



Delivering for our Customers

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Corporate Performance Report

Quarter 2 2024/25

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1. Introduction

- 1.1 South Yorkshire Pensions Authority only exists to provide services to our customers whether they be scheme members or employers.
- 1.2 This Corporate Performance Report provides a summary view of overall performance in achieving the Authority's objectives, bringing together information on progress against the corporate strategy, a range of key performance measures, financial monitoring, and an ongoing assessment of the risks to the delivery of the Corporate Strategy. By providing this single view of how we are doing it will be easier for councillors and other stakeholders to hold us to account for our performance.
- 1.3 This report presents the information on overall performance during the second quarter of the 2024/25 financial year. More detailed information on the performance of the Authority's investments and the pension administration department during the quarter are contained in other reports which are available on the Authority's website.

2. Headlines

2.1 Key messages for the quarter are highlighted here. The detail and underlying context behind these are set out in the sections of the report that follow.



Good progress being made on corporate plans and projects. This report includes output from the Pentana system now being used for monitoring and reporting on progress.

Under-spend forecast on the revenue budget has resulted in being able to build up the earmarked reserves ahead of schedule.

Two risk scores reduced as a result of preventative and mitigating actions taken.

Investment performance is a little behind target over recent periods - but remains ahead of expectations over the long term.

Clearance of backlogs of case work is progressing but remains a challenge.






Two new risks added to the strategic risk register - concerning McCloud Rectification and the Pensions Review.


3. Delivering the Corporate Plan & Supporting Strategies




- 3.1 This section provides an update on progress made in delivering the corporate objectives of the organisation.
- 3.2 The update to the Corporate Strategy for the period 2024-2027 was approved in February 2024 and focusses on the Authority delivering improvements to the way in which we do things and in addressing longstanding challenges across the organisation to ultimately improve the service received by our customers and our overall efficiency.
- 3.3 The detailed objectives and plans have been divided into the following programmes of work.
- *Administration Improvement Plan* – A series of interlinked activities which are intended to address long standing issues which have affected the underlying performance of the administration service and place the service on a stable and sustainable basis.
 - *Delivering the Investment Strategy* – A range of activities which support delivering the investment strategy including progress to Net Zero.
 - *People* – Activities which are designed to ensure that the Authority has the right number of people with the right levels of skills and experience to enable it to effectively deliver services.
 - *Organisation Wide* – Activities which affect all parts of the organisation, and which are intended to strengthen parts of the organisational infrastructure.
 - *Governance* – Activities which are intended to strengthen the governance framework and ensure the demonstration of compliance with regulatory requirements.
 - *ICT* – A programme of work designed to ensure that the Authority's ICT infrastructure is both up to date and being effectively utilised to improve the delivery of services.
- 3.4 For areas of work such as HR and ICT the work included here summarises the more detailed plans contained in the relevant enabling strategies, rather than replicating the full detail.
- 3.5 The following table provides updates in respect of developments that have taken place during the quarter in delivering these programmes of work.
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3.6 Key to abbreviations used in the table that follows:



Key to Responsible Managers	
AD-IS	Assistant Director – Investment Strategy
AD-P	Assistant Director – Pensions
AD-R	Assistant Director – Resources
DIR	Director
HFP	Head of Finance & Performance
HGCS	Head of Governance & Corporate Services
HICT	Head of ICT
HRBP	HR Business Partner
IM	Investment Manager
SM-B	Service Manager – Benefits
SM-CS	Service Manager – Customer Services
SM-INF	Service Manager – ICT Infrastructure
SM-PP	Service Manager – Programmes and Performance
SM-TST	Service Manager – Technical Support and Training
TL-G	Team Leader - Governance
TL-SD	Team Leader – Pension Systems Development



Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
A	Administration Improvement Plan			AD - P		37%
A1	Deliver ongoing improvements in data quality	01-Apr-2024	31-Mar-2026	SM - TST	Appointment of Data Analyst is expected in the next quarter. Annual improvements were made with the errors attributed to the Annual Benefits Statements programme of work. An early impression of SYPA's data quality was shared with the actuary at the end of this quarter to guide data quality improvements in the future.	At risk but achievable 
A2	Implement changes to the organisation approved during 2023	01-Feb-2024	30-Sep-2024	AD - P	The two final posts were interviewed for in September, and offers were accepted by the applicable candidates.	Completed 
A3	Implement system improvements to ensure that the Authority is making the best use of technology.	01-Apr-2024	31-Mar-2025	SM - B	The pilot project delivering a change to the Transfer Out process is nearing completion but has taken longer than expected to help deliver an understanding of pensions process changes. Another improvement project has commenced to deliver better reporting on member phone queries and has been making positive steps. Improvements to visibility of data from the Pensions Administration system has greatly improved team-level focus on casework.	On track 
A4	Clear backlogs of casework	01-Feb-2024	31-Dec-2025	SM - B	41% of the backlog was cleared by the end of September. Monitoring is in place by SMT and responsible Service Managers. Focus days have been introduced for particular backlog cases. It has also been recognised that having a more transparent view of the backlog of cases has offered a good level of understanding of the kind of lessons that can be learnt to avoid similar issues in the future.	At risk but achievable 
A5	Implement the McCloud Remedy	01-Apr-2024	31-Mar-2026	AD - P	Pensions Software provider have had to cancel the latest install of McCloud Calculations because of the level of issues raised by all customers through the User Acceptance Testing. McCloud has now been added to the corporate risk register because of the risk of the Authority not being able to comply with the statutory guidance timelines especially around rectification.	At risk but achievable 



Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
A	Administration Improvement Plan			AD - P		37%
A6	Implement the Pensions Dashboard	01-Apr-2024	31-Mar-2026	SM - CS	Project team have been put together and a plan is now in place to support selecting the Integration Service Provider through the available procurement framework.	On track 





Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
G	Governance			HGCS		41%
G1	Implement the results of the Independent Governance Review	01-Jul-2024	30-Sep-2025	HGCS	Independent Governance Review Action Plan is being presented for approval in December. Quarterly reporting is planned to be implemented after this approval.	On track 
G2	Complete and embed the updated suite of Information Governance policies and procedures	01-Apr-2024	30-Sep-2025	TL - G	SMT approved completion of Phase 1 workflows in August. Mandatory Training is planned for the next Quarter.	On track 
G3	Ensure compliance with the new TPR General Code of Practice	01-Apr-2024	31-Mar-2025	HGCS	TPR Code compliance assessment tool implemented and shared with LPB in August. Management and monitoring of compliance with the Code will commence on a quarterly basis in the next quarter.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
I	Deliver the Investment Strategy			AD - IS		<div style="border: 1px solid black; padding: 2px;">23%</div>
I1	Implement 2023 Asset Allocation Changes	01-Mar-2023	31-Mar-2026	AD - IS	This is still on-track, and there has been little change to affect the timeline. It continues to be expected to complete on time.	On track 
I2	Progress the Authority's Net Zero Ambition	01-Apr-2024	31-Mar-2026	DIR	We've had drawdowns where the natural capital managers have started to invest the authority's commitments. Further drawdowns were made into climate opportunities.	At risk but achievable 
I3	Deliver the Place Based Impact Investment Strategy	01-Mar-2023	31-Mar-2025	IM	Steps are being taken to move this in the correct direction, but there isn't yet the opportunity to provide a more significant update. The venture fund is still expected to hit the March 2025 deadline, but there isn't as clear an update on the affordable housing fund.	At risk but achievable 
I4	Plan and deliver 2026 Strategy Review	01-Nov-2024	31-Mar-2026	AD - IS		Not started 

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
O	Organisation Wide			AD - R		<div style="border: 1px solid black; padding: 2px;">26%</div>
O1	Develop a fully revised and updated Business Continuity Strategy	01-Apr-2024	31-Dec-2024	HICT	Requested a revised proposal from the consultancy organisation that are likely to be supporting SYPA in the development of this strategy, aiming to appoint and commence during quarter 3.	On track 
O2	Develop and implement a Sustainability Strategy for the organisation	01-Jan-2025	31-Mar-2026	HICT		Not started 

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
O	Organisation Wide			AD - R		<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #e0e0e0; display: flex; align-items: center; justify-content: center;">26%</div>
O3	Procure and implement a new HR and Payroll system	01-Mar-2024	31-Dec-2024	HFP	<p>We've engaged an external consultant to assist us with procuring the new system. External consultant is a specialist in HR and Payroll systems, which will help guide us through the market and procurement requirements.</p> <p>Following initial discussions, the timeline for procurement is now expected to be March 2025</p>	At risk but achievable 
O4	Develop and implement a new Performance Management Framework	01-Apr-2024	31-Dec-2024	SM - PP	The most important measures to include within the Framework - those identified within the corporate health and high-level KPIs - are still on-track to be published in Dashboards by December.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
P	People			AD - R		<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #e0e0e0; display: flex; align-items: center; justify-content: center;">7%</div>
P1	Develop and implement a new organisation wide Learning and Development Strategy	01-Apr-2024	30-Sep-2025	AD - R	There were no specific progress updates during quarter 2, however this wasn't necessary since it remains on track.	On track 
P2	Develop and implement a corporate policy to ensure consistency of career grade schemes across the organisation	01-Apr-2024	30-Jun-2025	AD - R	As anticipated, progress in quarter 2 involved preliminary work on finding a suitable consultant. This was successful with the appointment expected to be made in quarter 3.	On track 




Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Progress Update Quarter 2	Status
T	ICT			HICT		36%
T1	Complete M365 Roll Out	01-Apr-2024	30-Jun-2024	HICT	SharePoint Online migration is now complete. There is currently a blocker on migrating Microsoft exchange which is expected to be removed by October.	At risk but achievable 
T2	Adoption and exploitation of available M365 tools and functionality	01-Jul-2024	31-Mar-2026	HICT	Established integration between M365 tools and on-premise Database Services via a secure Data Gateway. This will allow for the development of more accessible management reporting.	On track 
T3	Maintain the Authority's cyber defences	01-Apr-2024	31-Mar-2026	SM - INF	Cyber Essentials Plus assessments completed and certification renewed for 12 months. Implementation of MDR solution is also complete. Improvements have been made to reporting of phishing incidents.	On track 
T4	Deliver ongoing improvements to the Authority's ICT infrastructure	01-Apr-2024	31-Mar-2026	SM - INF	Reviewed Database server licensing options and incorporated into SYPA's enterprise agreement. New database server deployed into test.	On track 

4. How are we performing?

4.1 This section sets out a range of performance measures which give an overall indication of how the organisation is doing in terms of delivering the services for which it is responsible.

Corporate Measures

4.2 The sickness absence measures for this quarter as compared to the same quarter in the previous year, and the year to date figures are summarised in the following table.

Measure	Performance Quarter 2 2024/25	Performance Quarter 1 2024/25	Performance YTD 2024/25	Performance in Previous Year Q2: 2023/24	Quarterly Movement
Short Term Sickness Absence – Days Lost per FTE	0.62	0.65	1.27	0.82	
Long Term Sickness Absence – Days Lost per FTE	1.04	0.70	1.74	1.33	
Total Days Lost per FTE	1.66	1.35	3.01	2.15	

4.3 Total sickness absence has increased to 1.66 days per FTE in quarter 2, compared with 1.35 days in the first quarter. However, this remains much lower than the total sickness absence of 2.15 days in the same quarter last year.

4.4 There was an increase in long term sickness absence this quarter whereas short term sickness absence reduced slightly.

4.5 A total of 93 employees (headcount, not FTE) had no sickness absence at all during quarter 2.


4.6 The HR Business Partner has provided guidance and training to line managers and has attended team meetings in the various services during the quarter to talk through our Managing Attendance policy and other HR policies recently updated with all employees, providing the opportunity for questions and discussion.

4.7 Occupational health services are available, and referrals are made as appropriate for individuals, for example, providing assessment reports to advise managers in supporting return to work following long-term absence, and access to additional resources such as counselling for employees. The usage of these services is also monitored and reported quarterly to SMT.

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

Investment Measures

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

Measure	Performance Quarter 2 2024/25	Quarterly Benchmark	Performance YTD 2024/25	2024/25 Benchmark	2024/25 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.60%	1.70%	2.30%	3.30%	3.20%	

4.10 Performance is a little behind target over recent periods - but ahead of expectations over the longer term.





4.11 The total Fund value at 30 September 2024 was £11.130bn; compared with £11.117bn at 30 June 2024.

4.12 The Funding Level at 30 September 2024 is estimated at 155%, broadly in line with funding level reported at the end of quarter 1.

4.13 At the end of the quarter, 72.5% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Pension Administration Measures

4.15 The key performance indicators for Pension Administration are presented in the table below. A more detailed report on the performance of the Pension Administration service is provided for each meeting of the Local Pension Board.

Measure	2024/25 Quarter 2	2024/25 Quarter 1 – As Reported	2024/25 YTD	Previous Year: 2023/24	Target 2024/25	Quarterly Movement
Proportion of priority cases processed on time	64%	75%	61%	64%	100%	
Proportion of non-priority cases processed on time	62%	84%	62%	67%	100%	
Proportion of all cases processed on time	62%	84%	62%	66%	100%	
Proportion of employer data submissions on time	97%	92%	95%	94%	100%	

4.16 Although the reported service levels appear lower this quarter, this is due to a correction in the reporting methodology rather than an actual decline in performance. In the previous quarter, automated work (completed with 98-100% SLA performance) was included in the figures. For this quarter, automated work has been excluded to provide a more accurate representation of manual case processing.

4.17 Revised figures for Quarter 1, adjusted to exclude automated work, are:

- a) Priority Cases – 57%
- b) Non-Priority Cases – 64%
- c) All Cases – 63%.

