

South Yorkshire Pensions Authority Annual Report 2024-2025

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1. Chair's Foreword

The last year has seen the Local Government Pension Scheme (LGPS) receive significantly more attention than has been customary, with the focus largely being on the Scheme's ability to support growth across the UK economy. For those involved in the running of the scheme, however, the focus has remained on the more routine matters of ensuring that we have the money available to pay pensions correctly when they fall due.

It is this more routine work which is the focus of this annual report which provides an account of the Pensions Authority's stewardship of the pension savings of our 180,000 members during 2024/25. This was a year of steady progress leading up to the triennial actuarial valuation which will be based on the position on 31st March 2025. Following the Authority's decision to significantly increase the resources allocated to pensions administration, we have begun to systematically address backlogs of casework which, while not critical to calculating pensions, slow down lots of other activities. This work hasn't yet resulted in improvements in our achievement against performance standards, but we are beginning to see some progress. We have also adopted a more proactive approach to addressing the performance of employers in meeting their obligations which is delivering better quality data more of which is on time.

On the investment side of the operation, the last year saw a notable change of leadership as Sharon Smith retired after 40 years looking after the Fund's investments. The Fund continued to build up its climate impact portfolio with further capital deployed to nature-based solutions, renewable and climate opportunities. Closer to home, we continued to develop our place-based impact strategy with the launch of two funds focussed on investing in small and medium sized companies in South Yorkshire.

More generally, the financial markets as discussed in detail later in this report have remained volatile, but the Fund has held its own and the changes in the interest rate environment have resulted in a favourable funding position which should have a positive impact on the setting of employer contribution rates through the valuation process which should conclude by December 2025.

The valuation will, though, only be one of a number of significant projects to be undertaken in the coming year, which as ever promises to be one which keeps the Authority and its staff busy. These include the next stages in the implementation of the Pensions Dashboard and the implementation of the McCloud remedy, as well as the three yearly review of the investment strategy. Work has already started on this last piece of work with a survey of scheme member views on responsible investment issues which will influence how we develop policy in the coming years.

Alongside all this we expect to see our work with the Border to Coast Pensions Partnership evolve in line with the requirements set out in the Government's proposals for changes to the LGPS. The Partnership as a whole and SYPA in particular are well positioned





to meet these requirements, and we expect to see a rapid move to the new arrangements which will support us in delivering our investment strategy.

So, change will continue to dominate the environment in which the Authority works in the coming year as it has in the last year, our focus though will remain on fulfilling our key task, ensuring that the funds are there to pay the right pension to our scheme members when it is due.

Councillor Jayne Dunn

Chair of the Pensions Authority 2024/25 Municipal Year

2. Year In Review

<p>Expanded Climate Commitments for a Sustainable Future</p> <p>SYPA committed £350 million to the Border to Coast Climate Opportunities Fund, further supporting its Net Zero journey. The investments target renewable energy, hydrogen, battery storage, and sustainable food production. SYPA also made a £175 million commitment to enhance exposure to renewables and natural capital investments.</p>	
<p>Strengthening Our Team</p> <p>This year saw the implementation of recruitment for several roles to grow and strengthen the Pensions Administration teams. This growth, combined with some re-structuring of the teams, is designed to ensure sufficient and well-directed resourcing in this area to meet the increasing volume and complexity of work demands so that we can continue to achieve our objective of delivering for our customers now and in the future.</p>	
<p>Showcasing the LGPS: Our Members Lead the Way</p> <p>Two of our members, Eddy and Debbie, took leading roles in a national LGPS video campaign. The video aimed to support recruitment into the wide variety of roles within the scheme and to showcase the value the LGPS provides to its members.</p>	
<p>Appointment of Local Pension Board Adviser</p> <p>In July 2024, SYPA appointed Neil Mason as an adviser to its Local Pension Board. Neil brings 20 years of experience in the pensions industry to the role, aiming to support and enhance the board's governance and oversight capabilities.</p>	

Positive Independent Governance Review




In June 2024, an independent review conducted by Aon assessed SYPA's governance arrangements as "excellent" and highlighted best practices in several areas. The review noted that SYPA's governance quality was higher than that of many other Local Government Pension Scheme (LGPS) funds, attributing this to its status as a single-purpose local authority.






