

# Delivering for our Customers — Corporate Performance Report

**Quarter 4 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 final 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.

### *Recommendations*

- 1.4 The financial measures set out within Section 4 of the report include details regarding proposed virements required in relation to a technical correction arising from a change in accounting treatment of the lease rental of Oakwell House and a correction to the operational income budgets to align the income with where the majority of the work is completed.
- 1.5 The same section of the report also includes details regarding the outturn for 2024/25 and proposed transfers from reserves.
- 1.6 The Authority's approval is required for the budget virements and for the reserves transfers and Members are recommended to:
  - a) **Approve the budget virements as set out in paragraph 4.25 of the report.**
  - b) **Approve the transfers to earmarked reserves as set out in the table in paragraph 4.71; amounting to a net total transfer to reserves of £216,290.**

## 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 has been made on corporate plans and projects.</p>	<p>Investment performance is a little behind target over recent periods - but remains ahead of expectations over the long term.</p>
<p>The outturn under-spend on the revenue budget has resulted in being able to build up the earmarked reserves ahead of schedule.</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>Significant reduction in sickness absence for the year.</p>	<p>Risk scores have been increased for four risks facing the Authority, two of which relate to the impact of the outcomes from the Government's pensions review.</p>

### 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 Quarter 4 Update	Status	
<b>A</b>	<b>Administration Improvement Plan</b>			<b>AD-P</b>		50%	
A1	Deliver ongoing improvements in data quality	01-Apr-2024	31-Mar-2026	SM-TST	Data improvement Plan has been shared with LPB and will go to the Authority for approval at the June meeting.	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	System Improvements have stalled due to a number of things including lack of resource, McCloud and Backlogs.	On track	
A4	Clear backlogs of casework	01-Feb-2024	31-Dec-2025	SM-B	Revised plan to target backlogs by having the benefit teams target the backlog for a month each. Rotating through the teams. Monthly assessment will continue.	At risk but achievable	
A5	Implement the McCloud Remedy	01-Apr-2024	31-Mar-2026	AD-P	Software development delays have hampered progress for the authority. The completion date will have to move to 31 August 2026 and agreement will be sought from the Authority to this decision.	Not achievable	
A6	Implement the Pensions Dashboard	01-Apr-2024	31-Mar-2026	SM-CS	Work has started with AVC providers, files have been received and will continue to be received quarterly to allow for data cleansing. Civica have engaged with a couple of demos, and staff are part of MET group meetings who meet with LGA representatives for further clarification on grey areas.	On track	

Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Quarter 4 Update	Status	
<b>G</b>	<b>Governance</b>			<b>HGCS</b>		<div><div>70%</div></div>	
G1	Implement the results of the Independent Governance Review	HGCS	30-Sep-2025	HGCS	Action plan implemented and embedded and progress will be reported twice a year.	On track	✓
G2	Complete and embed the updated suite of Information Governance policies and procedures	TL-G	30-Sep-2025	TL - G	Phase 1 of data protection action plan completed. Phase 2 commenced; project group initiated for data retention project.	Completed	✓
G3	Ensure compliance with the new TPR General Code of Practice	HGCS	31-Mar-2025	HGCS	Full review of the TPR Code was completed during Q4 and reported to LPB in February 2025. Some progress visible, key areas where actions completed were within Pensions Admin.	On track	✓
<b>I</b>	<b>Deliver the Investment Strategy</b>			<b>AD-IS</b>		<div><div>42%</div></div>	
I1	Implement 2023 Asset Allocation Changes	01-Mar-2023	31-Mar-2026	AD-IS	Only modest changes made.  Waiting for markets to settle down from the tariff warfare to get a steadier picture of where we are.	On track	✓
I2	Progress the Authority's Net Zero Ambition	01-Apr-2024	31-Mar-2026	IM	Additional £10m top up commitment made to Gresham House Forestry Fund. Decision made to receive carbon credits from the Campbell Global Forestry Fund, as opposed to monetising, which can be used to offset emissions elsewhere in the portfolio.	At risk but achievable	⚠
I3	Deliver the Place Based Impact Investment Strategy	01-Mar-2023	31-Mar-2025	IM	First stage of affordable housing procurement underway and bidder responses being assessed with a timeline for appointment of chosen manager Q4 2025.	At risk but achievable	⚠
I4	Plan and deliver 2026 Strategy Review	01-Nov-2024	31-Mar-2026	AD-IS	Tender process has gone live for consultancy to advise on strategy review.	Not started	●



Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Quarter 4 Update	Status	
O	Organisation Wide			AD-R		<div><div>56%</div></div>	
O1	Develop a fully revised and updated Business Continuity Strategy	01-Apr-2024	31-Dec-2024	HICT	<p>Stakeholders have undertaken a Business Impact Analysis, and a draft Business Continuity Plan (BCP) has been produced which is being reviewed by the team.</p> <p>The BCP handover meeting is expected to be completed during Q1.</p>	At risk but achievable	
O2	Develop and implement a Sustainability Strategy for the organisation	01-Jan-2025	31-Mar-2026	HICT	<p>Work on this strategic action has not yet commenced due to the team resource continuing to focus on the completion of the Business Continuity Strategy. Once that project is complete during Q1 of 2025/26, we will be able to make a start on the work required for this environmental sustainability strategy development.</p>	Not started	
O3	Procure and implement a new HR and Payroll system	01-Mar-2024	31-Dec-2024	HFP	<p>We are in the latter stages of the procurement research phase, focussing on the suppliers which will meet our needs - aiming to finalise the work by the end of June, with target for procurement decision and contract award during Q2 of 2025/26.</p>	At risk but achievable	
O4	Develop and implement a new Performance Management Framework	01-Apr-2024	31-Dec-2024	SM-PP	<p>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 represents only the initial deployment of the Framework and much more work will be carried out in 2025 to agree targets for this initial data set, and continue to make Operational (Team-Level) Performance Dashboards.</p>	On track	




Ref	Project/Action	Start	Finish	Responsible Manager	2024/25 Quarter 4 Update	Status	
<b>P</b>	<b>People</b>			<b>AD-R</b>		40%	
P1	Develop and implement a new organisation wide Learning and Development Strategy	01-Apr-2024	30-Sep-2025	AD-R	Work has commenced on building up an assessment of L&D needs across the organisation in preparation of planning a programme of training for the next year which, along with analysis of workforce and workload planning will help to inform the development of the wider L&D Strategy.	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	Work on this project has progressed as planned during Q4 with further refinement of the policy and associated templates provided by the consultant. In the next quarter (Q1 of 2025/26), the documents will be finalised through further detailed discussion with managers and relevant stakeholders before being rolled out with presentation to staff.	On track	✓
<b>T</b>	<b>ICT</b>			<b>HICT</b>		51%	
T1	Complete M365 Roll Out	01-Apr-2024	30-Jun-2024	HICT	Analysis of user training requirements for SharePoint Online and M365 applications, including feedback via a staff survey.  Bespoke training content developed that aligns with the requirements of each team.	On track	✓
T2	Adoption and exploitation of available M365 tools and functionality	01-Jul-2024	31-Mar-2026	HICT	M365 Always On VPN – installation and configuration complete.	On track	✓
T3	Maintain the Authority's cyber defences	01-Apr-2024	31-Mar-2026	SM-INF	Attendance at team meetings to reinforce staff knowledge and awareness. Presentation completed for all staff	On track	✓
T4	Deliver ongoing improvements to the Authority's ICT infrastructure	01-Apr-2024	31-Mar-2026	SM-INF	Implemented Exclaimer Email Signature solution.  MFD procurement, installation and creation of user approval process.  Out-of-date system Docfinity deactivated.	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 4 2024/25	Performance Quarter 3 2024/25	Performance in Previous Year Q4: 2023/24	Full Year 2024/25	Previous Year 2023/24	Movement Year on Year
Short Term Sickness Absence – Days Lost per FTE	0.95	0.80	1.19	3.02	3.96	
Long Term Sickness Absence – Days Lost per FTE	0.00	0.26	0.84	2.00	4.28	
<b>Total Days Lost per FTE</b>	<b>0.95</b>	<b>1.06</b>	<b>2.03</b>	<b>5.02</b>	<b>8.24</b>	


- 4.3 The total sickness absence for this quarter has fallen significantly compared to the previous quarter and to the same quarter last year.
- 4.4 There is a small increase (from 0.8 to 0.95 days) in short-term sickness absence, although remains lower than the same period last year. There have been a wide range of reasons for sickness absence this quarter including injury and surgery, with flu/cold/respiratory and migraines being responsible for a lot of the absence.
- 4.5 There were no cases of long term sickness absence in the quarter.
- 4.6 A total of 95 employees had no sickness absence at all during this quarter; equating to 76% of the workforce.
- 4.7 The overall total sickness absence for the 2024/25 year has reduced substantially to just over 5 days lost per FTE employee – compared with 8.2 days in the previous year.
- 4.8 The Authority's Health, Safety and Wellbeing Committee continue to promote a range of initiatives to help support staff with their wellbeing.

### Employee Turnover

- 4.9 The turnover for the 2024/25 year was 7.8%, slightly less than 7.9% in the previous year. This level of turnover is considered healthy. The HR team continue to gather data through the use of exit surveys and interviews when employees leave for the purposes of feedback on reasons for leaving and identifying any areas for improvement.