4.18 These adjusted figures show a slight improvement in Q2 for priority case processing within SLA, with minimal change in other case categories. The ongoing effort to clear the backlog continues to influence overall SLA performance, given the age of older cases. However, the team has made significant progress, completing 47% of the backlog to date. Additionally, new Pensions Officers who have now completed initial training are positively contributing to the timely processing of newer cases.

4.19 It is pleasing to see that improved employer performance is being sustained during quarter 2 after the dip back in April. Work continues with employers where improvements are required.

4.20 At the end of the quarter, membership of the Fund stood at 179,744.

4.21 There were 577 participating employers with active members at 30 September 2024, compared with 569 at 30 June 2024.

4.22 Five new admitted bodies and four new academies were admitted to the scheme during the quarter. One termination was completed this quarter.

Financial Measures

2024/25 Q2 Forecast Outturn

4.23 The quarter 2 forecast expenditure for the year and variance against the budget is as follows. Details of the significant variances are shown beneath the table.

South Yorkshire Pensions Authority Operational Budget	2023/24 Actuals £	2024/25 Budget £	2024/25 Q2 Forecast £	2024/25 Q2 Forecast Variance £	2024/25 Q2 Forecast Variance %
Pensions Administration	3,231,130	3,646,910	3,573,310	(73,600)	(2.00%)
Investment Strategy	569,210	656,400	622,350	(34,050)	(5.20%)
Resources	1,236,520	1,434,760	1,390,000	(44,760)	(3.10%)
ICT	1,124,100	1,495,590	1,489,150	(6,440)	(0.40%)
Central Costs	764,770	840,180	829,200	(10,980)	(1.30%)
Democratic Representation	182,870	127,060	132,540	5,480	4.30%
Subtotal - Cost of Services	7,108,600	8,200,900	8,036,550	(164,350)	(2.00%)
Capital Expenditure Charge to Revenue	69,900	98,500	98,500	0	0.00%
Subtotal before transfers to reserves	7,178,500	8,299,400	8,135,050	(164,350)	(2.00%)
Appropriations to / (from) Reserves	(274,235)	(28,000)	130,000	158,000	(564.30%)
Total	6,904,265	8,271,400	8,265,050	(6,350)	(0.10%)

4.24 The forecast outturn for the year before transfers from reserves is an under-spend of (£164k). After the planned transfers into reserves, we are currently forecasting a remaining minor under-spend of (£6k), equivalent to 0.1% of the budget total. The reasons for these variances are set out in the analysis below.

2024/25 Local Government Pay Award and Salary Expenditure Variances

4.25 The pay award for 2024/25 was agreed on 24 October 2024 at the following amounts:

- an increase of £1,290 on salaries for all pay points up to 43, and
- an increase of 2.50% on salaries for pay points above 43

with effect from 1 April 2024. The agreed pay award has been built into the employee costs forecast for this year and is included in the forecast expenditure within each of the service areas shown in the table above.

4.26 The total forecast cost arising from this is approximately £207k, equivalent to 3.40% of the budget for employee pay and on-costs. The 2024/25 budget was set

incorporating a pay award assumption of 4%. Therefore, there is a small under-spend forecast based on the actual pay award.

- 4.27 Separately, a vacancy allowance of -2.5% of the pay budget was included to allow for staff turnover and the time that would be needed to recruit to several newly established posts included in the budget.
- 4.28 In total, there is a net under-spend of (£183k) forecast against the staffing costs budget for the year, making this the primary cause of the overall forecast under-spend. The breakdown of this per each department, with explanations, is included in the analysis that follows.

2024/25 Forecast and Explanation of Other Variances

- 4.29 The significant variances against budget for each of the service areas are explained below.

Pensions Administration – Forecast Under-Spend (£74k):