Leadership Transition in Investment Strategy

Andrew Stone was appointed as SYPA's Assistant Director – Investment Strategy, following the retirement of Sharon Smith. Sharon dedicated over 40 years of exceptional service to SYPA, playing a key role in the development and delivery of the Authority's investment approach. Her contribution and commitment over four decades are deeply valued and appreciated. Andrew's appointment ensures continuity and ongoing focus in this critical area of our work.



<p>Winners of the Investment Innovation Award at LAPF Investment Awards</p> <p>In October 2024, SYPA was honoured with the Investment Innovation Award at the 10th LAPF Investment Awards for Project Chip, a £260 million joint venture with Royal London transforming agricultural land into a natural capital investment vehicle.</p>	 <p>A photograph of four people standing on a stage at an awards ceremony. The background features a large screen with the text 'South Yorkshire Pensions Authority Winner' and '10th LAPF Investment Awards'.</p>
<p>Annual Report & New Member Video Update</p> <p>At the end of 2024, SYPA published its audited 2023/24 Annual Report, highlighting major achievements such as the completion of Project Chip and the creation of a Place-Based Impact Investment Strategy in partnership with the South Yorkshire Mayoral Combined Authority. To accompany this, SYPA launched 'SYPA In Focus', a new video update designed to keep members informed about key developments and investment performance. This video format replaced the traditional Annual General Meeting, offering members a more accessible way to engage with SYPA's work.</p>	 <p>A photograph of a laptop displaying the cover of the '2024 Annual Report'. The cover features a blue and white design with the text '2024' and 'ANNUAL REPORT'.</p>
<p>Appointment of Northern Trust as Custodian</p> <p>In January 2025, SYPA appointed Northern Trust as the new custodian for its £11 billion investment assets, aiming to enhance security and efficiency in asset management.</p>	 <p>A photograph of two hands shaking in a firm grip, symbolizing a partnership or agreement. The background is a blurred cityscape with blue and white light effects.</p>

<p>Recognised as a UK Stewardship Code Signatory</p> <p>SYPA was officially recognised as a signatory to the UK Stewardship Code, a key milestone underscoring its commitment to responsible investment and transparency. Overseen by the Financial Reporting Council (FRC), the Code sets the highest standards for stewardship across the investment industry, ensuring that asset owners, managers, and service providers act in the long-term interests of savers and pensioners.</p>	 <p>The logo for the UK Stewardship Code, featuring a blue circular emblem with a stylized 'UK' and the text 'STEWARDSHIP CODE' in blue capital letters below it.</p>
<p>Announcement of Director's Retirement</p> <p>In March 2025, SYPA announced that its Director, George Graham, would retire at the end of the year after leading the Authority since 2018 through significant changes, including asset transitions into the Border to Coast Pensions Partnership.</p>	 <p>A professional headshot of George Graham, a man with glasses wearing a dark suit, white shirt, and a patterned tie.</p>
<p>Launch of £40 Million Place-Based Investment Funds</p> <p>Also in March 2025, SYPA launched two £20 million investment funds aimed at supporting small and medium-sized enterprises (SMEs) across the region, stimulating growth, creating high-quality jobs, and driving innovation.</p>	 <p>A group of seven people (four men and three women) standing on a red-carpeted staircase with ornate metal railings. They are dressed in business attire.</p>

3. Overall Management of the Fund

Scheme Management and Advisers

Senior Officers

Director and Head of Paid Service: George Graham

Assistant Director – Resources & Chief Finance Officer:
Gillian Taberner

Assistant Director – Investment Strategy:

Sharon Smith (to 31 December 2024)

