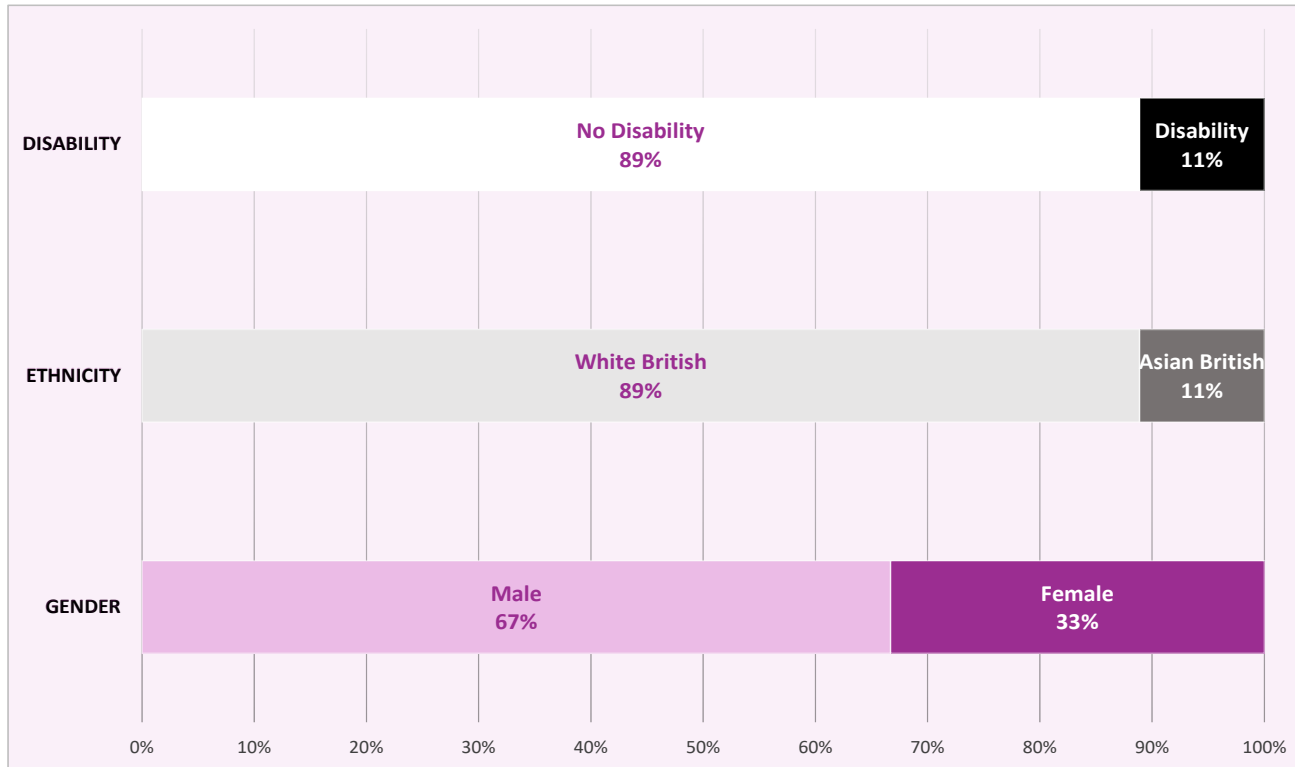
	10 Aug 2023	9 Nov 2023	15 Feb 2024	21 Mar 2024 [Note 1]	25 Apr 2024	% Attendance [Formal meetings to date]
Riaz Nurennabi Chair	✓	✓	✓	✓	✓	100%
Nicola Doolan-Hamer Vice Chair	✓	[Note 2]	✓	✓	✓	80%
Danny Gawthorpe	✓	✓	✓	✓	✓	100%
Andrew Gregory	[Note 2]	✓	✓	✓	✓	80%
Nicola Gregory	✓	✓	[Note 2]	✓	✓	80%
Emma Hoddinott	[Note 2]	✓	✓	✓	✓	80%
Ken Richardson	✓	✓	✓	[Note 2]	✓	80%
Garry Warwick	✓	[Note 2]	✓	✓	✓	80%
David Webster	[Note 2]	✓	✓	✓	✓	80%
Total Board Member Attendance	66%	77%	88%	88%	100%	83.80%
Clare Scott Independent Adviser	✓	✓	✓	✓	✓	100%

Notes:

1. The meeting on 21 March 2024 was the Board's annual effectiveness review.
2. Apologies received.

Board Diversity Characteristics

Recording and monitoring of the Board membership's diversity characteristics is now undertaken in line with the recommendations of the Pensions Regulator, and these are summarised in the following chart.



Work of the Board 2023/24

The Board held four formal meetings during the year. An annual Work Programme provides the basis for the agendas for meetings and includes a range of issues covering both pensions administration and governance.

Governance:

- **Governance Updates** – The Board received quarterly updates from the Authority’s Head of Governance and Corporate Services on a range of governance-related matters including information governance, audit findings and progress on actions, member learning and development and policy updates.
- **Decisions of the Authority** - Members of the Board received all agenda papers issued to Members of the Pensions Authority and Board members are able to observe meetings of the Authority.
- **Constitution and Terms of Reference** – The Board reviewed and recommended to the Authority for approval an updated Local Pension Board Constitution. The updated Constitution was approved by the Authority on 7 September 2023. The changes made included:
 - Introducing rotation of the Chair and Vice Chair roles to alternate between employer and employee representatives every two years – to help with ensuring continuity, equity in representation and to aid succession planning.
 - Extending the terms of office of Councillor members (representing employers) from two years to three years, as for all other members of the Board to provide consistency between different types of member of the Board.
- **The Pensions Regulator** – The Board received updates on compliance with the regulator’s Code of Practice 14 and updates regarding the new General Code of Practice that took effect from 27 March 2024.
- **Risk Management** – The Board considered the Risk Register at each formal meeting throughout the year.
- **Governance Compliance Statement** – The Authority’s Governance Compliance Statement was reviewed by the Board and recommendations made to the Audit & Governance Committee.
- **Investment Governance** - The Board considered a range of matters related to investment governance during the year – including updates on the Government’s pooling consultation and the Authority’s and Border to Coast’s responses to this, the internal governance relating to investment processes, the annual review of Border to Coast and an update on the process for agreeing to participate in the pool’s real estate investment proposition.
- **Benchmarking** – The Board considered a report on the results of benchmarking exercises undertaken in regard to Investment and to Pensions Administration.
- **Regulatory Changes** – The Board has been kept informed of the potential impact of regulatory changes.

Pensions Administration:

- **Pensions Administration Performance** – The Board received quarterly administration performance reports and considered updates on the software system improvements, monitoring of progress on McCloud remedy implementation.
- **Breaches, Complaints and Appeals** - The Board received quarterly reports on breaches, complaints and appeals.
- **Data Quality Improvement** – The Board monitored progress on the Data Quality Improvement Plan.

Board Member Learning and Development

Members of the Board are provided with a range of learning and development opportunities and this is planned within the annually updated Member Learning and Development Strategy that encompasses both Board and Authority members.

During the 2023/24 year, members of the Board have participated in the following learning and development events.

Event / Course	Date	Riaz Nurennabi	Nicola Doolan-Hamer	Danny Gawthorpe	Andrew Gregory	Nicola Gregory	Emma Hoddinott	Ken Richardson	David Webster	Garry Warwick
LGPS Online Learning Academy*	2023/24	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23	Completed 2022/23	✓	Completed 2022/23	Completed 2022/23	Completed 2022/23
CIPFA Annual LPB Conference	18/05/2023		✓							✓
SYPA Seminar – Government Consultation on Pooling	02/08/2023		✓	✓				✓	✓	✓
CfGS Training: LPB Scrutiny and Assurance	10/08/2023	✓	✓	✓		✓		✓		✓
LGA – LGPS Fundamentals Training* (3 day course)								✓	✓	
Border to Coast Strategic Development Workshop	23/10/2023				✓			✓	✓	
Hymans Robertson Training: TPR General Code including Cyber Security and Scams	26/10/2023	✓			✓	✓			✓	✓
CIPFA LPB Training – Autumn Seminar	08/11/2023		✓		✓					✓
Responsible Investment Seminar -	14/11/2023		✓		✓	✓			✓	

Event / Course	Date	Riaz Nurennabi	Nicola Doolan-Hamer	Danny Gawthorpe	Andrew Gregory	Nicola Gregory	Emma Hoddinott	Ken Richardson	David Webster	Garry Warwick
Climate Change Metrics										
SYPA - Members Away Day	30/11/2023	✓		✓	✓	✓	✓	✓	✓	✓
LGA – LGPS Governance Conference	18/01/2024 to 19/01/2024		✓					✓		
SYPA Benchmarking Results Presentation: Administration and Investments	15/02/2024	✓	✓		✓		✓	✓	✓	✓
Aon Webinar – The TPR General Code of Practice	21/03/2024	✓	✓		✓	✓	✓	✓	✓	✓
SYPA Seminar - Cyber Security at SYPA	25/04/2024	✓	✓	✓	✓	✓		✓	✓	✓

* The LGPS Online Learning Academy is an online tool that all members of the Authority and the Local Pension Board complete as part of the support made available to equip them with the knowledge and understanding required to fulfil their roles. The learning plan comprises 8 modules covering the following topics:

1. An Introduction to the LGPS
2. Governance and Oversight Bodies
3. Administration and Fund Management
4. Funding and Actuarial Matters
5. Investments
6. Current Issues
7. Financial Markets and Product Knowledge
8. Actuarial Methods Standards and Practices

Both the LGPS Online Learning Academy and the LGA Fundamentals Training are completed within one year of a Member joining the Board and are reviewed periodically throughout their terms of office.

Review of Effectiveness

During March 2024, members of the Board independently conducted an annual effectiveness survey and attended a workshop to discuss potential improvements in its effectiveness.

The Board discussed the progress on the actions from previous reviews and was pleased with the progress made. Actions that are not yet fully completed and remain relevant relate to:

- Providing a shorter, more succinct report on pensions administration for Board meetings.
- Developing a plan to improve succession planning for Board membership.

In relation to the action from the previous review to improve communications between the Board and the Authority, the Board welcomed the joint Away Day held in November 2023 and recognised the established meetings between the chairs and vice-chairs of the Board and the Authority. The Board would welcome a discussion around the purpose and effectiveness of these meetings.

The results of the effectiveness survey were positive in a number of areas. All (or a significant majority of) members of the Board agreed that:

- Board papers are timely, relevant and focused on priorities and minutes are accurate and record decisions made and actions agreed.
- Discussions are facilitated to allow all Board members to contribute in order to seek opinion and develop ideas.
- Board members are not afraid to ask obvious or simple questions to ensure collective understanding.
- Meeting minutes are accurate and record decisions made and actions agreed.
- The Board works in an open, transparent and collaborative manner.
- All Board members act with integrity, declaring and managing any personal conflicts of interest.
- The Board's independent adviser helps the Board to fulfil its responsibilities.

The Board recognised the Authority's increased focus on developing knowledge and skills over recent years and particularly welcomed the joint Away Day for Board and Authority members. Holding training sessions immediately after Board meetings was also welcomed, particularly where linked to content to be discussed at future meetings.

The Board identified and discussed a number of areas for further improvement and potential actions to address these, including the following:

Knowledge, Skills and Capacity:

- Request that the Authority ensures the training plan is linked to the needs highlighted by knowledge assessments and ensure Board members have advance notice of all events.
- Request the Authority provides training/briefings on the issues facing the LGPS at a national level and awareness of the priorities for the Scheme Advisory Report.
- Request the Authority assess the effectiveness of the online reading room for members.

General:

- Board to discuss with the Authority ways in which the Board could have greater input with Authority matters before decisions are made.
- Request the Authority to confirm the arrangements and approach for appointing the Board's Chair and Vice Chair.
- Develop a plan to improve the profile of the Board with members and employers.
- Request the Authority considers its policy in relation to reimbursing care expenses incurred by members undertaking Board business.
- Request the Authority considers its policy in relation to paying remuneration to a member's employer.

The Board will work with the Authority on implementing agreed improvement actions.

Future Plans

Over the coming year, the Board will continue to consider issues covering governance and pensions administration included in its Work Programme and specifically will work with the Authority to:

- Assess and monitor the action plan for compliance with the Pensions Regulator’s new General Code of Practice.
- Consider the results of the independent governance review and monitor actions being taken in response to any recommendations arising from this review.
- Oversee the Authority’s implementation and progress on the pensions administration improvement plan and implementation of scheme changes in relation to the McCloud judgement.
- Monitor the ongoing succession planning for the Board membership with the aim of ensuring continuity and minimising periods of member vacancies.

Board Expenditure and Provisional Outturn 2023/24

The 2023/24 budget for the Local Pension Board was recommended to the Authority for approval in November 2022 and approved by the Authority as part of the total budget in February 2023.

The expenditure for the year and the variance against the budget is shown in the table below.

Local Pension Board Expenditure 2023/24	2023/24 Revised Budget £	2023/24 Q4 Provisional Outturn £	2023/24 Q4 Outturn Variance £	2023/24 Q4 Outturn Variance %
Independent Adviser	8,530	9,640	1,110	13.0%
Member Allowances	14,000	13,550	(450)	(3.2%)
Member Learning and Development	6,000	9,220	3,220	53.7%

Member Travel & Subsistence Expenses	300	1,030	730	243.3%
Running Costs - Catering, Printing, etc.	300	1,460	1,160	386.7%
Total	29,130	34,900	5,770	19.8%

Member Allowances

The Authority took a decision in June 2023 to update the Members Allowances scheme to include payment of allowances to Board members and to non-voting members of the Authority. This was implemented from July 2023 and the Authority approved a supplementary estimate to increase the Board's budget for the costs associated with this. The Members Allowances Scheme is available on the website at: [Authority Constitution](#).

Budget Variances

The forecast outturn is an over-spend of £5,770. The significant variances against the budget are as follows.

- a) Additional expenditure of £3,220 on training and development above the expectations when the budget was set at November 2022. Ensuring appropriate and sufficient member learning and development is a priority and the additional expenditure has been incurred due to commissioning specific and tailored training from external providers in order to meet the knowledge and skills requirements in the year. The training expenditure includes costs for:
 - i. the Board's share of the fee for the LGPS Online Learning Academy (LOLA);
 - ii. fees paid to Hymans Robertson for delivering training on cyber security and scams;
 - iii. the bespoke training session for the Board on Scrutiny and Assurance delivered by the Centre for Governance & Scrutiny; and
 - iv. Places for individual Board members attending the CIPFA Local Pension Board Conference, CIPFA Autumn training for LPBs, attending the LGA's 3-day LGPS Fundamentals course and the LGA's annual LGPS Governance Conference.
- b) There is a forecast overspend of £1,110 on the costs relating to the independent adviser. This reflects that additional services from the adviser required during the year were slightly higher than estimated when the budget was set.

5. Our Organisation

Unlike other administering authorities in the Local Government Pension Scheme, SYPA is a free -standing organisation with the responsibilities that this brings.

The management structure set out on page 16 of this report shows how the work is organised into three departments, each headed by an Assistant Director – comprising the two delivery arms of Investment Strategy and Pensions, both of which are supported by the corporate, ‘back-office’ arm of Resources.

The table below sets out the teams and services delivered within each of these departments along with staffing numbers and vacancies within each at the end of the year.

Workforce as at 31 March 2024	Established FTE	Vacant FTE	Vacancy Rate as Percentage
Senior Management Team	4.0	0.0	0.0%
Investment Strategy	3.0	0.0	0.0%
Benefits Team	43.0	0.9	
Customer Services	12.6	0.2	
Support & Engagement (including Technical Adviser)	8.4	1.8	
Pensions	64.0	2.9	4.5%
ICT (including Systems and Operations Management)	17.8	4.0	
Finance & Performance	16.2	2.0	
Governance & Corporate Services	8.0	0.0	
Human Resources	1.8	0.0	
Resources	43.8	6.0	13.7%
Overall Total	114.8	8.9	7.8%

The vacancies in Pensions are a result of structural changes which will be implemented during 2024/25 as outlined below.

Vacancies in ICT are in roles for which it has proved difficult to recruit suitably qualified candidates and during this period of vacancy, the relevant budget is being used to commission consultancy support from system suppliers. The vacant roles are being reviewed to plan for any changes required and implement a revised strategy for ensuring the team is appropriately resourced and a longer-term plan is in place for growing the team and skills required internally.

The Finance & Performance vacancies include a Finance Apprentice which will be recruited to in the new financial year and a Business Support role which is no longer required in Finance and will be transferred to the Operations Management team within ICT in 2024/25.

During the 2023/24 year, the Authority's Staffing Committee approved proposals to re-organise the team structure and to increase the staffing establishment in the Pensions department following a comprehensive review and capacity planning exercise – these changes will take effect from 1 April 2024. 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. The new structure and establishment numbers planned for 2024/25 will be as follows.

Planned Team and Service Structure for 2024/25	Established FTE
Senior Management Team	4.0
Investment Strategy	3.0
Benefits Team	42.6
Customer Services	14.0
Employer Services	12.4
Technical Support & Training	7.7
Pensions	76.7
ICT (including Systems and Operations Management)	18.3
Finance & Performance	16.2
Governance & Corporate Services	8.0
Human Resources	1.8
Resources	44.3
Overall Total	128.0

The infographics below present the position for a number of measures of our health as an organisation.

<i>Measure</i>	<i>2022/23</i>	<i>2023/24</i>
Proportion of Female Staff	67.3%	66.4%
Proportion of Male Staff	32.7%	33.6%
Proportion of Staff with a Disability	10.6%	14.7%
Compared to South Yorkshire (2021 Census)	20.5%	20.5%
Proportion of Non-White Staff	3.8%	2.6%
Compared to South Yorkshire (2021 Census)	12.3%	12.3%
Average Length of service	11.5 years	10.8 years
Average Age of a Member of Staff	42 years	41 years
Proportion of top 25% of earners who are:		
Female	53.8%	51.7%
Male	46.2%	48.3%

<i>Measure</i>	<i>2022/23</i>	<i>2023/24</i>
Days Lost Through Sickness Per FTE Member of Staff	8.47	8.24
Number of Staff with No Sickness Absence	42	43
Number of Notifiable Accidents	0	0
Staff Turnover %	14.7%	7.9%
Trade Union Facility Time	227.2 Hours	295.7 Hours
Number of Staff Undertaking Professional Training	5	5
Number of Apprentices undertaking Apprenticeship Qualification	3	2
Number of staff Completing Professional or Apprenticeship Qualifications in the Year	1	2

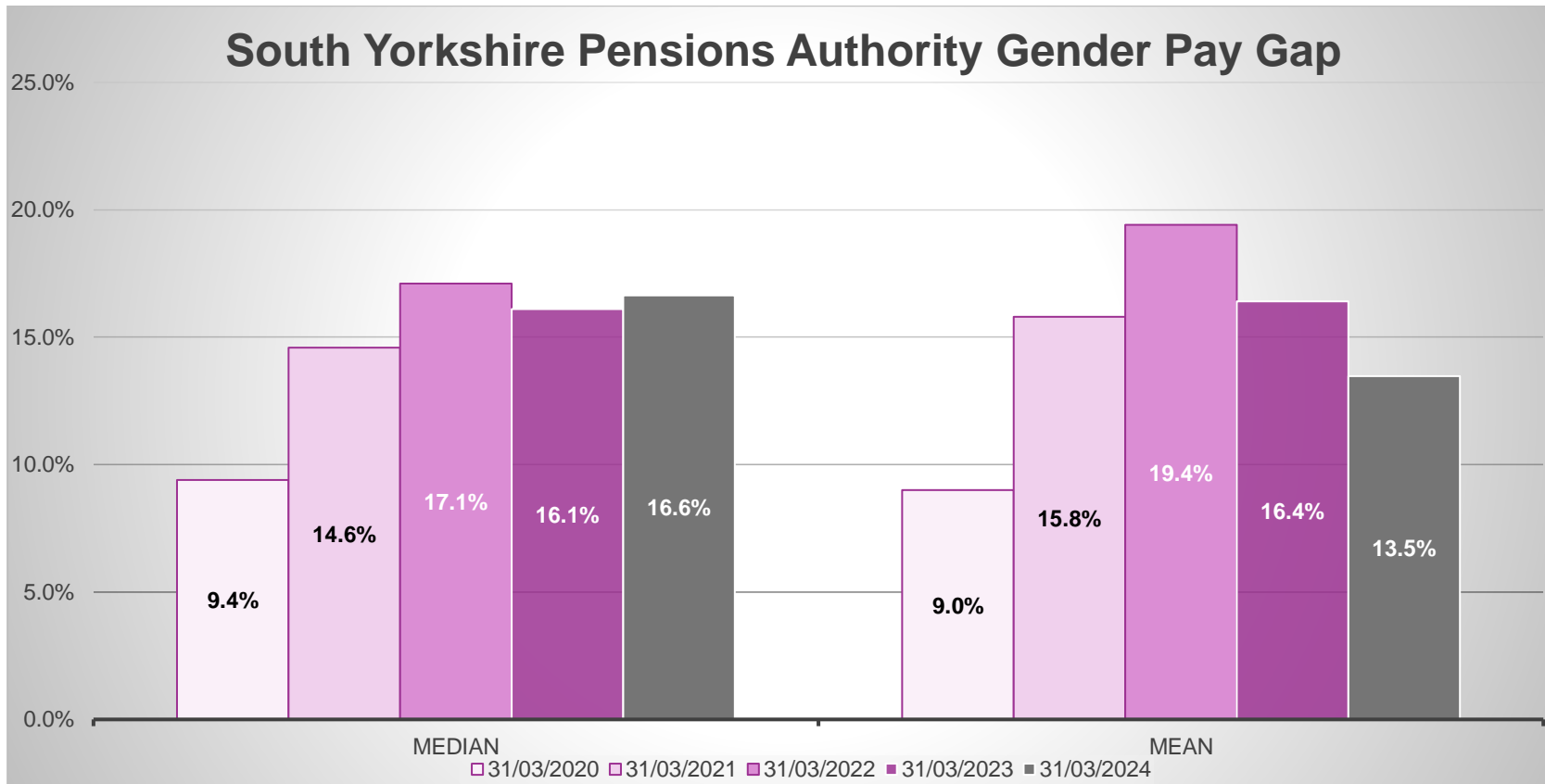
The level of staff sickness absence has reduced very slightly compared to last year. Whilst the figure of 8.2 days per FTE compares favourably with the public sector average of 10.6 days quoted in the Chartered Institute of Personnel and Development's (CIPD) Health and Wellbeing at Work report for 2023, our aim is to reduce this further where possible. Sickness absence is actively monitored throughout the year and the HR team provide managers with support in applying the organisation's Managing Attendance policy which balances providing support with addressing the underlying reasons for any persistent absence. Referrals to use occupational health services are made as appropriate for individuals and access to private counselling is provided where requested – which is effective in supporting individuals who are facing difficult circumstances to remain in work. The Health, Safety and Wellbeing Committee also continues to promote a wide range of initiatives to help support employee wellbeing.

Staff turnover for the year has reduced significantly to 7.9% and this is the lowest it has been for the last 5 years, with the exception of 2020/21 during the COVID pandemic when it was slightly lower at 7.5%. The reduction in the annual turnover is an indication that the work undertaken on reviewing and enhancing our pay and benefits package during the year is already proving to have an impact. It is also reflective of the increased employee engagement score and other improved scores shown from the 2023 staff survey, which is explained in further detail below.

Gender Pay Gap

Reporting on the Gender Pay Gap is compulsory for organisations employing more than 250 people. SYPA had 116 employees at 31 March and therefore does not meet this threshold, but it publishes the data as an example to the companies in which it invests.

We have analysed the gender pay gap across the organisation which gives the results shown in the chart below. A positive figure means that men are paid more than women.



Our small workforce size makes it difficult to draw conclusions from the movement year on year, as the percentages move quite widely in response to small changes in the actual numbers. Nevertheless, we aim to reduce this pay gap, and there has been a small reduction compared to last year in the mean gender pay gap from 16.4% to 13.5%, although the median gap has increased very slightly to 16.6%.

During the year, we commissioned a group coaching programme specifically for female employees. The programme involved six sessions of 1.5 hours each delivered over a period of 12 weeks for a group of 10 female participants, all of whom had volunteered to take part and comprised individuals from different teams, different grades and stages of career. The programme was designed to support the participants

to learn more about the importance of visibility and self-promotion for women's career progression and how they can raise their profile in their own unique way. The aims were also to encourage more engagement about the wider organisation and goals so that they can adopt a growth mindset, challenge negative attitudes, own their careers, be role models for each other and promote the values and culture of SYPA. The programme delivered successful outcomes with overwhelmingly positive feedback from the participants. Shortly after it concluded, two members of the group obtained promotions to management posts within the organisation and the group as a whole are maintaining their network to continue to benefit from the support provided to each other. We aim to plan a further delivery of this programme in the next 18 months and will be seeking to engage the programme lead once again in the coming year to deliver a workshop for a larger number of employees including both male and female covering issues of allyship, confidence building and networking.

Organisational Development

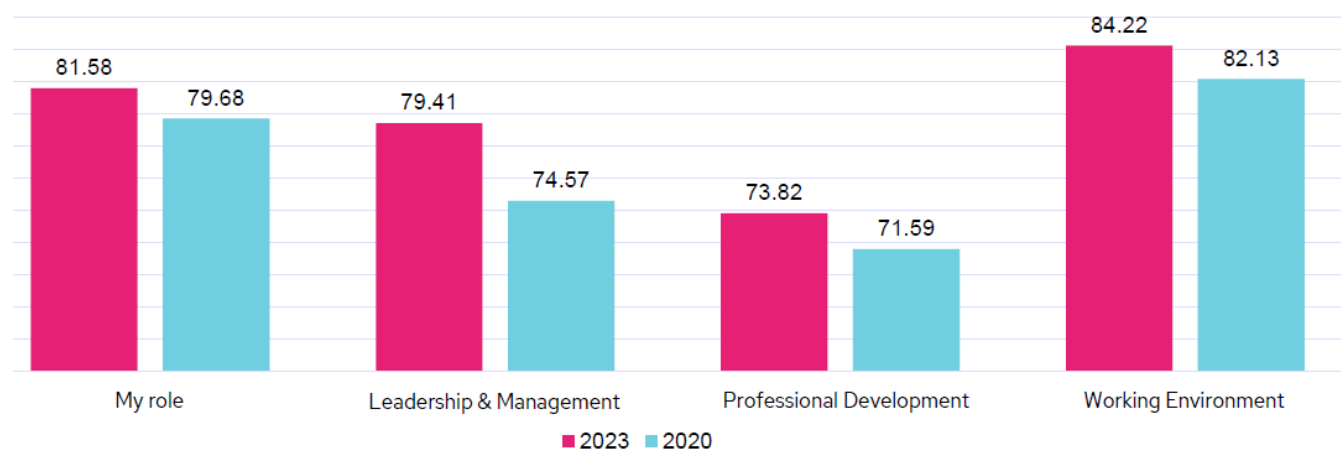
The last year has seen further progress on our development of the organisation and supporting our people to ensure we can achieve our objectives.

We continue to place a strong emphasis on supporting the knowledge and skills development for our Authority, Local Pension Board and Committee members, with a full programme of training over the course of the year set out in the annually updated Member Learning & Development Strategy. The attendance and completion of training by all members is set out in the Governance and Training section of this report. During 2023/24, this was enhanced with the introduction of our first Member Development Away Day where we brought all our Authority and Local Pension Board members together for a day focussed on learning and collaboration, including sessions on navigating the role of Committee member and ethical considerations from the LGA, insight into investment process from Border to Coast, and interactive sessions on defining our risk appetite and shaping our corporate strategy.

