



# Delivering for our Customers

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# Corporate Performance Report

**Quarter 3 2024/25**

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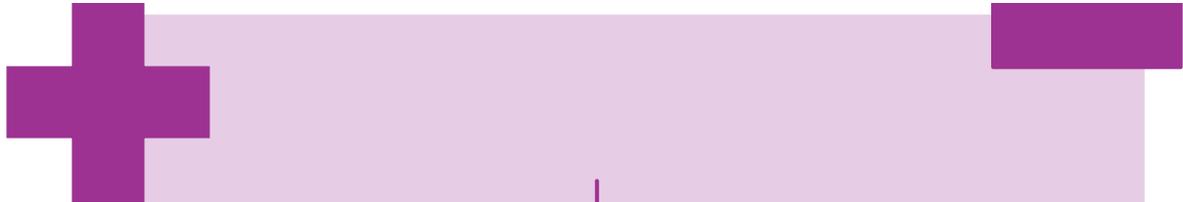
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## **1. Introduction**

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



<p>Good progress being made on corporate plans and projects.</p> <p>Under-spend forecast on the revenue budget has resulted in being able to build up the earmarked reserves ahead of schedule.</p> <p>The transition of assets to BCPP continues with the majority of the commercial property portfolio transitioning.</p>	<p>Investment performance is a little behind target over recent periods - but remains ahead of expectations over the long term.</p> <p>Clearance of backlogs of pensions case work is progressing with a focus on cases which will impact the valuation, however it remains a challenge.</p> <p>Two risk scores increased due to investment valuation related geo-political risk and the imbalance of cashflows that will follow from the triennial valuation.</p>
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### 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:

