

Subject	Update on Decisions Made by the Authority	Status	For Publication
Report to	Local Pension Board	Date	25 April 2025
Report of	Head of Governance and Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
Contact Officer	Jo Stone Head of Governance and Corporate Services	Phone	01226 666418
E Mail	jstone@sypa.org.uk		

1 Purpose of the Report

- 1.1 To provide Local Pension Board members with an update on decisions made by the Authority and its Committees, and any decisions taken under the urgency procedure between meetings of the Authority.

2 Recommendations

- 2.1 Board Members are recommended to:
- a. Note and comment upon the decisions included in this report.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objective:
Effective and Transparent Governance
- To uphold effective governance always showing prudence and propriety.
- 3.2 The contents of this report are part of the arrangements in place to ensure good governance and that the Local Pension Board is enabled to fulfil its duties to scrutinise the decision making of the Authority in relation to the administering of the South Yorkshire Pension Fund.

4 Implications for the Corporate Risk Register

- 4.1 The contents of this report will contribute to addressing risks around regulatory compliance.

5 Background and Options

- 5.1 This report provides an update for the Local Pension Board on decisions taken by the Authority in the period since the last meeting of the Local Pension Board. (Excluding any substantive items already included in reports elsewhere on the Board's agenda).

- 5.2 There have been two meetings of the Full Authority and one meeting of the Authority's Audit & Governance Committee since the last report to the Board. There are two Authority meetings to report on this time because their February meeting is the one that is held each year to focus on the corporate organisation, with reports on the Corporate Strategy, the Budget and the Medium-Term Financial Strategy.
- 5.3 The tables below set out the decisions of the Authority taken at its meetings on 13 February 2025 and 13 March 2025, and the decisions of the Audit & Governance Committee on 06 March 2025. Any reports that the Authority or the Committee simply noted / commented upon are not listed separately in the table but are available to view on the relevant meeting on the website using the links provided.

Table 1:

Decisions Made at Authority Meeting 13 February 2025	
Full agenda and public reports referred to below are available at: <u>Authority February 2025 Meeting</u>	
Item 7: Section 41 Feedback	The Chair announced that a motion in relation to Responsible Investment had been received by Sheffield City Council and that she will feedback the details to Authority when available.
Item 8: Minutes of the meeting 12/12/2024	Members noted and approved the minutes from the meeting held on 12/12/2024
Item 9: Corporate Planning Framework 2025 - 2028	<p>The Director introduced the context of the refresh of the Corporate Planning Framework and the Assistant Director – Resources presented the report and sought members' consideration and approval for the triennial detailed refresh and update of the complete corporate planning framework.</p> <p><u>Investment Strategy:</u> Members asked about whether and how stakeholders have been consulted / engaged with in relation to the Investment Strategy. The Director explained that a survey is being undertaken with scheme members concerning responsible investment and that a different approach is needed with employers as their priorities are different to scheme members. Engagement with employers was in progress and close communication between SYPA and employers would continue through to the finalisation of the valuation of the Fund in December 2025.</p> <p>Members queried whether the action to develop and deliver an Environmental Sustainability plan referred to a new or existing plan and also asked for further information on the indicators for success.</p> <p>The Assistant Director – Resources stated that the Environmental Sustainability plan was a new plan, yet to be started, regarding how SYPA operate as an organisation and that this plan would look at metrics to measure sustainability of SYPA as an organisation. It was explained that the existing Net Zero goal related to the Fund's investments.</p> <p>The Assistant Director – Investment Strategy explained that indicators for Responsible Investment were covered in quarterly reports. It was explained there was a formalised scoring mechanism to gauge the ESG score which shows absolute performance and performance in relation to benchmark indices along with tracking of progress.</p> <p><u>External Environment:</u> Members noted the action to implement the outcomes arising from the Government's Fit for the Future consultation</p>

Decisions Made at Authority Meeting 13 February 2025

and asked if SYPA had adequate resources to cope with the potential workload.