In relation to our employees, a significant development during the year was the completion of a Pay and Benefits Review and implementation of the outcomes. This was undertaken as part of delivering on our HR Strategy in order to address identified risks around recruitment and retention and the increasing recruitment challenges being faced by the organisation. Through engagement with independent consultants and benchmarking of our remuneration package, a range of enhancements to the overall package was developed and consulted upon, and subsequently approved by the Authority's Staffing Committee in October 2023. This provides a fully modernised set of terms and conditions for all staff within a revised pay and grading structure designed to more effectively facilitate career progression, as well as access to new salary sacrifice schemes for electric and ultra-low emission cars and additional voluntary pension contributions which do not result in a cost to the Authority. Employee engagement has continued to be a focus with our second staff away day taking

place in September 2023, successfully achieving the aims of the day which were to continue building and developing relationships between different teams, to consider ways that teams and individuals can support one another and contribute to achieving SYPA's objectives, and to do so in line with our organisational values and behaviours. As well as providing an opportunity for staff to hear from and ask questions of the senior management team (SMT), and to recognise and celebrate success with the inaugural 'SYPA Star Awards' for employees based on colleague nominations in a range of categories to celebrate those who go above and beyond and set an example to others.

We carried out our staff survey in September 2023, enabling a comparison to the results of the last time the survey was undertaken in December 2020. The overall 'Net Promoter Score' which provides a measure of employee satisfaction by asking how likely employees would be to recommend working at SYPA, showed a very pleasing improvement from a score of minus 10 in 2020, to plus 7 in 2023, indicating that actions taken to improve engagement in the last three years have been effective. This was also supported in the detailed survey results, which showed marked improvements in all four measures of engagement as follows:



Each section scored 0-100

The survey provided insights into the main issues of concern to employees – including understanding next career steps, feeling stimulated by role and having access to the right resources at the right time. The learning from the survey outcomes will be used to maintain and build on the progress made since 2020, with the aim of achieving even higher scores the next time the survey is carried out in 2025.

Moving forward into 2024/25, the changes to the Pensions departmental structure alongside the additional resourcing for the teams and plans to review and revise our career grade progression scheme that applies to various roles across the Authority should help to ensure further improvements to career paths and opportunities for professional development.

Employee wellbeing is another area that has seen a sharper focus and a great deal of progress over the last three years. This has continued in 2023/24, with a wide range of initiatives organised and promoted for all our staff by our Health, Safety and Wellbeing Committee made up of employee representatives from teams across the organisation in addition to the Operations Management Officer as our H&S Lead, the HR Business Partner, Trade Union representative and chaired by the Assistant Director – Resources. Highlights from this year include:

- A series of webinars on wellbeing-related topics to support our people across various issues. These included: ADHD Awareness, Applied Relaxation, Dealing with Bereavement, Boosting Your Immune System and Financial Wellbeing.
- We also engaged with a local practitioner of life coaching, mindfulness and meditation to run some short, in-person sessions for staff covering topics of 'Being present and the overthinking mind', 'Sleep', 'Building a positive mindset', and 'Have yourself a merry, stress-free Christmas'.
- Holding a health screening day to coincide with 'Know Your Numbers' week in September 2023 – offering 20-minute health and lifestyle appointments focused on height, weight & BMI, body fat percentage, visceral fat, blood pressure, total cholesterol, blood glucose, exercise levels, daily stress levels, work/life balance, daily energy levels and sleep satisfaction.
- We continued our programme of monthly 'Morning Mix' events on a variety of themes and linked in fundraising where relevant – raising around £100 from participating in the Macmillan Coffee Morning and £220 for Sheffield Hospitals Children's Charity from our Christmas Jumper day and festive activities.



6. Managing Risk and Uncertainty

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 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 Authority's [Risk Management Framework](#) sets out the processes, guidelines and governance structure through which risk is identified, managed effectively and reviewed. Ensuring compliance with relevant regulations and standards and following principles of best practice.

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 and to the Local Pension Board 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](#)).

In addition to the corporate risk register, Senior and Middle Managers identify and manage operational risks, escalating these where necessary, and project-related risks are identified and managed on specific projects as an integral part of the Authority's project management methodology. A variety of methods may be used to identify risks including facilitated workshops, checklists, and process mapping. The key risks identified in the corporate risk register and the assessment of their relative likelihood and impact are shown in the figures on the next page.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

Impact	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		
	2 Low					
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very High
		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 held by Authority and LPB Members
IAF-004	Imbalance in cashflows

The arrangements in place to mitigate some of the key risk areas include the following.

Investment Risk Management

The Authority sets out broad policies in the Investment Strategy Statement which conform to the LGPS Investment Regulations and in the Treasury Management Strategy (which conforms with the Prudential Code) and which cover the following areas:

- 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.

Further detail on the management of investment risk is presented in the Fund’s Statement of Accounts at *Note 17 Nature and Extent of Risk Arising from Financial Instruments* – see page x. (Cross-reference to relevant page of this annual report will be added in final version.)

Cyber Risk Management

Given the volume of sensitive data handled by the Authority, cyber security risks are among the most significant and persistent risks we face and there is an ongoing programme of work to maintain and continually enhance our defences against cyber-attacks. Key mitigations in this area include:

- 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.

Pensions Administration Risk Management - Including Third Party Employer Risks

To strengthen resilience within the Pensions Administration team, a review has been undertaken this year of the capacity required to keep on top of ongoing levels of work. This included ensuring time was given to all staff for training and professional development. As well as identifying the need for additional resource, 4 distinct service areas of responsibility with appropriate management was agreed. Recruitment will be undertaken next year.

A project commenced to clear backlogs which is closely monitored monthly and reported to management. Additionally, a programme of improvements was identified to mitigate risks for the following;

- Data quality
- Team Training
- Employer monitoring – including work on clearing backlogs of ceased employers.
- Implementing a pass-through admissions policy for Contractors joining the Fund through outsourced service contracts.

Internal Controls – Governance and Assurance

The Authority receives assurance as to the effectiveness of both the system of internal controls and the risk management arrangements from a number of sources. The most significant sources of such assurance are the internal and external auditors. Internal Audit is provided on an outsourced basis by Barnsley MBC in line with the relevant professional standards. The scale of the Internal Audit Plan (which is significantly greater than for most local government pension funds) reflects the unique nature of the Authority as an organisation in its own right. The Head of Internal Audit's overall opinion for 2023/24, which is included in the Annual Governance Statement, is one of Reasonable (Positive) Assurance.

The work of internal audit and the results of the audit reviews undertaken during the year have been reported to the Audit and Governance Committee throughout the year. The details are included in Appendix C of the Committee's annual report, at page 60 above.

This showed that there were 15 audit reviews completed during 2023/24, of which 14 received positive assurance over the adequacy and application of controls. One review in relation to procurement procedures, received an opinion of limited assurance, highlighting gaps in guidance for staff and inconsistency in application of controls. Actions were in progress at the time of the review and further actions taken

following its conclusion to address the findings, including implementation of a 'Gateway Approval' process and form that ensures relevant officers are guided through and must document each required stage of all procurement activity in compliance with policy and regulations. Training was also provided to supplement this.

The Authority receives further assurance around the overall control environment from the work of the External Auditors who are appointed under a national framework arrangement managed by Public Sector Audit Appointments under the terms of the Local Audit and Accountability Act 2014.

KPMG have taken over from Deloitte as the Authority's external auditors for 2023/24. Their report on the consistency of the information in this Annual Report with the Fund's financial statement of accounts is included with the accounts at Section 11. *[This will be added when audit work complete in September].*

7. Financial Performance

The Pension Fund

The table below sets out the 2023/24 outturn for the Pension Fund relative to the previous year and to the forecast for the year contained in the Medium-Term Financial Strategy, together with the forecast for the following three years. (Cash inflows are shown as negative numbers, cash outflows as positive numbers).

South Yorkshire Pension Fund Financial Performance	2022/23	2023/24		2024/25	2025/26	2026/27
	Actual £m	Forecast £m	Outturn £m	Forecast £m	Forecast £m	Forecast £m
Contributions receivable and transfers in from other pension funds	(236)	(405)	(422)	(265)	(274)	(283)
Benefits payable and payments to or on account of leavers	366	426	416	401	413	430
Net (additions) / withdrawals from dealings with members, employers and others directly involved in the scheme	130	21	(6)	136	139	147
Management expenses	68	83	85	89	92	94
Net returns on investments	273	(602)	(861)	(713)	(741)	(774)
Net (increase) / decrease in the Fund during the year	471	(498)	(782)	(488)	(510)	(533)
Net Assets of the Fund at 1 April	(10,674)	(10,202)	(10,202)	(10,984)	(11,472)	(11,982)
Net Assets of the Fund at 31 March	(10,202)	(10,700)	(10,984)	(11,472)	(11,982)	(12,515)
Management Expenses as Percentage of Average Net Assets	0.65%	0.79%	0.80%	0.79%	0.78%	0.77%

Full details of the 2023/24 outturn with breakdown and explanations are available in the Fund Statement of Accounts set out in section 11 of this report. Key points to note are as follows.

Contributions Receivable

This figure comprises employee and employer contributions as well as transfers in from other pension funds for active members. Employee 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 1 April 2023 to 31 March 2026. Details of employer contribution rates are set out in the Rates and Adjustments Certificate available on our website [here](#).

The table above shows there was a significant increase in the total amount of contributions receivable in 2023/24 at £422m compared to £236m receivable in 2022/23 and also compared to the forecast contributions receivable from 2024/25 ranging from £265m to £283m. The main reason for the difference in 2023/24 relates to employer contributions receivable, specifically the impact of employer prepayments.

In April 2023, Barnsley MBC made a prepayment of £2.3m and Sheffield City Council made a prepayment of £134.3m in relation to their employer contributions due for the three year period from April 2023 to March 2026. By making the payment early, the cash amounts payable to 2026 are reduced by a discount that is calculated by the Fund's actuary based on an estimate of the pensionable pay for each of these employers over the period. Further details are shown in the Rates and Adjustments Certificate linked above.

Employer prepayments are accounted for in full in the period received, hence this amount is included in full in 2023/24, reducing the contributions receivable in future periods.

A full list of employee and employer contributions received for the year per individual employer body is set out in the Appendix to this annual report.

Benefits Payable

This figure comprises retirement pensions paid to pensioners and their dependants, retirement lump sums paid to active and deferred members on retirement, and death and ill health benefits.

Pensions are increased from April each year to reflect the cost of living increase – based on the Consumer Price Index (CPI) inflation rate as at the preceding September. The CPI rate in September 2022 was 10.1%, leading to pensions paid being increased by this percentage from April 2023, and this is the main driver of the increase in total benefits paid in 2023/24 compared to the previous year.

Management Expenses

The majority of the expenses shown are investment management expenses – accounted for on a gross basis, therefore including management fees and transaction costs that are deducted at source, in line with CIPFA guidance on cost transparency. The management expenses comprise both management and transaction fees as well as performance-related fees. The majority of the increase in management expenses from £68m in 2022/23 to £85m in 2023/24 was driven by the increase in performance fees reflecting the much stronger investment performance in the year.

The total shown here also includes the operational costs of the organisation as administering authority which are charged in full to the Fund and are set out in further detail below.

Return on Investment and Net Assets of the Fund

Following the challenging environment and downward market trend seen in 2022/23, investment performance in 2023/24 has delivered a positive return of 7.8% for the year, increasing the net assets of the Fund by almost £800m to £10,984m at 31 March 2024. Full details of the Fund's investment strategy and performance are set out in section 8 of this report.

The projected forecasts for the net assets of the Fund in 2025, 2026 and 2027 are based on an increase in line with the actuary's assumption used in the Funding Strategy Statement of 4.45%.

Fund Cashflows

One of the most important implications to highlight from the table above, is that it shows a net withdrawal from the Fund in each year for dealings with members – i.e., the contributions being received are lower than the benefits being paid out. Whilst the result for 2023/24 was a small net addition to the Fund of £6m, this was only due to the prepayment of employer contributions made by Sheffield City Council in the year and the forecast anticipates net withdrawals of £136m to £147m from 2024/25 to 2026/27. This results in an increased requirement for the harvesting of investment income. This trend will be an ongoing challenge for the Fund now that we have matured, and it is not anticipated that this scenario will reverse.

The Authority – Operational Budget

The Authority's day-to-day running costs are managed through the operational budget. The total operating expenditure of the Authority is charged to the Fund and included in the Fund's management expenses.

The operational budget for 2023/24 was approved in February 2023 at a total of £6,660k; a revised budget for 2023/24 was approved in December 2023 at a total of £6,860k. The overall outturn for the year, was an over-spend of £50k or 0.7%.

South Yorkshire Pensions Authority Operational Budget	2022/23 Actuals	2023/24 Revised Budget	2023/24 Outturn	2023/24 Outturn Variance	2023/24 Outturn Variance
	£000	£000	£000	£000	%
Pensions Administration	2,870	2,950	3,230	280	9.5%
Investment Strategy	530	640	570	(70)	(10.9%)
Resources	940	1,200	1,240	40	3.3%
ICT	720	1,280	1,120	(160)	(12.5%)
Management & Corporate	690	700	770	70	10.0%
Democratic Representation	150	170	180	10	5.9%
Subtotal Net Cost of Services	5,900	6,940	7,110	170	2.4%
Capital Expenditure Charged to Revenue	90	70	70	0	0.0%
Subtotal Before Transfers to Reserves	5,990	7,010	7,180	170	2.4%
Appropriations from Reserves	(60)	(150)	(270)	(120)	80.0%
Total	5,930	6,860	6,910	50	0.7%

Full details of the Authority's 2023/24 outturn with breakdown and explanations are available in the Authority's Statement of Accounts available from the website [here](#). Additionally, detailed budget monitoring forecasts are reported quarterly and published on the website at [Corporate Performance Reports](#).

The budget for 2023/24 represented a significant increase on the previous year – reflecting additional investment in staffing costs in particular following approval of proposals arising from a review of the organisation's resilience and sustainability.

The main elements of the increase of £930k between the 2022/23 outturn and the 2023/24 budget are as follows.

- £450k – for the increase in employee costs arising from the Organisational Resilience & Sustainability review.
- £350k – relating to annual inflationary increases to the operational running costs.
- £130k – additional budget approved to meet one-off costs in the year associated with turnover at senior management level, including recruitment and interim cover, and further staffing costs in pensions administration for overtime and casual staff cover as part of addressing backlogs of casework.

The total expenditure for the year after transfers from reserves was £50k over budget, a net over-spend of 0.7%. The main factors leading to this over-spend are as follows.

Employee Pay Costs

The budget for the year was set prior to the pay award for the year being agreed nationally. The estimates included in the budget for the pay award amounted to 3.6% of the pay budget in total. The pay award for 2023/24 was agreed in November 2023 at a fixed amount of £1,925 on all pay points up to 43 and at 3.88% for pay points above this, equating to percentage increases ranging from 9.4% at the bottom of the pay spine to 3.88% at the top. The total impact of this was additional expenditure of £194k above budget.

This was largely offset by an under-spend of (£190k) arising from staff turnover, periods of vacancy and other changes.

The outcomes of the pay and benefits review, approved by the Staffing Committee in October 2023, resulted in additional costs of £198k. This cost was fully met by a planned transfer from the Pay & Benefits Reserve that was set up for this purpose.

Running Costs

There is a net total over-spend on the budget of £50k relating to additional costs of external audit fees.

PSAA (Public Sector Audit Appointments) are responsible for appointing auditors and setting the rates they can charge annually, known as scale fees. New contracts were let for audits of 2023/24 to 2028/29, resulting in a significant increase to the scale fees. This was anticipated when setting the budget which included an increase of 150% on the main audit fee. However, the final fees once confirmed were a further £31k above the budget. In addition, at the end of the year, additional fees of £19k were agreed with the Authority's previous auditor in relation to the impact of new audit standards on the 2022/23 audit.

The total amount charged to the Fund's management expenses for the Authority's operational expenditure for the year is summarised as follows.

Authority Expenditure Charged to the Fund's Management Expenses	Expenditure against the budget	Irrecoverable VAT Expense	Total Charged to the Fund
	£000	£000	£000
Administration Expenses	4,760	240	5,000
Investment Management Expenses	580	120	700
Oversight and Governance Expenses	1,570	70	1,640
Total Charge to the Fund	6,910	430	7,340

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.

8. Investment Policy and Performance

Investment Performance and Implementation of Investment Strategy Statement (ISS)

Investment Review

Economic and Market Context

The last year saw the reversal of many of the performance trends experienced during the previous financial year with global equity markets rising after significant losses last year. Global equities had a strong run over the last six months driven largely by US equities. Positive sentiment regarding the economy and potential interest rate cuts, coupled with euphoria surrounding the business prospects in artificial intelligence has boosted global equities. A significant portion of the returns came from the “Magnificent Seven” – Apple, Microsoft, Nvidia, Meta, Amazon, Alphabet and Tesla- with these seven stocks representing over 29% of the S&P 500 index. (Up from 14% a decade ago). In sterling terms, the growth in the S&P500 was 27.1% over the year to the end March 2024, with Japan’s Topix Index rising 21.7%, and the FTSE Europe ex-UK Index rising 13.8%. The UK again underperformed other developed markets with the UK FTSE All Share index rising only 8.4%. Emerging markets due to the impact of China underperformed developed markets, rising only 5.8%.

The global economy performed better than had been expected at the start of the year. Despite rises in interest rates by major central banks in 2023 the US and global economy avoided recession. As the year unfolded investors began to have belief that there would be an economic soft landing and with growth slowing but remaining relatively robust there was a growing view that inflation rates would continue to decline into 2024. This led to the expectation that central banks would be able to cut interest rates during 2024 and this drove markets higher in the second half of the year.

Overall, the global economic landscape was marked by regional disparities in growth, inflation, and monetary policy responses. Developed economies grappled with high inflation and tightening monetary policies, and emerging markets faced extra challenges of political instability and fluctuating commodity prices.

The US economy was the bright spot among the developed market economies, showing moderate growth in 2023, driven by consumer spending and a resilient job market. This growth began to slow in early 2024 due to tightening monetary conditions. Inflation remained between 4 and 5% in 2023 driven by high energy prices and supply chain constraints, however by the end of the period the data for February 2024 showed that annual inflation had fallen to 3.2%. The Federal Reserve maintained a hawkish stance throughout 2023, raising rates several times early in the year to combat inflation. In March 2025, the rate was held at 5.25-5.5% for the fifth consecutive meeting reflecting the cautious approach to balancing inflation control and economic growth. The statement accompanying the decision

reiterated “the Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%”.

The UK economy entered a technical recession in the fourth quarter of 2023 as we had two consecutive quarters of negative growth, -0.1% in Q3 2023 and -0.3% in Q4 2023. It faced many challenges over the year with Brexit-related trade disruptions, high energy costs, and weak consumer confidence. The first quarter of 2024 saw this recession ending as the economy grew by 0.6%. Inflation also fell to 3.4% in February but remains above the Bank of England’s (BoE) target of 2%.

The Eurozone experienced sluggish growth as it was impacted greatly by the energy crisis, particularly due to the ongoing conflict in Ukraine and dependency on Russian gas as growth for 2023 was around 0.4%, but this is expected to improve as energy diversification efforts take hold. Inflation remained stubbornly high over most of 2023 but did show a fall to 2.6% in February although this is still above the European Central Bank’s (ECB) 2% target.

Japan saw modest growth over 2023 supported by a weak yen boosting exports. Inflation in Japan rose to 2.8% in February which was a significant increase given its historically low levels, driven by higher import costs. At its March meeting, the Bank of Japan (BoJ) raised its key short-term interest rate from -0.1% to around 0-0.1%. This was the first interest rate hike since 2007, ending eight years of negative rates. The BoJ also ended its yield-curve-control policy for 10-year government bonds. However, it still has a relatively dovish monetary policy stance compared with other major central banks.

The Chinese economy saw growth over 2023 of 5% driven by domestic consumption and state-led infrastructure projects. However, growth prospects for 2024 are tempered by a global economic slowdown and trade tensions with the US. Inflation has remained relatively stable at around 2.5% but this is due to government intervention in price controls and subsidies. The People’s Bank of China has maintained a relatively accommodative policy to support growth.

In March all major central banks announced their final interest rate decisions for the financial year. For the first time in 17 years Japan raised its interest rates to 0-0.1% from -0.1%, marking the end of its negative interest rate era which has been in place since 2016 to combat deflation. Meanwhile the Federal Reserve, European Central Bank and Bank of England (BoE) all held rates steady. At the beginning of 2024 there was an expectation that interest rates would decline more rapidly than what has materialised. However, policymakers had to address concerns about a potential recession while also contending with sustained high levels of underlying inflationary pressures. As a result, interest rates have stayed elevated beyond earlier predictions.

BoE governor, Andrew Bailey, stated that the fundamentals were aligning favourably for a reduction in interest rates, noting that U.K. headline inflation was declining at a pace exceeding expectations, accompanied by a cooling labour market and decelerating wage growth.

In the US, market futures are pricing around a 60% chance that the first cut comes at the Fed's June 12th meeting, despite lower unemployment and stronger growth forecasts, which generally prompt a slight increase in long-term interest rate forecasts. Investors will remain attentive to statements from bank officials, as signs of growing concern about inflation would likely keep interest rates elevated and could negatively affect asset prices.

While economic growth is slowing it currently seems that the outlook for the global economy looking out through the remainder of 2024 and beyond is significantly better than had first been feared. Inflation should continue to moderate, falling closer to central banks' targets and the interest rate cuts which markets are now pricing in should materialise as we move through this year. With a reasonable outlook for corporate earnings this backdrop presents a generally more positive fundamental picture for global equities. There are, however, still risks to this scenario. Market valuations, while concentrated in a specific segment of the market, leave limited scope for disappointment if inflation and interest rates remain higher, or corporate earnings prove less robust than expected. Furthermore, conflict in both Ukraine and the Middle East present ongoing risks to wider economic fundamentals, primarily through any potential impact on commodity prices. Globally the large number of elections taking place in 2024 also present scope for uncertainty and impact on investor sentiment.

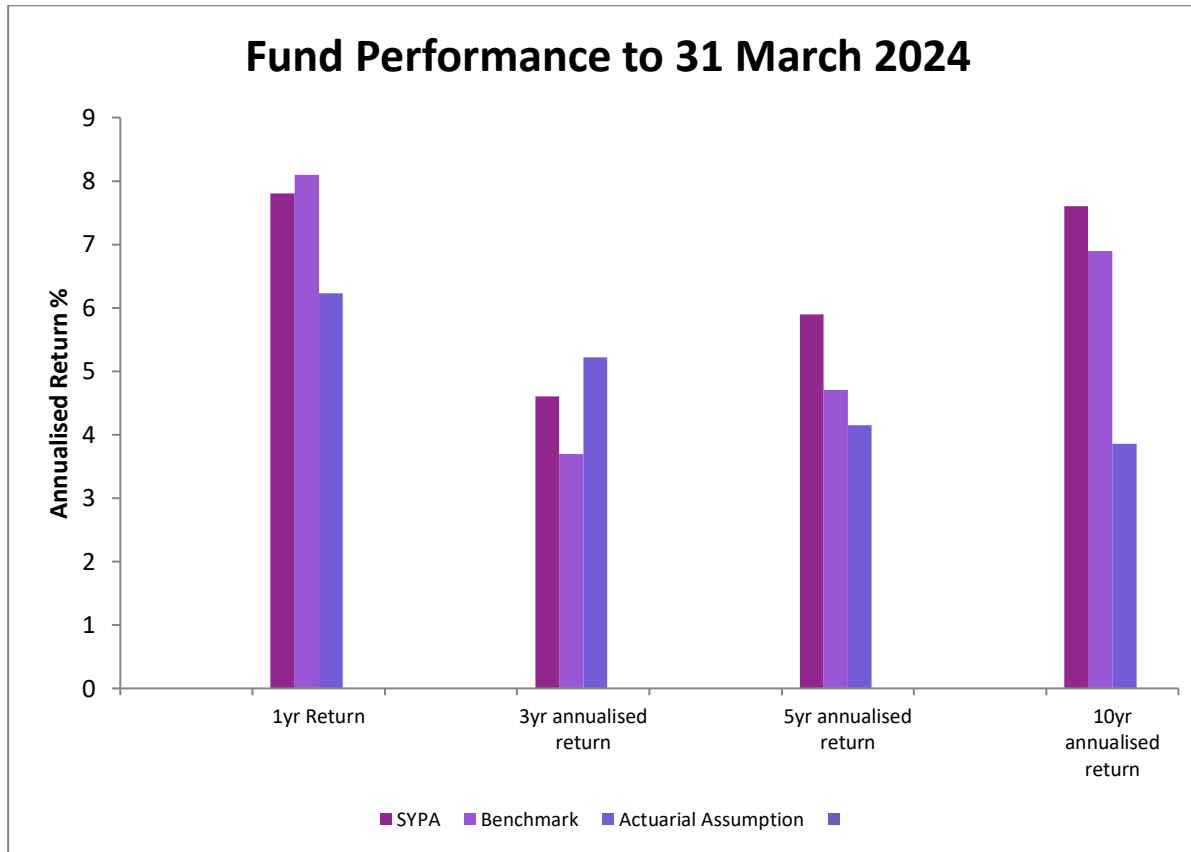
Investment Strategy and Performance

Performance

The investment strategy of the Fund is carried out in accordance with the Investment Strategy Statement which was last updated in March 2023 with a core objective being to achieve the best financial return, commensurate with the appropriate levels of risk, to ensure the Fund can meet both its immediate and long-term liabilities. This is done within the context of a responsible and sustainable investment strategy which gives due regard to environmental, social and governance issues.

The Fund delivered a return of 7.8% over the year to 31 March 2024, underperforming SYPA's strategic benchmark return of 8.1% by 0.3% but did beat the actuarial benchmark (the rate at which the Fund's liabilities are assumed to grow year on year).

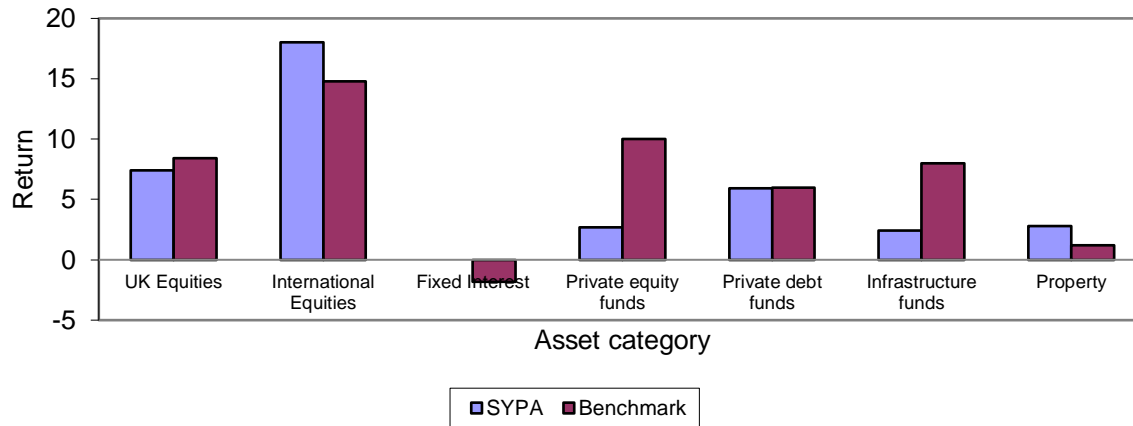
The Fund always invests with the longer-term aim of having sufficient assets to meet its liabilities and the graph below shows how the fund has performed against its benchmark over longer time periods. Over the longer term, the Fund's performance against its strategic benchmark has been positive over all periods. However, against the actuarial assumptions we underperformed over 3 years but have shown outperformance over all other time frames and this is illustrated in the chart below.