<b>Key to Responsible Managers</b>	
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	Quarter Update	Status
<b>A</b>	<b>Administration Improvement Plan</b>			<b>AD-P</b>		<div style="width: 45%;"><div style="background-color: #4a7ebb; height: 10px; width: 45%;"></div></div> 45%
A1	Deliver ongoing improvements in data quality	01-Apr-2024	31-Mar-2026	SM-TST	A couple of meetings have been held to discuss implementing improvement plan. The Data Analyst has made a start in making changes with data issues identified through TPR project and valuation work.	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	Small system improvements are continuing, however issues with the systems supplier are slowing down the bigger improvements required.	On track 
A4	Clear backlogs of casework	01-Feb-2024	31-Dec-2025	SM-B	Positive actions are being taken to ensure backlog work prioritises work that will help valuation outcomes for employers. Progress is being made and continues to be monitored.	At risk but achievable 
A5	Implement the McCloud Remedy	01-Apr-2024	31-Mar-2026	AD-P	Civica behind with the software releases. The teams are working with what has been developed to date. However, there is a greater possibility that ABS McCloud data will not be able to be ready for 2025 ABS process, so the risk has changed.	Not achievable 
A6	Implement the Pensions Dashboard	01-Apr-2024	31-Mar-2026	SM-CS	The Integration Service Provider (ISP) has now been selected as Civica, our current Pensions Administration System, and we've started the contractual procurement paperwork. We have started communications with the AVC Providers. We have completed an initial draft of the ISP Data Protection Impact Assessment.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>G</b>	<b>Governance</b>			<b>HGCS</b>		<div style="width: 61%;"><div style="width: 61%;"></div></div> 61%
G1	Implement the results of the Independent Governance Review	01-Jul-2024	30-Sep-2025	HGCS	The Governance Review Action Plan was approved in December 2024. Progress on the planned actions will be reported quarterly with first update due in Q4.	On track 
G2	Complete and embed the updated suite of Information Governance policies and procedures	01-Apr-2024	30-Sep-2025	TL-G	Phase 1 completed, GDPR mandatory training completed by all staff, 100% compliant.  Governance team attending team meetings to promote DP and ensure knowledge embedded,	On track 
G3	Ensure compliance with the new TPR General Code of Practice	01-Apr-2024	31-Mar-2025	HGCS	Annual Schedule now in place for quarterly reviews.  Governance review completed Dec 2024 and remaining areas will be completed in Q4.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>I</b>	<b>Deliver the Investment Strategy</b>			<b>AD-IS</b>		<div style="width: 37%;"><div style="width: 37%;"></div></div> 37%
I1	Implement 2023 Asset Allocation Changes	01-Mar-2023	31-Mar-2026	AD-IS	Gradual build-up of alternative allocations through drawdown progress, plus equity to bond switch made in January 25.	On track 
I2	Progress the Authority's Net Zero Ambition	01-Apr-2024	31-Mar-2026	IM	Commitments to natural capital managers have been made and drawdowns have started.	At risk but achievable 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>I</b>	<b>Deliver the Investment Strategy</b>			<b>AD-IS</b>		<div style="width: 37%;"><div style="width: 37%;"></div></div>
I3	Deliver the Place Based Impact Investment Strategy	01-Mar-2023	31-Mar-2025	IM	Foresight South Yorkshire fund closed on 21.02.2025.  Affordable Housing manager procurement now live, expected to sign contract Q4 2025.	At risk but achievable 
I4	Plan and deliver 2026 Strategy Review	01-Nov-2024	31-Mar-2026	AD-IS	Procurement docs drafted, awaiting final review; intention to issue these in early April 25.	Not started 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>O</b>	<b>Organisation Wide</b>			<b>AD-R</b>		<div style="width: 38%;"><div style="width: 38%;"></div></div>
O1	Develop a fully revised and updated Business Continuity Strategy	01-Apr-2024	31-Dec-2024	HICT	This action is on track for completion - although slightly delayed from original target date of 31 Dec 2024, now due for completion end of March to end of April 2025. Project with external support has been fully planned with work due to commence and scheduled in for during Q4.	On track 
O2	Develop and implement a Sustainability Strategy for the organisation	01-Jan-2025	31-Mar-2026	HICT		Not started 
O3	Procure and implement a new HR and Payroll system	01-Mar-2024	31-Dec-2024	HFP	The procurement is progressing, demonstrations with potential suppliers have been held. Due to the procurement research phase still taking place completion will be delayed. It is expected that the procurement will conclude, and the implementation begin, in Q1 of 2025/26.	At risk but achievable 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>O</b>	<b>Organisation Wide</b>			<b>AD-R</b>		<div style="width: 38%;"><div style="width: 38%;"></div></div>
O4	Develop and implement a new Performance Management Framework	01-Apr-2024	31-Dec-2024	SM-PP	Dashboards have been created for the Corporate Health and High Level KPIs, as planned out in the Performance Framework documentation released earlier this year. It is recognised that just completing these dashboards is very much the initial deployment of the Framework and much more work will be carried out in 2025 to work on agreeing targets for this initial data set and continue to make Operational (Team-Level) Performance Dashboards.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>P</b>	<b>People</b>			<b>AD-R</b>		<div style="width: 22%;"><div style="width: 22%;"></div></div>
P1	Develop and implement a new organisation wide Learning and Development Strategy	01-Apr-2024	30-Sep-2025	AD-R	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	During Q3, the appointed consultant undertook data gathering work through meetings with all managers and produced a first draft of the core policy document. This will be taken forward in Q4 - review of the policy by AD-R and HRBP, and further work of consultant with managers to develop manager guides and tailored assessments.	On track 