- 4.30 There is a total net under-spend of (£81k) forecast on staffing costs which comprises the following items:
- a) The forecast saving for this department relating to the pay award is (£14k).
 - b) Within the department there has been significant amounts of recruitment due to a combination of new posts and internal moves; arising from the implementation of changes in the structure approved by the Staffing Committee last October. The impact of this is a net forecast under-spend of (£93k), after taking account of the department's vacancy allowance.
 - c) A net forecast over-spend of £26k in relation to various staffing changes (e.g., hours changes, grade progression etc.) made after the budget was set.
- 4.31 The actuarial fees budget is forecast to be under-spent by (£35k), as one of the additional tools offered by the actuary and included in the budget has not yet been taken up. Additionally, as the contract has bedded in, we are beginning to get a better understanding of the annual costs. The budget will be reviewed for 2025/26, taking account of the fees relating to the triennial valuation.
- 4.32 Other Professional services is forecast to be over-spent by £23k. The main driver of this is expenditure associated with the completion of Guaranteed Minimum Pension (GMP) rectification work in August 2024, which had been planned to finish in 2023/24. A minor part of the over-spend was the cost of job evaluations required as part of the structure changes.
- 4.33 There is a forecast over-spend of £8k in relation to Customer Compensation. As the pensions case work backlog has been worked through, a number of historic one-off items have arisen, which have been dealt with. The main element of this over-spend is a £6k cost paid to one member to compensate them for additional tax charges incurred due to a delay that was the Authority's fault in 2022.
- 4.34 An over-spend of £5k is forecast on the ill health reports budget. The increase in spending is being driven by the volume of cases, rather than inflationary increases; the budget will be reviewed to take account of the increased use of the service for 2025/26.
- 4.35 An over-spend of £6k in total is forecast comprising small variances on relocation expenses and specialist recruitment campaigns.
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Investment Strategy – Forecast Under-Spend (£34k):

- 4.36 There is a total net under-spend of (£21k) forecast on staffing costs which comprises the following items:
- a) The forecast saving for this department relating to the pay award is (£2k).
 - b) The budget allowed for up to six months for transition arrangements for the new Assistant Director – Investment Strategy to be in post prior to the current Assistant Director’s retirement. The transition period has actually been three months. The impact of this is a forecast under-spend of (£19k), after taking account of the department’s vacancy allowance and additional recruitment costs for this post.
- 4.37 An under-spend of (£12k) is currently forecast on other professional fees based on the expected activity and requirements for this year. The main driver of this forecast under-spend is an additional professional licence for Bloomberg budgeted for, that has yet to be implemented.
- 4.38 Investment adviser fees are forecast to be under-spent by (£3k) due to turnover during the year.
- 4.39 The Corporate Subscriptions budget is forecast to be over-spent by £2k. The main driver of the over-spend is a new additional subscription, alongside inflationary pressures with current subscriptions.

Resources – Forecast Under-Spend (£45k):

- 4.40 There is a total net under-spend of (£47k) forecast on staffing costs which comprises the following items:
- a) The forecast saving for this department relating to the pay award is (£6k).
 - b) Within the department there have been delays to recruitment due to workload pressures driving forecast under-spend. Recruitment plans are now progressing and will be advertised through to December 2024. There were unplanned additional costs relating to termination payments for two members of staff. The net impact of these factors is a forecast under-spend of (£55k), after taking account of the department’s vacancy allowance.
 - c) A net forecast over-spend of £14k in relation to various staffing changes including maternity leave cover, hours changes and additional costs for a casual contract not included in the budget. The casual contract ended in September 2024 as the full-time post had been filled and the resource is no longer required.
- 4.41 The recruitment budget is forecast to be over-spent by £5k due to costs for planned use of a specialist recruitment agency for the newly created Senior Finance Business Partner post.
- 4.42 An under-spend of (£4k) is forecast on corporate subscriptions based on the expected activity and requirements for the year. The changing subscription requirements will be assessed when setting the 2025/26 budget.
- 4.43 A minor net over-spend of £1k is forecast in relation to the use of a debt recovery agent offset by forecast under-spend for conference attendance.
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ICT – Forecast Under-Spend (£6k):

- 4.44 There is a total net under-spend of (£31k) forecast on staffing costs which comprises the following items:
- a) The forecast saving for this department relating to the pay award is (£4k).
 - b) Within the department there have been delays to recruitment due to challenges for filling specialist roles in the pension systems team. The impact of this is a forecast under-spend of (£27k), after taking account of the department's vacancy allowance.
- 4.45 The budget for contractual income is forecast to be over-spent by £15k, as a result of income being less than the budget. The budget was set for a full year for the service level agreement with the Office of the Police and Crime Commissioner, however it was subsequently confirmed as due to end on 08 February 2025, due to merging with South Yorkshire Mayoral Combined Authority. This income was previously recharged based on actual staffing and overhead costs of providing the service, therefore the contract coming to an end has no detrimental impact on the Authority's budget overall.
- 4.46 The warranties and support budget is forecast to be over-spent by £16k. The main driver of the overspend was a support package that had not been included with the 2024/25 budget. The resourcing required for this area will be reviewed and uplifted accordingly when setting the 2025/26 budget.
- 4.47 An under-spend of (£9k) is forecast on the hardware budget. The planned monitor replacement programme has been delayed; it is anticipated that this work will take place in 2025/26.
- 4.48 There is a total net over-spend of £3k forecast on software costs which comprises the following items:
- a) The HR & Payroll system is currently forecast to be under-spent by (£20k). The project to procure a new system is now progressing, with an expectation that a new system will be procured during quarter 4. Due to the timing of the procurement the full implementation costs will not fall in 2024/25, a large portion will be deferred to 2025/26. We should be able to make a more precise forecast for 2024/25 in next quarter's report, when the project will have progressed further.
 - b) The Pensions Administration system budget is forecast to be over-spent by £7k. Developments in relation to Pensions Dashboard and the Employer Hub have been the main drivers of the forecast.
 - c) Other software licences and cybersecurity are forecast to be over-spent by £11k. The main driver of this increase is a new service contract that helps increase our monitoring and resolution of cybersecurity threats. A business case was made and approved for this based on funding the 2024/25 over-spend from reserves, and consolidating into the budget from 2025/26. The additional costs are partially offset by savings achieved on the previous incident response retainer contracts that this has replaced.