The Director explained that the workload and the pressure on SYPA would depend on how the Government resolves to enforce implementation of the changes and that any pressure from the Government would be more aimed at the pooling companies than administering authorities. The Chair added that implications of the outcomes were a primary concern throughout the industry but noted that SYPA was in a stronger position than many as its governance and investment plans were already aligned with the proposed changes.

Pensions Administration: Members questioned if the goal to clear backlogs by end of 2025 was realistic and asked about the goal relating to the administration software system and whether the use of Artificial Intelligence (AI) would be considered.

The Director explained that 62% of the backlogs had already been cleared and that officers remained confident they would be cleared by the end of 2025. The Assistant Director – Resources explained that good contract management with the software supplier was necessary along with internal ICT and Systems teams working closely with the Administration team to ensure the software system was continually developed and its functionality used to the optimum. It was stated that introducing AI to assist with these actions was a possibility, but that security remained the priority and that the benefits would be weighed against the risks when considering any options.

People Strategy: Members queried whether the budget for Health, Safety and Wellbeing was sufficient given the size of the workforce. The Assistant Director – Resources explained that the budget was kept under review but that the proposed budget was based on experience of requirements in previous years, with a good deal of activity and initiatives undertaken, and is considered to be suitable to meet the needs.

Diversity, Equality and Inclusion Scheme: Members noted that SYPA has 66% female staff but that only 50% of the top earners were female.

The Assistant Director – Resources acknowledged the difference and explained that the gender pay gap is closely monitored and published yearly but that work is ongoing to address the issue including group coaching for female staff and promoting internally where possible to naturally redress the balance.

Members reflected on the membership of the Authority and that it could be more diverse and representative of scheme members. The Director explained that SYPA supported inclusivity and diversity and that this was thoroughly expressed to the South Yorkshire Councils when asking for Authority appointees. It was explained that the Authority was limited to membership of elected members from the South Yorkshire Councils and therefore more work needed to be done to encourage people from diverse backgrounds to stand for election and remove barriers to them doing so.

Members approved the Corporate Strategy 2025 – 2028

Approved the supporting strategies 2025 – 2028: People Strategy, ICT Strategy, Diversity, Equality and Inclusion Scheme.

Decisions Made at Authority Meeting 13 February 2025	
Item 10: Budget 2025/26	<p>The Head of Finance and Performance presented the Authority budget proposals for 2025/26 for approval.</p> <p>Members approved the 2025/26 budget for the Authority, a total of £9,050,830.</p>
Item 11: Medium Term Financial Strategy 2025/26	<p>The Head of Finance and Performance presented the Authority's Medium Term Financial Strategy 2025/26 to 2027/28 for consideration and approval.</p> <p>Members queried what potential effect the policies of the new President of the United States of America might have on SYPA investments.</p> <p>The Assistant Director – Investments answered that there were many variables to consider and that investments and the economy would be closely monitored for potential repercussions.</p> <p>Members queried the management costs detailed in the report and asked whether these were fixed costs and what controls were in place to ensure value for money.</p> <p>The Assistant Director – Investments explained that a benchmarking exercise is undertaken by an external provider to ensure all costs are acceptable and that they are challenged if not. It was explained that, as going forward most costs would be borne by Border to Coast Pensions Partnership, management costs will be driven down.</p> <p>Members approved the Medium-Term Financial Strategy 2025/26 to 2027/28</p>
Item 12: Treasury Management Strategy 2025/26	<p>The Head of Finance and Performance presented the Treasury Management Strategy for approval.</p> <p>Members approved:</p> <p>The 2025/26 Treasury Management and Annual Investment Strategy, and the Treasury & Prudential Indicators.</p> <p>The Treasury Management Policy Statement.</p> <p>The Treasury Management Practices.</p> <p>The Minimum Revenue Provision statement.</p>
Item 13: Pay Policy Statement	<p>The Assistant Director – Resources presented the report to secure approval of the updated Pay Policy Statement for 2025.</p> <p>Members approved the Pay Policy Statement.</p>
Item 14: Valuation 2025	<p>The Director presented the report to agree the framework for setting contribution rates and associated actuarial assumptions to be consulted on with employers as part of the 2025 valuation process.</p> <p>Members queried whether any significant economic events could take the adjusted funding level of 120% below 100%.</p> <p>The Director expressed that a significant economic event could impact the funding level but that the Authority needed to remain in a risk-taking position to maximise returns while monitoring the market and managing risk as necessary.</p> <p>Members acknowledged the positive funding level and queried whether SYPA could go further in the planned reduction of employer contributions,</p>