Ref	Project/Action	Start	Finish	Responsible Manager	Quarter Update	Status
<b>T</b>	<b>ICT</b>			<b>HICT</b>		51%
T1	Complete M365 Roll Out	01-Apr-2024	30-Jun-2024	HICT	Removed hybrid Exchange configuration. Implemented direct Mimecast to M365 mail routing, single point of failure removed.	On track 
T2	Adoption and exploitation of available M365 tools and functionality	01-Jul-2024	31-Mar-2026	HICT	Quotes obtained for migration to M365 Always On VPN migration. Schedule brought forward to start February 2025.	On track 
T3	Maintain the Authority's cyber defences	01-Apr-2024	31-Mar-2026	SM-INF	<ul style="list-style-type: none"> <li>Completed MDR onboarding.</li> <li>Attendance at team meetings to reinforce staff knowledge and awareness. Presentation completed for all staff</li> <li>Presentation to Authority/LPB Away Day.</li> </ul>	On track 
T4	Deliver ongoing improvements to the Authority's ICT infrastructure	01-Apr-2024	31-Mar-2026	SM-INF	<p>Quotes obtained for</p> <ul style="list-style-type: none"> <li>LAN switch hardware replacement</li> <li>Cloud-based DDoS protection services.</li> </ul> <p>Preferred email signature solution identified – procurement process now progressing.</p> <p>Procurement process underway for new Multi-Function Device (MFD), following the analysis of requirements and product selection.</p> <p>Completed Windows 11 client upgrade test phase.</p>	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 3 2024/25	Performance Quarter 2 2024/25	Performance YTD 2024/25	Performance in Previous Year Q3: 2023/24	Quarterly Movement
Short Term Sickness Absence – Days Lost per FTE	0.80	0.62	2.07	0.99	
Long Term Sickness Absence – Days Lost per FTE	0.26	1.04	2.00	0.73	
<b>Total Days Lost per FTE</b>	<b>1.06</b>	<b>1.66</b>	<b>4.07</b>	<b>1.72</b>	

4.3 The total sickness absence for this quarter has fallen compared to the previous quarter and is also less than Quarter 3 last year.

4.4 Short-term sickness absence has increased in the quarter, although remains lower than the same period last year. The main reasons for short term absence were colds / flu symptoms and sickness / stomach-related issues.

4.5 There was one long-term sickness absence case during the quarter. This case is now closed with the employee back in work. This has resulted in the long-term absence days lost falling substantially in this quarter.

4.6 A total of 93 employees (headcount, not FTE) had no sickness absence at all during quarter 3.

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

## Investment Measures

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

Measure	Performance Quarter 3 2024/25	Quarterly Benchmark	Performance YTD 2024/25	2024/25 Benchmark	2024/25 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.10%	0.30%	2.40%	3.60%	5.20%	

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

4.10 The total Fund value at 31 December 2024 was £11.13bn; compared with £11.11bn at 30 September 2024.

4.11 The Funding Level at 31 December 2024 is estimated at 162%, slightly higher than funding level reported at the end of quarter 2.

4.12 At the end of the quarter 76.5% of the Fund’s assets were being managed in pooled structures provided by Border to Coast. The transition of most of the commercial property portfolio was the driver of the increase.

## Pension Administration Measures

4.13 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.

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Measure	2024/25 Quarter 3	2024/25 Quarter 2	2024/25 YTD	Previous Year: 2023/24	Target 2024/25	Quarterly Movement
Proportion of all cases processed on time	62%	62%	61%	66%	100%	
Proportion of employer data submissions on time	94%	97%	95%	94%	100%	

- 4.14 Casework in target for the year to date is 61%. Clearing the backlog is continuing to impact SLA figures. The team now have case rejection data available to them which highlights areas where Pension Officers may need additional/refresher training on certain tasks.
- 4.15 At the time of writing (end of February) 63% of the backlog had been cleared. Backlog clearance work during Q3 and Q4 is being targeted to the areas that are most critical to the 2025 valuation.
- 4.16 It is considered that the processing work is on track to fully clear the backlog by 31 December 2025.
- 4.17 Employer submissions performance is being sustained on the whole. There was a drop to 86% in October, but this improved to 99% and 97% in November and December respectively. The MDC Dashboard now in place for the employer services team helps to identify employers who are late with submissions, so that the team can take action to follow up as required.
- 4.18 At the end of the quarter, membership of the Fund stood at 180,998.
- 4.19 There were 565 participating employers with active members at 31 December 2024, compared with 577 at 30 September 2024.
- 4.20 1 new admitted body and 1 new academy were admitted to the scheme during the quarter; 2 terminations were completed this quarter.