Andrew Stone (from 8 October 2024)

Assistant Director – Pensions:

Debbie Sharp (from November 2023)

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

Clerk – Sarah Norman (Chief Executive Barnsley MBC)

Asset Pool Operator

Border to Coast Pensions Partnership Limited

Fund Custodian

HSBC

Fund Bankers

HSBC

Lloyds

Fund Actuary

Hymans Robertson LLP

AVC Providers

Prudential

Scottish Widows

Utmost

Legal Advisers (Property)

Addleshaw Goddard

Legal Advisers (Pensions, Investment and Local Government law)

Eversheds Sutherland

Independent Property Valuer

Landwood Group (Authority's Property, Plant & Equipment)

External Auditor

KPMG

Internal Auditor

Barnsley MBC

Independent Investment Advisers

Jonathan Hunt (from 1 November 2024)

Aoifinn Devitt

Independent Adviser to the Local Pension Board

Clare Scott (to 30 June 2024)

Neil Mason (from 1 August 2024)

Performance Measurement

Hymans Robertson LLP

Investment Managers

The managers of major mandates are:

Aberdeen Standard Investments (Commercial Property)

Royal London Asset Management (Natural Capital)

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

Cash and previously committed Alternatives are managed in-house.

Details of managers within the Alternatives portfolios are available at

<https://www.sypensions.org.uk/Investments/Alternative-Commitments>

Members of the South Yorkshire Pensions Authority – 2024/25 Municipal Year

Barnsley MBC

Cllr Roy Bowser* (SC, AAC) [Labour]

Cllr Neil Wright (AGC) [Labour]

City of Doncaster Council

Cllr James Church (AGC) [Labour]

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

Cllr David Nevett (AGC, SC, AAC) [Labour]

Rotherham MBC

Cllr David Fisher (AGC, AAC) [Conservative]

Cllr Donna Sutton* **Vice Chair** (AGC Chair, SC) [Labour]

Sheffield City Council

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

Cllr Alexi Dimond (SC, AAC) [Green]

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

Cllr Craig Gamble-Pugh [Labour]

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

Non-Voting Members appointed by the Trades Unions:

Phil Boyes (Unite)

Nicola Doolan-Hamer (UNISON)

Garry Warwick (GMB)

Members of the South Yorkshire Local Pension Board – 2024/25 Municipal Year

Employee Representatives

Martin Badger (Unite) - Trades Union

Shelagh Carter (GMB) - Trades Union (from 07/11/2024)

Andrew Gregory - LGPS Member

Sheldon McClure (UNISON) - Trades Union (from 08/08/2024)

David Webster – LGPS Member (**Vice Chair**)

Employer Representatives

Cllr Linda Beresford – Local Authority (Rotherham MBC)

Debbie Carrington – South Yorkshire Police

Nicola Gregory – Minerva Learning Trust

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

Cllr Ken Richardson – Local Authority (Barnsley MBC)

Key:

AGC = Member of the Audit & Governance Committee

SC = Member of the Staffing Committee

AAC = Member of the Appointments and Appeals Committee

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

Key Policies

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

[Consultation and Communication Strategy](#)

https://www.sypensions.org.uk/portals/0/repository/SYPA_Consultation.d59432d9-72aa-49af-b499-d9961c65d98c.pdf

[Funding Strategy Statement](#)

http://www.sypensions.org.uk/Funding_Strategy_Statement/Core_Funding_Strategy_Statement_and_Appendix.pdf

[Report on the Actuarial Valuation](#)

http://www.sypensions.org.uk/Actuarial_Valuation/20230907_South_Yorkshire_Pension_Fund_-_Revised_Final_Whole_Fund_Results.pdf

[Investment Strategy Statement](#)

http://www.sypensions.org.uk/Investment_Strategy_Statement/Investment_Strategy_Statement_March_2023.pdf

[Pensions Administration Strategy](#)

http://www.sypensions.org.uk/Pensions_Administration_Strategy/SYPA_Pension_Administration_Strategy_July_2020.pdf