Decisions Made at Authority Meeting 13 February 2025

	<p>especially given that Local Authorities, a major employer in the scheme, were experiencing increased financial demands.</p> <p>The Director recognised the financial difficulties faced by Local Authorities and explained there was scope for adjustment and nuance in the final contribution rates set, as well as the possibility of differentiating contribution rates to different employers and accommodating any financial difficulties. The Director advised a cautious approach adding that if contribution rates were cut too far, they may then need to be raised again, and this would be harmful to employers and their budget management.</p> <p>Members asked whether employee contribution rates might change. The Director explained that the LGPS set national employee contribution rates which are reviewed every 4 years and could only be changed with Government intervention, so SYPA regarded employee contributions as fixed when making plans.</p> <p>Members queried whether the positive funding level of the Authority might allow it to strengthen its Responsible Investment policies, for example by divesting from companies with low ESG scores.</p> <p>The Director explained that the Authority's priority remained maximising returns and servicing benefits, but that Responsible Investment would continue to remain part of the Investment Strategy.</p> <p>Members approved the framework set out in the body of the report for consultation with employers as part of consultation on the revised Funding Strategy Statement required as part of the valuation process.</p>
Item 15: Procurement Plan Forward Plan 2025 to 2028	<p>The Head of Governance and Corporate Services presented the Authority's Procurement Forward Plan to members for approval.</p> <p>The Assistant Director – Resources explained that procurement was covered by Contract Standing Orders in the SYPA Constitution which had been aligned with the Procurement Act (2023) due to come in to force on 24 February 2025.</p> <p>Members asked whether procurement policy was subject to the Responsible Investments policy and SYPA practised responsible procurement.</p> <p>The Director explained that SYPA's procurement policy did not explicitly address responsible procurement but that regulations ensured procurement was done through detailed frameworks using an approved list of suppliers. Officers accepted that this approach could be strengthened and would be addressed in the Environmental Sustainability plan as part of the Corporate Strategy.</p> <p>Members approved the Procurement Forward Plan 2025 to 2028.</p>

Decisions Made at Authority Meeting 13 February 2025	
Item 17: Independent Advisers' Objectives	<p>The Director presented the report and asked members to approve the objectives agreed with the Independent Investment Advisers</p> <p>Members received the objectives noting that the Independent Investment Advisers were a useful asset to the Authority and that they welcomed the formalisation of their role.</p> <p>Members approved the objectives for the Independent Investment Advisers.</p>

Table 2:

Decisions Made at Authority Meeting 13 March 2025	
Full agenda and the public reports referred to below are available at: Authority Meeting March 2025	
Item 7: Section 41 Feedback	<p>The Chair reported that a motion titled 'Ethical Investment of Pension Funds' had been passed by Sheffield City Council on 5 February 2025. The Director explained that the details of the motion had been shared with SYPA and that he was drafting a response which would be shared with the Authority.</p> <p>Members noted the feedback.</p>
Item 9: The minutes of the meeting 13/02/2025	Members noted and approved the minutes from the meeting held on 13/02/2025
Item 14: Quarter 3 Responsible Investment Update 2024/25	<p>The Assistant Director – Investment Strategy presented the Quarter 3 Responsible Investment Update.</p> <p>Members noted the update on the Indian conglomerate Grasim and their targets to reduce carbon emissions and reach Net Zero by 2040 and asked whether they were likely to renege on these targets as other companies in the industry had done.</p> <p>The Assistant Director – Investment Strategy explained that cement production accounted for over 80% of Grasim's carbon emissions and that, while cement-related industry was a major carbon emitter, there was also lot of scope to reduce emissions and increase sustainability in the sector and the performance of Grasim will be closely monitored with engagement utilised if necessary.</p> <p>Members asked for clarity about financed emissions. The Assistant Director – Investment Strategy explained that financed emissions had risen in the short term but that the long-term prediction is that they will continue to reduce overall in line with the aim of Net Zero by 2030.</p> <p>Members noted the activity undertaken in the quarter.</p>