**Investment Measures**



4.10 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 4 2024/25	Quarterly Benchmark	Performance YTD 2024/25	2024/25 Benchmark	2024/25 Actuarial Target	RAG Indicator
Investment Return – Whole Fund	0.20%	0.60%	2.60%	4.20%	7.00%	

- 4.11 Performance is behind target over recent periods - but ahead of expectations over the longer term.
- 4.12 The total Fund value at 31 March 2025 was £11.06bn; compared with £11.13bn at 31 December 2024.
- 4.13 The Funding Level at 31 March 2025 is estimated at 159%, slightly lower than funding level reported at the end of quarter 3. The funding level remains robust despite increasing market volatility.
- 4.14 At the end of the quarter 77% of the Fund’s assets were being managed in pooled structures provided by Border to Coast.

## Pension Administration Measures

4.16 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 4	2024/25 Quarter 3	2024/25 Full Year	Previous Year: 2023/24	Target 2024/25	Quarterly Movement
Proportion of all cases processed on time	61%	62%	62%	66%	100%	
Proportion of employer data submissions on time	99%	94%	96%	94%	100%	

4.17 Casework in target for the year to date is 62%. Clearing the backlog is continuing to impact SLA figures as previously reported.

4.18 67% of the backlog had been cleared at the end of March 2025. Backlog clearance work during Q3 and Q4 was targeted to the areas that are most critical to the 2025 valuation.

4.19 Employer submissions performance is being sustained and there has been a very good improvement in the quarter to 99% of submissions received on time.

4.20 At the end of the quarter, membership of the Fund stood at 181,178.

4.21 There were 575 participating employers with active members at 31 March 2025, compared with 565 at 31 December 2024.

4.22 6 new admitted bodies and 6 new academies were admitted to the scheme during the quarter; 2 terminations were completed this quarter.

## Financial Measures

### 2024/25 Budget Virements

4.23 The original budget for 2024/25 was approved by the Authority at their February 2024 meeting.

4.24 Approval is now requested for two technical virements:

- a) The first in relation to income the Authority receives for Resources driven tasks, budgeted at (£64k). Historically income from pensions payroll and employer related income has been recorded in the Pensions Administration budget. However, having analysed the work involved with the income through the year, it has become clear the majority of the work is completed in Resources.
- b) The 2024/25 CIPFA Code of Practice adopted a new accounting standard IFRS 16 – Leases. The new standard resulted in a change to our accounting policies, included within a report taken to the Audit & Governance Committee in March 2025. The virement now required as a result of this change is for Oakwell House Rent £40k held in the Central Costs budget; the new standard requires the rent to be split between Financing Expenditure and Minimum Revenue Provision. Further details are explained in paragraph 4.26 below.

4.25 The effect of the two changes are summarised in the table as follows.

Budget Virements 2024/25	2024/25 Budget	Virement Q4	2024/25 Revised Budget at Q4
Pensions Administration	3,646,910	64,000	3,710,910
Investment Strategy	656,400		656,400
Resources	1,434,770	(64,000)	1,370,770
ICT	1,495,590		1,495,590
Central Costs	840,180	(40,360)	799,820
Democratic Representation	127,060		127,060
<b>Subtotal - Cost of Services</b>	<b>8,200,910</b>	<b>(40,360)</b>	<b>8,160,550</b>
Financing / Interest Charges	0	37,090	37,090
Minimum Revenue Provision Charge	0	3,270	3,270
Capital Expenditure Charge to Revenue	98,500	0	98,500
<b>Subtotal - Capital Expenditure and Financing</b>	<b>98,500</b>	<b>40,360</b>	<b>138,860</b>
<b>Subtotal Before Transfers to Reserves</b>	<b>8,299,410</b>	<b>0</b>	<b>8,299,410</b>
Transfer to / (from) Reserves	(28,000)	0	(28,000)
<b>Total</b>	<b>8,271,410</b>	<b>0</b>	<b>8,271,410</b>