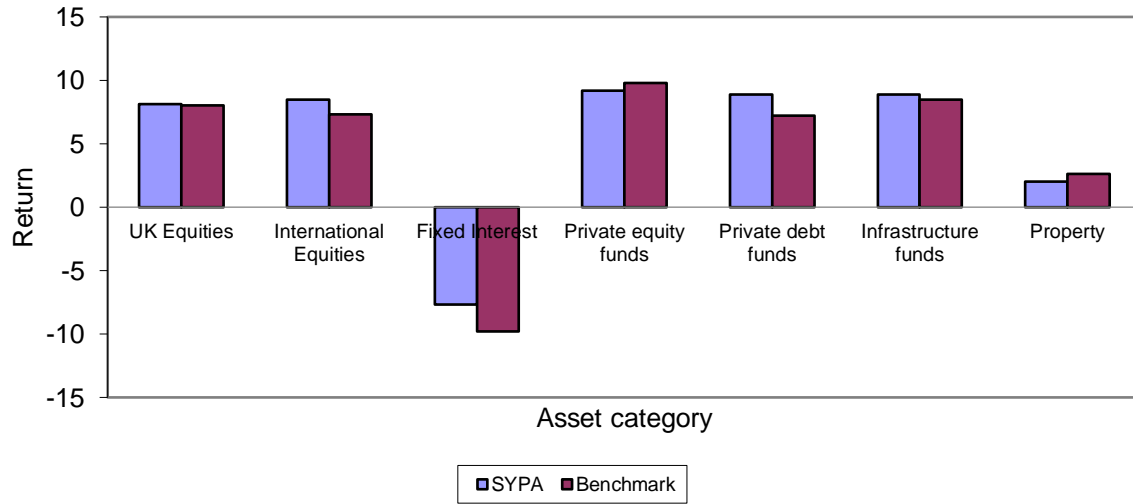
At the end of March 2024, the Fund's net investment assets were valued at £10,968m, this represents an increase of £784m since 31st March 2023.

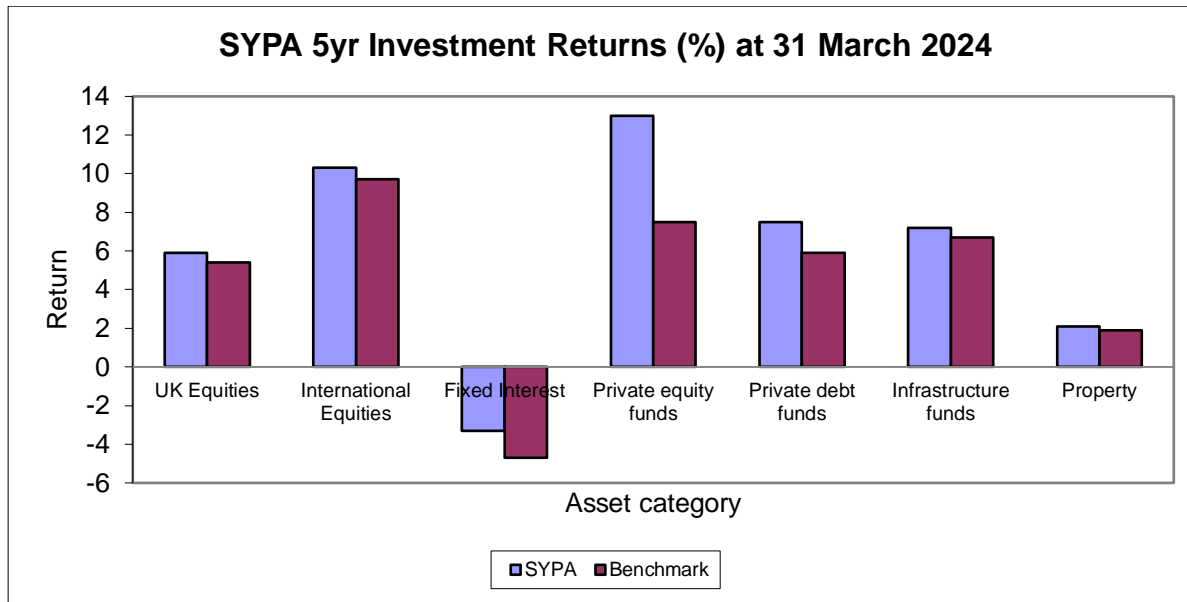
The graphs below compare the return achieved by the Fund in each of the main investment categories during the year and over 3- and 5-year periods.

SYPA 1yr Investment Returns (%) at 31 March 2024



SYPA 3yr Investment Returns (%) at 31 March 2024





This year the equity portfolios showed positive absolute returns. UK equities underperformed their benchmark and the overseas equity portfolios outperformed their respective benchmarks. The bond portfolios gave negative absolute returns overall, with index-linked bonds being the weakest category although corporate bonds and multi asset credit bonds outperformed government bonds. All the portfolios outperformed their benchmarks. The private equity and infrastructure funds both underperformed their target returns, impacted by higher interest rates. Private debt performed in line with its benchmark and property showed outperformance of its composite benchmark. Over longer time periods the performance against benchmark indices has been more positive.

The funding level at the last actuarial valuation as of March 2022 was 119% and on 31st March 2024 is estimated to be 151%.

The Fund has continued to reduce its exposure to listed equities to reduce its equity risk and has been increasing allocations to the alternative asset classes and property which also increases the Fund’s allocation to income generating assets. This is in line with its stated strategy of improving diversification and the risk-adjusted return.

Implementing the Investment Strategy Statement

The investment strategy for the Fund is derived from Asset Liability Modelling that uses data from the triennial Valuations. It examines the Fund's financial position, the profile of its membership, the nature of the liabilities and analyses the projected returns from differing investment strategies. The current investment strategy is based on ALM work undertaken in 2022-23, using the liability data from the 2022 Valuation. The Authority's Net Zero target was considered as part of the exercise. Ultimately, the aim is to improve risk-adjusted returns over the long term, whilst ensuring the Fund's objectives are met.

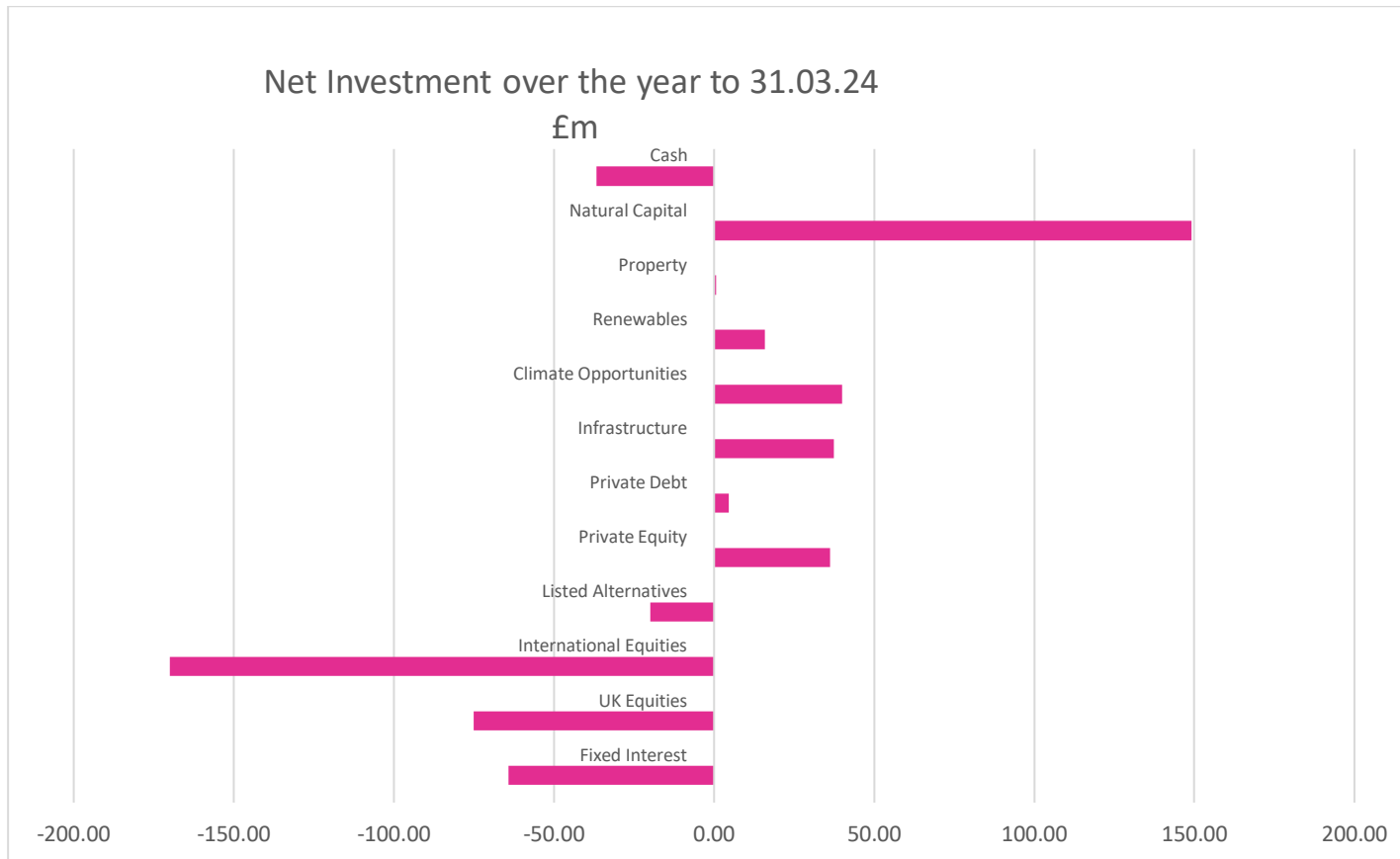
The following table shows a summary of the asset distribution for the year ended 31 March 2024 compared with the previous year and with the strategic target agreed by the Authority in operation during the financial year 2023-24. The allocation for the previous year has been added for comparison purposes. It also shows the longer-term target strategy that the Authority agreed in March 2023.

The new targets show a decrease in allocation to liquid growth markets and an increase to income assets such as private debt, and new allocations to Climate Opportunities, Renewable Energy and Natural Capital. The new asset classes are illiquid in nature, although income generating, and therefore it will take time to achieve the target weightings.

Asset Allocation						
Asset Class	March 2024 Allocation		March 2023 Allocation		Current SAA	Target SAA
	£m	%	£m	%	%	%
Index-Linked Gilts	703.5	6.4	740.8	7.3	7.0	7.0
Sterling Inv Grade Credit	552.5	5.0	435.8	4.3	5.0	5.0
Multi-Asset Credit	390.2	3.6	562.7	5.5	4.0	2.5
UK Equities	1055.5	9.6	1057.7	10.4	9.5	7.5
Overseas Equities	3986.1	36.4	3542.5	34.8	35.0	30.5
Listed Alternatives	153.0	1.4	156.0	1.5	0.0	0.0

Climate Opportunities	91.4	0.9	54.0	0.5	1.0	5.0
Private Equity	1146.8	10.5	1081.8	10.6	7.0	7.0
Private Debt	628.1	5.7	593.0	5.8	7.5	7.5
Infrastructure	909.0	8.3	802.8	7.9	9.0	9.0
Renewable Energy	189.9	1.7	195.7	1.9	3.0	5.0
Natural Capital	149.1	1.4			1.5	3.5
Property	855.5	7.8	862.1	8.5	9.0	9.0
Cash	153.2	1.2	97.0	1.0	1.5	1.5
Total	10963.8	100.0	10181.9	100.0	100.0	

The change in distribution is a result of investment transactions and the performance achieved within each investment category. It includes a reduction in the overall equity exposure and to Multi Asset Credit to fund an increase to the alternative asset classes. This has brought these allocations closer to their strategic targets.



Levelling Up

As part of our property and alternatives programme, SYPA has initiated a place-based impact strategy with up to 5% of the Fund earmarked. These are investments that match the aim to support the levelling up agenda. It has the twin aims of generating a commercial return but also delivering positive economic impact. Some of these investments are directly in the South Yorkshire region but also include investments in nationally focused pooled funds with a focus on impact investing. On 31 March 2024 impact investments within these portfolios amounted to £379m which represents 3.45% of Fund investments. The amount directly invested in South Yorkshire was £115m.

These investments are held within the wider alternatives' exposure rather than in a separate portfolio and as such they must meet the return requirements of the asset class. Details of the impacts achieved through this part of the portfolio are at [page x](#).

Investment Pooling

SYPA is one of eleven partner funds within the Border to Coast Pensions Partnership which is an FCA regulated investment company. Over time Border to Coast will manage the majority of the Fund's assets on a day-to day-basis. SYPA will retain responsibility for setting the investment strategy and asset allocation and will monitor the performance of Border to Coast.

As of 31 March 2024, SYPA has investments in seven Border to Coast funds.

Holding	£m
Border to Coast – Overseas Developed Markets Equity	3248.747
Border to Coast- UK Listed Equity	1055.453
Border to Coast – Sterling Index-Linked Bonds	703.521
Border to Coast – Emerging Markets Equity	736.612
Border to Coast – Multi Asset Credit	390.192
Border to Coast – Sterling Investment Grade Credit	552.538
Border to Coast – Listed Alternatives	153.00

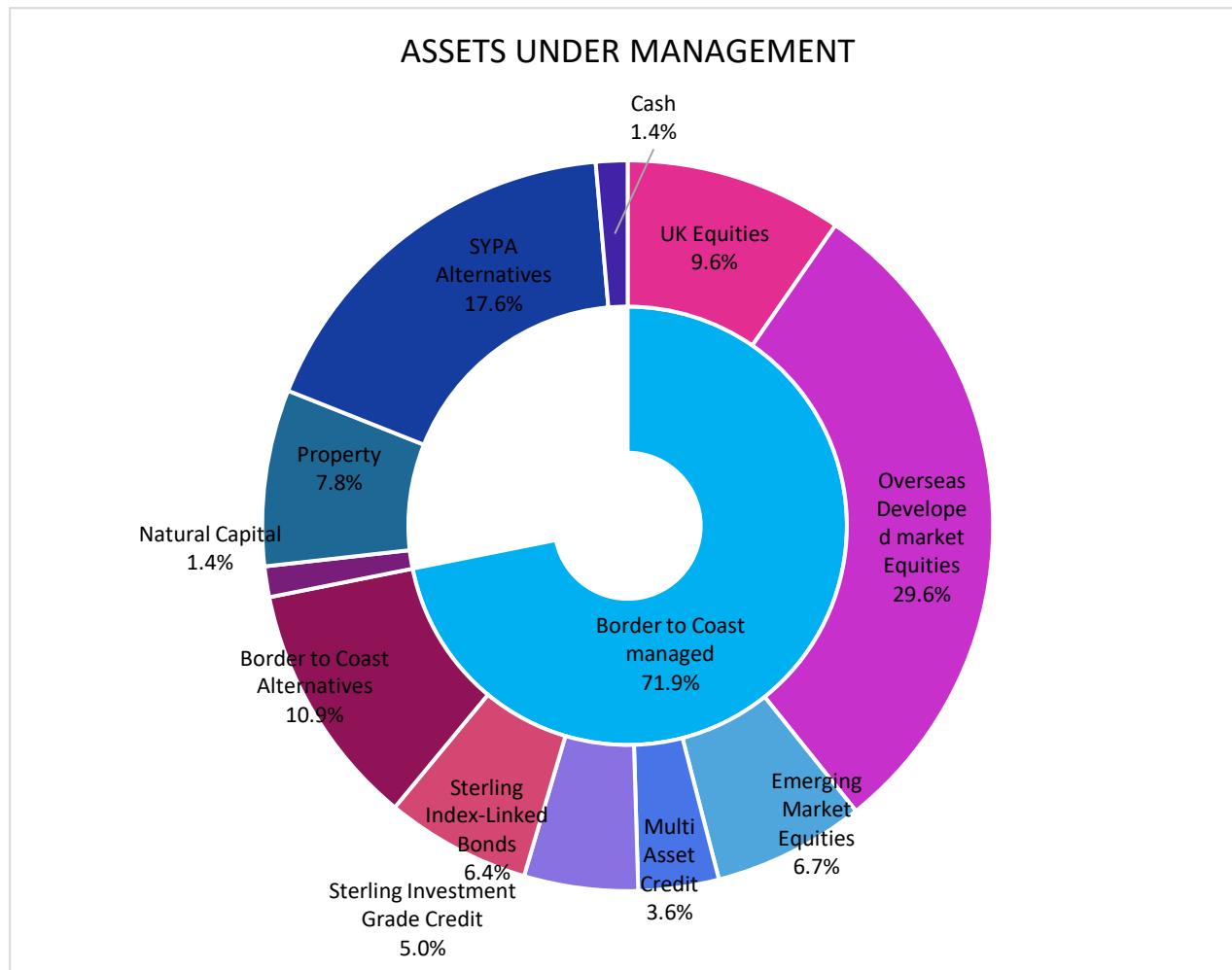
The Fund's legacy investments in closed ended funds for private assets sit outside the Pool but most new investments in this area during the year were made by Border to Coast.

Commitments during the year were made to the following alternative asset classes by Border to Coast on behalf of SYPA.

Alternatives Asset Class	SYPA Commitment (£m)
Private Equity	£125m
Private Debt	£165m

Infrastructure Climate Opportunities	£165m £120m (2 year commitment of £245m)
Total	£575m

These investments started to draw down during the year.



On 31 March 2024 Border to Coast managed 71.9% of the Fund's assets.

The table below which is set out in the format required in the statutory guidance on the production of LGPS Annual Reports shows in more detail which assets are either directly managed by Border to Coast, those over which the Pool exercises management oversight, and those which are not pooled. The Authority agreed a transition plan in March 2024 setting out how the remaining assets will transfer into the pool in the coming years which is available [here](#).

Asset values as of 31 March 2024	Pooled £m	Under pool management	Not pooled £m	Total
Asset classes				
Equities (including convertible shares)	5,193.8		0.7	5,041.6
Fixed income (listed)	1646.3			1,646.3
Private markets	1,037.9		1,927.3	3,118.1
Property			855.5	855.5
Cash / net current assets			153.2	153.2
Other – Natural Capital			149.1	149.1
Total Assets	7,878.0		3,085.8	10,963.8
Supplementary table				
<i>Of which</i>				
UK Listed Equities	1,082.8			1,082.8

UK Government Bonds	633.3			633.3
UK infrastructure	92.0		212.5	304.5
UK Private Equity	43.2		172.6	215.8
Additional memorandum				
UK Levelling up			378.7	378.7

The assets that have yet to migrate to Border to Coast are our property and legacy alternative assets. Border to Coast launched their global real estate funds and as a means of diversifying our property exposure we made a £95m commitment to the Core Global Real Estate fund. This is expected to be drawn down within the next 12-18 months. Border to Coast is expecting to launch the UK Real Estate fund in September 2024 and the Authority has already approved the transition of our English property assets into this fund, Welsh and Scottish assets are unable to transition although these properties will come under pool management.

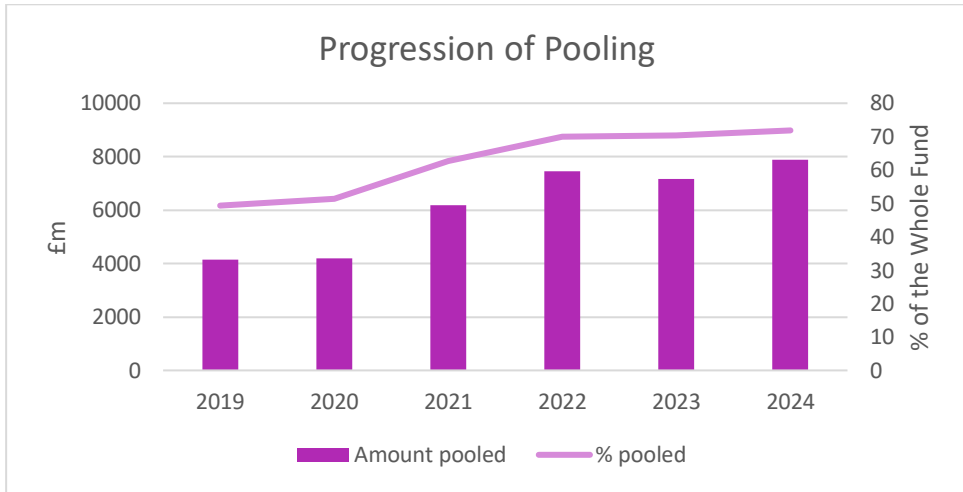
The RLAM Natural Capital Fund is earmarked to remain outside Border to Coast's control as are the bespoke portfolios, including CBRE managed property loans and select housing funds within the place-base impact portfolio.

The remainder of the assets currently outside the control of Border to Coast are the legacy portfolio of alternative private market assets. These are in gradual runoff but despite the waning of these assets the nature of them means that their disposition will unfold over an extended timeline. We have undertaken a cash flow analysis of all our legacy holdings, and we see a gradual convergence towards Border to Coast management. The transition timeline is expected to span 8 years but should optimise value of these assets.

Over the last 5 years we have made most of our strategic annual commitments to alternatives through Border to Coast. The only commitments made directly by SYPA have been in the place-based portfolio or in renewables funds as part of our investment strategy that Border to Coast were unable to fulfil at that time.

It is expected that there should be a significant transition to Border to Coast management over the next year and they should be managing over 80% of our assets by March 2025 with incremental increases thereafter.

The progression in the transfer of assets to Border to Coast Pensions Partnership can be illustrated in the chart below.



LGPS Pooling Savings

The following chart shows the costs of Pooling for SYPA from inception and the savings incurred by the Fund during the year. It should also be borne in mind that because of its previous approach to managing its investments internally SYPA has historically had a relatively low-cost base providing significantly less scope for savings than in funds wholly reliant on external managers.

COSTS OF POOLING	CUM TO 2022/23	2023/24
	£M	£M
POOLING SET UP COSTS/GOVERNANCE	4.7	0.7
BCPP ADDITIONAL COSTS-PUBLIC MARKETS	13.5	5.2
BCPP -PRIVATE MARKET SAVINGS	(9.4)	(6.2)
TRANSITION COSTS	2.8	0.0

OTHER SAVINGS	(5.9)	(0.7)
NET COSTS (SAVINGS)	5.7	(1.0)
CUM COSTS	5.7	5.7

Investment Management Costs and Cost Transparency

The Authority pays fees to a number of different organisations for the services they provide in managing the Fund’s assets. These fees can be broken down into three categories:

1. Fees paid to fund managers for managing assets in line with agreed mandates. These fees are usually related to the value of assets managed and will therefore increase as asset values increase.
2. Fees paid to fund managers to recognise the performance achieved by the investments which they are managing on the Authority’s behalf. These are usually paid when performance exceeds an agreed “hurdle” rate. These can vary significantly from year to year.
3. Transaction costs which include things like brokers fees which are incurred when investments are bought or sold.

The Authority is a strong supporter of the LGPS Scheme Advisory Board’s Code of Transparency in relation to investment management costs and secures data from fund managers using the Code’s agreed templates for inclusion in the Fund’s accounts. The table below provides a breakdown of investment management costs incurred by the Fund.

2022/23		2023/24			
Total		Management Fees	Performance Fees	Transaction Costs	Total
£000		£000	£000	£000	£000
31,284	Assets Managed by SYPA	23,419	13,938	2,186	39,543
30,065	Assets Managed by Border to Coast	32,602	4,213	719	37,534

1,292	Commercial Property	996	0	0	996
41	Agricultural Property	30	0	0	30
62,672	Total	57,047	18,151	2,905	78,103
60	Custody Fees				57
62,732	Total	57,047	18,151	2,905	78,160

The fees paid on assets managed directly by SYPA relate to fees paid on the legacy alternatives portfolios. These have higher performance fees than are paid in relation to the Border to Coast investments as they are more mature investments meaning that they are much more likely to have achieved the stage where performance has exceeded the agreed hurdle triggering payment of a fee.

The cost of managing the Fund's investments expressed as a percentage of the average asset value in the year was 0.74% in 2023/24 (0.60% in 2022/23), with a significant driver of the increase being accounted for by an increased level of performance fees being payable.

Asset Class Performance

The Following sections describe the performance of the various mandates within each asset class

Fixed Income

Fixed income assets are those which pay out a set level of cash flows to investors, typically in the form of fixed interest. Governments and corporate bonds are the most common type of fixed income products. The Fund's exposure to fixed income consists of three different portfolios all managed by Border to Coast, an Index-Linked portfolio, a Sterling Investment Grade Credit portfolio, and a Multi-Asset Credit portfolio.

Index-Linked Gilts

The Fund has a significant exposure to index-linked gilts which although not managed passively is very much a buy and hold for the long-term strategy. The index-linked holdings are under Border to Coast management and within this portfolio they also hold some corporate index-linked bonds as a means of adding value. These assets play a valuable role in relation to providing inflation linked income. However, the portfolio was impacted by fluctuating yields reflecting shifts in economic outlook and persistent inflation and gave a negative return of

-11.3% over the period but outperformed the benchmark index by 0.5%. The driver of the outperformance was primarily driven by narrowing credit spreads on corporate holdings.

Corporate Bonds

The sterling investment grade credit (SIGC) portfolio and the multi-asset credit (MAC) portfolio are held for the stable cash flows and the credit spread above gilts. Both portfolios are under Border to Coast management. The SIGC portfolio is managed equally by three external bond managers, Royal London, M&G and Insight. The Border to Coast Multi Asset Credit (MAC) fund is invested in a mix of higher risk bonds such as emerging market bonds, high yield bonds, securitised debt and is managed by five external managers and one internal manager. Corporate bonds were generally more resilient than government bonds. Companies with strong balance sheets attracted investors seeking stability and both portfolios outperformed government bonds, with the SIGC portfolio returning 7.6% and the MAC fund returning 9.4%.

Listed Equities

Listed equities are held as the highest returning liquid asset class over the long term and are the largest asset class exposure for the Fund. The Fund's investments are through the Border to Coast UK equity fund, the Border to Coast Global Developed Overseas fund and the Border to Coast Emerging Market fund. The portfolios maintain an overall bias to high quality companies with more stable earnings and strong balance sheets.

UK Equities

The Border to Coast UK Listed Equity fund is an internally managed UK portfolio which has a moderate target to provide a total return which outperforms the total return of the FTSE All Share Index by at least 1% per annum over rolling 3-year periods. The portfolio achieved a 7.4% return during 2023/24 which was a 1% underperformance of its target, and this was due to being overweight defensive stocks as the market recovered. Since inception the portfolio has achieved an outperformance of the benchmark by 0.6% per annum which is behind its target.

Global Equities

The Border to Coast Developed Markets Equity Fund is an internally managed portfolio and the Border to Coast Emerging Markets Equity Fund is a hybrid fund with two external Chinese managers and an internally managed portfolio for Emerging markets ex-China. The

performance of global equities overall was positive at 14.8% with developed markets outperforming emerging markets. The performance of the developed market portfolio returned 21% and outperformed the benchmark index by 3.5% over 2023/24 whilst the emerging market portfolio returned 6% and outperformed its target benchmark by 0.2%. The emerging market portfolio is still showing disappointing performance since inception having underperformed by an annualised 1.4%.

Ten largest publicly quoted equity holdings by market value held via Border to Coast Equity ACS on 31 March 2024.

1. Microsoft	£108.9m
2. MFC Vanguard Mid-cap ETF	£99.7m
3. Nvidia	£88.0m
4. Samsung Electronics	£82.4m
5. Shell	£79.9m
6. Apple Inc	£78.6m
7. AstraZeneca	£74.2m
8. Novo Nordisk	£64.6m
9. Alphabet Inc	£63.8m
10. Amazon	£62.5m

Alternative Portfolios

Listed Alternatives

We hold units in the Border to Coast Listed Alternatives fund which has given us the ability to increase our alternatives exposure before the drawdown into our committed Limited Partnerships. During the year this was reduced by £20m as our weighting to the discrete portfolios increased. At the year end this holding was valued at £153m.

The portfolio has a diversified structure which includes listed assets in infrastructure, specialist real estate, private equity, and alternative credit. The portfolio returned 11.5% over the year, taking returns since inception to 2.7%. Global equity markets as measured by the MSCI ACWI Index returned 20.6% over the last year and 10.56% since the launch of the Fund. The Fund's sensitivity to interest rates was the primary driver of underperformance this year, as there was an upwards repricing in interest rate expectations and so the interest rate sensitive areas of the portfolio such as specialised real estate and infrastructure had a challenging year.

The Fund has five alternative portfolios which are intended to access different parts of companies' capital structure. The following sections details these areas.