## Financial Measures

### 2024/25 Q3 Forecast Outturn

4.21 The quarter 3 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 Q3 Forecast £	2024/25 Q3 Forecast Variance £	2024/25 Q3 Forecast Variance %
Pensions Administration	3,231,130	3,646,910	3,572,220	(74,690)	(2.00%)
Investment Strategy	569,210	656,400	617,850	(38,550)	(5.90%)
Resources	1,236,520	1,434,770	1,380,350	(54,420)	(3.80%)
ICT	1,124,100	1,495,590	1,384,670	(110,920)	(7.40%)
Central Costs	764,770	840,180	799,970	(40,210)	(4.80%)
Democratic Representation	182,870	127,060	133,400	6,340	5.00%
<b>Subtotal - Cost of Services</b>	<b>7,108,600</b>	<b>8,200,910</b>	<b>7,888,460</b>	<b>(312,450)</b>	<b>(3.80%)</b>
Capital Expenditure Charge to Revenue	69,900	98,500	98,500	0	0.00%
<b>Subtotal before transfers to reserves</b>	<b>7,178,500</b>	<b>8,299,410</b>	<b>7,986,960</b>	<b>(312,450)</b>	<b>(3.80%)</b>
Appropriations to / (from) Reserves	(274,235)	(28,000)	280,000	308,000	(1100.00%)
<b>Total</b>	<b>6,904,265</b>	<b>8,271,410</b>	<b>8,266,960</b>	<b>(4,450)</b>	<b>(0.10%)</b>

4.22 The forecast outturn for the year before transfers from reserves is an under-spend of (£312k). After the planned transfers into reserves, we are currently forecasting a remaining minor under-spend of (£4k), 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

4.23 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.

4.24 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.

- 4.25 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.
- 4.26 In total, there is a net under-spend of (£234k) 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*

- 4.27 The significant variances against budget for each of the service areas are explained below.
- 4.28 Pensions Administration – Forecast Under-Spend (£75k):
- 4.29 There is a total net under-spend of (£104k) 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. Additionally, there were unplanned costs relating to a termination payment. The impact of this is a net forecast under-spend of (£121k), after taking account of the department's vacancy allowance.
  - c) A net forecast over-spend of £31k in relation to various staffing changes (e.g. hours changes, grade progression, casuals etc.) made after the budget was set.
- 4.30 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.
- 4.31 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.
- 4.32 The Hybrid Mail budget is forecast to be over-spent by £15k. Working through the pensions backlog has led to an increase in usage through 2024/25, it is anticipated that during 2025/26 the usage will reduce.
- 4.33 An over-spend of £10k is forecast on the ill health reports budget. The increase in spending is being driven by the volume of cases, rather than inflationary increases. From April 2025 these costs will sit with individual employers, the 2025/26 budget has been set to reflect this change.
- 4.34 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
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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.

4.35 A net over-spend of £8k in total is forecast comprising small variances on relocation expenses, specialist recruitment campaigns, conferences and a reduction in income offset by reduced legal fees.

4.36 Investment Strategy – Forecast Under-Spend (£39k):

4.37 There is a total net under-spend of (£29k) 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 (£27k), after taking account of the department's vacancy allowance and additional recruitment costs for this post.

4.38 An under-spend of (£17k) 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.

4.39 Procurement framework fees are forecast to be over-spent by £12k. During 2024/25 two procurement exercises have commenced which have required framework access, they were for the VAT special method review and investment services.

4.40 An under-spend of (£5k) in total is forecast comprising small variances on investment advisor fees and training.

4.41 Resources – Forecast Under-Spend (£54k):

4.42 There is a total net under-spend of (£60k) 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 (£49k), after taking account of the department's vacancy allowance.
- c) A net forecast under-spend of (£5k) 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.

4.43 The recruitment budget is forecast to be over-spent by £8k due to costs for planned use of a specialist recruitment agency for the newly created Senior Finance Business Partner post.

4.44 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.

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4.45 A minor net over-spend of £2k is forecast in relation to the use of a debt recovery agent and other professional services, offset by forecast under-spend for conference attendance.

4.46 ICT – Forecast Under-Spend (£111k):

4.47 There is a total net under-spend of (£38k) 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 (£34k), after taking account of the department's vacancy allowance.

4.48 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.

4.49 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.

4.50 An under-spend of (£10k) 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.

4.51 The consultancy budget is forecast to be under-spent by (£50k). The driver of the under-spend has been a lack of capacity with the consultants to help develop the Pensions Administration system.