- 4.26 Under the previous standard, a finance lease was categorised as one where the lessee bears the risk and reward of owning the asset with these leases included within the lessee's balance sheet. The Authority had no leases classified as finance leases under that standard. Whereas an operating lease was classified as having the asset risk and reward remaining with the asset owner, with the lessee gaining access to use of the asset through payments. The new standard removes the distinction between operating and finance leases, now classifying assets under one umbrella of 'right of use' assets.
- 4.27 The Authority's only material lease impacted by this change is the lease of Oakwell House. The lease for Oakwell House will be accounted for under the new standard using the transition arrangements in the CIPFA Code of Practice 2024/25. The only other lease held by the Authority is for a printing and scanning device which is of low value so is exempted in the Code and falls below our de minimis threshold in the new accounting policy.
- 4.28 The accounting treatment of the Oakwell House lease now requires the asset itself to be recognised on the balance sheet as a 'right of use' asset and the lease rental payments to be split between the element relating to the interest cost to be charged to 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement. And the element relating to paying down the principal to be charged directly to the General Fund as a Minimum Revenue Provision charge. This new split can be seen in the summary of virements shown in the table above.
- 4.29 Oakwell House included significant rental incentives in the first 5 years of the lease. The previous accounting treatment required the total of rent payments for the life of the lease to be allocated in equal amounts in each year of the lease, resulting in a total of £138k charged to expenditure as an adjustment since the lease commenced in 2021. The application of IFRS 16 – Leases has resulted in the requirement to unwind this previous accounting treatment. The result of which is a credit of (£138k) in total, this is shown as the net under-spend for the Authority in 2024/25 after transfers to reserves and will be effectively repaid to the Pension Fund by reducing the total charge to the Fund for the year.

#### *2024/25 Q4 Outturn*

- 4.30 The quarter 4 provisional outturn 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 Revised Budget £	2024/25 Q4 Provisional Outturn £	2024/25 Q4 Variance £	2024/25 Q4 Variance %
Pensions Administration	3,231,130	3,710,910	3,661,230	(49,680)	(1.30%)
Investment Strategy	569,210	656,400	642,330	(14,070)	(2.10%)
Resources	1,236,520	1,370,770	1,322,510	(48,260)	(3.50%)
ICT	1,124,100	1,495,590	1,314,010	(181,580)	(12.10%)
Central Costs	764,770	799,820	707,020	(92,800)	(11.60%)
Democratic Representation	182,870	127,060	132,560	5,500	4.30%
<b>Subtotal - Cost of Services</b>	<b>7,108,600</b>	<b>8,160,550</b>	<b>7,779,660</b>	<b>(380,890)</b>	<b>(4.70%)</b>
<b>Capital Expenditure and Financing:</b>					
Financing / Interest Charges	0	37,090	37,090	0	0.00%
Minimum Revenue Provision Charge	0	3,270	3,270	0	0.00%
Capital Expenditure Charge to Revenue	69,900	98,500	97,410	(1,090)	(1.11%)
<b>Subtotal - Capital Expenditure and Financing</b>	<b>69,900</b>	<b>138,860</b>	<b>137,770</b>	<b>(1,090)</b>	<b>(0.80%)</b>
<b>Subtotal Before Transfers to Reserves</b>	<b>7,178,500</b>	<b>8,299,410</b>	<b>7,917,430</b>	<b>(381,980)</b>	<b>(4.60%)</b>
Appropriations to / (from) Reserves	(274,235)	(28,000)	216,290	244,290	(872.50%)
<b>Total</b>	<b>6,904,265</b>	<b>8,271,410</b>	<b>8,133,720</b>	<b>(137,690)</b>	<b>(1.70%)</b>

4.31 The outturn for the year before transfers from reserves is an under-spend of (£382k), with an under-spend of (£138k) after the transfers to reserves. The total under-spend for the year is due to the reversal of straight-line rent payments noted at paragraph 4.29 above.

*2024/25 Local Government Pay Award and Salary Expenditure Variances*

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



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

with effect from 1 April 2024.

- 4.33 The total 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 based on the actual pay award.
- 4.34 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.
- 4.35 In total, there is a net under-spend of (£212k) against the staffing costs budget for the year, making this the primary cause of the overall under-spend for the year. The breakdown of this per each department, with explanations, is included in the analysis that follows.

#### *2024/25 Outturn and Explanation of Other Variances*

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

##### Pensions Administration – Outturn Under-Spend (£50k):

- 4.37 There is a total net under-spend of (£92k) on staffing costs which comprises the following items:
- a) The 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 termination payments. The impact of this is a net under-spend of (£116k), after taking account of the department's vacancy allowance.
  - c) A net over-spend of £38k in relation to various staffing changes (e.g. hours changes, grade progression, casuals etc.) made after the budget was set.
- 4.38 The actuarial fees budget is under-spent by (£28k), as one of the additional tools offered by the actuary and included in the budget has not yet been taken up. As the contract has bedded in, we are beginning to get a better understanding of the annual costs; the 2025/26 budget has been set prudently to reflect the additional valuation costs anticipated.
- 4.39 Other Professional services has been over-spent by £22k. 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.
- 4.40 The Hybrid Mail budget is over-spent by £17k. 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.
- 4.41 An over-spend of £18k on the ill health reports budget. The increase in spending is being driven by the volume of cases, rather than inflationary increases. From April
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2025 these costs will sit with individual employers, the 2025/26 budget has been set to nil to reflect this change.