Private Debt

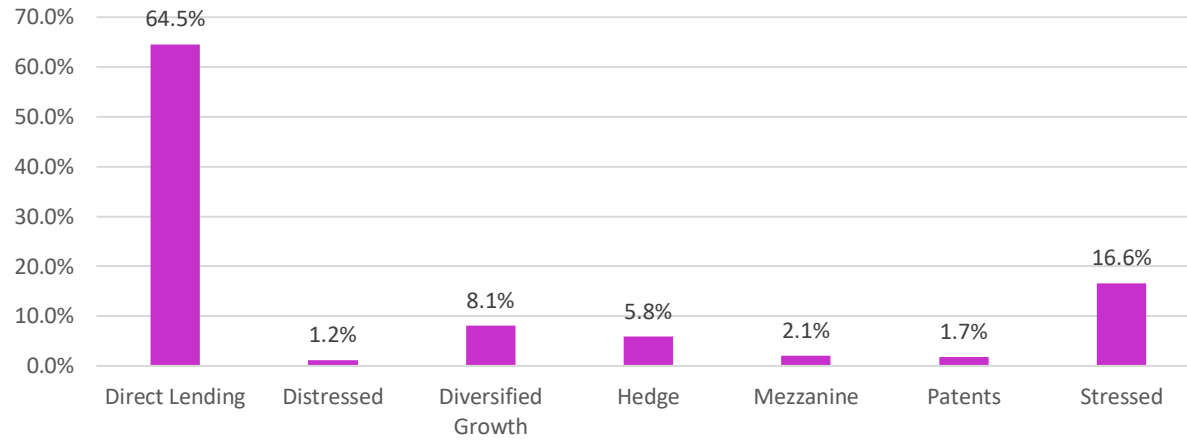
Private debt is a sub-set of the broader leveraged credit markets, characterised by mostly private equity-generated activity in companies that are typically too small or with financing needs too specialised to be financed by the larger public markets.

Private debt encompasses a broad range of strategies which provide financing across all elements of the capital structure including direct lending, mezzanine, unitranche, distressed debt and special situations. The credit exposure is generally illiquid and is typically held to maturity. The income generated from these funds is a useful source of cash to meet liability payments. The legacy portfolio of 50 funds is diversified by strategy and geographic location and the current value of assets in this category is £628m. The breakdown of the portfolio is shown in the graphs below.

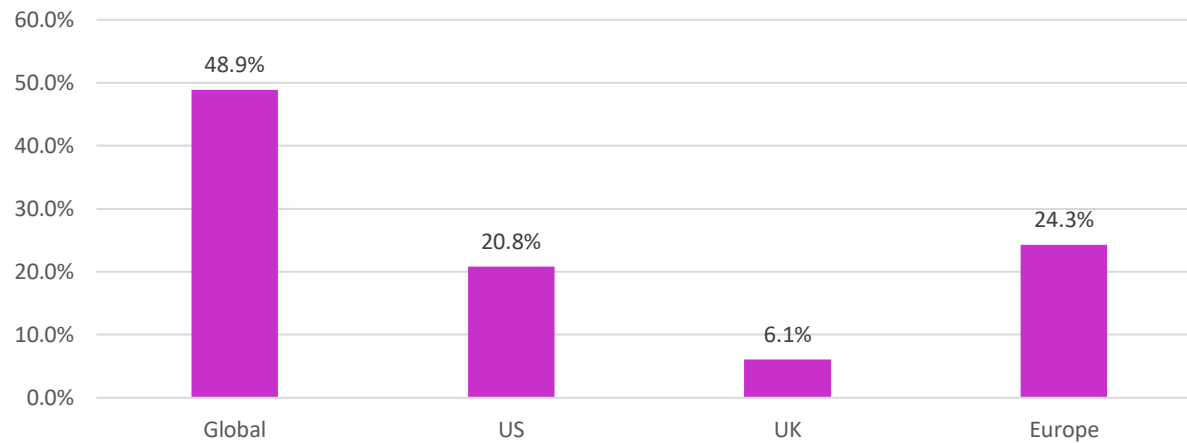
£165m was committed by Border to Coast on our behalf over the year to March 2024. We are behind the current target allocation of the Fund but are making annual commitments to this sector at an appropriate rate to increase the allocation.

The overall portfolio returned 5.8% over the year to 31 March 2024 compared to the benchmark return of 6%.

Private Debt - NAV breakdown by Strategy



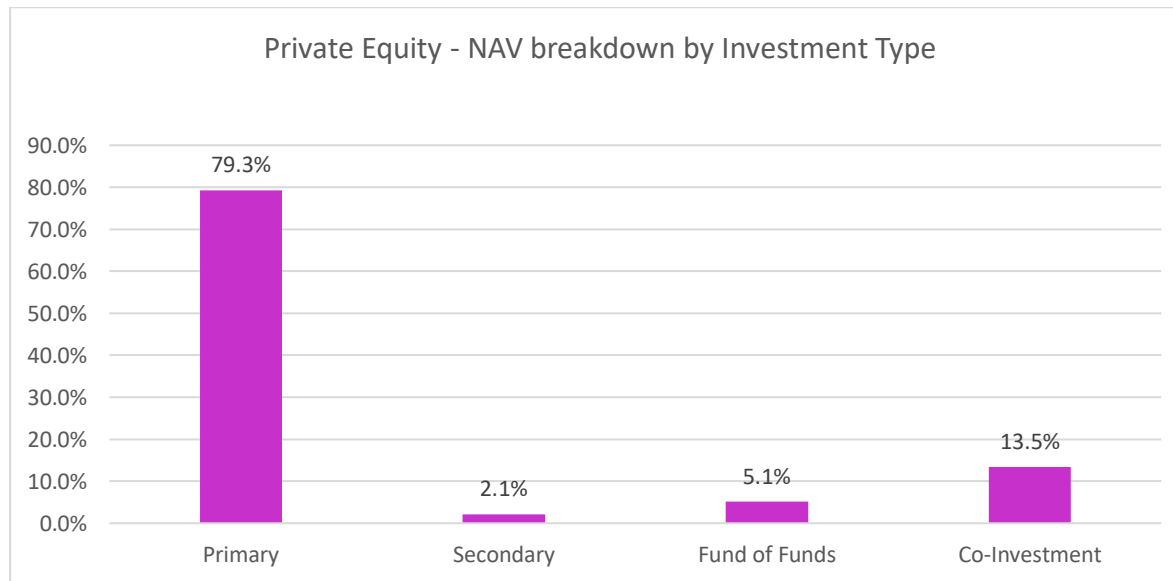
Private Debt - NAV breakdown by Geography



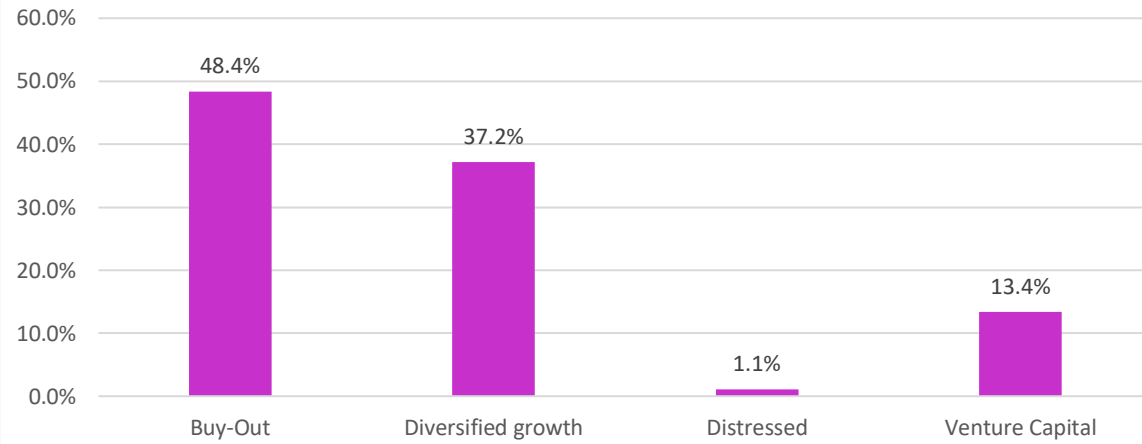
Private Equity

Private equity is the ownership of companies that are not listed on a public stock exchange. SYPA's investment in private companies is through a variety of closed-ended limited partnerships managed by specialist management teams. Private equity investments provide returns linked to quoted equities but with the expectation of better long-term returns because of the higher risk profile and illiquid nature of the investments. A typical life of a fund is between seven and ten years with the drawdown of commitments being typically up to five years.

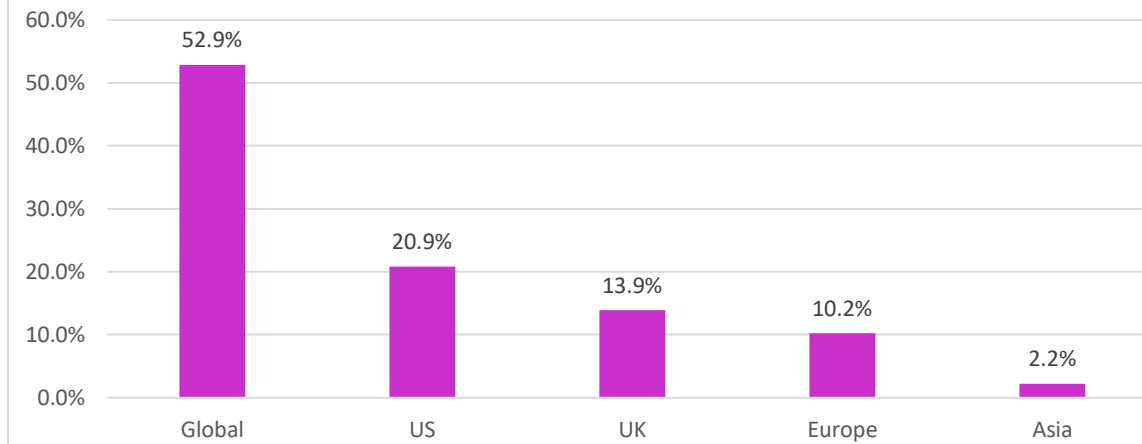
The portfolio of 96 funds is diversified by investment type, strategy and geographic location and the breakdown can be seen in the graphs below. The value of assets currently invested in private equity is £1298.6m.



Private Equity - NAV breakdown by Strategy



Private Equity - NAV breakdown by Geography



The private equity market faced significant challenges to the year ending 31 March 2024, primarily driven by macroeconomic factors such as rising interest rates and inflation. These conditions led to reduced deal activity, exits and fundraising, reflecting a substantial slowdown compared to earlier periods. The one-year performance of the portfolio showed a gain of 2.7% which is behind the absolute return of 10% which is the benchmark for this asset class. Due to the nature of private equity investments, the performance really needs to be viewed over longer time periods. The Fund's private equity portfolio has generated 9.2% annualised return over three years and double-digit returns over the five-year, ten-year and since inception periods and has also outperformed the benchmark over each of these periods.

New investment into this area is now via a Border to Coast limited partnership. A commitment of £125m was made by SYPA during 2023/24. This rate of commitment is lower than over the last few years but is in accordance with the Fund's strategic asset allocation. We are now over the optimum weighting against our strategy and want to reduce the exposure. Investment is being made in such a way to ensure that we still have vintage and strategy diversification.

The aim is to create a diversified portfolio investing in global and regional investments to produce strong financial returns without taking undue levels of risk and which incorporate environmental, social and governance (ESG) issues as part of their process. Our investments are made by limited partnerships managed by various managers.

An example of one of our fund investments is Northern Gritstone.

Northern Gritstone is an investment company, dedicated to supporting ambitious science and technology-enabled businesses in the North of England. Their philosophy is 'profit with purpose' combining strong returns for investors with wider positive, societal and economic impact, including Levelling Up and high-skilled job creation.

Northern Gritstone and NG Innovation Services, support some of the UK's fastest growing sectors, including advanced materials, climate and health-tech, cognitive computation, and life sciences. They offer 'Capital+++' connecting early-stage founders with funding and expertise through their close links to industry-leading partners and their founding universities of Manchester, Leeds and Sheffield.

In September 2023, Northern Gritstone invested into Crucible Therapeutics, a biotechnology company developing novel therapies to treat amyotrophic lateral sclerosis (ALS, also known as Lou Gehrig's disease), the most common genetic form of motor neurone disease (MND), and frontotemporal dementia (FTD).

Crucible was founded in the University of Sheffield's internationally renowned Department of Neuroscience by three scientific founders who identified critical factors that contribute to neurotoxicity and neuronal loss in ALS and FTD. They further demonstrated that one of these critical factors, SRSF1, could be targeted to improve outcomes in models of ALS and FTD.

Crucible is building on its pioneering research by conducting pivotal safety and efficacy studies before proceeding with human clinical trials.

All Northern Gritstone's portfolio companies align with one or more of the UN-backed Sustainable Development Goals. Crucible Therapeutics is particularly aligned with SDG 3 Good Health and Wellbeing, through its aim to help save lives or significantly improve the quality and duration of lives where no efficacious treatment currently exists.

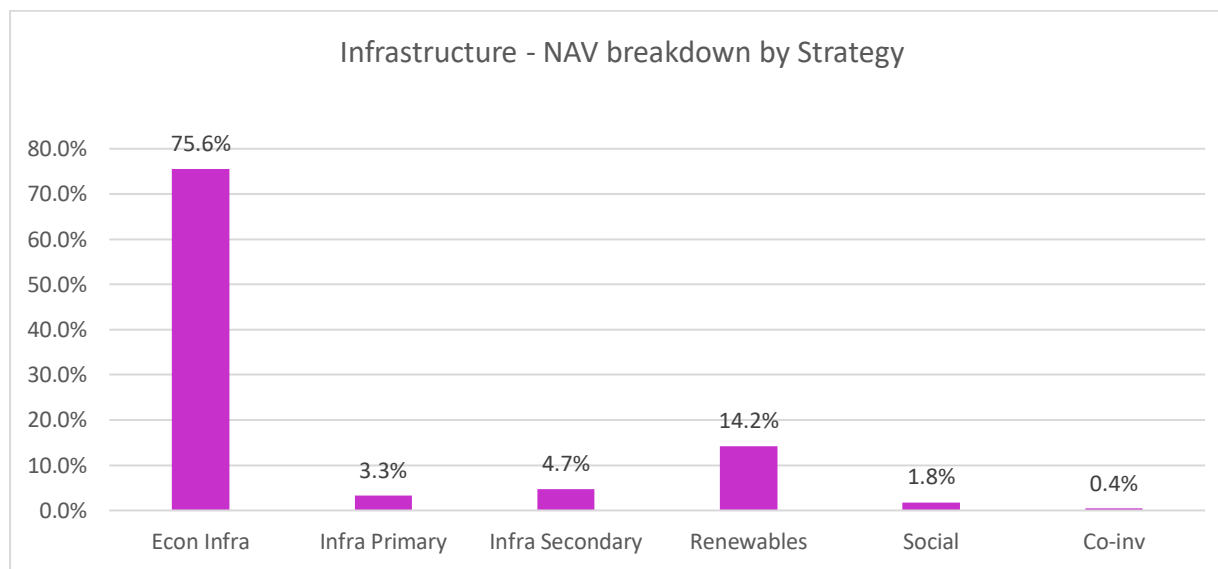
Infrastructure & Renewables

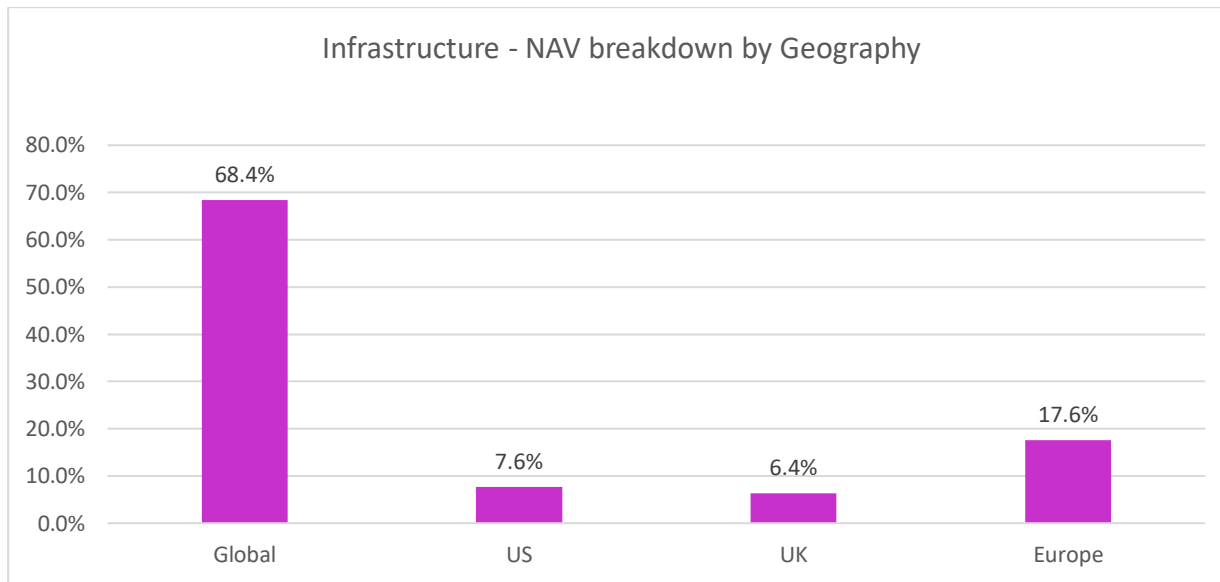
Infrastructure investments include assets in energy generation (gas, electricity and renewable), transport, communication, and healthcare/hospitals. They typically offer long-term returns which have a close match to the objectives of the Fund, preservation of value over the long term, inflation linkage and they have a cash flow focus as well as providing a good means of diversification for the Fund. They are illiquid and do mean that capital is locked up for a period, but this is generally compensated for by expected higher returns.

The portfolio has been separated into two categories, General Infrastructure, and a portfolio of Renewable Energy funds. The allocation to infrastructure has been made via global and regional investment funds. The general infrastructure portfolio is in line with the target allocation of 9% of Fund assets but we are currently underweight to renewable energy funds. The focus is on assets with inflation-linked

long duration income streams that are less sensitive to the economic cycle. This will be maintained by making appropriate annual commitments through our Border to Coast limited partnership.

We have 34 legacy investment funds, and this year we made a £185m commitment to the Border to Coast limited partnership. The current value of these investments is £1,098m. The exposure is well diversified and is shown below. Both portfolios are benchmarked against an absolute return of 8% p.a. Over the twelve months to 31 March 2023, the portfolio returned 2.4%, underperforming the benchmark by 5.6%. Returns moderated this year as the asset values reflected the impact of higher interest rates and discount rate assumptions. Infrastructure funds raised showed a 49% drop year-over-year and was the lowest annual total since 2015. Returns had started to stabilise at the end of the period and over the three- and five-year periods we are showing outperformance of the benchmark.





An example of a manager that we have investments with is Quinbrook which is a specialist manager focused on renewables, battery storage and grid infrastructure. We have investments in four of their funds. Each investment in the fund seeks to support the UK's 'Net Zero' energy transition and provides solutions for ensuring reliable, secure, accessible, and carbon-free power supply for the UK grid.

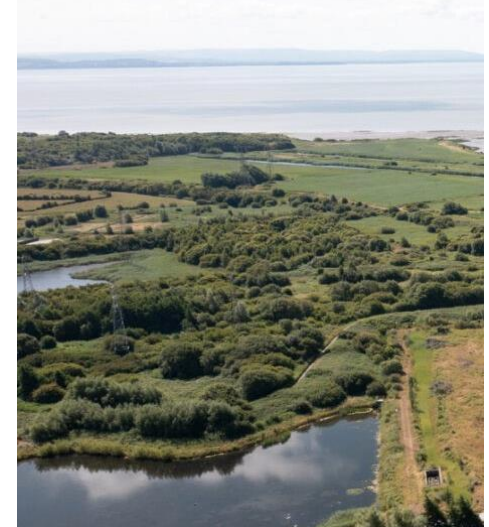
Quinbrook believe that better stewardship and deliberate climate, sustainability and impact practices are inherently tied to both capital protection and value growth. Examples of projects that they have invested in are shown below.

Uskmouth

Uskmouth Project is a 230 MW battery energy storage project located on the site of two former coal-fired power stations, at the mouth of the River Usk in the south-east of Newport, Wales.

The site supports job regeneration in a region identified as Priority 1 by the Government's Levelling Up Fund's Index of Priority Places.

The project planning has included extensive additional biodiversity requirements, driving



biodiversity additionality well above planning and BNG requirements including:

- Native hedgerow and wildflower planting
- Creation of new water body to support local wildlife
- Enhancement of attenuation pond
- Installation of features including bat and bird boxes, compost, and grass snakes

Cleve Hill

Cleve Hill is a solar and storage site located in Kent, UK. At 373 MW of solar PV capacity and 150 MW of battery capacity, Cleve Hill is the UK's first Nationally Significant solar and storage project. Cleve Hill is expected to support >2,300 direct and indirect jobs which will be created during construction.

Cleve Hill is situated on a wetland area of high biodiversity significance. The area historically was used for low grade arable land but was under local community pressure to re-wild the area and support local wetland birds and wildlife. Drawing on the economic benefits of solar and storage, the site has avoided higher intensity property development, and established an extensive biodiversity net gain plan.

In 2023, the project actively commenced its Landscape and Biodiversity Management Plan (LBMP), implementing extensive rewilding and habitat management, including dedicating 15% of the total site to biodiversity improvements, to actively create wildlife and biodiversity benefits and gain.



Quinbrook's leadership in integrating biodiversity with infrastructure is exemplified by Cleve Hill, through:

- a full-time, on-site ecology team

- creation and enhancement of grassland, grazing marshland, riparian, and reedbed habitats
- initiatives to support hedgehogs, badgers, bats, bees, lapwings, marsh harriers, great-crested newts, water voles, eels, bearded tits, reed and sedge warblers, reed buntings, brent geese, golden plovers.

The project includes full-time on-site ecologists to support a 40-year biodiversity monitoring program, working with the Natural England, the UK Environment Agency, Kent Wildlife Trust, and the Royal Society for the Protection of Birds. Ornithological surveys are being undertaken to monitor aquatic habitats used by target bird species, including marsh harrier and the breeding bird community and to demonstrate the efficacy of riparian and aquatic management of the ditches on the site.

The project secured planning prior to 2024 and does not need to prove a net gain in biodiversity. However, a baseline BNG assessment conducted by ecologists in 2019 estimated that the project would generate a 67% increase in biodiversity units.

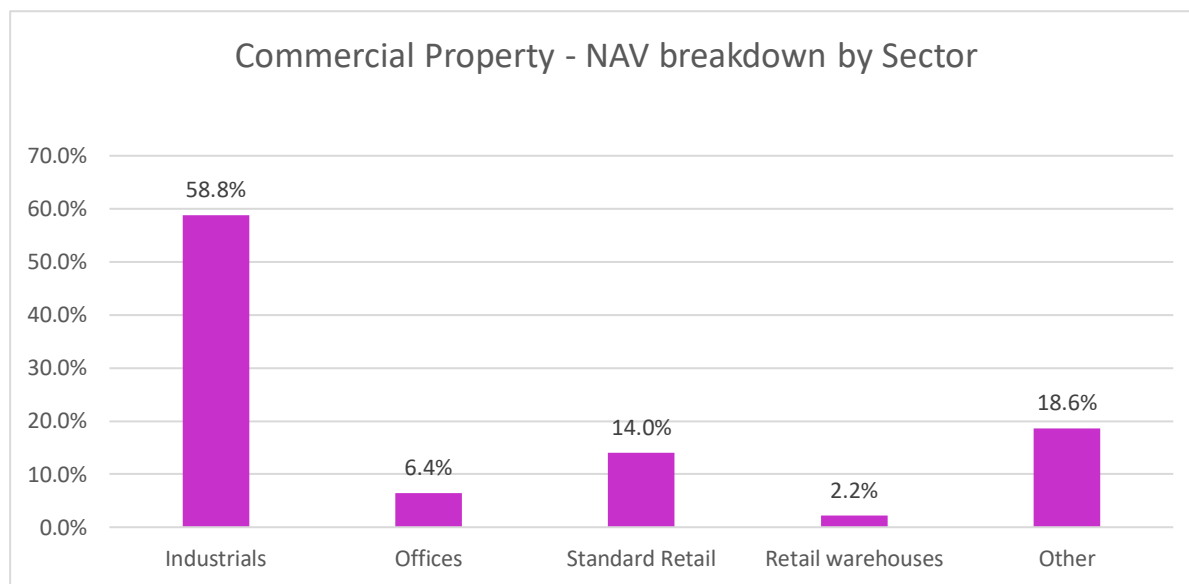
Climate Opportunities

This is a new fund that Border to Coast launched two years ago, and we committed £245m over two years to the fund as it supports SYPA's commitment to decarbonise and will help us to meet our net zero target. The investments target strategies, across all the alternative asset classes which support the energy transition and move to a low carbon economy and has a target return of 8% pa. Although the fund is now fully committed, only £71m has been drawn down into the fund and it is too soon to post return data.

Property

SYPA has a current 9% allocation to property as an asset class and it is an important source of income for the Fund. SYPA now has three elements to its property exposure. On 31 March 2024 it comprised 28 directly held commercial properties valued at £490m, 2 global real estate holdings currently valued at £13m and 23 indirectly held specialist holdings valued at £350m.

At the sector level within the commercial property portfolio, we have been favouring sectors with more defensive characteristics, preferring to invest in areas where the structural drivers of demand are positive. During the year we completed on the purchase of a newly constructed purpose-built health club in Rugby, let to David Lloyd on a 30-year lease. The sector breakdown is shown in the chart below. We have maintained the overweight position to industrials and underweight to retail and offices throughout the year and we added to the 'Other' category to take this to a neutral position. Our position within retail is skewed towards supermarkets where we see better growth prospects.



Top 5 Commercial Property Holdings

1 Langley Park, Slough	Industrial estate	£31.10m
2. Oxgate Centre, London	Industrial estate	£30.40m
3 Stockbridge Road, Chichester	Student accommodation	£30.25m
4. Honeywood Road, Basildon,	Industrial estate	£29.17m
5. Fradley Park, Lichfield	Industrial estate	£27.37m

Annual performance of the direct commercial portfolio was 3.0% compared to the benchmark return of -0.4% and the portfolio has now also outperformed over the three and five-year period. The principal reason for this outperformance was because we were overweight industrials.

The Fund has a slight underweighting to its strategic allocation, but the Fund's investment manager Aberdeen Standard has identified an opportunity which would provide some diversification of the holdings and bring us in line with our strategic allocation in the coming year.

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 the UK food security. Our holding in the new fund will form the cornerstone for our Natural Capital portfolio.

We have two legacy overseas trusts which are both in a liquidation process, but this may take a several years to complete. Border to Coast launched their Overseas Real Estate fund during the year. We committed £95m to this but have not yet had a drawdown to the fund. It is expected to drawdown the proceeds over the next eighteen months.

Within the specialist holdings we have set up a portfolio of regional development debt which has CBRE as an advisor to invest in local (Sheffield City Region/South Yorkshire) development projects. The portfolio has the aim of generating a commercial return whilst delivering a positive local impact.

Eight loans are in place and there are further loans in various stages of the due diligence process. The Tudor Cross loan was realised during the year, and another was finalised. The loan which finalised during this financial year was for Hollis Croft. This provides a senior loan of £46m to support the redevelopment of two adjacent sites either side of Hollis Croft, Sheffield to create a 494 bed Purpose Build Student Accommodation scheme along with a range of amenities which include a gym, café, and car park. This diversifies the lending portfolio into a resilient market, and it is expected to have a significant positive effect to the local residents due to freeing up hundreds of homes that would otherwise be occupied by students on an HMO basis.

An artists' impressions of the accommodation are shown below.



The loan portfolio generated a return of 8% over the year.

Also, within these specialist holdings we have various residential property funds and during 2023/24 a decision was made to make a £10m commitment to the Cheyne Impact Real Estate Trust which is focused on affordable housing, delivered through mixed tenure schemes. This commitment should be fully drawn down in 2024/25.

Over the last twelve months the overall property portfolio generated a return of 2.8%, and this outperformed the weighted index benchmark of 1.2%.