4.52 There is a total net under-spend of (£44k) forecast on software costs which comprises the following items:

- a) The HR & Payroll system is currently forecast to be under-spent by (£50k). The project to procure a new system is progressing, however it is expected that the procurement will now complete in 2025/26. The under-spend will be moved to reserves to fund implementation costs in 2025/26.
- 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) Net minor under-spends of (£1k) is forecast on other software purchases offset by cyber security costs.

Central Costs – Forecast Under-Spend (£40k):

4.53 There is a total under-spend of (£3k) forecast on staffing costs due to the pay award.

4.54 The past service pension surplus is forecast to be over-spent by £16k. The surplus the Authority is entitled to is driven by the assumed pensionable pay for our staff in the pension scheme. As there have been savings on the staffing budgets, this has reduced the surplus we are entitled to.

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- 4.55 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 (£54k) 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, with 2024/25 due before the year-end. It is expected that 2024/25 will be the final year for grant income in relation to the transition arrangements.
- 4.56 Buildings expenditure is forecast to be under-spent by (-£8k). 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.
- 4.57 Other professional services budget is forecast to be under-spent by (£11k), driven by lower costs in this year for the governance review, which was completed in the first quarter and lower legal costs than had been anticipated. Partly offset by additional costs required for professional design work on the Authority's annual report and actuarial fees for the Authority accounts.
- 4.58 A net over-spend of £7k in total is forecast across the budgets for occupational health services, shared cost AVC administration fees, public transport costs, the HR service level agreement, printing and corporate subscriptions, offset by a reduction in fees paid for venue hire.
- 4.59 Democratic Representation – Forecast Over-Spend £6k:
- 4.60 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 1.3. The 2024/25 budget was set with a budgeted increase of 3% for member allowances, resulting in a forecast under-spend of (£1k).
- 4.61 This is offset by an over-spend of £5k due to an additional two member allowances that had not been included in the budget.
- 4.62 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, and training for members.

#### Earmarked Reserves

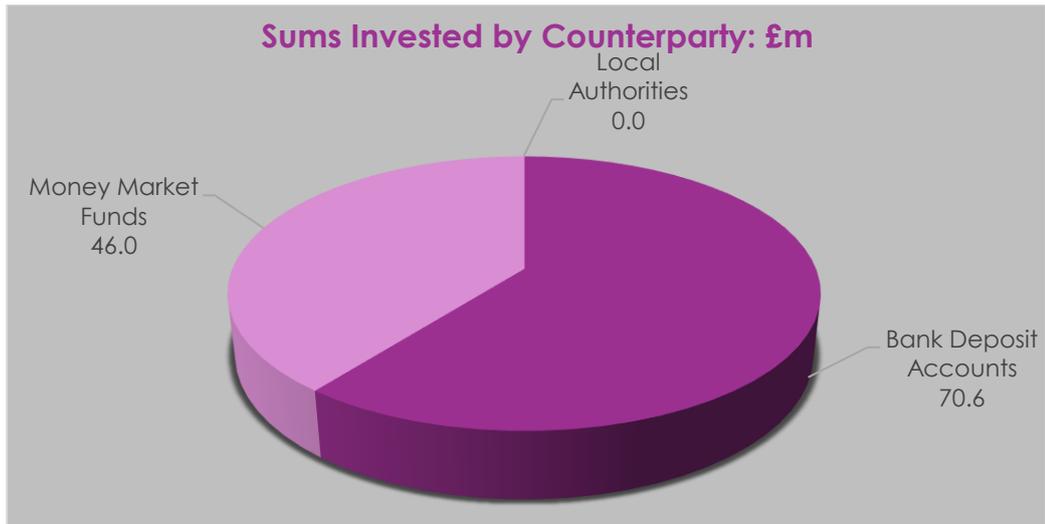
- 4.63 The table below shows the forecast transfers to and from the earmarked reserves in 2024/25.
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Reserve	Balance at 01/04/2024 £	Contributions to Reserves £	Contributions from Reserves £	Transfers Between Reserves £	Forecast Balance at 31/03/2025
Corporate Strategy Reserve	65,985	175,000	0	(55,000)	185,985
ICT Reserve	63,030	105,000	0	0	168,030
<b>Subtotal Revenue Reserves</b>	<b>129,015</b>	<b>175,000</b>	<b>0</b>	<b>(55,000)</b>	<b>354,015</b>
Capital Projects Reserve	19,290	0	0	55,000	74,290
<b>Total Earmarked Reserves</b>	<b>148,305</b>	<b>280,000</b>	<b>0</b>	<b>0</b>	<b>428,305</b>
<b>Net Total Transfer</b>		<b>280,000</b>			