- 4.42 There is an 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.
- 4.43 A net over-spend of £5k in total comprising small overspends on relocation expenses, consultancy fees, specialist recruitment campaigns and conferences, offset by under-spends on legal fees and a reduction in income.

Investment Strategy – Under-Spend (£14k):

- 4.44 There is a total net under-spend of (£26k) on staffing costs which comprises the following items:
- a) The 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 former Assistant Director's retirement. The transition period was actually three months. The impact of this is a net under-spend of (£24k), after taking account of the department's vacancy allowance and additional recruitment costs for this post.
- 4.45 An over-spend of £7k in relation to actuarial services. A part of the triennial valuation process involves engaging the actuary to produce cashflow modelling to align the investment strategy with the cashflows proposed with the new contribution rates. At the time of setting the Investment Strategy budget this cost was not factored in, however across the Authority there have been net under-spends on actuarial fees to offset this in total.
- 4.46 Procurement framework fees have been 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 consultancy services for the triennial review of the investment strategy.
- 4.47 A small net under-spend of (£7k) in total comprising small under-spends on investment adviser fees, benchmarking and training, offset by a minor over-spend on professional subscriptions.

Resources – Under-Spend (£48k):

- 4.48 There is a total net under-spend of (£55k) on staffing costs which comprises the following items:
- a) The 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 the under-spend. There were unplanned additional costs relating to termination payments for two members of staff. The net impact of these factors is an under-spend of (£44k), after taking account of the department's vacancy allowance.
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- c) A net 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.

- 4.49 The recruitment budget has been over-spent by £8k due to costs of using a specialist recruitment agency for the newly created Senior Finance Business Partner post. This was successfully recruited to in March 2025, with the preferred candidate due to commence in post in June.
- 4.50 The income received for payroll administration fees and administration fees charged to employers was £7k less than budgeted for, resulting in an over-spend. Alongside the virement for the income noted at 1.2, an assessment on the levels of income anticipated going forward was completed to more accurately reflect that in the 2025/26 budget.
- 4.51 An under-spend of (£4k) is on corporate subscriptions based on the actual activity and requirements for the year. The changing subscription requirements was incorporated when the 2025/26 budget was set.
- 4.52 A minor net under-spend of (£4k) in total comprising small under-spends for training and actuarial fees, offset by an over-spend on the debt recovery agent.

ICT – Under-Spend (£182k):

- 4.53 There is a total net under-spend of (£36k) on staffing costs which comprises the following items:
    - a) The 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 has been an under-spend of (£32k), after taking account of the department's vacancy allowance.
  - 4.54 The budget for contractual income was over-spent by £8k, 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.
  - 4.55 The warranties and support budget has been 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 was reviewed and uplifted accordingly when the 2025/26 budget was set in February 2025.
  - 4.56 An under-spend of (£10k) on the hardware budget. The planned monitor replacement programme has been delayed; it is anticipated that this work will take place in 2025/26.
  - 4.57 The consultancy budget was under-spent by (£74k). The driver of the under-spend has been a lack of capacity with the consultants to help develop the Pensions Administration system. The under-spend has been transferred to Reserves to be used for consultancy costs when required in a future period.
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4.58 There is a total net under-spend of (£86k) on software costs which comprises the following items:

- a) The HR & Payroll system budget is under-spent by (£50k) due to a change in timing only. The project to procure a new system was due to be completed within 2024/25 but has taken longer than initially planned. Work is progressing well now, but the procurement and system implementation will now fall in 2025/26. Part of the under-spend has therefore been moved to reserves to fund the required costs in 2025/26.
- b) The Pensions Administration system budget is under-spent by (£12k). Delays to developments in relation to the Pensions Dashboard has been the main driver of the under-spend.
- c) A net under-spend of (£24k) on software purchases offset by cyber security costs. The main drivers of the software under-spend was that the budget was set prudently to account for an increase in licences through staffing growth and a number of contracts being renewed in an inflationary environment. The contract renewals were at a lower price than budgeted for and the staffing growth has been slower than expected as noted throughout the report.