Decisions Made at Authority Meeting 13 March 2025

<p>Item 15: SYPA Responsible Investment Policies Annual Review and Net Zero Action Plan Update</p>	<p>The Assistant Director – Investment Strategy presented the report to secure approval for the Authority’s various responsible investment policy documents following their annual review.</p> <p>Members queried whether the Authority should process the results of the questionnaire regarding Responsible Investment and Environmental, Social and Governance matters in relation to SYPA’s investments sent to Scheme Members before agreeing these policies in case the results inform any additions or amendments.</p> <p>The Director explained that the results of the questionnaire would inform the Investment Strategy which would, in turn, inform the next iteration of the policies.</p> <p>Members asked for further information on the addition to the Climate Change Policy regarding how the Authority interacts with companies that do not have credible climate transition plans, for more clarity on the concept of the Authority reserving the right to act independently should collective action not result in the delivery of its objectives in terms of ESG issues and for more detail of engagement activity measurements and thresholds.</p> <p>Councillor Alexi Dimond proposed not to approve the RI policies but to ask officers to revise the policies to reflect the wishes of members as discussed in the meeting and submit for approval at a future meeting of the Authority. There was no seconder and the proposal fell.</p> <p>Members proposed an amendment to the recommendation to ask officers to undertake a project looking at options for measures to take when engagement with companies had failed to produce the required outcomes, such as exclusion, to inform development of RI policies when next updated.</p> <p>RESOLVED: Members</p> <p>a. Approved the following revised policy documents appended to the report:</p> <ul style="list-style-type: none"> ii. The Responsible Investment Policy (Appendix A) iii. The Climate Change Policy (Appendix B) iv. The Net Zero Action Plan (Appendix C) <p>b. Requested officers review the impact of SYPA advocating for active exclusion where engagement has demonstrably failed and provide the results in a report at the 18 December 2025 Authority meeting.</p> <p>Councillor Dimond requested that the minutes reflect that he voted against the resolution.</p>
<p>Item 17: Members Learning and Development Strategy 2025/26</p>	<p>The Head of Governance and Corporate Services presented the 2025/26 Members Learning and Development Strategy.</p> <p>Members approved the Members Learning and Development Strategy 2025/26</p>

Decisions Made at Authority Meeting 13 March 2025

<p>Item 18: Constitution and Terms of Reference</p>	<p>The Director presented the report to secure approval for updates to the Constitution, which had been made to address recommendations arising from the independent governance review and to implement changes regarding the role of Clerk as approved at the Authority's meeting in December 2024.</p> <p>Members asked how the Investment Advisory Panel would be impacted by the increase in pooling due to the Government's Pensions Investment Review. The Director explained that Investment Advisory Panel remained of importance in having oversight of all investment and in developing the Investment Strategy.</p> <p>Members approved:</p> <ul style="list-style-type: none"> • The Updated Constitution • Approved the Terms of Reference for the Investment Advisory Panel, and the Appointments and Appeals and Staffing Committees.
<p>Item 20: Border to Coast Implementation Plan and Budget 2025/26</p> <p>Exemption Paragraph 3</p>	<p>The Director presented the Annual Implementation Plan and Budget of the Border to Coast operating company for approval.</p> <p>Members discussed the report noting the positive position of the company to adapt to the changes required following the Government's Pensions Investment Review and potential issues with expansion of the pool.</p> <p>The Director informed the Authority that the Minister for Pensions would be meeting with pools to discuss transition plans and requirement.</p> <p>Members approved:</p> <ul style="list-style-type: none"> • The Border to Coast Implementation Plan and Budget for 2025/26 and • Authorised the casting of the Authority's shareholder vote in favour of the implementation plan and budget
<p>Item 21: Succession Planning (Staffing and Personnel)</p> <p>Exemption Paragraphs 1, 3</p>	<p>The Director presented the report to seek approval for the arrangements to replace him on his planned retirement at the end of 2025.</p> <p>Members noted the report and expressed the need to implement a wide reaching and robust communications strategy to maximise contact with potential candidates.</p> <p>Members approved</p> <ol style="list-style-type: none"> a) The arrangements for the replacement of the Director on his retirement set out in the body of the report, including the role profile at Appendix A and the appointment of North Yorkshire Council to support the recruitment process. b) The remuneration package for the role as a revised Grade N and delegated power to the Director to amend the published Pay Policy Statement accordingly. c) The proposed terms and conditions of employment.