[Governance Compliance Statement](#)

https://www.sypensions.org.uk/Portals/0/pdf/Governance_Compliance_Statement_2025.pdf

4. Managing Risk and Uncertainty

Risk Management is the process by which the Authority identifies and overcomes those issues which might prevent it achieving its and the Pension Fund's objectives. Given the financial scale of the Pension Fund and the fact that it invests money to achieve financial return, the effective management of risk is crucial to us being able to achieve our objectives. The risks that face the Authority therefore include both the risks to it as an organisation, and the risks inherent in its role as administering authority of the South Yorkshire Pension Fund.

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

The Corporate Risk Register, which forms an integral part of the Corporate Strategy, is regularly reviewed throughout the year by the Authority's Senior Management Team, reported to the Authority and to the Local Pension Board on a quarterly basis, and the risk management framework and arrangements are overseen by the Audit and Governance Committee over the course of the year. Any changes made to each iteration of the risk register are fully detailed in the quarterly Corporate Performance reports to the Authority meetings during the year (available on our website at: [Quarterly Corporate Performance Reports](#)).

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

The key risks identified in the corporate risk register and the assessment of their relative likelihood and impact, as reported in the Quarter 4 Corporate Performance Report, are shown in the figures on the next page.

South Yorkshire Pensions Authority - Corporate Risk Register Matrix

Impact	5 Very High		IAF-004		IAF-002	
	4 High		GOV-003	ADM-001 GOV-004 IAF-003 ORG-004 PEO-003	ADM-002 ADM-003 ORG-002	IAF-010
	3 Medium			PEO-002	GOV-001 IAF-001 IAF-005	
	2 Low					
	1 Very Low					
		1 Very Low	2 Low	3 Medium	4 High	5 Very High
		Likelihood				

Risk Ref	Risk	Risk Score
IAF - 002	Failure to mitigate the impact of climate change	20
IAF - 010	The Pensions Review	20
ADM - 002	Backlogs in workflows	16
ADM - 003	McCloud Rectification	16
ORG - 002	Cyber security attack	16
ADM - 001	Poor data quality	12
GOV - 001	Authority & LPB members' knowledge and understanding	12
GOV - 004	Failure to apply data protection requirements.	12
IAF - 001	Material changes to the value of investment assets and/or liabilities	12
IAF - 003	Border to Coast Strategic Plan	12
IAF - 005	Employer contributions become unaffordable	12
ORG - 004	Failure of the Authority to comply with relevant Regulations	12
PEO - 003	Single person risk in specialist knowledge roles	12
IAF - 004	Imbalance in cashflows	10
PEO - 002	High level of vacancies within the organisation	9
GOV - 003	Delivery of Key Objectives in Corporate Strategy	8

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

Investment Risk Management

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

- Acting with proper advice – such advice may come from appropriately qualified officers, the Fund's Independent Advisers or specialist consultants retained for specific projects.
- Maintaining a diversified portfolio of assets – The Fund's Strategic Asset Allocation is intended to reduce the overall level of investment risk by investing across a range of asset classes the performance of which is not directly correlated.
- The setting of limits within individual investment management agreements with regard to the types of exposure the investment manager is allowed to achieve relative to a benchmark, the level of concentration of holdings and measures of portfolio risk, and for certain types of investment the duration of the transaction and the credit quality of the counterparty. These are reported on by managers and significant movements or breaches are followed up as part of ongoing performance review.

Further detail on the management of investment risk is presented in the Fund's Statement of Accounts at *Note 17 Nature and Extent of Risk Arising from Financial Instruments*.

Pensions Administration Risk Management - Including Third Party Employer Risks

The risks in pensions administration encompass risks to delivery and service provision. Mitigations put in place include an increase to the staffing establishment based on an evidenced capacity plan, a project to target the clearance of casework backlogs, a re-organisation of the team and management structure in the department to provide focussed resourcing in key areas – including actively working with employers and data quality improvements.