Central Costs –Under-Spend (£93k):

- 4.59 There is a total under-spend of (£3k) on staffing costs due to the pay award.
  - 4.60 The past service pension surplus has been over-spent by £13k. 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.
  - 4.61 The Oakwell House rent straight line adjustment has been under-spent by (£41k). The under-spend is due to this adjustment no longer being required as a result of the accounting policy change for IFRS 16 – Leases noted at 1.7; the under-spend will be transferred to reserves for future Oakwell House requirements. Additionally, the 2025/26 budget includes an allowance for the figure and this amount will be moved to reserves for the same purpose in due course.
  - 4.62 External audit fees have been over-spent by £28k 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 (£55k) 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.
  - 4.63 Buildings expenditure was under-spent by (£16k). 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; the information fed through to the 2025/26 budget and medium term financial plans approved at the February 2025 Authority meeting.
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- 4.64 The other professional services budget has been under-spent by (£15k), 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.
- 4.65 Internal audit was under-spent by (£7k), due to a lower number of days being completed than had been budgeted. The drivers of the lower number were resourcing and plan changes due to the progress of projects, some of which will run into the 2025/26 work plan.
- 4.66 A net over-spend of £3k in total across the budgets for occupational health services, shared cost AVC administration fees, public transport costs, offset by a reduction in fees paid for venue hire.

Democratic Representation – Over-Spend £6k:

- 4.67 The member allowance pay award was paid 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 1.10. The 2024/25 budget was set with a budgeted increase of 3% for member allowances, resulting in an under-spend of (£1k).
- 4.68 This is offset by an over-spend of £5k due to an additional two member allowances that had not been included in the budget.
- 4.69 A small over-spend of £2k for recruitment advertising, regarding the LPB independent adviser, and training for members.

Capital Expenditure – Under-Spend (£1k):

- 4.70 A minor under-spend of (£1k) on the Capital Expenditure budget for Laptops and the Server Room.

Earmarked Reserves

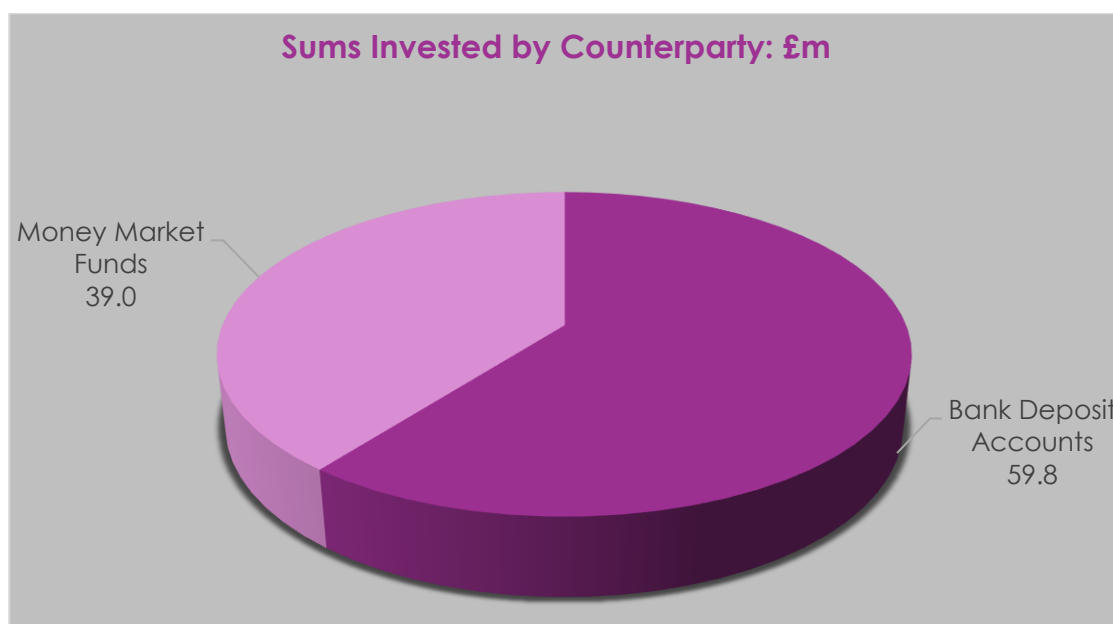
- 4.71 The table below shows the proposed transfers to and from the earmarked reserves in 2024/25.

Reserve	Balance at 01/04/2024 £	Contributions to Reserves £	Contributions from Reserves £	Balance at 31/03/2025 £
Corporate Strategy Reserve	65,985	38,870	0	104,855
ICT Reserve	63,030	120,330	0	183,360
<b>Subtotal Revenue Reserves</b>	<b>129,015</b>	<b>159,200</b>	<b>0</b>	<b>288,215</b>
Capital Projects Reserve	19,290	57,090	0	76,380
<b>Total Earmarked Reserves</b>	<b>148,305</b>	<b>216,290</b>	<b>0</b>	<b>364,595</b>
<b>Net Total Transfer to Reserves</b>		<b>216,290</b>		