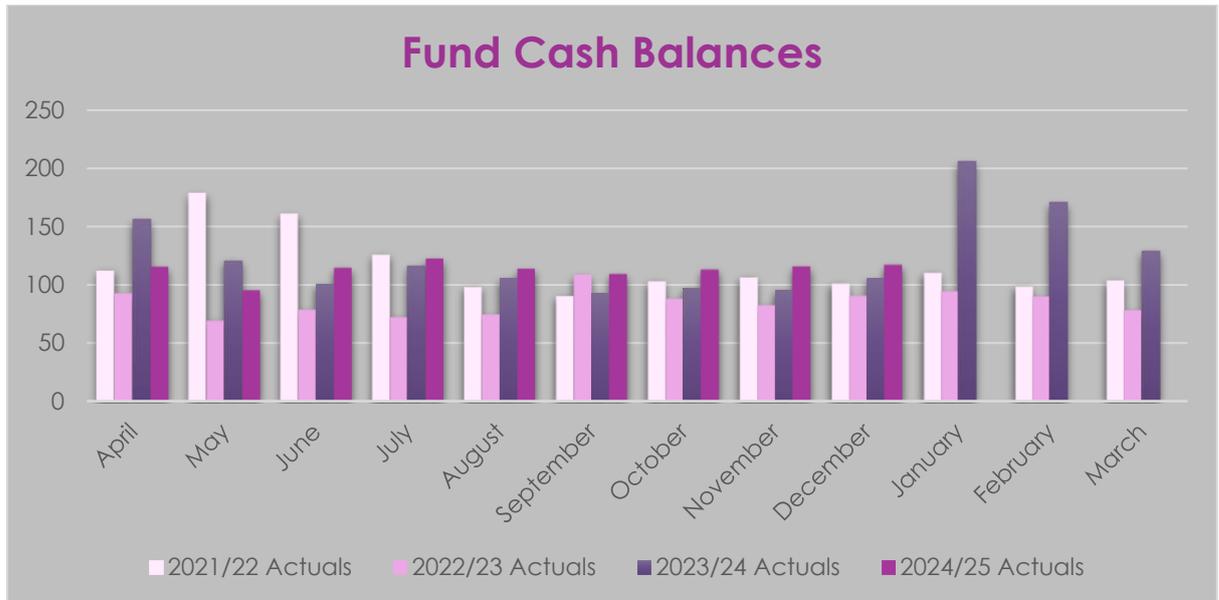
- 4.64 At present, there are no planned transfers out of reserves.
- 4.65 The planned transfers into the Corporate Strategy Reserve are to set aside funds to meet the costs of the next investment strategy review due in 2026, and to transfer funds from forecast revenue budget underspends.
- 4.66 The contribution 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 and to use budget underspends to fund any implementation costs relating to the new HR & Payroll System.
- 4.67 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.
- 4.68 The result of the above is a net total transfer into reserves of £280,000. 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.
- 4.69 The forecast balance of the reserves following the transfers proposed for the year, to be carried forward to the next financial year is now £428k in total, equating to 5.2% 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*

- 4.70 The Fund's sterling cash balances at 31 December 2024 stood at £116.6 million (£109.0 million at 30 September 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.



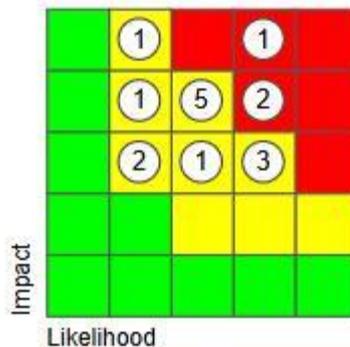
4.71 The following chart shows the movement in cash balances held for the current year to date and the previous three financial years.