Additionally, work to address and mitigate risks in relation to the ability of the administration software system provider to deliver required developments and functionality includes proactive engagement and contract management meetings with the supplier and collaboration with other LGPS fund users through different user groups.

These areas, along with other aspects of pensions administration performance and project delivery, are reported on a regular basis to both Authority and Local Pension Board.

Cyber Risk Management

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

- Annual external reassessment of cyber security controls against the cyber essentials plus standards.
- Mandatory induction training for all new staff and mandatory annual refresher training for all staff.
- Regular training for members of the ICT Team.
- Ongoing enhancement of ICT security systems.
- Regular review of incidents and attempts to breach security to identify opportunities to improve cyber defences.

Internal Controls – Governance and Assurance

The Authority receives assurance as to the effectiveness of both the system of internal controls and the risk management arrangements from a number of sources. The most significant sources of such assurance are the internal and external auditors. Internal Audit is provided on an outsourced basis by Barnsley MBC in line with the relevant professional standards. The scale of the Internal Audit Plan (which is significantly greater than for most local government pension funds) reflects the unique nature of the Authority as an organisation in its own right. The Head of Internal Audit's overall opinion for 2024/25, which is included in the Annual Governance Statement, is one of Reasonable (Positive) Assurance.

The work of internal audit and the results of the audit reviews undertaken during the year have been reported to the Audit and Governance Committee throughout the year. These details are included in Appendix C of the Committee's annual report **at page 82**.

This shows that there were 13 audit reviews completed during 2024/25, all of which received positive assurance over the adequacy and application of controls.

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

KPMG are the Authority's appointed external auditors for 2024/25. Their report on the consistency of the information in this Annual Report with the Fund's financial statement of accounts is included with the accounts at Section 11.

The work of the external auditor has raised no specific issues or recommendations in respect of the control framework or the system of governance in any of their reports to the Audit & Governance Committee or from their work on the Value for Money Conclusion, summarised in the Annual Auditor's Report published on the Authority's website at: [External Auditors](#).