Central Costs – Forecast Under-Spend (£11k):

- 4.49 There is a total under-spend of (£3k) forecast on staffing costs due to the pay award.
- 4.50 The past service pension surplus is forecast to be over-spent by £13k. The surplus the Authority is entitled to is driven by the assumed pensionable pay for our staff in
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the pension scheme. As there have been savings on the staffing budgets, this has reduced the surplus we are entitled to.

- 4.51 External audit fees are forecast to be over-spent by £13k due to approved fee variations for additional audit requirements arising from new auditing standards. These will be consolidated into the audit scale fee for next year. This over-spend is more than fully offset by additional income of (£34k) arising from grant receivable from MHCLG as part of their measures to improve local audit delays, to support with local audit financial reporting and implement audit requirements related to Sir Tony Redmond's recommendations. The allocation due to the Authority was not known about when setting the budget. Grant income has now been received for 2022/23 and 2023/24. It is expected that 2024/25 will be the final year for grant income in relation to the transition arrangements.
- 4.52 Buildings expenditure is forecast to be under-spent by (-£1k). A new facilities management contract has resulted in significant savings. The majority of the savings have been used to fund a repairs and maintenance programme required during 2024/25. Longer term planning in relation to buildings expenditure has taken place, this information will feed through to the 2025/26 budget and medium-term financial plans.
- 4.53 Other professional services budget is forecast to be under-spent by (£3k), driven by lower costs in this year for the governance review, which was completed in the first quarter. Partly offset by additional costs required for professional design work on the Authority's annual report.
- 4.54 A small net over-spend of £4k in total is forecast across the budgets for occupational health services, shared cost AVC administration fees, public transport costs, the HR service level agreement and conferences, offset by a reduction in fees paid for venue hire.

Democratic Representation – Forecast Over-Spend £5k:

- 4.55 The member allowance pay award is forecast at 2.50%, as per the Members Allowances scheme, these are increased each year in line with the agreement set nationally for the local government pay award referenced at paragraph 4.25. The 2024/25 budget was set with a budgeted increase of 3% for member allowances, resulting in a forecast under-spend of (£1k).
- 4.56 This is offset by an over-spend of £4k due to an additional two member allowances that had not been included in the budget.
- 4.57 A small over-spend of £2k is forecast for recruitment advertising, regarding the LPB independent adviser and the venue hire for the members away day.