4.72 Cash is only held pending Fund investment and the balance of cash at the end of the quarter represents 1.05% of the Fund, compared with 0.98% at 30 September 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 February 2025 are set out in the commentary shown in the table in the report.
- 5.5 Two risk scores have increased:
- 5.6 Risk *IAF-001 Material changes to the value of investment assets and/or liabilities* – has increased in likelihood due to seemingly heightened geo-political risks.
- 5.7 Risk *IAF-004 Imbalance in cashflows* – There is an expectation that employer contribution rates will reduce due to high funding level at 2025 actuarial valuation. Meaning lower net income for the Fund. To address this, we will seek to increase income from investments as and when Border to Coast develop further distribution share classes.
- 5.8 There were no other changes to risk scores or newly added risks from this review.
- 5.9 A summary of the overall risk position across the Authority can be seen in the table below. Note – the circled numbers refer to the associated number of risks scoring within each box.



## 6. Learning from things that happen

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

	Received in Q3 2024/25	Received in Q2 2024/25	Received in Q1 2024/25	Received YTD 2024/25	Received in Previous Year: 2023/24
Complaints	7	7	8	<b>22</b>	26
Appeals Stage 1	1	1	1	<b>3</b>	7
Appeals Stage 2	6	4	9	<b>19</b>	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 There are no trends to report with regards to the 7 complaints recorded this quarter. One member was unhappy that their pension reduced due to the GMP reconciliation exercise, whilst another was unwilling to pay an IFA to advise on their transfer, required due to it being over £30k. Two cases were identified where the Authority could have given members a better service.
- 6.4 One stage 1 appeal was received, and six stage 2 appeals were received in the quarter, of which five were ill health appeals. These are generally in relation to the level of ill health pension awarded by the employer. Two of these were rejected for the decision making not meeting the IDRPs guidelines and three are still awaiting a decision.
- 6.5 Appeals determined during the quarter:  
One Stage 2 appeal was upheld, and two Stage 2 appeals were not upheld. The appeal that was upheld was regarding an error with the transfer of a member's AVC funds.

### *Breaches of Law and Regulation*

	Recorded in Q3 2024/25	Recorded in Q2 2024/25	Recorded in Q1 2024/25	Recorded YTD 2024/25
Breaches recorded	14	3	10	27

- 6.6 The Pensions Administration teams received an introductory training session on the type of regulatory breaches to record / report and a further session will be scheduled during Q4. Due to the increased awareness, there has been an increase in the number of breaches recorded this quarter.
- One breach related to an AVC not paid at the same time as the main scheme pension.
  - Nine breaches related to Deferred Members over the age of 75.
  - One breach related to Orphan AVC for a member over the age of 75.

d) Three breaches relate to late payment of refunds.

6.7 No breaches have been reported to the Regulator in the period, as none of the breaches identified are classed as material.

#### *Satisfaction Surveys*

6.8 A survey of 716 retiring members between August and October 2024 found that 95% of the 148 respondents were satisfied with the service they received.

6.9 A customer centre survey sent out to 4,118 members for the same period showed that of the 307 respondents, 91% were satisfied with the service they received.

6.10 A survey of 'new joiners' (new active members of the scheme) during June to August 2024 was issued to 1,029 members. Only 23 members completed the survey (2.2% response rate). The survey includes questions about the welcome pack and registration for the online portal. The responses received showed only a 65% satisfaction rating.

6.11 Comments from the survey included:

a) I do not feel like I understand the scheme at this time.

b) I would like to know the percentage that the employer is contributing alongside my contribution. Also, my log-in details so I can look at my pension scheme and savings.

6.12 An action will be taken in response to these comments to update the welcome pack that is issued to new joiners with the following points.

a) Links to the website and the employee scheme guide are provided in the welcome notification. However, we do appreciate that the scheme is complex and therefore we offer member sessions for new joiners – understanding your pension <https://www.sypensions.org.uk/Members/All-members/Events>

b) Once a member registers for the online portal, whilst it does not show the employer contribution rate, it does display the amount of employer contributions paid on the individual members behalf.

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