5. Governance and Training

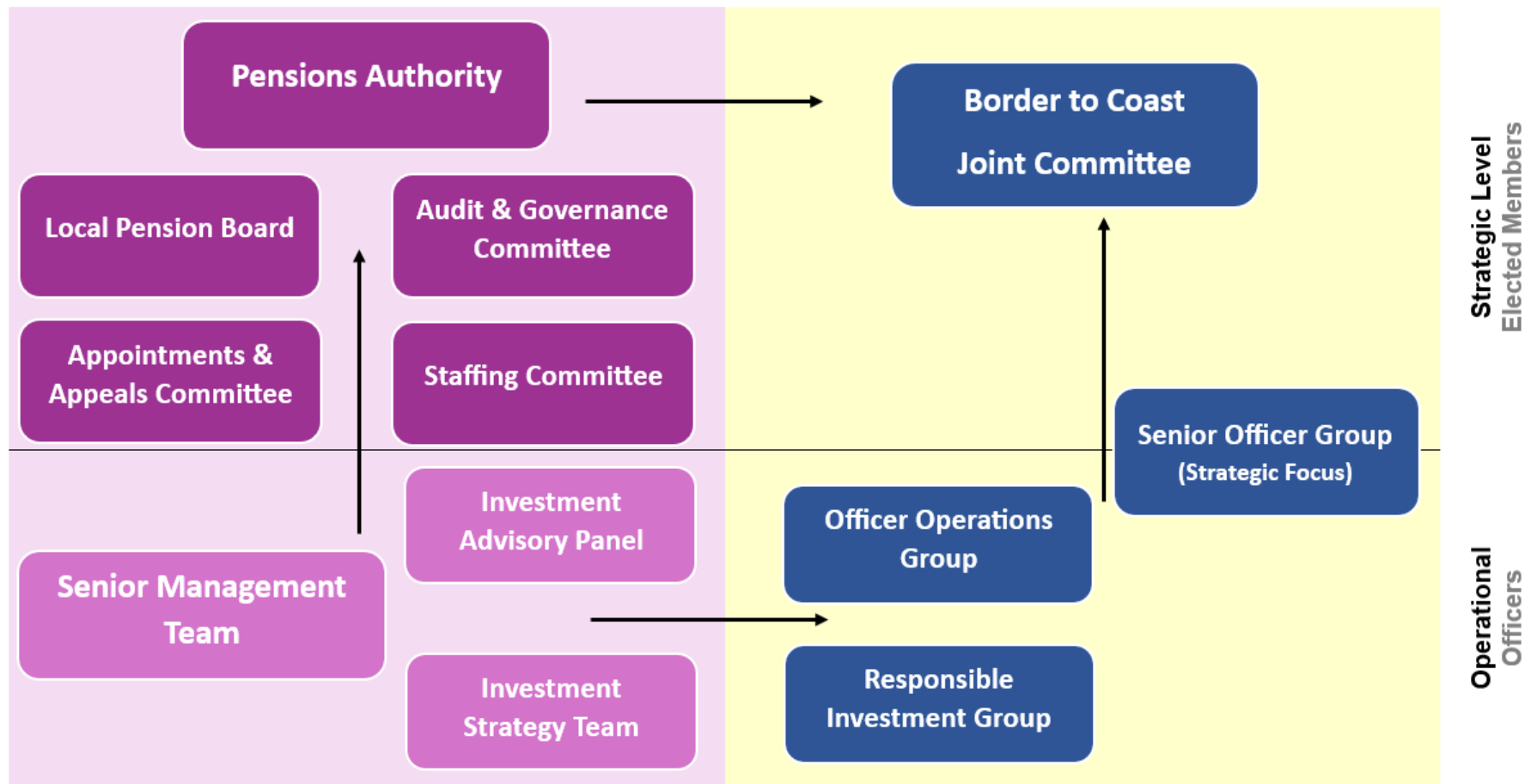
About South Yorkshire Pensions Authority

South Yorkshire Pensions Authority was established on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. The primary function of the organisation is to administer the South Yorkshire Pension Fund within the Local Government Pension Scheme (LGPS).

The Authority is unique amongst the administering authorities in the LGPS in that it is the only democratically accountable, free-standing pensions organisation in the UK. While a small number of other administering authorities are not councils, their “boards” include appointed experts rather than being entirely made up of councillors.