Earmarked Reserves

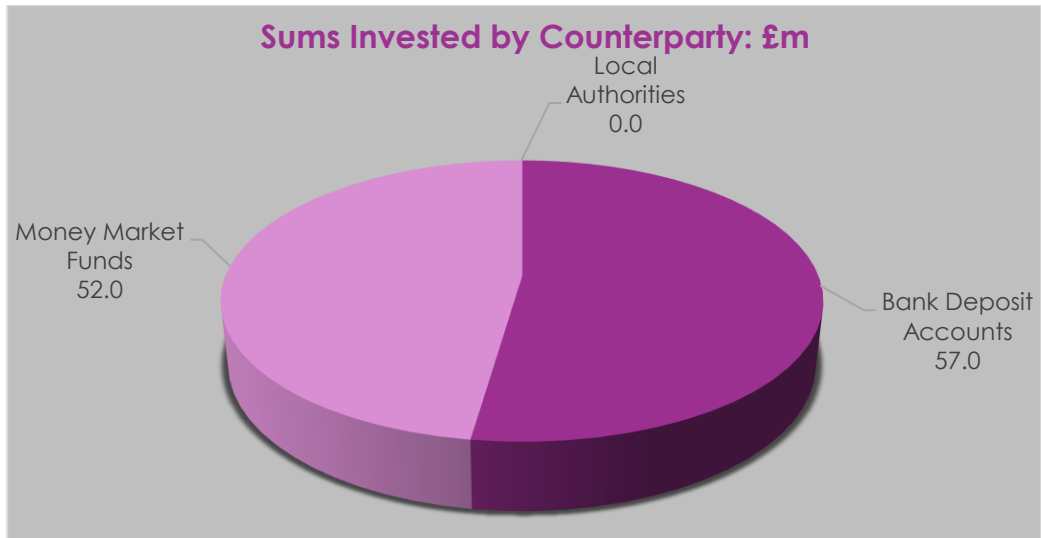
- 4.58 The table below shows the forecast transfers to and from the three earmarked reserves in 2024/25.
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Reserve	Balance at 01/04/2024 £	Contributions to Reserves £	Contributions from Reserves £	Transfers Between Reserves £	Forecast Balance at 31/03/2025
Corporate Strategy Reserve	65,985	125,000	0	(55,000)	135,985
ICT Reserve	63,030	5,000	0	0	68,030
Subtotal Revenue Reserves	129,015	130,000	0	(55,000)	204,015
Capital Projects Reserve	19,290	0	0	55,000	74,290
Total Earmarked Reserves	148,305	130,000	0	0	278,305
Net Total Transfer		130,000			

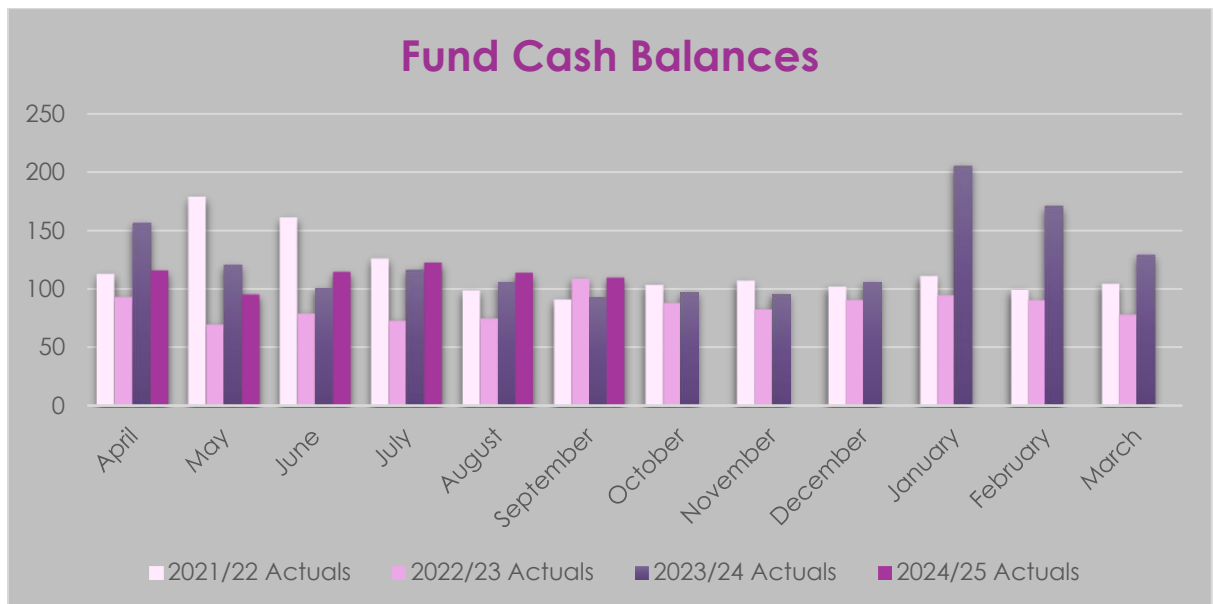
- 4.59 At present, there are no planned transfers out of reserves.
- 4.60 The planned transfers into the Corporate Strategy Reserve are to set aside funds to meet the costs of the next investment strategy review due in 2026, and to transfer funds from forecast revenue budget under-spends.
- 4.61 The contribution into the ICT reserve is to set aside income received from software sales in line with policy to be used for future ICT development requirements.
- 4.62 The transfer between the Corporate Strategy Reserve and the Capital Projects reserve is planned to facilitate the setting aside of funds for future capital expenditure on Oakwell House.
- 4.63 The result of the above is a net total transfer into reserves of £130,000. This is a positive change from what was a budgeted transfer out of reserves and is due to the impact of the forecast under-spend on the cost of services.
- 4.64 The forecast balance of the revenue reserves following the transfers proposed for the year, to be carried forward is now £278k in total, equating to 2.5% of the Authority's total revenue budget, and is well within the limit of 10% that we set for ourselves in the Medium-Term Financial Strategy for 2024/25 onwards.