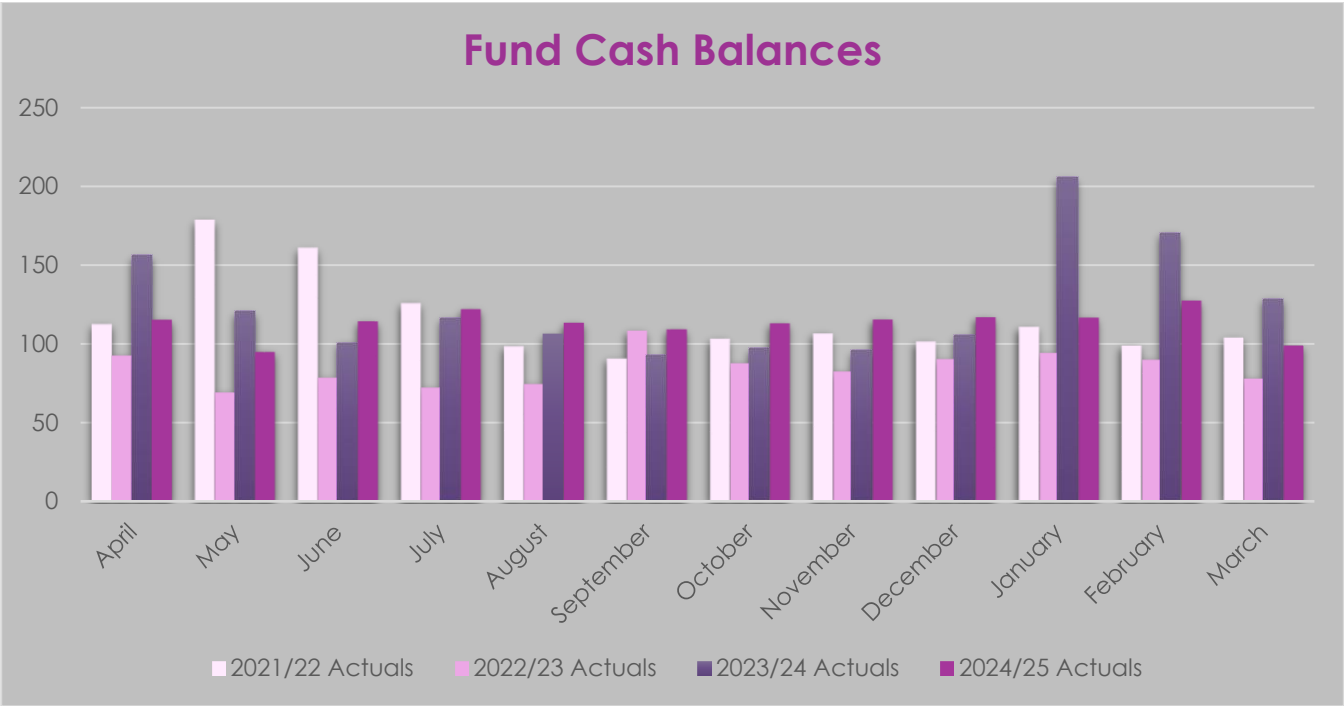
- 4.72 There are no transfers out of Reserves.
- 4.73 The proposed transfers into the Corporate Strategy Reserve are to set aside funds to meet the costs of the next investment strategy review due in 2026, and to transfer funds from revenue budget underspends arising from delays in timing to fund the expenditure in the next financial year.
- 4.74 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 the software and software consultancy budget underspends to fund any future development requirements for the Pensions Administration System.
- 4.75 The proposed transfer into the Capital Projects reserve comprises the under-spends arising in 2024/25 from the effect of the change in lease accounting and from the savings made on the Facilities Management contract. These reserved funds will be used in future years for financing planned maintenance and improvements to the Oakwell House office.
- 4.76 The result of the above is a net total transfer into reserves of £216,290. This is a positive change from what was a budgeted transfer out of reserves and is due to the impact of the under-spend on the cost of services.
- 4.77 The balance of the reserves following the transfers proposed for the year, to be carried forward to the next financial year is now £365k in total, equating to 4.4% of the Authority's total revenue budget, a sufficient and appropriate level of reserves 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*

- 4.78 The Fund's sterling cash balances at 31 March 2025 stood at £98.8 million (£116.6 million at 31 December 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.