Governance Structure

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



Representation

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

Pensions Authority

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

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

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

Independent Advisers and Investment Advisory Panel

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

Committees

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

Local Pension Board

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

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

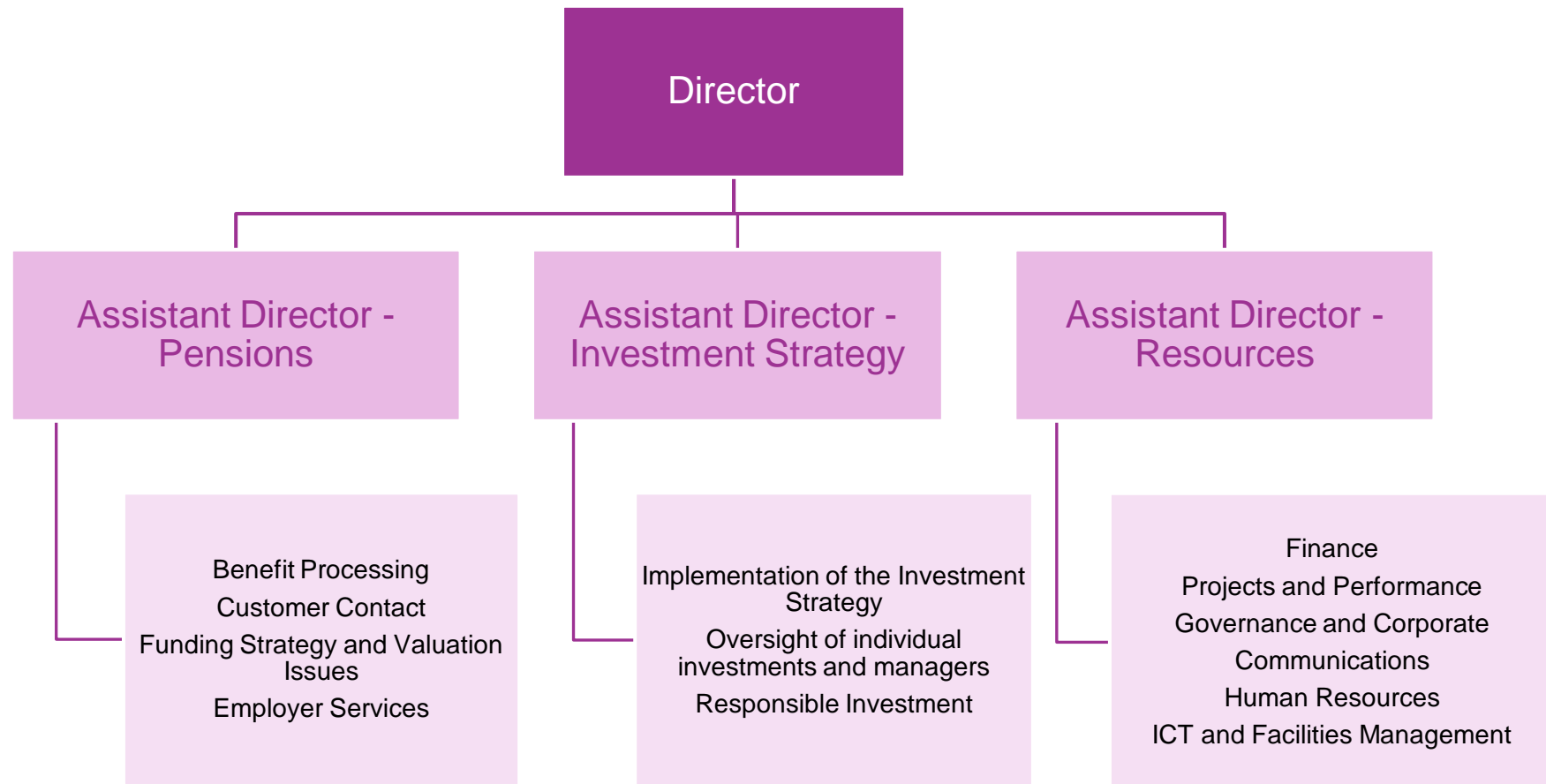
The South Yorkshire Local Pension Board is comprised as follows:

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

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

Officers

The Authority, its Committees and the Local Pension Board are supported by the Senior Management Team, led by the Director who is the Head of Paid Service. The management structure of the Authority is set out in the diagram below.



The Authority also appoints a Clerk, Monitoring Officer and Chief Finance Officer, as required by law. The role of Clerk has been undertaken by the Chief Executive of Barnsley Metropolitan Borough Council under a Service Level Agreement until 31 March 2025. During the year, the Authority considered and approved a proposal to designate the Director as Clerk with effect from 1 April 2025. The role of Chief Finance Officer is undertaken by the Assistant Director – Resources and the role of Monitoring Officer is undertaken by the Head of Governance and Corporate Services.

The Authority's office is situated at Oakwell House, Barnsley and this is the base for all employees, although the majority work in a hybrid style with a blend of home and office working permitted. The Authority has a total staffing establishment of 130 full time equivalents (FTE). The total headcount of people in post as at 31 March 2025 was 126.