Treasury Management

- 4.65 The Fund's sterling cash balances at 30 September 2024 stood at £109.0 million (£114.1 million at 30 June 2024). The chart below shows how the balances have been invested with different counterparties in line with the approved treasury management strategy for the year.



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



4.67 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 0.98% of the Fund, compared with 1.03% at 30 June 2024.

5. What is getting in the way – Risk Management

- 5.1 We regularly review the things which might get in the way of us achieving our objectives – these are the risks that are set out in detail in the strategic risk register.
 - 5.2 The register is held on a risk management software system, enabling a more streamlined process for reviewing, recording and reporting on risks as well as assisting managers through the use of triggers and action reminders for example.
 - 5.3 The Strategic Risk Register report is attached at Appendix A.
 - 5.4 The results of the latest review of the Authority's risks undertaken in November 2024 are set out in the commentary shown in the table in the report.
 - 5.5 Two new risks have been added to the register in this quarter:
 - 5.6 Risk *ADM-003 McCloud Rectification* – this is the new risk identified in relation to the risk of the Authority being unable to adhere to required timescales for rectifying member benefits protected by McCloud if the software system provider does not deliver the required system upgrades in time. This has been assessed as a high risk overall with a score of 16.
 - 5.7 Risk *IAF-010 Pensions Review* – this has been newly added to the register to ensure that any risks emerging from the Pensions Review outcomes and current Government consultation for the LGPS are considered and managed. The risk is currently assessed as moderate with a score of 12.
 - 5.8 One risk score has increased:
 - 5.9 Risk *IAF-005 Employer contributions become unaffordable* – has increased from a score of 9 to 12. The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue. As a result, the likelihood of this risk has increased from 3 (Medium) to 4 (High)
 - 5.10 Two risk scores have reduced since the last review reported:
 - 5.11 Risk *GOV-003 Delivery of Key Objectives in the Corporate Strategy* – has reduced score from 12 to 8 as a result of a reduction in likelihood – reflecting the significant progress made in rollout of project management methodology and development of the Performance Management Framework.
 - 5.12 Risk *ORG-002 Cyber Attack* – has reduced score from 16 to 12 due to the positive impact of the newly implemented managed detection and response (MDR) service.
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6. Learning from things that happen

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

	Received in Q2 2024/25	Received in Q1 2024/25	Received YTD 2024/25	Received in Previous Year: 2023/24
Complaints	7	8	15	26
Appeals Stage 1	1	1	2	7
Appeals Stage 2	4	9	13	12

- 6.2 A detailed report of appeals, breaches and complaints and action taken is included in the quarterly administration report to the Local Pensions Board for scrutiny.
- 6.3 Most complaints received in Q2 concerned issues where the Authority was either waiting for information from the employer, which has caused a delay, or where the member wants something that the scheme rules do not permit e.g., transfer out within 12 months of Normal Retirement Date.
- 6.4 Two of the complaints received were due to one member's employer not processing an opt out request and one member complaining about their pension reducing due to a GMP rectification.
- 6.5 There was one new Stage 1 appeal received and this was in relation to a Retirement recalculation where revised salary information had been received from the member's employer, this appeal was received in September and has not been upheld.
- 6.6 Two stage 2 appeals from a previous quarter were determined. One was upheld regarding an error made on a member's transfer out of their AVC fund. The other was not upheld – as it concerned delays to a transfer in that was not the fault of the Authority.
- 6.7 Ill-Health Appeals: these are generally in relation to the level of ill health pension awarded by the employer. Stage 1 appeals in relation to ill health matters are dealt with by the relevant employer and we were not made aware of any that had been raised. There were 4 stage 2 Ill Health Appeals received. 3 were upheld and returned to the Employer to reconsider their decision and 1 was not upheld.

Breaches of Law and Regulation

- 6.8 Three breaches were recorded in this quarter.
- 6.9 Two of these breaches related to payment of a refund after the 5-year legislative cut-off period. These will continue to recur as the teams work through the backlogs of casework.
- 6.10 One breach was a death grant payment made to one beneficiary instead of being split between both beneficiaries. The beneficiary who received the payment has now sent 50% to the other beneficiary.
- 6.11 No breaches have been reported to the Regulator in the period.

Satisfaction Surveys

- 6.12 A survey of 524 retiring members between May and July 2024 found that 95% of the 100 respondents were satisfied with the service they received.
 - 6.13 A customer centre survey sent out to 4,151 members for the same period showed that of the 350 respondents, 93% were satisfied with the service they received.
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