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



4.80 Cash is only held pending Fund investment and the balance of cash at 31 March 2025 represents 0.89% of the Fund, compared with 1.05% at 31 December 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 Strategic Risk Register report is attached at Appendix A. The results of the latest review of the Authority's risks undertaken in May 2025 are set out in the commentary shown in the table in the report.
  - 5.3 As a result of this latest review, four risk scores have increased:
  - 5.4 Risk *GOV-001 Local Pension Board and Authority Member Knowledge & Understanding* – has increased in likelihood due to the turnover in membership as we commence the new municipal year. This simply reflects that there will be new members joining both committees and will require knowledge and understanding to be built up. The Authority's member learning and development strategy and the member induction process is designed to ensure that new members are actively supported to receive the training required.
  - 5.5 Risk *IAF-003 Border to Coast Strategic Plan* – has increased score. The fallout from the Government's Pensions Review (see Risk IAF010) will result in a significant re-prioritisation of the work planned in the 2030 Strategy. This could have a particular impact on the Authority as affected areas of work now likely to run at a slower pace include those in relation to legacy assets (of which SYPA has the largest number) and on local investment which is a priority for SYPA. There is an inevitability to this given the work that will be required to bring new partners into Border to Coast, which is something that SYPA would support, however, both the likelihood and impact of delays to work in these areas has increased the risk score.
  - 5.6 Risk *IAF-010 The Pensions Review* – The announcement by the Government that 2 pools (21 individual funds) should seek to cease their current operations and join an existing pool clearly changes the dynamic around this risk. It is now inevitable (very high likelihood) that further funds will seek to join Border to Coast. This will impact the rate at which the 2030 Strategy can be implemented and will also consume a significant amount of Senior Management and elected member time over the remainder of this financial year and beyond. There is clearly a risk that progress across the breadth of the Partnership's work will slow as the extended partnership goes through the expected process of "forming, storming and norming" until stabilisation of the new relationships is reached. Officers and elected members will need to spend considerable time building alliances within the extended partnership once its membership becomes clear.
  - 5.7 Risk *ORG-002 Cyber Attack* – The National Cyber Security Centre has advised of a heightened cyber threat for UK organisations due to the volatile situation in Ukraine and the potential for state-sponsored attacks on NATO members, which includes the UK. The risk score has been increased to reflect this threat. The Cyber Awareness Training solution continues to be utilised, to promote staff awareness. Further enhancements to cyber security defences have been made, including a review of Remote Access facilities and the implementation of a new Virtual Private Network (VPN) service for employee and third party access.
  - 5.8 There were no other changes to risk scores or newly added risks from this review.
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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 Q4 2024/25	Received in Q3 2024/25	Received in Q2 2024/25	Received in Q1 2024/25	Total Received 2024/25	Received in Previous Year: 2023/24
Complaints	17	7	7	8	39	26
Appeals Stage 1	3	1	1	1	6	7
Appeals Stage 2	8	6	4	9	27	12

- 6.2 A detailed report of appeals, breaches and complaints and action taken is included in the quarterly administration report to the Local Pension Board for scrutiny.
- 6.3 Better recording of complaints and analysis of causes is available now that the new role of Complaints Resolution officer is in place.
- 6.4 There are no common trends from the three Stage 1 appeals received in the quarter.
- 6.5 Stage 2 appeals relate to ill health cases and employer decisions. Of the 8 appeals received, 1 case was upheld, the remaining 7 were not determined in the quarter.
- 6.6 Appeals determined during the quarter:  
Three stage 1 appeals were determined, two of which were rejected, one was upheld regarding the member receiving an incorrect retirement quote. Four Stage 2 appeals (against employer decisions regarding ill health retirements) were determined, and all were upheld with the cases being returned to the employers to reconsider the decision making.

### *Breaches of Law and Regulation*

	Recorded in Q4 2024/25	Recorded in Q3 2024/25	Recorded in Q2 2024/25	Recorded in Q1 2024/25	Recorded in 2024/25
Breaches recorded	14	14	3	10	41

- 6.7 As previously reported, training and awareness raising has resulted in more accurate recording of breaches. The details of the 14 breaches recorded in quarter 4 are as follows.
- a) 11 breaches related to an AVC not paid at the same time as the main scheme pension.
  - b) 3 breaches relate to late payment of refunds.
- 6.8 No breaches have been reported to the Regulator in the period.

### *Satisfaction Surveys*

- 6.9 A survey of 516 retiring members between November 2024 and January 2025 found that 96% of the 85 respondents were satisfied with the service they received. Comments included that members would have liked more information about pension sessions. To accommodate as many members as possible, member sessions are now offered from 5:30pm to 6:30pm. Recordings of these sessions are available online. Daytime sessions, due to low attendance have shifted to later in the afternoon.
- 6.10 A customer centre survey sent out to 3,259 members for the same period showed that of the 207 respondents, 90% were satisfied with the service they received.
- 6.11 A survey of 'new joiners' (new active members of the scheme) during September to November 2024 was issued to 2,114 members with email address on record. Only 37 members completed the survey (1.8% response rate). The survey includes questions about the welcome pack and registration for the online portal. The responses received showed only a 68% satisfaction rating.
- 6.12 Actions arising from the previous survey are continuing and comments received in this period also referred to the website running slowly. A survey on the website is due to run during Q1 of 2025/26 to gather a wider range of feedback to drive improvements.