Table 3:

Decisions Made at Audit & Governance Committee 6 March 2025	
Full agenda and the public reports referred to below are available at: A&G Committee March 2025 Meeting	
Item 6: Minutes of the meeting held on 05/12/2024	Members approved the minutes from the meeting held on 05/12/2024.
Item 8: Internal Audit Plan 2025/26	<p>The Corporate Assurance Manager presented the draft Corporate Assurance Plan for 2025-26.</p> <p>Members noted the increase of allocated days in the indicative plan for 2025/26 to 2027 from 200 in 2024/25 and asked for further details on this decision.</p> <p>The Corporate Assurance Manager explained that the increase was not down to any issues or concerns but in anticipation of expected workload including plans to look at areas not covered in 2024/25.</p> <p>Members noted that the scope of the draft Corporate Assurance Plan included provision of 'advice, support and guidance' in certain areas and questioned how this would affect the independence of any future audit reviews in these same areas.</p> <p>The Corporate Assurance Manager explained that, when any advice, support and guidance was issued by named corporate assurance officers, alternative officers would consequently conduct the audit review of that area to provide the required independent assurance.</p> <p>Members asked whether the internal auditors were satisfied there were no emerging risks. The Corporate Assurance Manager assured the Committee that every area had been considered and discussed with senior officers and there were no emerging risks to note. However, it was also explained that, due to the current levels of economic uncertainty, there was an increased likelihood of significant risks emerging throughout the audit cycle that were not identified (or in existence) at the time of planning and that, if such items were identified, the audit approach would be amended accordingly and any changes communicated to the Audit and Governance Committee.</p> <p>Members agreed that:</p> <ul style="list-style-type: none"> • The draft Corporate Assurance Plan for 2025-26 was approved in principle whilst acknowledging the need for the Head of Corporate Assurance, in consultation with the Director and the Chief Finance Officer, to exercise her professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and • The Audit and Governance Committee receive quarterly monitoring reports from the Head of Corporate Assurance to demonstrate progress against the Plan including information where the Plan has materially varied from the original Plan
Items 9 and 10:	Elizabeth Wharton, Senior Manager from KPMG, presented the External Audit Plan and Strategy for South Yorkshire Pension Authority for the year ending 31 March 2025. The external auditor explained that the