Cash

Cash is only held pending investment and on 31 March 2024 the sterling cash figure was at £130m up from the previous year's level of £78m. £69.5m of this was held within sterling liquidity funds and £60.5m held with five F1 rated banks.

Responsible Investment (Section 8d)

The Authority is fully committed both to investing responsibly and to the good stewardship of its investments across all asset classes. It seeks to act at all times in the best long-term interests of all stakeholders and protect and enhance the value of the companies in which it invests on their behalf. We have defined what we believe responsible investment to mean in the following terms:

South Yorkshire Pensions Authority believes that investing in well governed and sustainable assets is key to delivering the long-term investment returns required by the Pension Fund. The Authority's goal is for carbon emissions from the totality of its investment portfolio to be zero by 2030 (the "Net Zero Goal") and has developed a net zero action plan to chart its route to this goal. This action plan includes the incorporation of this Net Zero Goal in the Authority's investment beliefs and investment strategy and contemplates frequent review of the performance of its investments within the context of this goal, as well as monitoring of the delivery of the commitment and the transition towards it.

We work within the Border to Coast Pensions Partnership to achieve our objectives and the policy framework within which we do this is illustrated in the diagram below (the purple boxes are owned by SYPA and the blue ones by the Partnership).

SYPA Responsible Investment Policy

Border to Coast Responsible Investment Policy

SYPA Climate Change Policy

Border to Coast Corporate Governance and Voting Guidelines

SYPA Net Zero Action Plan

Border to Coast Climate Change Policy

SYPA Policy on Responsible Investment for Commercial Property

The Authority's policies are reviewed each year in March, with the intention of influencing the development of the Partnership policies, which are reviewed annually over the summer with approval in the autumn leading up to peak voting season. The latest policy documents can be found [here](#).

On the back of the annual policy review the Authority has influenced the development and evolution of the Border to Coast Partnership's voting guidelines, in particular the strengthening of the position in relation to holding companies and specifically their Board Chair, to account for their actions to address climate risk.

The Authority believes in being transparent about its stewardship and ESG activities. It produces quarterly reports on the activities undertaken on its behalf by Border to Coast and their engagement partner Robeco and on collaborative activity undertaken by the Local Authority Pension Fund Forum which are available [here](#) through our website. These reports also include, where available, details of the ESG ratings and characteristics of specific portfolios.

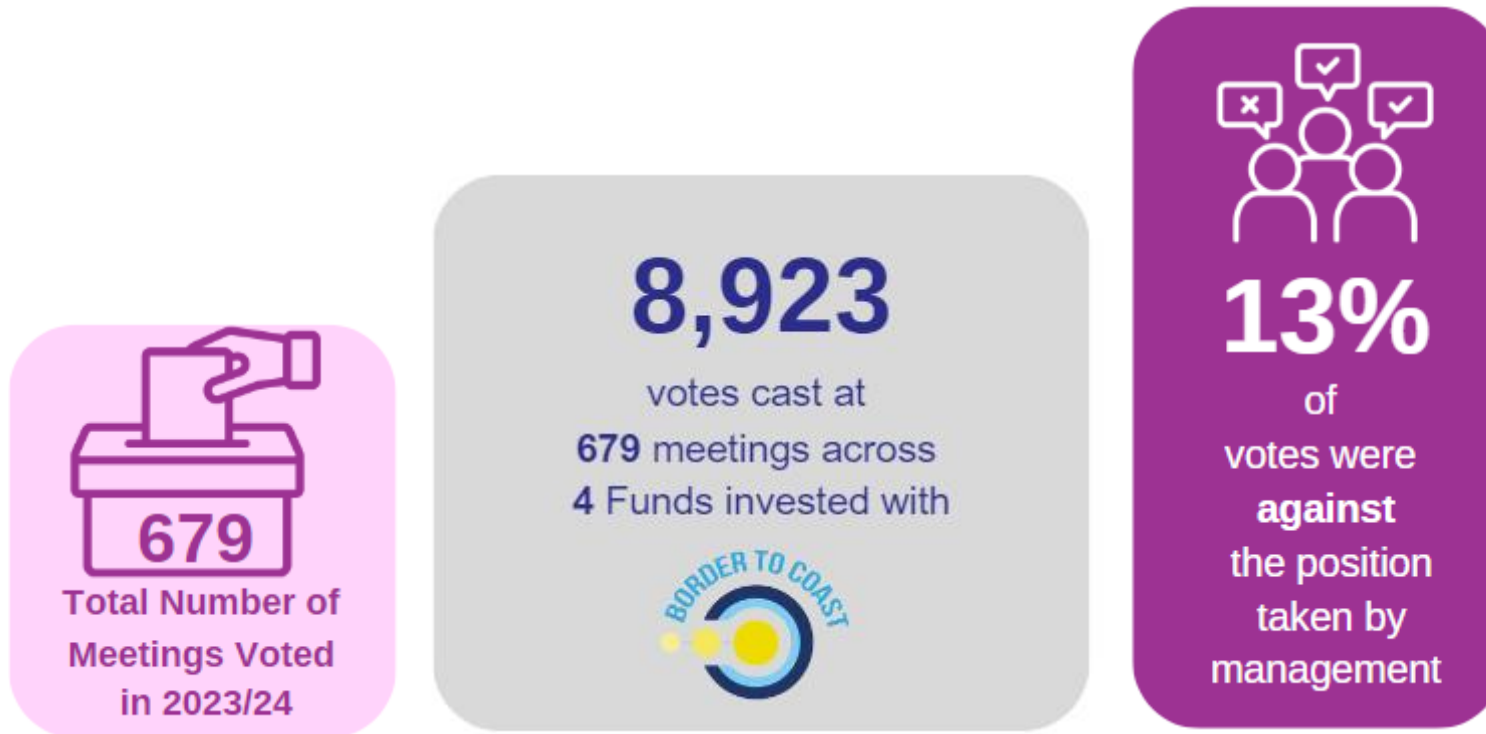
Voting

Active ownership involves using shareholder rights to improve the long-term value of a company and includes both voting and engagement strategies. The Authority regards voting rights as an asset and looks to those managing money on its behalf to use them carefully.

Because we now own shares through pooled funds operated by the Border to Coast Pensions Partnership, we no longer exercise our voting rights directly. However, Border to Coast exercises voting rights and engages with investee companies in line with a Responsible Investment Policy and Voting Guidelines jointly agreed by all the partner funds.

The full guidelines can be found [here](#) on the Border to Coast website.

Below is a summary total voting activity over the last year.



The total number of votes cast in 2023/24 is marginally down on last year as a result of a reduction in the number of stocks held in the underlying listed equity funds.

The proportion of cases where we have opposed resolutions is in line with the previous year as shown below. However, the proportion of votes against management has marginally reduced since last year as shown below.

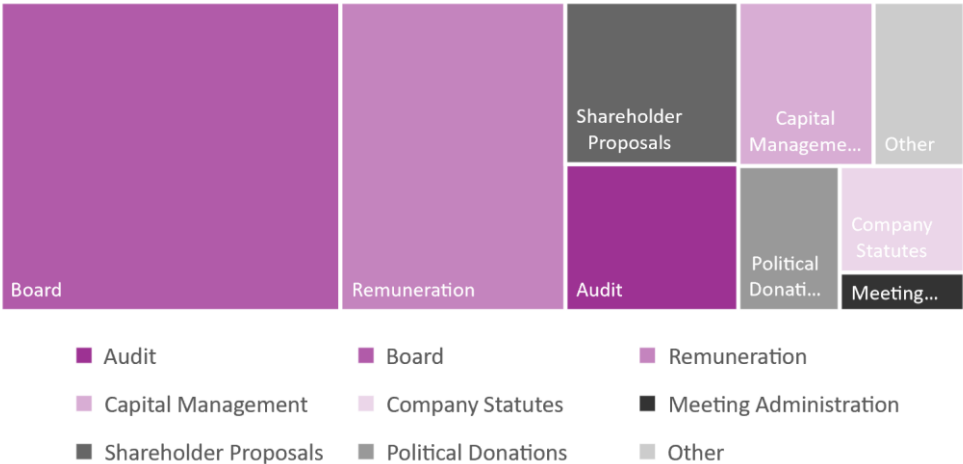
Opposition Votes 2022-23 v 2023-24



Following the tightening of the voting guidelines in 2022/23, Border to Coast continue to vote against the Chairs of companies and remuneration committees where the company has failed to achieve sufficient board diversity or to adequately address climate risk. As well as votes against the Chairs of companies, there were significant votes against management cast in support of shareholder resolutions aimed at ensuring companies have robust plans for the transition away from carbon supported by science-based targets. While the proportion of votes against proposals has remained at a consistent level, there has been a small reduction in the proportion of votes against management. This small reduction in votes against management reflects positive initial movement by **some** companies in relation to climate issues.

Notable votes against management include Border to Coast’s public pre-declaration of their decisions to vote against the Chairs of Shell and BP and to vote against Glencore’s climate report to signal their intent to other investors. The increasing escalation of Border to Coast’s approach was particularly warranted given recent backsliding on targets seen among some companies on the back of strong profits.

Subjects of Oppose Votes 2023-24

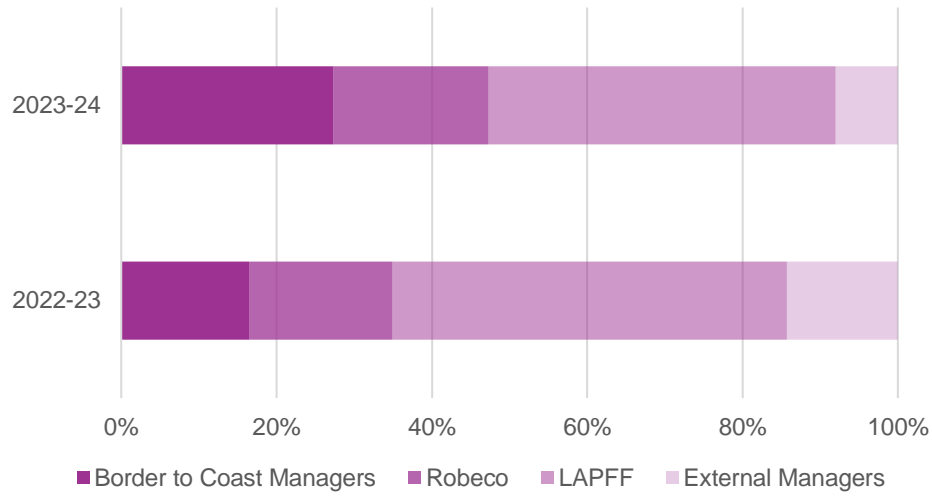


Engagement

Engagement is the process by which investors use their influence to encourage companies to improve their behaviour and management of ESG issues which may improve the companies’ long term financial performance. Following the pooling of our assets the Authority now engages with companies in relation to these issues in four ways:


- Direct engagement with companies by Fund Managers at Border to Coast Pensions Partnership;
- Direct engagement with companies by external managers who are responsible for mandates within the Border to Coast funds;
- Engagement with companies by Robeco, Border to Coast’s voting and engagement partner; and
- Engagement through the work of the Local Authority Pension Fund Forum (LAPFF) which is a collaborative group of UK local authority pension funds which seeks to use the collective scale of shareholdings in companies to influence behaviour.

Engagement Routes



Over
45% 

of engagements undertaken in 2023/24 related to **Environmental Issues**

 Just under
40%
of engagements were with **UK listed companies**



1,537
engagements with companies over the year

Engagement Priorities

The Border to Coast Partnership continued with the four engagement themes set to run for three years (from January 2022). The diagram below sets these out together with the aims of the engagements and also indicates how these themes link to the SDG priorities and characteristics of good assets set out in the Authority's beliefs statement.

NATURE OF RISK	SYSTEMATIC ISSUES	ENVIRONMENTAL	SOCIAL	GOVERNANCE
ISSUE TO ADDRESS	Climate Transition	Waste and Water Management	Social Inclusion through Labour Management	Diversity of Thought
SYPA PRIORITY / CHARACTERISTICS	Climate Action SDG 13 / Affordable and Clean Energy SDG	Clean Water and Sanitation SDG 6	Respect for Human Rights / Transparency in Governance	Transparency in Governance/ Respect for Human Rights
AIM	Aims to engage both high emitters and banks identified as key to financing the transition to a low-carbon economy to commit to credible plans to meet net-zero targets	Aims to engage portfolio companies with high exposure to water intensive operations producing high levels of packaging waste to develop policies and initiatives to address the issue(s)	Aims to engage companies with high exposure to labour intensive operations and lower scoring companies in relation to human capital development and supply chain labour management risk	Aims to engage companies on plans to improve diversity within their workforce, including the establishment of workforce diversity programmes with a focus on equal opportunities

ENGAGEMENT TOPIC EXAMPLES

Over the year there have been a number of engagements, covering the topics above, that have been undertaken by Border to Coast through Robeco and LAPFF.

Three such engagements are summarised below with full details available in the quarterly reports for Border to Coast and LAPFF.

SHELL AND BP



- Border to Coast determined that both companies have set insufficient medium-term emission reduction targets with further concern around BP's backtracking on climate targets and Shell's failure to meet every CA 100+ Net Zero benchmark.
- After writing to both companies, Border to Coast voted against the re-election of the Board Chairs in line with their strengthened climate voting policy and voted for shareholder resolutions to support emissions reduction target.

WATER UTILITY COMPANIES



- Border to Coast joined a collaborative engagement initiative with focus including sewage pollution, water leakage, climate mitigation and biodiversity impact within the UK water utility sector.
- Border to Coast met with Yorkshire Water to discuss their assessment of the Company against sector expectations.
- Discussion focussed on pollution, maintenance of assets and biodiversity.
- Engagement with both Northumbrian and Yorkshire Water will continue.

EASYJET



- Border to Coast joined engagement, alongside other investors, with easyJet.
- A meeting was held on emission reduction targets and decarbonisation strategy.
- easyJet's response was satisfactory but further disclosure has been requested.
- Engagement with easyJet is ongoing.

Collaborations

Engagement activity is more likely to be successful if it is supported by the collective weight of a larger number of investors. Therefore, the Authority and Border to Coast support a number of specific investor groups aimed at delivering change in company practices in specific areas.



Border to Coast

Border to Coast is a founding member of the Just Transition Investor Initiative and are responsible for the following three strands:

1. Piloting engagement with an emerging market utility.
2. Joining other institutional investors in the Financing a Just Transition Alliance (FJTA), co-ordinated by the London School of Economics Grantham Institute.
3. Joining RLAM (Royal London Asset Management) to engage UK banks.



Local Authority Pension Fund Forum (LAPFF)

Much of LAPFF's work is reported in the Authority's Responsible Investment quarterly updates. The Authority continues to participate in the Forum's business meetings to help shape LAPFF's work programme and the way in which it undertakes its activities.

The Forum has continued to emphasise work on 'Say on Climate', human rights and the impact of the mining industry on indigenous communities.

Impact

We take the impact of our investments on both people and planet very seriously, as we reported in 2022 on a “whole portfolio” assessment undertaken by Minerva. Details of this are available [here](#). Over this year we have continued to concentrate on gaining a greater understanding of the impact of those investments we make with the intention of achieving an impact over and above meeting our return targets and in particular where those impacts are focussed. This work has supported our development of a place-based impact approach within the South Yorkshire region as part of the review of our current investment strategy, specifically in the appointment of a general needs housing manager to deliver affordable, build to rent housing and the set-up of a new mandate to invest in Small and Medium Enterprises. We intend to be able to publish further details of the appointed investment manager in the Annual Report next year.

We have again worked with the Good Economy and various fund managers this year to understand the positive impact that a range of UK investments have had. This is summarised in the following pages:

- Good Economy report to follow and will be inserted below.

Governance

In accordance with LGPS Regulations administering authorities are required to state compliance with the Myners’ Principles on a ‘comply or explain’ basis, within their Investment Strategy Statement. The six principles provide a basis for monitoring good investment governance. The Authority believes it is fully compliant and has continually reviewed both its Investment Strategy Statement and its compliance with the principles during the year.

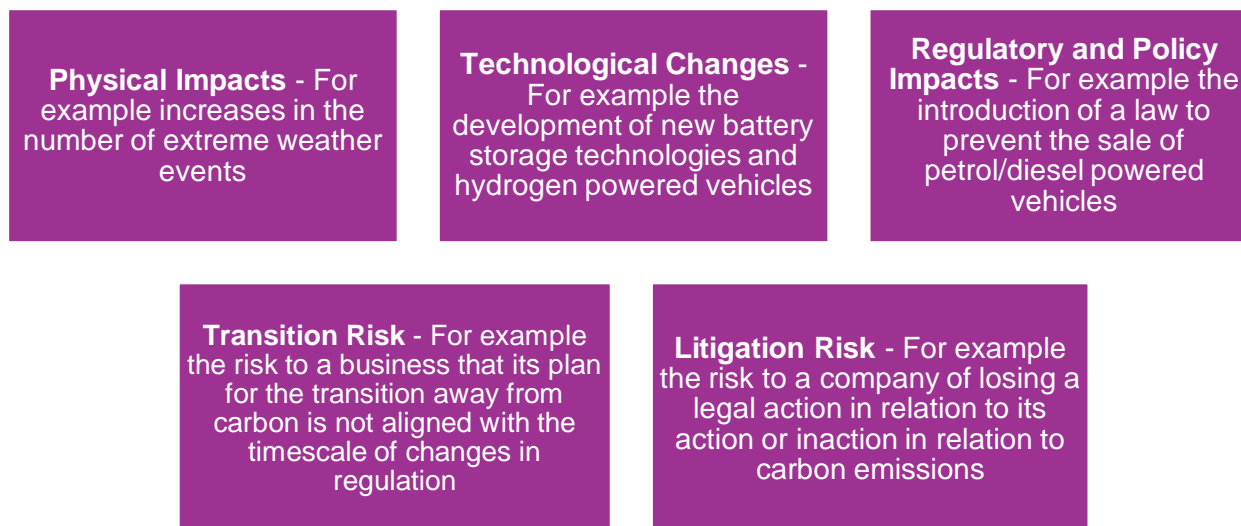
Stewardship

The integration of ESG risks and a robust approach to stewardship is strongly supported in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which govern how the Authority should manage its investments. Guidance made under the regulations states that funds should become signatories to the UK Stewardship Code. The Authority was recognised as a Tier 1 signatory of the previous version of the Stewardship Code.

A new version of the Stewardship Code which, for asset owners like SYPA, is based on 12 principles has now been introduced. This Code requires us to report on how we have addressed each of the principles in the way in which we have run the Pension Fund. We will be producing submission during 2024/25 to demonstrate how we have addressed these principles.

Climate Change (Section 8e)

The Authority recognises that Climate Change poses a systemic and possibly the greatest external risk to the value of the Authority's investment portfolio. The risks and opportunities associated with climate change may have a material impact across all asset classes. The inter-connected nature of climate change has the potential to reduce returns across all asset classes and will have a macro-economic impact that could affect the entire Fund. These potential impacts include factors impacting the value of liabilities, such as the life expectancy of scheme members, in addition to the value of investment assets. All of this creates a range of risks and opportunities that can be characterised in various ways.





As a long-term investor, the Authority believes that such information is needed by investors, lenders, and insurance underwriters in order to be able to assess climate related risks and opportunities. This led to the Task Force on Climate-related Financial Disclosures (TCFD) being established. Its remit was to develop a set of voluntary climate-related disclosures, which would assist in understanding the associated material risks of climate change. The final report with recommendation was published in June 2017; it considers that asset managers and asset owners, including public and private-sector pension funds, should implement the recommendations. The reporting framework recommended by the Task Force is structured around four themes: Governance, Strategy, Risk Management and Metrics and was updated in late 2021.

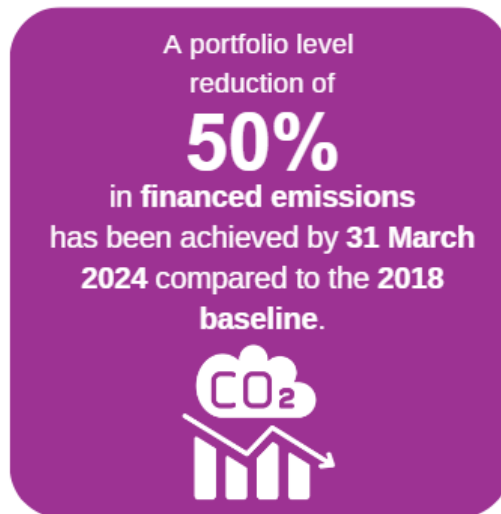
The Authority recognises that climate issues can be more relevant and readily implementable within some parts of the portfolio than others. In this section of the Annual Report, we provide an overview of the approach to climate-related governance, strategy and risk management that applies to all Border to Coast assets. Additional detail on the Authority's approach to climate-related governance, strategy, risk management and progress on Net Zero targets is available in our standalone TCFD report. The Authority also reports quarterly on the progress of its Responsible Investment and climate related activities, which can be found [here](#).

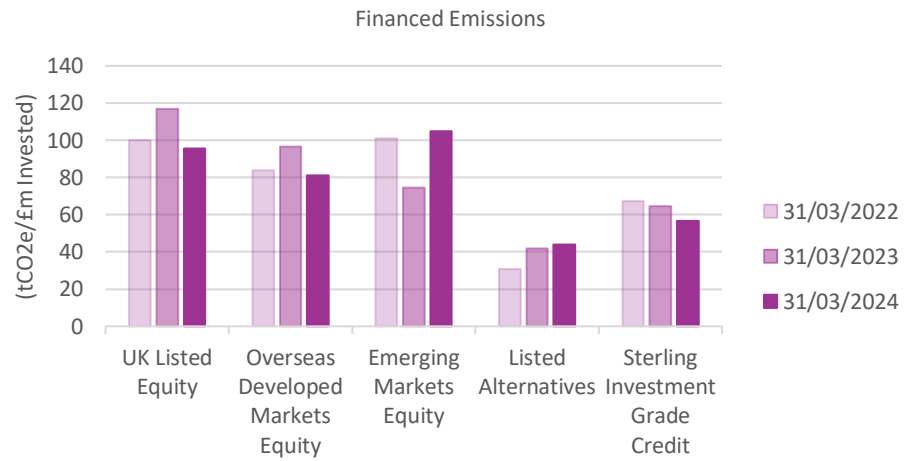
Data Quality

- The weighted average of reported data availability for the 5 listed asset portfolios is 90%.

Emissions Measurement

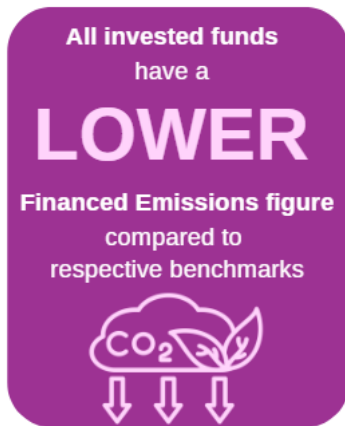
- In absolute terms carbon metrics for 4 out of 5 Funds have either remained relatively stable or reduced in all the Funds measured that the Authority are invested in.
- Scope 1 & 2 (weighted average) Financed emissions continued a downward trajectory, falling 17.6% in 2023/24.

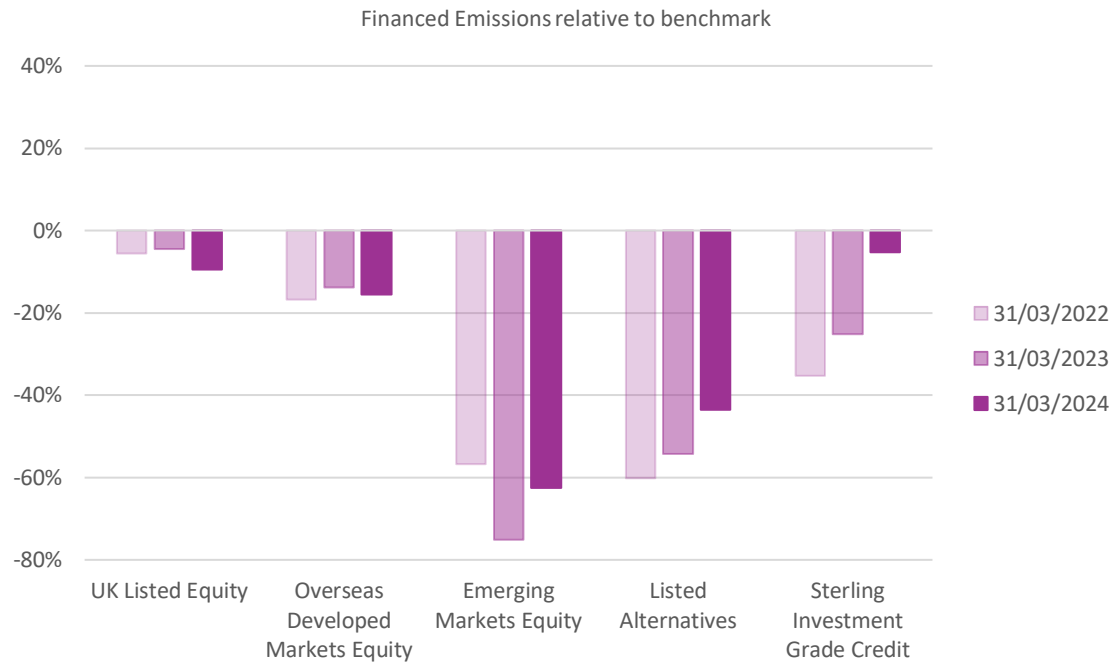




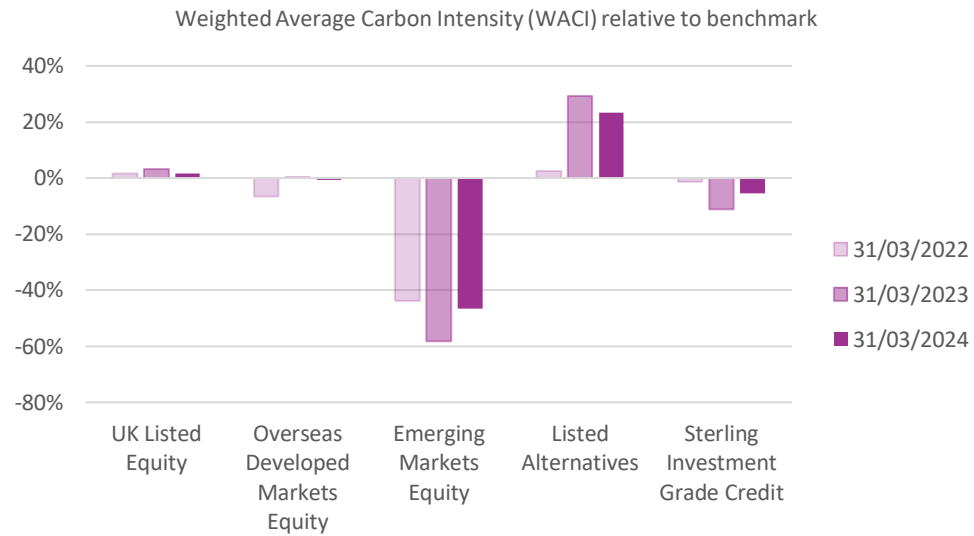
Source: MSCI ESG Research LLC, 31/03/2024

The financed emissions figure is affected by fluctuations in market value, where strong equity market performance this year has helped to reduce the overall level of financed emissions.

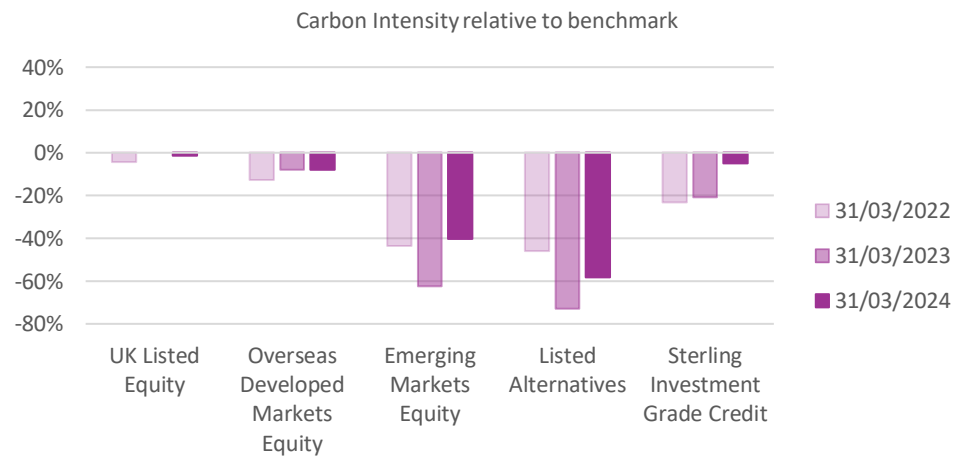




Source: MSCI ESG Research LLC, 31/03/2024



Source: MSCI ESG Research LLC, 31/03/2024



Source: MSCI ESG Research LLC, 31/03/2024

With the exception of the Weighted Average Carbon Intensity (“WACI”) measure for the Listed Alternatives Fund, all other funds have maintained their relative carbon intensity position of below or in line with the benchmark position.

Commercial Property

Progress has been made in a number of areas shown in the table below which analysed progress against the three pillars of abrdn’s ESG approach, capturing the sustainability indicators most material for the fund to consider at asset level:

Pillar	ESG Topic	ESG Ambition	Performance to date
Transparency, Integrity and Reporting	ESG Client Reporting	Annual ESG Reporting aligned with INREV best practice sustainability guidelines	Aligned
	GRESB	Increase score year on year	2023: 78 (3 Stars) 2022: 74 (3 Stars)
	TCFD	Report in line with transition and physical risks	Included in standalone TCFD report
	Green Building Certification	Target an increase in % of portfolio ERV covered by a certification	2023: 32% 2022: 37% 2021: 10%
Investment Process and Asset Management		Target net-zero carbon by 2050*	Detail included in standalone TCFD report
	Carbon and Energy	Target an increase in assets with energy performance certificated A-C	2023: 74% 2022: 78% 2021: 70%

*Note this is the Manager’s house target which will need to be managed within the Authority’s overall goal of Net Zero by 2030.

- The fall in the proportion of properties in the portfolio with Green Building Certification or an Energy Performance Certificate of A-C is due to changes in the valuation of underlying assets rather than the number of assets certified. This measure is calculated based on the value of the assets certified as a percentage of the overall fund value.
- The portfolio’s ESG performance is independently validated by the Global Real Estate Sustainability Benchmark (GRESB) who scored the portfolio in the top quartile of peers assessed. SYPA’s portfolio is evaluated against this standard every year and the table below summarises the scores over the last two years.

GRESB Component	2022	2023
Total score (out of 100)	74	78
Management score (out of 30)	30	29
Performance score (out of 70)	44	49
No of stars	3	3
Peer group ranking	22 nd of 80	22 nd of 100

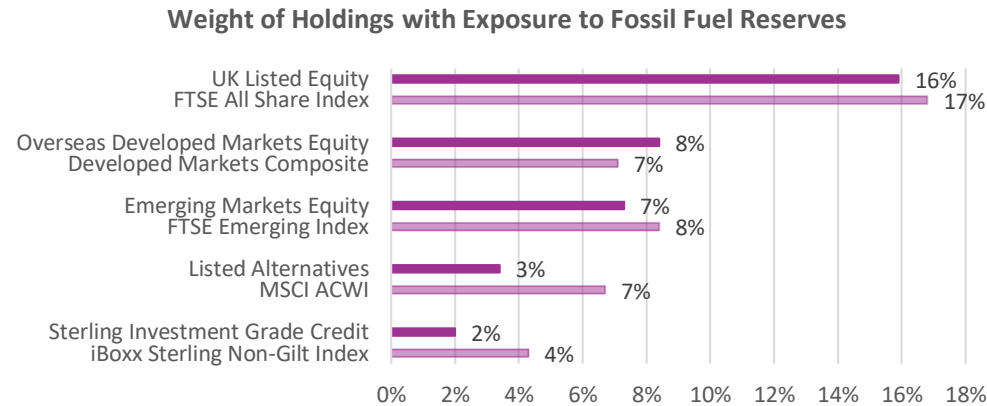
GRESB Data as at 31/12/2023



Holdings Analysis

An alternative way of looking at the impact of the Authority's investments on climate change is by looking at the nature of the things in which we are invested.

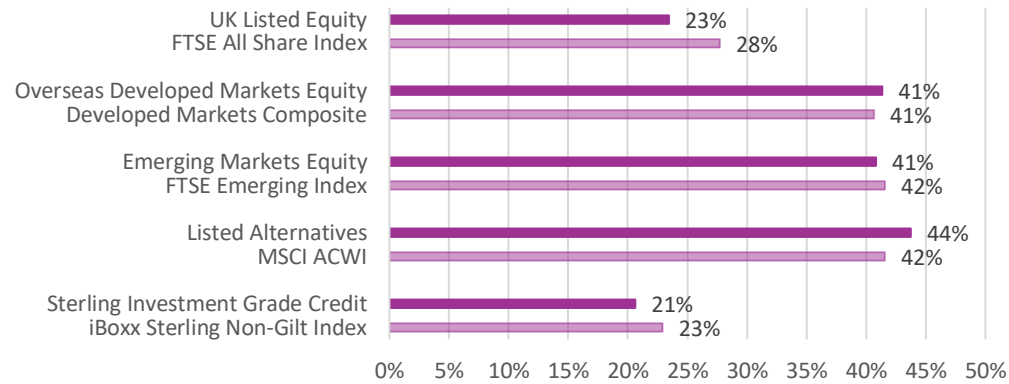
We can also look at the weight of companies in the various portfolios owning fossil fuel reserves and owning clean technology solutions as compared to the same metrics within the relevant benchmark index and this is shown in the charts below.



Source MSCI ESG Research LLC 31/03/2024

From the graph above, it can be seen that the relative position of fossil fuel reserves remains materially below benchmark for the Investment Grade Credit and Listed Alternatives Funds. All other funds are broadly in line with the benchmark for the other funds, which would be expected given the relatively low active share in these mandates.

Weight of Holdings with Exposure to Clean Technology Solutions



Source MSCI ESG Research LLC 31/03/2024

As well as monitoring the exposure to fossil fuels, the proportion of companies contributing to a low-carbon transition is also monitored. There is currently no industry standard definition for clean technology solutions; the data presented above uses MSCI's methodology, which may differ from that of other data providers.

We have over

4%

of assets

invested in portfolios
owning clean technology
solutions



We invest

1.3

times more

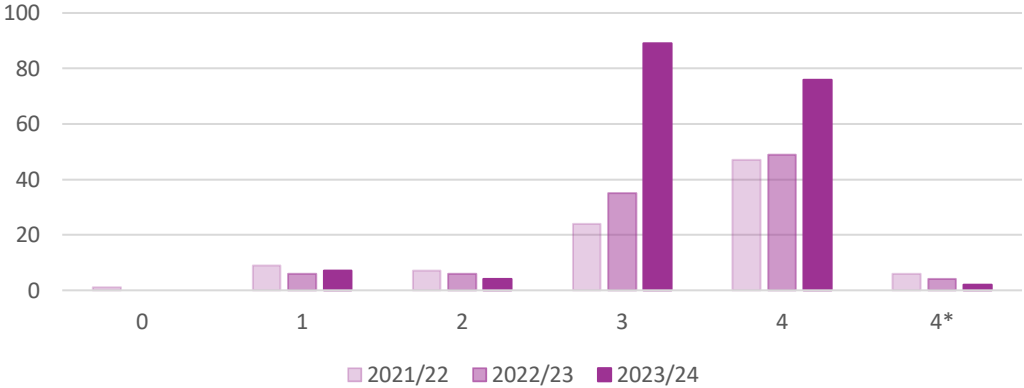
in portfolios owning
clean technology
solutions than fossil fuel
reserves.

Since 2018 we have **increased**
our **investment** in **renewables**
and **climate opportunities** by
22 times and **significantly** tilted
our portfolio **away** from **oil and**
gas stocks.

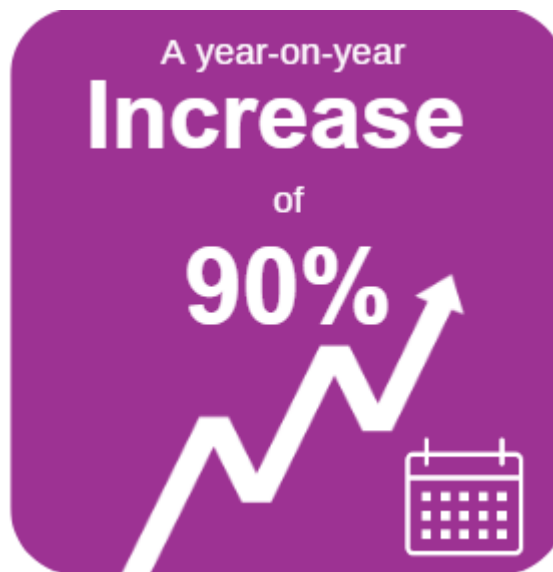


It is also possible to consider the degree of commitment by companies in which we are invested to adapting themselves to the transition to a low/no carbon economy. We can do this through external assessment of companies position on the transition pathway. This technique only applies to listed companies held within the portfolios managed by Border to Coast.

Transition Pathway Levels - Companies Held in Border to Coast Funds



Source: Border to Coast March 2024



Targets

The Authority has set out its extremely ambitious goal of making its investment portfolios net zero in terms of carbon emissions by 2030.

We have now defined provisional targets for carbon emissions (also known as financed emissions) towards the achievement of this goal, with the addition of information on the portfolio's degree of alignment, with the targets set out in the Paris agreement, gathered through the Strategy Review.

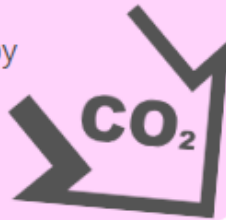
The interim targets set are for the equity portfolios in aggregate and the Investment Grade Credit portfolio to deliver a reduction in financed emissions of **52% on 2019 levels by 2025**. This is significantly greater than implied in the International Energy Agency's Net Zero Emissions 2050 pathway. Given the reductions achieved to date this will require around a 2% p.a. year on year reduction for the remainder of the period to 2025. **A portfolio level reduction of 50% has been achieved by 31 March 2024**. This is broadly in line with the required reduction trajectory required to meet the interim 2025 targets.

Interim targets set are for the equity portfolios in aggregate and the Investment Grade Credit portfolio to deliver a **reduction in financed**

emissions of
52%

on 2019 levels by

2025



A portfolio level reduction of

50%

has been achieved by

31 March 2024



While the Authority would wish to see these portfolios achieve Net Zero by 2030, this is not something that is entirely within our gift, given our dependence on Border to Coast for the provision of investment products, and the fact that the broader partnership goal is set as 2050. Therefore, based on the current information available, these portfolios could achieve a **65% reduction in emissions by 2030** compared to 2019 compared to the 41% reduction implied in the pathway to 2050. This would require reductions of approximately 6% p.a., which is close to the reduction required by Paris aligned equity benchmarks.

65%

Reduction in emissions

by

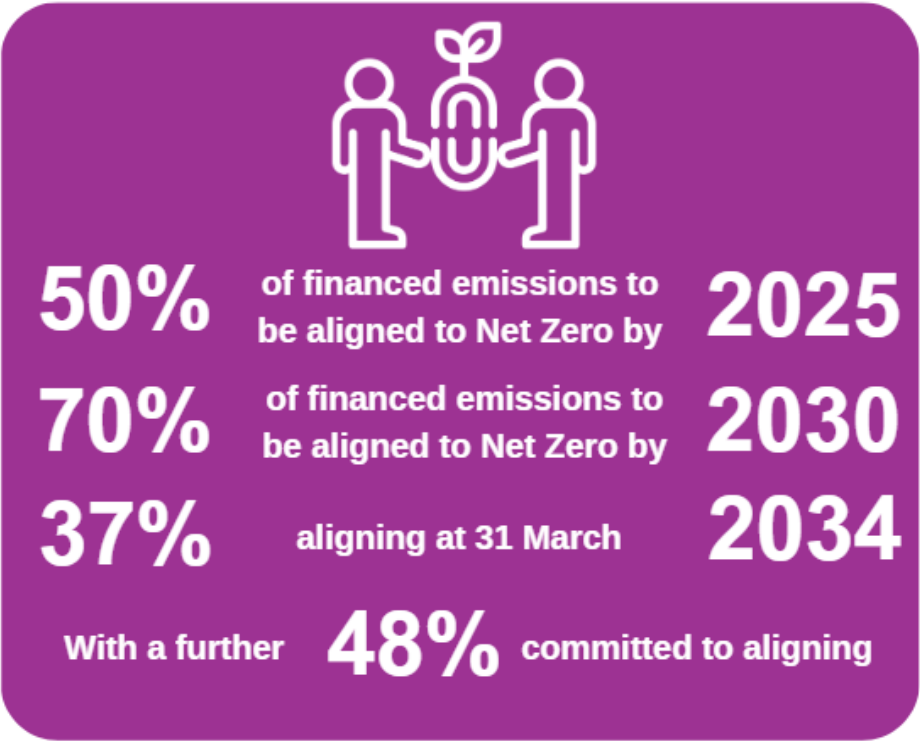
2030



The Paris Aligned Asset Owners Framework to which the Authority subscribes also requires the Authority to set targets for the proportion of emissions by:

- Companies which are achieving Net Zero;
- Companies which are already aligned to Net Zero;
- Companies which are in the process of aligning to Net Zero; and
- Companies which are being engaged with to encourage them to align to Net Zero.

Based on progress to date with the public market portfolios (both equity and fixed income) we would expect:





80%

of financed emissions
to be subject to engagement by

2025

90% by **2030**

71% covered as at **2024**
31 March

All of these targets will be refined as part of the review of the Investment Strategy, which will include an examination of the balance between the different asset classes held by the Fund, which can also have an impact on overall emissions. Engagement with Border to Coast is also ongoing regarding the development of new 'green' products.

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* In accordance with the licence agreement between Border to Coast and MSCI.

9. Scheme Administration

Summary of activities undertaken by the administration function during the year (6.1)

Administration of the scheme covers a wide range of duties from onboarding and continual support of employers, collection of monthly pension contributions (employers and employees) together with data collection for every individual member of the scheme all to ensure our Pension Administration database is up to date and we can process member benefits accurately and on time. The Authority continues to invest in resources and technology to continue to develop an efficient delivery platform and provide value for money for our stakeholders. The Pensions Service which undertakes the Fund's administration functions is now made up of four dedicated service areas, Benefits, Technical & Training, Customer Services and Employer Engagement. These service areas are constantly evolving to service the needs of our membership and employers. The LGPS is a contracted-out defined benefit scheme with benefits defined under statutory regulations (LGPS Regulations) which are not affected by the Fund's investment performance or market conditions.

The Pensions Service has faced another busy year, driving several projects forward, as well as responding to some significant changes. Changes have included the appointment of a new Assistant Director of Pensions in November 2023 and the restructure of the team into four distinct service areas. A thorough capacity planning exercise was undertaken to ensure those teams were correctly resourced. A workforce plan was drawn up which considered output capacity of staff, casework numbers over the past few years, backlogs and included allocating time to undertake training and development for all. The Authority, in line with objective to value and engage our employees undertook focus groups with the staff and their feedback helped focus and shape the changes. The team will not be fully recruited to in 2023/24. Recruitment will continue into 2024/25. However, it was pleasing to see that the work undertaken already contributed to an increase in casework completed, 90,000 over the year, the highest for several years.

2023/2024 has seen further increases in the volume of incoming work and delays in the issuing of key regulations, again, by the Government has delayed progress on some major pieces of work such as the McCloud remedy.

Over the last twelve months, the Pensions Administration Team continued to work hard to ensure the benefits it looks after for scheme members are paid accurately, on time and according to scheme regulations. Fundamental in achieving this aim is to ensure accurate and timely data is received from scheme employers, robust internal controls are in place, innovative technology is used, and the fund delivers excellent communication standards.

Arrangements in place for gathering assurance over the effective and efficient operation of administration operations are;

- External audit
- Internal audit
- The Authority
- Local Pensions Board
- Quarterly performance reporting
- The Pension Regulator’s annual scheme return

As of 31 March 2023, there were 51,726 active members, 64,654 deferred members and 63,523 pensioners and survivors in the fund, a total of 566 active employers all looked after by 77 members of staff in the Pensions Administration Team.

Key projects undertaken across the year have included updating the Appeal Process. This has made it more robust and easier to monitor. The Transfers Out procedure required an overhaul to ensure the Fund was fully compliant with all guidance. This was also to ensure our members were protected from Scams. This rework will carry across to 2024/25 and will culminate in the authority signing up to the Regulator’s Scam Pledge.

The Authority recognised its backlogs were growing and positive action was taken to clear them by the end of 2024/25. A plan was put in place together with rigorous monitoring. Until the team is fully resourced workloads will continue to backlog in the short-term.

An Administration Improvement Plan was built into the corporate plan with a focus on data quality, organisational change, system improvements to ensure best use of technology and backlog clearance. The Authority data cleanses throughout the year. This resulted in a small improvement of the annual Pension Regulators scores posted for 2023 (25.01.2024).

	TPR Scheme Return	TPR Scheme Return
	2022	2023 (25.01.24)
Common Data	97 %	97 %
Scheme Specific Data	94 %	96 %

The Authority is pleased to report that after team changes in the previous reporting year all employers now submit monthly data returns. Contribution payments are collected by direct debit and processes are in place to identify and chase late submissions as well as

monitoring the data quality. In 2023/24 92.13% of monthly data was provided on time. This work will be driven forward by the Employer Services Team. Ensuring the employers are providing the Fund with the correct data on time will be a focus for this team in 2024/25.

2023/24 also saw improvements to the Ill Health Process. All Employers now undertake their responsibilities in this area fully. Prior to this the Fund was still undertaking some of their duties for them. This has resulted in an improved process for employers and members and has ensured the Authority is not holding unnecessary personal data.

The Authority is proud of its buy-in from the membership regarding our online portal; 52% of the membership are now registered to view their benefits online.

Services provided to all Fund Members

The Fund prides itself on developing and delivering communications of a high standard, ensuring it is well placed to deal with change and challenge. We seek to place our customers at the heart of everything we do, ensuring the Fund drives continuous improvement and develops working practices, systems and processes which are informed and prioritised according to the needs of those customers.

The Fund continues with regular communication which includes:

- regularly updating website content and design
- delivering bulk email campaigns to members
- producing annual newsletters, bespoke to our membership categories
- delivering pension roadshow events across South Yorkshire ensuring they are accessible to all
- providing both members and employers with a range of face-to-face and digital support, webinars, presentations, workshops and events
- Seeking feedback from members to improve future services through member engagement forums

The Customer Service team is the first port of call for most stakeholders, including the member helpline, with around 32,500 calls during 2023/24, and 37,000 emails. The Fund's dedicated Employer Services Team are committed to supporting our employers by providing information to members on a wide range of pension matters at the members' workplace, offering a variety of ways to engage with and

support our members. These include individual consultations, member self-service sessions and a suite of webinars aligned to a member's customer journey from introduction to the LGPS to retirement. Member engagement forums remained popular and provided the Authority with valuable insight and feedback from each category of membership. Initiatives such as Pensions Awareness Week were utilised to increase scheme members' knowledge of the value of their pension to them, using both specific events and social media campaigns.

Services provided to all Employers

To effectively administer the Local Government Pension Scheme for members, the monthly data provided by employers is essential. Working effectively with employers is therefore crucial. Employers have a range of statutory responsibilities, the most important of which is the requirement to pay over contributions intact and on time supported by accurate data in the format required by the Authority. The team undertakes monthly and year-end data quality checks. Mortality screening and address verification is also undertaken to continue to improve the data held, to ensure member benefits are accurate. Employers must provide their monthly data submission on time so that their contributions payable can be collected by direct debit by the 19th of the month at the latest.

Scheme employers receive a quarterly newsletter covering hot topics, updates on administration issues and important reminders. Fund Employers have also been reminded that the team will support in-person presentations at their workplace, followed by member one-to-ones should there be a local need. Notable successes during the reporting year have been;

- Collaboration with employers has improved on time data collection from 88% in 22/23 to 92.13% this year.
- Engagement staff attended employer events to promote the LGPS to staff on International Women's Day.
- Employers Forum was well attended, and the team received positive feedback and suggestions for the 24/25 Forum.
- Ill Health Retirement Process changed and passed to the employer – updated forms, training, and guides.
- Building relationships with employers and having regular meetings with four of the larger employers to ensure data quality is maintained/improved.

These events provide the Fund with a valuable opportunity to demonstrate new developments as well as enhancing service delivery based on the feedback received from participants. Employer services continue to deliver and develop employer coaching sessions to support new employers, those with staff changes or a need for refresher training. These sessions have been delivered via webinars and videos, with the aim of increasing understanding of employer responsibilities and how the Authority and the employers work together to

deliver benefits to members. The Authority has an employer peer focus group which has provided valuable feedback during the year and assisted in the development and roll-out of further initiatives and service improvements. In total, the team facilitated nearly 50 engagement sessions with employers across the year.

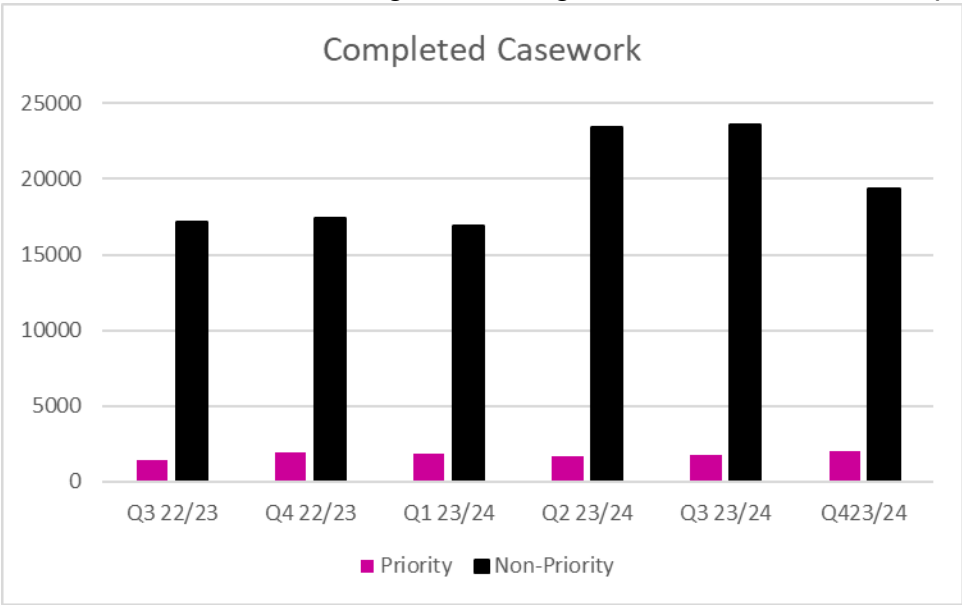
Performance against administration KPI's (6.2)

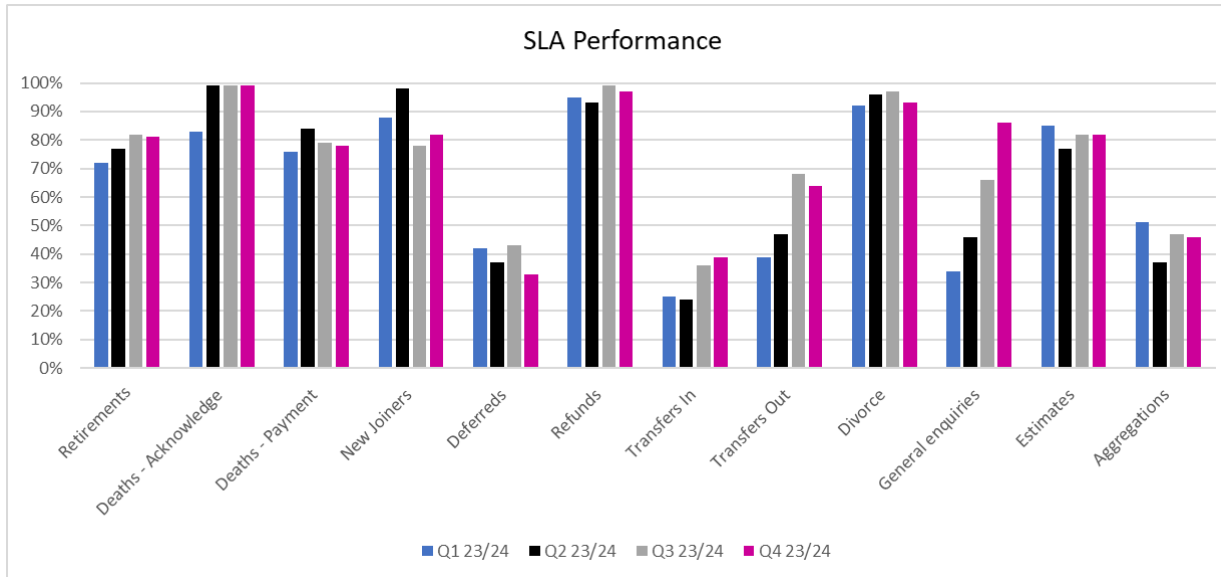
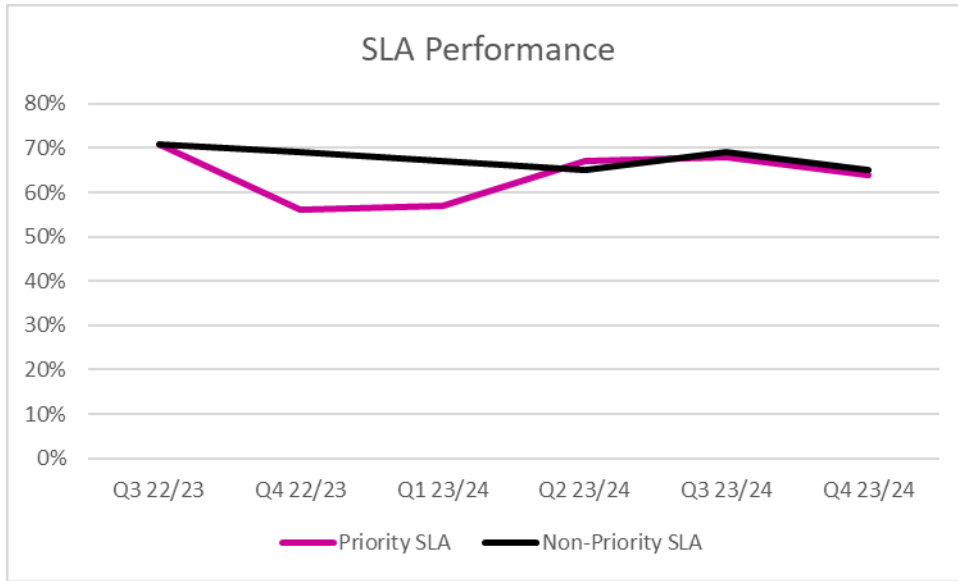
The graph below shows the comparable KPI's to previous reports.