Decisions Made at Audit & Governance Committee 6 March 2025

External Audit Plan – Audit of year ending 31/03/25 (Authority)	<p>materiality level for the Authority had been increased from 2% to 2.5% because of having a better understanding from the work done in the first year that has enabled the auditors to conclude certain risks are not present. She also highlighted that there were no other changes to the significant audit risks in the plan compared to last year.</p>
External Audit Plan – Audit of the year ending 31/03/2025 (The Fund)	<p>The external auditor presented the External Audit Plan and Strategy for South Yorkshire Pension Fund for the year ending 31 March 2025.</p> <p>Members welcomed the increase in materiality for the Authority and the lowering of the risk level across Authority and Fund and acknowledged the positive development of the working relationship between SYPA and KPMG over the last year allowing the external auditors to increase understanding and provide more detailed feedback.</p> <p>Members asked if KPMG were on track to deliver the accounts audit for approval and finalisation by September 2025 as stated in the plans for the Authority and for the Fund.</p> <p>The Senior Manager explained that there was a robust plan in place to deliver the audit by September 2025 as stated in the report and that KPMG would continue to work closely with SYPA to communicate progress made by using a tracker and holding regular meetings.</p> <p>Members asked for clarification on the rotation of SYPA's assigned audit team at KPMG. The Senior Manager explained that Richard Lee was the engagement lead for SYPA and that 2025/26 would be his second year in this position. It was explained that engagement leaders are required to rotate after 5 years (or 5 sets of accounts) meaning Richard Lee had a remaining 4 years (or 4 complete sets of accounts) as external audit lead to SYPA and that there were no other members of the team who needed to consider this requirement</p> <p>Members received and noted the External Auditor's Audit Plan for the year ending 31 March 2025 for the Pension Authority and the Fund.</p>
Item 11: Accounting Policies for the year ending 31/03/2025	<p>The Head of Finance and Performance presented the report providing members of the Audit & Governance Committee with an opportunity to review and approve the accounting policies in line with best practice.</p> <p>He highlighted that the main change to the accounting policies for 2024/25 was regarding accounting for leases because of accounting standard <i>IFRS 16 Leases</i> being adopted in the CIPFA Code. It was explained that there was only one material lease held by the Authority that would be affected by this change, and that a de-minimis threshold for leases had been set in the accounting policy at £10,000 which is in line with the Authority's capitalisation threshold as per guidance from CIPFA.</p> <p>Members noted the accounting policies to be used in the preparation of the Authority's Statement of Accounts in accordance with requirements set out in the CIPFA Accounting Code of Practice.</p>
Item 12: Governance Compliance	<p>The Director presented the report and sought the Audit & Governance Committee's approval of the annual update of the Governance Compliance Statement for 2025.</p>

Decisions Made at Audit & Governance Committee 6 March 2025	
Statement 2024/25	Members approved the Governance Compliance Statement 2024/25.
Item 15: Audit and Governance Effectiveness Review Report 2024/25	<p>The Assistant Director - Resources presented the results of the Committee's review of its effectiveness in 2024/25.</p> <p>Members agreed the Effectiveness Review report at Appendix A and the recommended actions therein</p>
Item 16: Audit and Governance Annual Report 2024/25	<p>The Assistant Director - Resources presented the Committee's annual report on its work as part of the process of providing assurance underlying the preparation of the Annual Governance Statement.</p> <p>Members</p> <ul style="list-style-type: none"> • Approved the Annual Report of the Audit and Governance Committee for 2024/25; and • Delegated to the Head of Governance and Corporate Services approval to update the Annual Report for publication to reflect the attendance at and outcomes of this meeting and the final outcomes of internal audit reviews completed by the end of the year
Item 17: Work Programme, Governance and Training Dates 2025/26	<p>The Team Leader – Governance presented the proposed 2025-26 work programme for the Committee for approval. The Team Leader – Governance asked for requests from members for training topics related to the upcoming work programme to be covered in bitesize briefing sessions of approximately 30-minutes provided immediately following each formal meeting. Suggested topics included Corporate Assurance, Risk Management, Accounting Practices, Gifts and Hospitality and Conflicts of Interest and the Team Leader – Governance welcomed further suggestions following the meeting with a schedule to be shared once confirmed.</p> <p>Members approved the 2025/26 work programme.</p>

Decisions Taken Between Meetings Under the Urgency Procedure

- 5.4 Since the last report to the Local Pension Board, there have been no decisions taken under the urgency procedure between meetings of the Authority.

Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	No direct implications.
Human Resources	No direct implications.
ICT	No direct implications.
Legal	No direct implications.
Procurement	No direct implications.

- 6.2 Implications of each of the items on which a decision was made are listed in the relevant reports for those items.

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	Place of Inspection