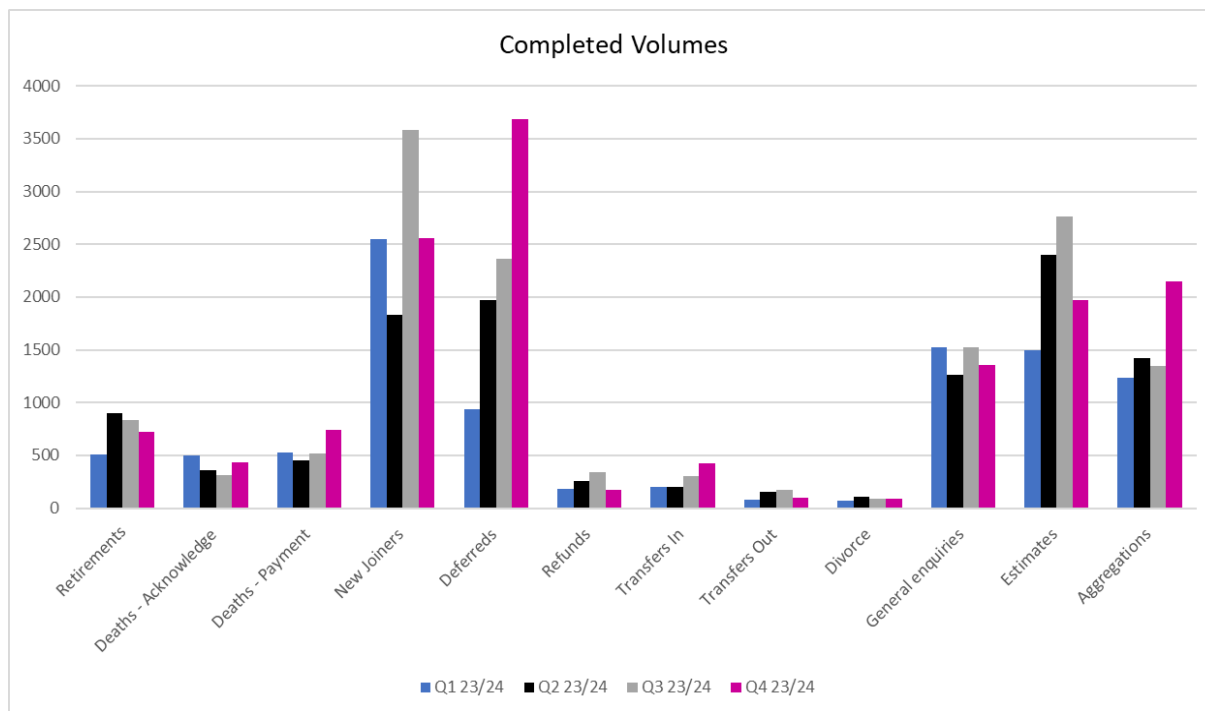
Key service standard	Target days	Number processed 2022/23	Number processed 2023/24		On target 2022/23 %	On target 2023/24 %	
Retirement benefits	5	3220	3337	▲	63.60	75.73	▲
Death benefits - initial	5	1549	1814	▲	83.15	25.30	▼
Death benefits - payment		1912	2029	▲	80.49	79.74	▼
Retirement estimates	5	2933	3350	▲	71.22	76.69	▲
Pension rights on Divorce	10	383	358	▼	87.73	94.69	▲
Preserved Benefits	20	4258	6316	▲	60.47	41.36	▼
Transfer Out	7	658	596	▼	75.99	79.03	▲
Refund of contributions	9	687	976	▲	92.29	94.98	▲
Transfers In	7	875	965	▲	61.49	73.89	▲
Additional benefits	8	197	369	▲	76.65	88.62	▲
General enquiries	5	4863	5675	▲	50.03	57.60	▲
Setting up a record	10	11613	11247	▼	89.99	85.29	▼
Totals		33148	37032				

Across 2023/24 there were still challenges processing work within targets and in understanding how to better use the data available however, 2023/2024 has been a positive year overall. Backlogs have been identified, are being tackled with active monitoring in place. Capacity has been measured and a model identified going forward to cope with the workload of the Authority. Statistics clearly show a record high for the volume of work completed in the year at 90,745 cases. This is a 30% increase on the cases completed in 2022/2023 (69,800). Clear proof that the new ways of working, including targeted overtime whilst the recruitment takes place, are having a positive impact. This will be taken forward into 2024/25. Currently case load is also grouped by the team as priority and non-priority, this is also

to be tackled in 2024/25 as clearly this is not transparent or helpful in ensuring all casework is dealt with in line with the performance measures built in. Removing the naming convention should be helpful to all.







Annex A – table A – Total number of casework

The Authority is able to report on the total number of casework in accordance with the new guidance issued in March 2024. It is not however able to produce the table requested for table B retrospectively for 2023/24.

Ref	Casework KPI	Total number of cases open start of year	Total number of cases created in year	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	438	4092	4054	89.49%	2925	86.98%
A2	New dependent member benefits	11	747	758	100.00%	760	98.57%
A3	Deferred member retirements	174	1895	1896	91.64%	1784	91.11%
A4	Active member retirements	259	1986	2073	92.34%	2073	88.89%
A5	Deferred benefits	7019	9281	7826	48.01%	5206	42.58%
A6	Transfers in (including interfunds in, club transfers)						
	quote	999	2200	2157	67.43%	1904	65.59%
	payment	129	675	563	70.02%	377	74.51%
A7	Transfers out (including interfunds in, club transfers)						
	quote	284	1944	1912	85.82%	1951	87.29%
	payment	47	817	791	91.55%	508	91.53%
A8	Refunds						

	quote	707	4237	4132	83.58%	2841	80.07%
	payment	29	1142	1095	93.51%	873	96.78%
A9	Divorce quotations issued	20	466	429	88.27%	445	95.70%
A10	Actual divorce cases	9	33	26	61.90%	20	68.97%
A11	Member estimates requested either by scheme member and employer	399	4273	4197	89.83%	4491	91.84%
A12	New joiner notifications	83	11599	11342	97.09%	11633	99.29%
A13	Aggregation cases						
	Quote	1737	4456	4128	66.66%	5523	76.07%
	Actual	3419	4233	1620	21.17%	1146	25.10%
	Data upload	515	4130	3943	84.89%	2860	84.74%
A14	Optants out received after 3 months membership						

Monthly data collection

A key factor influencing the level of service the Authority can provide to scheme members is the timeliness and accuracy of data submitted by employers to enable completion of statutory duties. In 2018 monthly data collection from employers was introduced and in 2020 introduced the collection of contributions by direct debit derived directly from the data files submitted by employers and their data providers. In 2023/24 employers have continued to engage with the Authority and 100% of employers now provide monthly data submissions and all but 1 pay their contributions by direct debit.

The Authority monitors the responsiveness of employers to the queries which inevitably arise about both monthly data submissions and on other occasions such as scheme members retiring and data on the most significant numbers of outstanding queries are provided to the Local Pension Board each quarter. Over the course of the year significant progress has been made by the larger employers (one who provide services for many other employers has seen good improvements). Over the course of the year, a more structured and intensive process of engagement with employers was developed who were having difficulties in either responding to queries or in submitting accurate monthly data with a view to resolving issues at source. The evidence in the latter part of the year was that this was beginning to pay dividends, but further work will be required in the coming year.

The table below summarises the performance of the “top 10” employers in terms of resolving queries over the course of the year:

Summary of Employer Queries Raised, Completed and Outstanding

Shown by Quarter for 10 Employers with highest total query volumes to up to 31 March 2024

Employer	Q1 2023/24			Q2 2023/24			Q3 2023/24			Q4 2023/24		
	Raised In Quarter	Completed In Quarter	Outstanding Quarter End	Raised In Quarter	Completed In Quarter	Outstanding Quarter End	Raised In Quarter	Completed In Quarter	Outstanding Quarter End	Raised In Quarter	Completed In Quarter	Outstanding Quarter End
[00500] Rotherham MBC	186	199	26	333	225	134	174	165	143	100	154	89
High	70	70	4	50	48	6	41	43	4	37	34	7
Standard	116	129	22	283	177	128	133	122	139	63	120	82
[00400] City of Doncaster Council	211	229	51	375	284	142	218	199	161	111	192	80
High	81	84	2	38	30	10	58	65	3	45	37	11
Standard	130	145	49	337	254	132	160	134	158	66	155	69
[00600] Capita	15	15	266	53	62	257	22	78	201	18	30	189
High	4	3	12	2	3	11	5	7	9	3	6	6
Standard	11	12	254	51	59	246	17	71	192	15	24	183
[00600] Sheffield CC	281	240	215	578	376	417	259	312	364	158	297	225
High	140	88	74	115	114	75	53	108	20	60	58	22
Standard	141	152	141	463	262	342	206	204	344	98	239	203
[00600] EPM	6	8	223	38	49	212	12	44	180	4	11	173
High	1	1	11	3	2	12	1	7	6	1	0	7
Standard	5	7	212	35	47	200	11	37	174	3	11	166
[00300] Barnsley MDC	103	113	31	225	156	100	109	184	25	73	75	23
High	56	58	8	32	34	6	24	27	3	30	29	4
Standard	47	55	23	193	122	94	85	157	22	43	46	19
[00295] The Chief Constable	50	50	22	94	47	69	54	55	68	49	68	49
High	16	14	3	29	27	5	14	14	5	23	24	4
Standard	34	36	19	65	20	64	40	41	63	26	44	45
[00372] Greenacre Academy	10	32	52	22	30	44	16	24	36	3	3	36
High	0	0	1	1	0	1	1	1	1	0	0	1
Standard	10	26	52	21	30	43	15	23	35	3	3	35
[00222] The Sheffield College	26	26	28	38	25	41	18	25	34	17	25	37
High	8	7	2	2	0	4	2	4	2	3	3	2
Standard	18	19	26	36	25	37	16	21	32	14	11	35
[00548] Places for People (RMBC)							12	4	60	3	8	55
High							0	0	7	0	1	6
Standard							12	4	53	3	7	49

Member and employer number by category (6.3)

EE Membership numbers table (to be displayed as infographics)

Active	51726
Deferred	64654
Pensioner	63523
Total	179903

Active		
Gender	Female	74%
	Male	26%
Age Profile	16-29	6739
	30-44	16929
	45-54	13513
	55-64	13050
	65+	1495
Other	Average age	45
	Minimum age	16
	Maximum age	74

Deferred		
Gender	Female	75%
	Male	25%
Age Profile	16-29	3142
	30-44	22888
	45-54	21159
	55-64	16341
	65+	1124
Other	Average age	47
	Minimum age	18
	Maximum age	82

Pensioner		
Gender	Female	65%
	Male	35%
Age Profile	0-44	487
	45-54	362
	55-64	14122
	65+	48552
	Oldest pensioner	107
Other	Average pension	5292.06
	Average age at retirement	59
	Average age of pensioner	71

Pensioner		
Gender	Female	65%
	Male	35%
Age Profile	0-44	487
	45-54	362
	55-64	14122

	65+	48552
	Oldest pensioner	107
Other	Average pension	5292.06
	Average age at retirement	59
	Average age of pensioner	71

Employers in the Fund

566 - Covered by table with contributions.

Adjusted start of year total*	549
Admissions 2023/4	45
Terminations 2023/4	-28
31 March 2024 active employers	566

**548 reported at 31.03.2023 - adjusted because of 2 late notifications of employers having ceased and 3 back dated admissions to earlier years. Net adjustment +1.*

Actions taken to deliver the Consultation, communications and Engagement Strategy (6.4)

- Employees
- Employers

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." Over the year the Authority has continued to consult with all stakeholders, employers, and members. Regular focus groups have been run with employers and they have been consulted on a number of areas including but limited to, changes to the Ill Health Retirement Process, the Employer Hub, and the Annual Benefit Statements. Scheme member satisfaction surveys as well as employer satisfaction surveys were undertaken.

Results can be found below. Each quarter the results of the feedback are monitored, and improvements actions put in place where appropriate.

The Authority's communication principles have been adhered to and all communications are offered in a range of methods to help ensure that no one in our scheme is disadvantaged. We offer large print, audio, and braille formats.

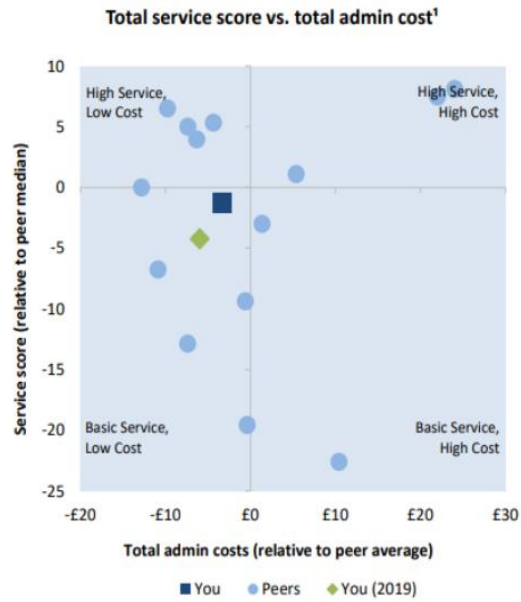
Across the year we have delivered pension forecasts, bespoke newsletters to all categories of membership, employer newsletters, Board news updates, run presentations for employees and Employers to name but a few, all in line with the Strategy. Teams at the Authority use many different methods to deliver messages. Digital is the Authorities preferred method, but all are catered for, and it is recognised that digital does not suit everyone.

Value for money (6.5)

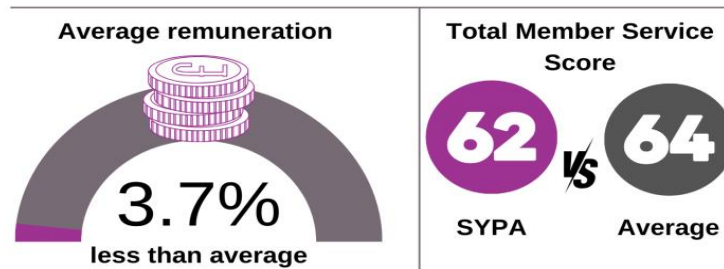
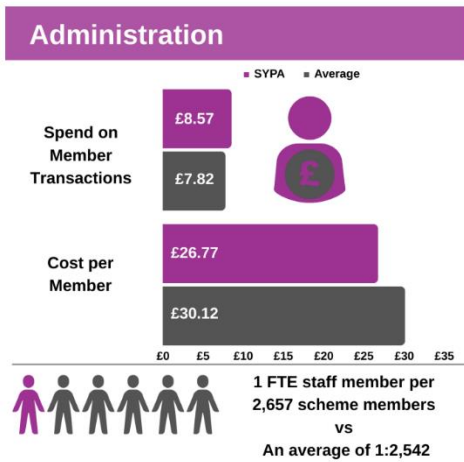
To ensure the effectiveness of the administration services, the Authority is monitored through internal and external audits. The Authority also returned to CEM to benchmark 2022/23 performance against an appropriate peer group of 14 other administration providers. The analysis of the results received in 2023/24 provided the Authority with the opportunity to understand how its costs and performance / quality of service rate compared to others and helped identify areas for improvement. CEM benchmark the overall cost effectiveness of pension schemes in both the private and public sector by looking at several measures designed to assess customer service as well as administration costs. The total administration costs per member, based on the 2022/23 data was below the average (£30.12) at £26.77 per member.

While we must not be complacent about our costs what is more important is the level of service that we deliver with the money we spend, and whether that meets the needs of our scheme members and employers. CEM's summary places SYPA as a basic member service low-cost provider on their cost effectiveness chart for 2022/23 (as shown below), this is because of a greater cost being directed at what are described as "member transactions". Although the service score is close to the high service boundary.

NB Charts based on 2022/23 data.



. NB Charts based on 2022/23 data.



Quality

Positives



Scored 2nd highest score for phone outcomes.



Our website provides high value functionality, especially for pensioners.

Areas for Improvement



Call wait times average 250 secs vs median of 164 secs



>50% of retiring members paid without a cashflow interruption vs median of 67.5%



Provision of face to face individual meetings. (most do not provide)



31 days to send an estimate vs 12 days for peers

The Authority used these results in setting its corporate objectives in 2023/24, to look to increase the service score without necessarily increasing costs. The Authority continues to invest in resources and technology to continue to develop an efficient delivery platform and provide value for money for our stakeholders. The Authority will now participate in the CEM survey annually and will use the identified areas for improvement to support the administration improvement plan.

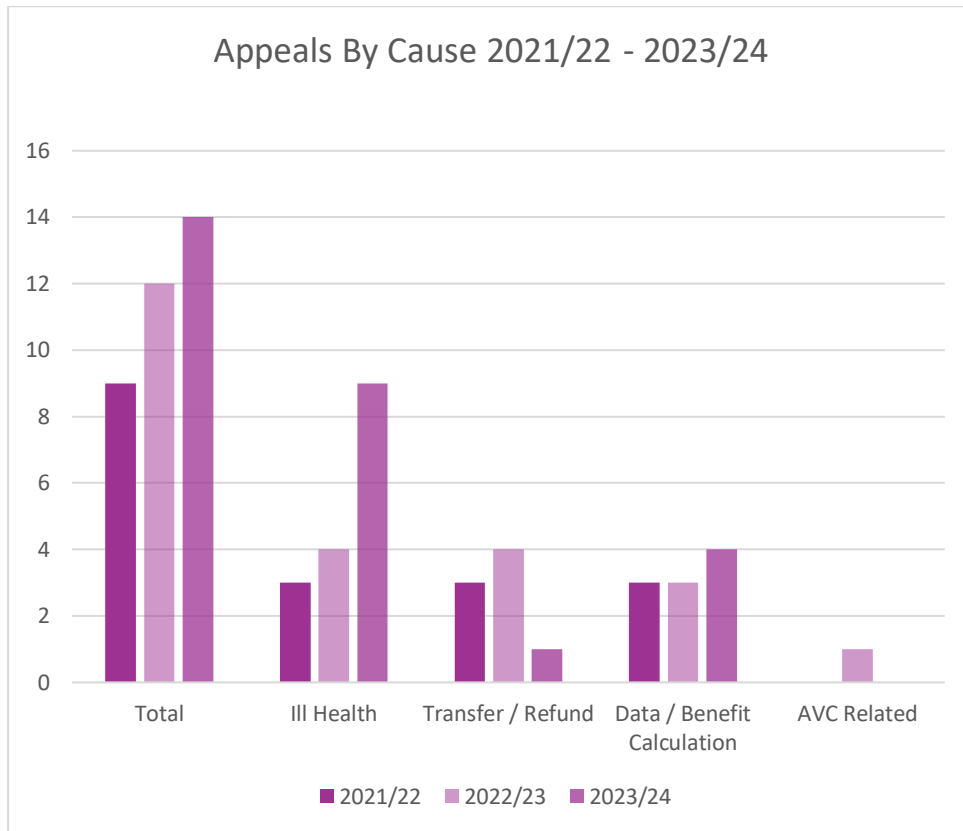
Complaints and dispute resolution (6.6)

Despite the teams' best efforts, the Authority does sometimes receive complaints from members when they have not been satisfied with scheme decisions. Members have the right to ask for scheme decisions to be looked at again under the formal complaints procedure

and they also have the right to use the procedure if a decision should but has not been made by their employer or the fund. This formal complaint procedure's official name is the internal dispute resolution procedure (IDRP) and the procedure is outlined in regulation 72 of the LGPS Regulations 2013. An active scheme member, pensioner, deferred pensioner, or potential beneficiary can all make an appeal under the IDRP procedure. There are two stages to IDRP, with the first stage of the dispute going to the body that made the original decision, requesting a review of that decision. If a member is dissatisfied with the outcome of the stage 1 decision, they may apply to the administering authority for a review at stage 2 of the IDRP within six months of the stage 1 decision. If, after the stage 2 decision, the member or beneficiary is still dissatisfied, they can contact The Pensions Ombudsman. The member or beneficiary has three years in which to apply to The Pensions Ombudsman who can investigate any type of complaint about a member's or beneficiary's pension. The member or beneficiary must have been through stages 1 and 2 of the IDRP before they contact the Ombudsman. Fortunately, such instances are few and far between shown by the number of cases across the reporting year, remembering the fund has almost 180,000 members.

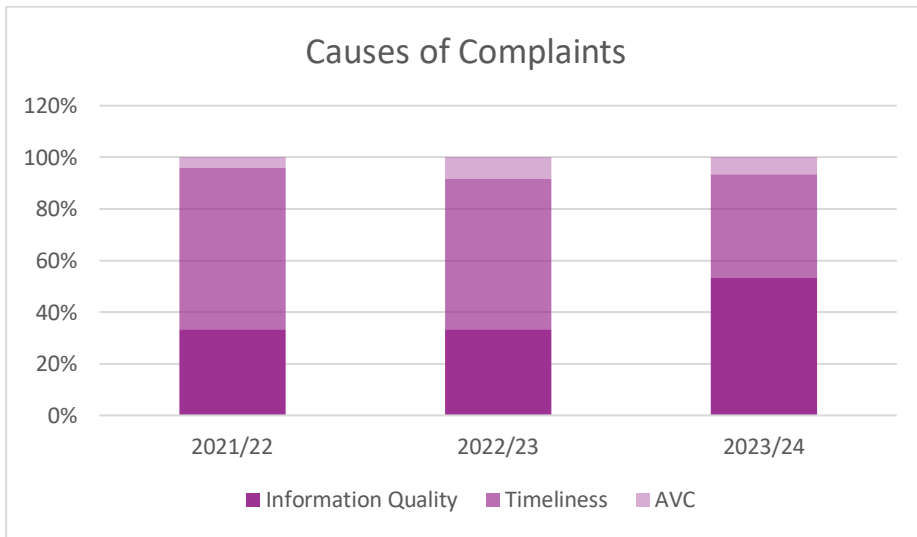
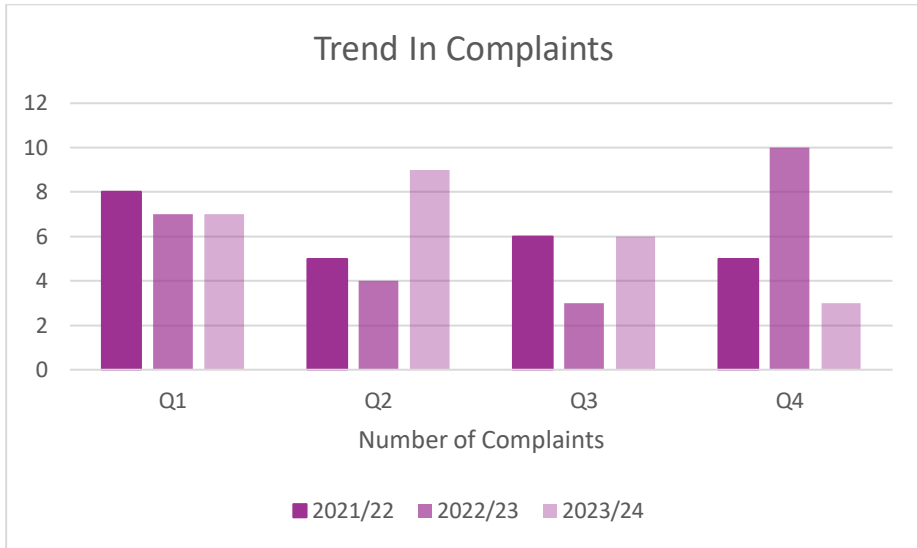
A key indicator of customer satisfaction is the volume and causes of appeals and complaints. The Authority analyses these and reports on them each quarter to the Local Pension Board. The chart below sets out the underlying cause of stage 2 appeals over the last three years. In 2023/24 there were 14 stage 2 appeals

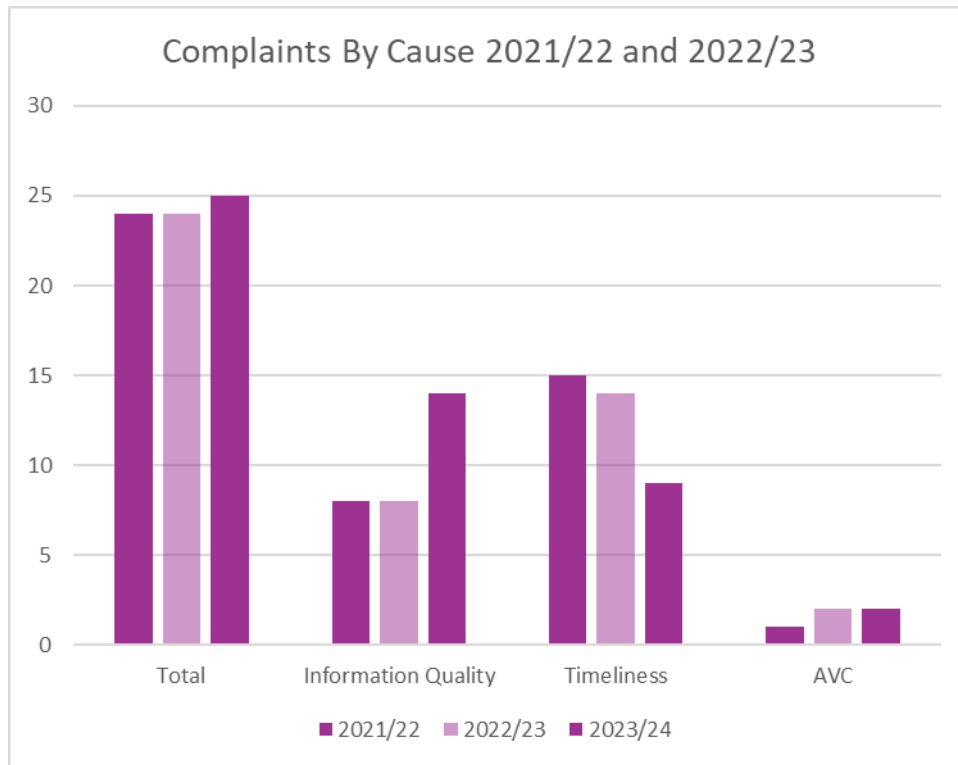
The information gathered shows, as would be expected, that the largest proportion of appeals (9 out of the 14) are concerned with ill health retirement, where scheme members often feel that the decision about the non-award of an ill health pension or the tier, they have been awarded does not reflect the degree of ill health they suffer. The other 5 issues benefits and transfers where the scheme rules and legal requirements related to scam prevention are very clear although not always very well understood by the membership. The complexity of the scheme does sometimes mean that the final pension payable to a scheme member can differ from an earlier quotation and this can result in appeal cases. The Authority is not aware of any of these cases being taken to the Ombudsman but there are historical cases still open with them as a result of their backlogs.



Complaints

In terms of complaints the chart below shows the trends over the last three years. 25 complaints were received across the reporting year. The number of complaints have stayed fairly constant over the past 3 years. The issues around timeliness clearly relate to the overall performance on casework processing and the backlogs the fund is currently working to clear highlighted earlier in this report. The national issues around AVC's have not yet been completely sorted and this has been taken up by the Local Government Association Technical Working Group for the LGPS Scheme Advisory Board for England and Wales. The issues around information quality cover a range of things but all point to the need to improve the clarity of the information provided to scheme members at various stages of their membership of the scheme.





Member satisfaction surveys

Engaging with customers helps the Authority to understand customer feedback, review and monitor service effectiveness, analyse performance, and develop and deliver a service that is focused on the requirements of those customers. The Authority encourages feedback via a range of different channels, such as surveys issued following member events and telephone calls and general satisfaction surveys placed on the website. The Authority regularly monitors scheme member satisfaction through surveys focused on members who have experienced both the retirement process and the process of joining the Fund as well as members who have contacted us through different routes such as email and telephone. Satisfaction levels have stayed pretty much the same as in 2022/23 as shown in the table below.

One area in particular that is important to know how the service is being received is the dedicated Customer Centre, this team deal with member queries at the first point of contact. Therefore throughout 2023/2024 they have continued to issue focused surveys to members who had reason to contact the Authority by telephone and email. In total, over 53,000 surveys were issued in 2023/24 which represents 28% of our overall scheme membership.

The surveys were a combination of the following:

- Retired members survey
- Customer Centre telephony survey
- Customer Centre email survey
- New joiner survey

From these surveys, a total of 1,946 responses (4%) were received which provides valuable insight into what the Authority is getting right and also those it isn't, this then provides areas to work on. Each of the surveys ends with a specific question about overall satisfaction with the Authority. The results are shown in the table below.

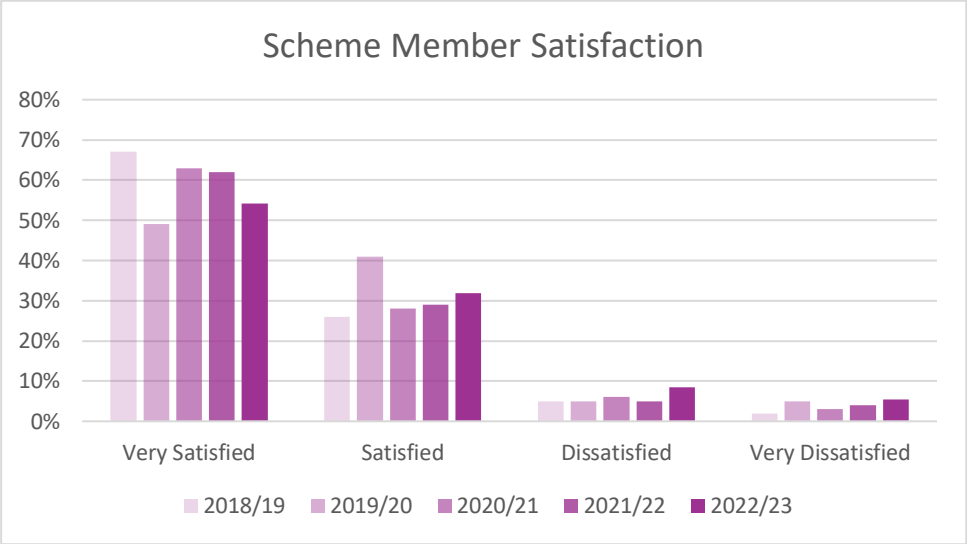
Although satisfaction levels are high and remain consistent from the previous financial year, at 81%, the Authority does not intend to be complacent. The following are areas where changes have been made because of member feedback:

- New taxation statement included with retirement forms – to determine the initial tax code to operate at retirement.
- Reviewed guidance on the Retire Online portal.
- Introduced a call back facility, whilst keeping the member's position in the queue.
- Automatic call distribution on the Customer centre helpline with a new Retirement/notification of death calls.

It is also important to view these results in the context that the number of surveys received represents just over 1% of our total membership.

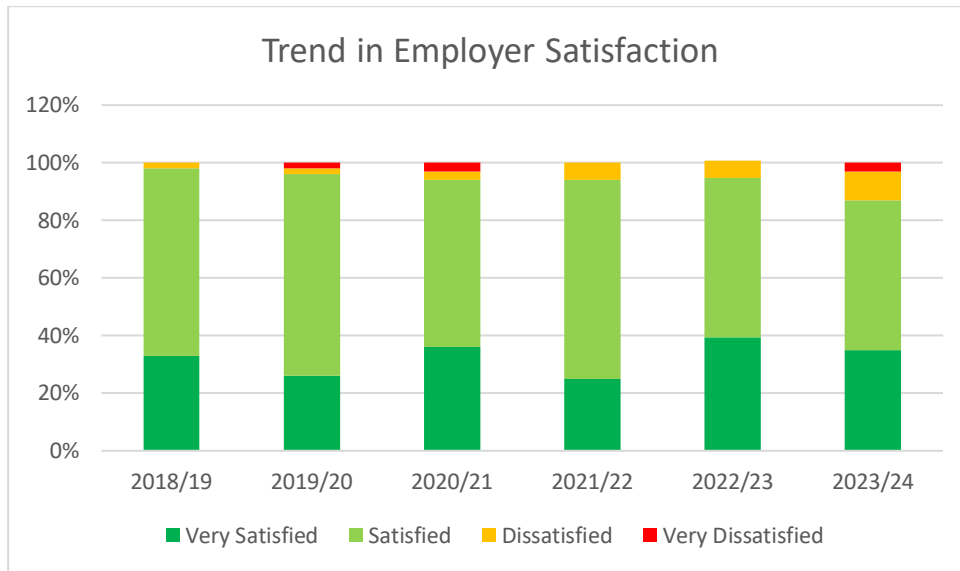
	Very Satisfied		Satisfied		Dissatisfied		Very Dissatisfied	
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24
Members	47%	48%	34%	33%	12%	12%	7%	7%

The Authority has kept its accreditation to Customer Service Excellence, achieving the highest rating “compliance plus” in a number of areas. Retaining this accreditation since 2004 is testament to the continued focus upon delivering best practice and innovation to customers.



Employer satisfaction surveys

The response rate for employer surveys is much lower but is sufficient to be useful. The largest area for comment amongst employers is the employer area of the Website and the Employer Web Portal. This is not unexpected and is something the Authority is working to improve within the limitations of the underlying software. It was pleasing to see there were no dissatisfactions received with the Monthly Data Collection (MDC) process. This is testament to the effort the team has put in to improve this process.



Annex A Tables

Table C	Communications and Engagement	
Ref	Engagement with Online portals	<i>Percentage as at 31 March 2024</i>
C1	% of active members registered	63%
C2	% of deferred members registered	52%
C3	% of pensioner and survivor members	42%
C4	% total of all scheme members registered for self service	52%
C5	Number of registered users by age	93,200
C6	% of all registered users that have logged onto the service in the last 12 months	49%
	Communication	
C7	Total number of telephone calls received in year	32,490*

C8	Total number of emails	37,001**
C9	Number of scheme member events held in year (total of in person and on-line)	95
C10	Number of employer engagement events held in year (in-person and on-line)	41
C11	Number of Active members who received a one to one (in-person and on-line) – <i>excluding offsite at Employer</i>	345
C12	Number of times a communication (i.e. Newsletter) issued to;	
	a) Active members	1
	b) Deferred members	1
	c) Pensioners	2

*23,743 connected – automatic callbacks offered as service to those not wanting to hold

** currently not able to report on web queries

C5 Total registered users by age

Age Band	Total Members
16 – 29	4,421
30 to 44	20,532
45 to 54	20,238
55 to 64	30,031
65+	17,978
Total	93,200

C6 % of registered users logged into mypension over last 12 months

Age Band	Total Members
16 – 29	2,469 (3%)
30 to 44	8,906 (10%)
45 to 54	9,907 (11%)
55 to 64	15,525 (17%)

65+	8,485 (9%)
Total	45,292 (49% of total users logged in over last 12 months).

Table D	Resources	
Ref		As at 31 March 2024
D1	Total number of all Administration staff (FTE)	62.1
D2	Average service length of all administration staff	12 Years, 3 Months
D3	Staff vacancy rate as %	4.5%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1 : 2,900
D5	Ratio of all administration staff (excluding management) to total number of scheme members	1 : 3,050

Table E	Data Quality	
Ref	Annual Benefit Statements	
E1	Percentage of annual benefit statements issued as at 31 August	100%
	Data category	
E3	Common data score	97%
E4	Scheme specific data score	96%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with on home address held or address known to be out of date	2.2%
E6	Percentage of active, deferred and pensioner members with an email address held on file	63%
	Employer Performance	
E7	Percentage of employers set up to make monthly data submissions	100%
E8	Percentage of employers who submitted monthly data on time during the reporting year	92.13%

Implementing the Funding Strategy Statement (Section 8b)

The Funding Strategy Statement which is available [here](#) is a series of interlinked policies which comply with the relevant statutory guidance and cover the following areas:

- The calculation of employer contributions and the associated calculations of assets and liabilities and the basis for requiring additional contributions to be paid.
- Processes for employers to join and leave the Fund.
- Processes related to the transfer of staff between employers either within the Fund or to another Fund.
- Processes for reviewing contributions between valuations.
- Specific policies related to schools converting to academy status.
- Policies relating to the review and monitoring of employer covenant.
- Policies related to the prepayment of contributions.
- Policies related to managing the risks arising from ill health retirement.
- Policies related to the treatment of contractors within the Fund.

The objectives of the Funding Strategy are to:

- 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.
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency.
- where appropriate, ensure stable employer contribution rates.
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy.
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

These policies are reviewed every three years alongside the valuation of the Fund or more frequently if there is a change in the regulations.

This section of the Annual Report outlines the way in which the various policies contained in the Funding Strategy Statement have been implemented during the year.

This year saw:

- The introduction in April 2023 of the new contribution rates set at the 2022 valuation. For many employers this meant that for the first time they saw a negative secondary contribution rate repaying their share of the Fund's surplus over 16 years.
- The introduction of a stabilisation mechanism to manage changes in contribution rates for larger employers.

Ordinary Contributions

The Fund collected £314,171,000 (£138,232,000 in 2022/23) in employer contributions and £78,097,000 (£72,604,000 in 2022/23) of employee contributions during the year. The Fund paid out £39,698,000 of the employer contributions (collected £8,001,000 in 2022/23) related to secondary contributions either contributing towards repaying employer funding deficits or refunding employers' share of the Fund's surplus. A full breakdown of these contributions is set out in the Appendix to this annual report. The Fund collects contributions by direct debit and therefore there were no occasions where employers failed to pay over contributions on time.

Additional Contributions

The Fund collected £4,519,000 (£5,770,000 in 2022/23) in additional contributions from 24 employers (18 in 2022/23) to meet the costs of allowing 134 scheme members (147 in 2022/23) to take their pension early. These payments are required as an immediate lump sum. In addition, the Authority received £312,000 (2022/23 £315,000) through the Levy on the four district councils in respect of the unfunded liabilities of the former South Yorkshire County Council the actuarial value of which is estimated at £1,622,000 (2022/23 £1,812,000). The levy represents the payments to 110 surviving employees of the former County Council (2022/23 123).

Ill Health Retirement

During the year 53 scheme members retired on ground of ill health. Ill health benefits are tiered according to the likelihood of the scheme member being able to return to employment before their normal retirement age. The table below shows the numbers of ill health retirements in each tier.

	2023/24		2022/23	
	Ill Health Retirements No.	Employers with Ill Health Retirements No.	Ill Health Retirements No.	Employers with Ill Health Retirements No.
Tier 1	46	14	48	16
Tier 2	1	1	4	4
Tier 3	6	5	4	4
Total	53		56	

Note employers may have ill health retirements in more than one tier therefore employer numbers are not totalled to avoid double counting.

Larger employers such as the local authorities, colleges and the university meet the costs of ill health retirement through their contribution rate. Given the potentially large and uneven costs of ill health retirements all other employers contribute a small element of their contribution rate to an ill health insurance provision within the Fund. 60% of the above retirements were covered by the ill health insurance provision. The “premiums” for this arrangement are reviewed alongside the triennial valuation to ensure that the resources within this “insurance fund” are sufficient to meet the likely future costs. This arrangement lessens the risk to future contributions for smaller employers caused by the potentially significant costs of a single ill health retirement.

Employers Joining the Fund

45 new employers joined the Fund over the course of the year. These broke down between different types of employers as follows:

	New Employers 2023/24
Local Authorities and Further and Higher Education Institutions	0
Academies and Multi Academy Trusts	15
Town and Parish Councils	0
Contractors	30
Other Bodies	0
Total	45

Of the contractors entering the Fund all utilised the pass-through policy which allows their contributions to be set at the same level as the employer letting the contract.

All academies or multi academy trusts joining the Fund did so in line with the specific policies relating to these types of employer.

Employers Leaving the Fund

During the year 28 employers ceased to participate in the Fund. In some cases, this was because their contract came to an end, in others because their last active member ceased employment.

	Ceasing Employers 2023/24
Local Authorities and Further and Higher Education Institutions	0

Academies and Multi Academy Trusts	0
Town and Parish Councils	0
Contractors	23
Other Bodies	5
Total	28

As a result of these cessations the Authority:

Paid out £978,434 in exit credits to 23 employers who had a surplus on ending their participation in the Fund (2022/23 £578,100 to 5 employers).

Received £59,750 in cessation payments from 8 employers who had a deficit on ending their participation in the Fund (2022/23 £25,000 from 1 employer).

Exercised discretion to allow 2 employers (0 in 2022/23) to end their participation in the Fund with no exit credit payment or cessation payment based on overall risk posed to the Fund. These cases relate to delayed cessation settlements where the passage of time has resulted in a different position at the current time when compared to the point of time at which the cessation event took place. The Authority considered the charity status of these employers and the fact their activities were for the wider benefit of South Yorkshire residents.

The figures for employers ending their participation in the scheme are higher in 2023/24 than in a normal year because of:

- Addressing a backlog of cessation settlements.
- Several smaller employers taking advantage of their improved funding position to end their participation in the scheme.

Prepayment of Contributions

In agreement with the Fund's actuary the Authority allows employers to prepay employer's contributions at either the beginning of each year or at the beginning of the three-year valuation period, with a reconciliation at the year end to ensure the correct total has been paid. This allows employers to receive a small discount because of their funds being invested earlier.

The amounts paid are summarised in the table below which clearly demonstrates the front loading of contributions in 2023/24 following the implementation of the 2022 Valuation results:

	2023/24		2022/23	
	Prepayments Received £	Number of Employers Prepaying	Prepayments Received £	Number of Employers Prepaying
Local Authorities and Further and Higher Education Institutions	£136,662,000	2	£112,000	1
Academies and Multi Academy Trusts	£0	0	£854,000	22
Town and Parish Councils	£0	0	£1,000	1
Contractors	£0	0	£0	0
Other Bodies	£0	0	£63,000	3
Total	£136,662,000	2	£1,030,000	27

Bulk Transfers Between Funds

No bulk transfers of scheme members between employers within the South Yorkshire Fund or between the South Yorkshire Fund and other funds took place during the year.

Reviews of Employer Contribution Rates

No reviews of employer contribution rates have either been requested or undertaken during 2023/24 (2022/23 Nil). Given the proximity of the next triennial valuation the Authority is unlikely to agree to any requests for such reviews during the coming year absent compelling special circumstances.

South Yorkshire Pension Fund (“the Fund”) Actuarial Statement for 2023/24

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- to achieve a 100% solvency level over a reasonable period and that sufficient funds are available to meet all members’/dependants’ benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 16 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 16 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund’s assets, which at 31 March 2022 were valued at £10,674 million, were sufficient to meet 119% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £1,685 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers’ contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund’s funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.45%
Salary increase assumption	3.3%
Benefit increase assumption (CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.0 years	24.0 years
Future Pensioners*	22.0 years	25.5 years

*Aged 45 at the 2019 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025. The Funding Strategy Statement will also be reviewed at that time.



Greer Flanagan FFA

15 May 2024

For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282.

A list of members of Hymans Robertson LLP is available for inspection at One London Wall, London EC2Y 5EA, the firm's registered office.

Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

Hymans Robertson is a registered trademark of Hymans Roberts LLP.

11. Pension Fund – Statement of Accounts

The Statement of Accounts will be placed here in the final publication. Pending the design process being completed, this is attached as a separate document on the LPB meeting agenda at Appendix B.

12. Glossary

Accruals (Accrual Accounting)

Accrual accounting is when income and expenses are recorded when they are earned or incurred, not when money is received or paid. When income is due to the Authority but has not been received, an accrual is made for the debtor. When the Authority owes money but the payment has not been made, an accrual is made for the creditor.

Active member

An employee who is currently paying pension contributions.

Actuarial / Actuary

The science and profession of using mathematical techniques to model and quantify the financial effects of uncertain future events. For the Authority this is relevant in the context of accounting for the Pension Fund, where future transactions of the Fund will occur so far into the future that their value cannot yet be known with certainty.

Actuarial valuation

SYPA's actuary carries out an actuarial valuation every three years and recommends the level of contributions for each of the Fund's participating employers for the following three years. The valuation will measure the size of the Fund against its future liabilities and set contribution rates according to the Fund's deficit or surplus.

Additional voluntary contributions (AVCs)

These are extra payments to increase future pension additional life cover. All local government pension funds have an in-house AVC scheme that members can invest money in through an AVC provider, often an insurance company or building society.

Administering authority

The LGPS is run by administering authorities, for example county councils, in accordance with regulations approved by parliament. Each administers their own Fund, into which all contributions are paid. Every three years, independent actuaries carry out a valuation of each fund and set the rate at which the participating employers must contribute to fully fund the payment of scheme benefits for that Fund's membership. In the case of South Yorkshire, SYPA is the administering authority.

Admitted Body

Admitted bodies are 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.

Amortisation

The way in which an asset or liability is accounted for over more than one period (other than property, plant and equipment, for which depreciation applies).

Asset allocation

This is putting an investment strategy in place that tries to balance risk against reward by adjusting the percentage of each asset in an investment portfolio according to an investor's risk tolerance, goals and investment time frame.

Biennial

Something that happens every two years.

Basis Points (bps)

Basis points, otherwise known as bps or "bips" are a unit of measure used in finance to describe the percentage change in the value of financial instruments or the rate change in an index or other benchmark. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Building Research Establishment Environmental Assessment Methodology (BREEAM)

BREEAM is the world's leading sustainability assessment method for master planning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment. It is used to measure the sustainability of properties owned by the Authority.

Carbon Dioxide Equivalent Emissions Per Million Dollars of Revenue (CO₂e/\$m revenue)

Carbon dioxide equivalent emissions per million dollars of revenue (CO₂e/\$M): This metric shows the Fund's investment portfolio's exposure to carbon-intensive companies, expressed in tons CO₂e / \$M revenue.

Career average revalued earnings (CARE) pension scheme

From 1 April 2014, for every year they pay into the LGPS, scheme members get a pension of 1/49th of their pay, which is added to their pension account and revalued every year in line with a government treasury order currently linked to the Consumer Price Index.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is a UK accountancy body, specialising in the finances of the public sector. CIPFA is responsible for determining the accounting rules and procedures that apply to local authorities and other public bodies.

Climate Change

Climate change refers to long-term changes in the Earth's average temperature and weather conditions, largely due to human activities like the widespread use of fossil fuels - coal, oil and gas - in homes, factories and transport, and deforestation.

Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

This document is produced by CIPFA. It defines proper accounting practices for local authorities in the United Kingdom, and is generally abbreviated to 'the Code' in the text. The Code is based on International Financial Reporting Standards.

Consumer Price Index (CPI)

This is a method of measuring the changes in the cost of living, similar to the Retail Price Index. From April 2011 the amount pensions are increased annually is based on movement in the Consumer Price Index during the 12 months to the previous September.

Contingent Assets

Contingent assets are potential assets that result from past events. Their existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, which are not entirely within the control of the Authority.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the balance sheet.

Commutation

This is giving up part or all of the pension payable from retirement in exchange for an immediate lump sum.

Convertible shares

These are shares that include an option for holders to convert into a predetermined number of ordinary shares, usually after a set date.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered, but for which payment has not been made at the end of the year.

Custodian

This is a financial institution that holds customers' securities for safekeeping to minimise the risk of theft or loss. Most custodians also offer account administration, transaction settlements, collection of dividends and interest payments, tax support and foreign exchange.

Data governance

This refers to the overall management of the availability, usability, integrity, and security of data used in an enterprise. A sound data governance programme includes a governing body, a defined set of procedures, and a plan to execute those procedures.

Death grant

This is a lump sum paid by the pension fund to the dependants or nominated beneficiaries of a member who dies.

Debtors

Sums of money owed to the Authority but not received at the end of the year.

Deferred pensioner

A former member of the LGPS who has left the scheme, but still has benefits in the scheme and will collect a pension from the LGPS on retirement.

Deficit payments

Pension schemes have a legal requirement to reduce any deficit - the difference between a scheme's assets and its liabilities - over time, by making additional payments.

Denomination

This is the face value of a banknote, coin, or postage stamp, as well as bonds and other fixed-income investments. Denomination can be the base currency in a transaction, or the currency a financial asset is quoted in.

Discretion

This is the power given by the LGPS to enable a council or administering authority to choose how they will apply the scheme in respect of certain of its provisions. Under the LGPS they are obliged to consider certain of these discretionary provisions and to pass resolutions to form a policy of how they will apply the provision. For the remaining discretionary provisions, they are advised to do so. They have a responsibility to act with 'prudence and propriety' in formulating their policies and must keep them under review.

Direct property

Direct investment in property is buying all or part of a physical property. Property owners can receive rent directly from tenants and realise gains or losses from the sale of the property.

Earmarked Reserve

A sum set aside for a specific purpose.

Eligible councillor

This is a councillor or an elected mayor (other than the Mayor of London) who is eligible for membership of the LGPS in accordance with the scheme of allowances published by an English county council, district council or London borough council or by a Welsh county council or county borough council. Eligibility for this scheme was removed during the coalition government and councillors are now deferred members of the scheme.

Employer covenant

This is an employer's legal obligation and financial ability to support their defined benefit pension scheme now and in the future. Assessing the strength of the covenant helps decide the appropriate level of risk when setting investment strategy.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of property, plant and equipment to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

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, lending, soft loans, financial guarantees and bank deposits of the Authority.

Fixed income securities

A fixed-income security is an investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity. Unlike a variable-income security, where payments change based on some underlying measure such as short-term interest rates, the payments of a fixed-income security are known in advance.

Fund of funds (FoF)

This is a fund that holds a portfolio of other investment funds.

General partners

These are owners of a partnership with unlimited liability. General partners are often managing partners who are active in the daily operations of a business.

Global Real Estate Sustainability Benchmark (GRESB)

The Global Real Estate Sustainability Benchmark is a source of reliable and comparable data on the Environmental, Social and Governance (ESG) performance of real estate investments.

Government Bond Yields

The yield on a government bond is the interest rate that the government borrows at. Government bonds, because they are safe, therefore tend to have a lower yield because investors are not demanding a high rate of interest for lending to the government.

Guaranteed minimum pension (GMP)

The LGPS guarantees to pay a pension that is at least as high as a member would have earned had they not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the guaranteed minimum pension (GMP).

IAS 26

IAS 26 Accounting and Reporting by Retirement Benefit Plans outlines the requirements for the preparation of financial statements of retirement benefit plans.

Illiquid

Illiquid is a term commonly used to describe assets or investments that cannot be quickly and easily converted into cash at the current fair market price. An individual, a company, or other entity may also be described as illiquid if they are cash poor and primarily hold only illiquid assets.

Impact Investing

Investments made into companies, organisations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return. Impact investments provide capital to address social and/or environmental issues.

Index-linked bonds

These are bonds in which payment of income on the principal is related to a specific price index - often the Consumer Price Index. This feature provides protection to investors by shielding them from changes in the underlying index. The bond's cash flows are adjusted to ensure that the holder of the bond receives a known real rate of return.

International Accounting Standards (IAS)

These standards were issued by the International Accounting Standards Committee (IASC). These standards have now largely been replaced by International Financial Reporting Standards.

International Financial Reporting Standards (IFRS)

These are accounting standards issued by the International Accounting Standards Board.

Investment Properties

Land and buildings that are held for capital gain and rental income and not for the provision of services.

Liabilities

These are amounts which the pension scheme will have to pay now or at some time in the future. The most common liability is paying members' pensions.

Litigation Risk

Litigation risk is the possibility that legal action will be taken because of an individual's or corporation's actions, inaction, products, services, or other events.

Local Government Pension Scheme membership

As well as the staff of local councils, the Local Government Pension Scheme membership covers police and fire civilian staff, a registration officer, a coroner, employees of a valuation tribunal, employees of a passenger transport authority, employees of the Environment Agency, non-teaching employees of an academy, or a Further or Higher Education Corporation.

Local Pension Board

Local Pension Boards assist administering authorities to make sure each scheme complies with governance and administration requirements. Boards may have additional duties, if scheme or other regulations specify them. They must have an equal number of employer representatives and member representatives, plus other types of members, like independent experts. All Local Pension Board members have a duty to act in line with scheme regulations and other governing documents.

Macro-Economic Impact

Macroeconomic impact refers to the broad effects that influential financial, natural, or geopolitical events have on a regional or national economy. These factors tend to affect large sections of populations, rather than just a few select individuals. Examples of macroeconomic factors include economic outputs, unemployment rates, and inflation. In essence, they shape the overall functioning of an economy, impacting decisions made by households, firms, and governments regarding spending, saving, hiring, and investment. The conditions raised by these factors set the stage for economic growth and development.

Material / Materiality

A financial item is considered material if leaving it out, not disclosing it, or misstating it in the financial statements would likely distort the overall view provided by those statements.

Mezzanine Debt

Mezzanine debt bridges the gap between debt and equity financing and is one of the highest-risk forms of debt. It is senior to pure equity but subordinate to pure debt. However, this means that it also offers some of the highest returns when compared to other debt types, as it often receives rates between 12% and 20% per year.

Myners' principles

This is a set of principles based on Paul Myners' 2001 report, Institutional Investment in the United Kingdom.

The Myners' principles for defined benefit schemes cover:

- effective decision-making
- clear objectives
- risk and liabilities
- performance assessment
- responsible ownership
- transparency and reporting

Operating Leases

Leases other than a finance lease. Under operating leases the risks and rewards of ownership remain substantially with the lessor.

Ordinary shares

An ordinary share represents equity ownership in a company and entitles the owner to vote at general meetings of that company and receive dividends on those shares if dividend is payable.

Personal pension

A personal pension plan is usually purchased from a financial services company, such as an insurance company, bank, investment company or building society. Members usually pay into the plan every month and employers can also contribute to the plan.

Policy statement

This is a statement that councils and administering authorities must produce, setting out the policies they have resolved to follow in exercising certain discretions under the LGPS.

Pooled funds

These are aggregated funds from multiple individual investors. Investors in pooled fund investments benefit from economies of scale for lower trading costs, diversification and professional money management.

Principles for Responsible Investment (PRI or UNPRI)

The six Principles for Responsible Investment originally developed by the UN are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice.

Private Equity

Private equity is equity capital that is not quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.

Provisions

When amounts are charged to revenue and set aside for liabilities which are known to exist, but where the timing is uncertain or the amount cannot be reliably estimated, the amount set aside is called a provision.

Related Parties

Individuals or bodies who have the potential to influence or control the Authority or to be influenced or controlled by the Authority.

Related party transactions

These are any transactions that have taken place with related parties of the Authority during the year and are disclosed in the notes to the accounts. 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.

Remuneration

Any money or other financial compensation paid for work or a service.

Responsible Investment

A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.

Retail Prices Index

This is another method of measuring the changes in the cost of living. It reflects the movement of prices covering goods and services over time. Until April 2011, the amount by which pensions were increased annually was based on movement in the Retail Price Index during the 12 months to the previous September. From April 2011 the government changed the amount by which pensions increase from Retail Price Index to Consumer Price Index.

Scheduled body

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

Stakeholder pension

This is a low-cost private pension; they became available from 6 April 2001. They are meant for people who currently do not have a good range of pension options available to save for their retirement. Contributors use their own money to build up a pension fund.

State pension age

This is the earliest age people can receive the state basic pension.

Statutory compliance

This means following the laws on a given issue.

Stock lending

This is loaning a stock, derivative, or other security to an investor or firm. It requires the borrower to put up collateral (cash, security or a letter of credit). When stock is loaned, the title and the ownership is transferred to the borrower, and title is returned at the end of the loan period.

Task Force on Climate-related Financial Disclosures (TCFD)

A Task Force on Climate-related Financial Disclosures (TCFD) was set up in 2015 by the Financial Stability Board (FSB) to develop voluntary, consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders.

Transfer value

A transfer value is a cash sum representing the value of a member's pension rights.

Transferred service

Any pension members who have transferred into the LGPS from a previous pension arrangement that now counts towards their LGPS membership.

Treasury management

This is the management of an Authority's cash flows, borrowing and investments, and the associated risks.

Triennial

Something that happens every three years.

Unitranche Debt

Unitranche debt is a hybrid loan structure that combines both senior debt and subordinated debt into a single loan. This unique financing approach enables banks to compete more effectively against private debt funds.

Voting policy

This is how South Yorkshire Pensions Authority through Border to Coast applies its shareholder voting rights. We will vote as follows.

- For - when the proposal meets best practice guidelines and is in the shareholders' long-term interests.
- Abstain – when the proposal raises issues which do not meet best practice guidelines but either the concern is not regarded as sufficiently material to warrant opposition, or an oppose vote could have a detrimental impact on corporate structures or the issue is being raised formally with the company for the first time.
- Oppose - when the proposal does not meet best practice guidelines and is not in the shareholders' interests over the long term.

The voting policy will be applied to all reportable companies held by the Fund. In supporting any resolution of any type, we will only vote on a resolution if:

- the resolution deals with one substantive issue and is not bundled with other items.
- the resolution is fully explained and justified by the proposers, and
- there is full disclosure of information relevant to the consideration of a resolution and such information is presented in a fair and balanced way.

13. Appendix – Employer Contributions Received 01/04/2023 to 31/03/2024

The full list of contributions received will be placed here in the final publication. Pending the design process being completed, this is attached as a separate document on the LPB meeting agenda at Appendix C.