Governance Arrangements

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

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

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

Both the Authority's Constitution and the Local Pension Board Constitution contain a Conflicts of Interest Policy setting out how these are handled in the relevant context for each body and the procedures to be followed by members and officers. These are further supported by Member and Officer Codes of Conduct, which also form part of the Constitution. Each member of the Authority and the Local Pension Board complete a register of interests on joining and these are published on the Authority's website. The registers are reviewed annually when preparing the statement of accounts and each Authority member and Senior Officer completes an annual declaration regarding any related party transactions; details of which for 2024/25 are disclosed in Note 23 to the Authority's own Statement of Accounts published at: [Our Accounts \(sympensions.org.uk\)](https://sympensions.org.uk).

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

As a stand-alone local authority, we are required under the Accounts and Audit Regulations 2015 to conduct an annual review of the effectiveness of our system of internal control and to produce an Annual Governance Statement, which is approved by the members of the Authority meeting as a whole and then signed off by the Chair of the Authority and the Director as Head of Paid Service. This statement is included in full in this annual report from [page 38](#).

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

Work of the Authority in 2024/25

The Authority held five formal meetings during the year. An annual work programme provides the basis for the agendas for meetings and includes a range of issues covering corporate matters relating to running of the organisation, governance, pensions administration, investment strategy and matters relating to the Border to Coast Pensions Partnership. The work of the Authority in 2024/25 is summarised below.

Investment Strategy

- Received quarterly updates on Investment Performance, Market Commentary, Responsible Investment.
- Approved the annual updates to the Responsible Investment and Climate Change Policies and Net Zero Action Plan.
- Agreed and approved the performance objectives for Independent Investment Advisers.

Pooling Matters - Border to Coast

- Received the Border to Coast 2030 Strategy and approved the casting of the Authority's shareholder vote in favour of Strategy
- Received regular updates on the Government's Pensions Review, LGPS "fit for the future" consultation and outcomes.
- Approved 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.
- Received and noted the results of the annual review of Border to Coast and endorsed recommendations for action.
- Considered and endorsed the revised Responsible Investment policies of Border to Coast.

Corporate Managing the Organisation

- Approved the Corporate Planning Framework for 2025 to 2028, comprising:
- Corporate Strategy
- People Strategy
- ICT Strategy
- Diversity, Equality and Inclusion Scheme
- Medium Term Financial Strategy 2025/26 to 2027/28
- Approved the 2025/26 Budget and the 2025/26 Treasury Management Strategy and the Procurement Forward Plan
- Approved the 2025/26 Pay Policy Statement.
- Received quarterly corporate performance updates.
- Received and approved the Performance Management Framework.
- Approved the Levy for 2025/26 to be charged to the District Councils under the Levying Bodies (General) Regulations 1992.
- Approved arrangements for succession planning and recruitment relating to the role of Director.

Governance

- Approved updates to the Constitution - including Contract Standing Orders and Scheme of Delegation to absorb duties of Clerk in the Director role from 1 April 2025.
- Received and noted the annual reports of the Audit & Governance Committee and the Local Pension Board
- Received reports on regulatory and policy updates, urgent decisions taken between meetings, and work programme.
- Approved the 2024/25 Member L&D Strategy.
- Approved the Annual Governance Statement.
- Approved action plan following independent governance review.
- Approved the Whistleblowing Policy and Anti Fraud, Bribery and Corruption Policy.
- Approved the Vexatious Complaints and Unreasonable Behaviour Policy.
- Approved Data Protection Policy Statement.
- Considered the Director's annual appraisal and approved his objectives for the year.
- Approved Authority's response to consultation on remote attendance at meetings.

Pensions Administration

- Received quarterly progress updates on the Pensions Administration Improvement Plan
- Approved an update to the Cessation Policy within the Funding Strategy Statement (FSS).
- Approved the framework for consultation on FSS with employers as part of the valuation process 2025.

Appointments and Appeals Committee

This committee met twice during the year and approved the appointment of Andrew Stone to the role of Assistant Director – Investment Strategy in June 2024 and Jonathan Hunt to the role of Independent Investment Adviser in October 2024.

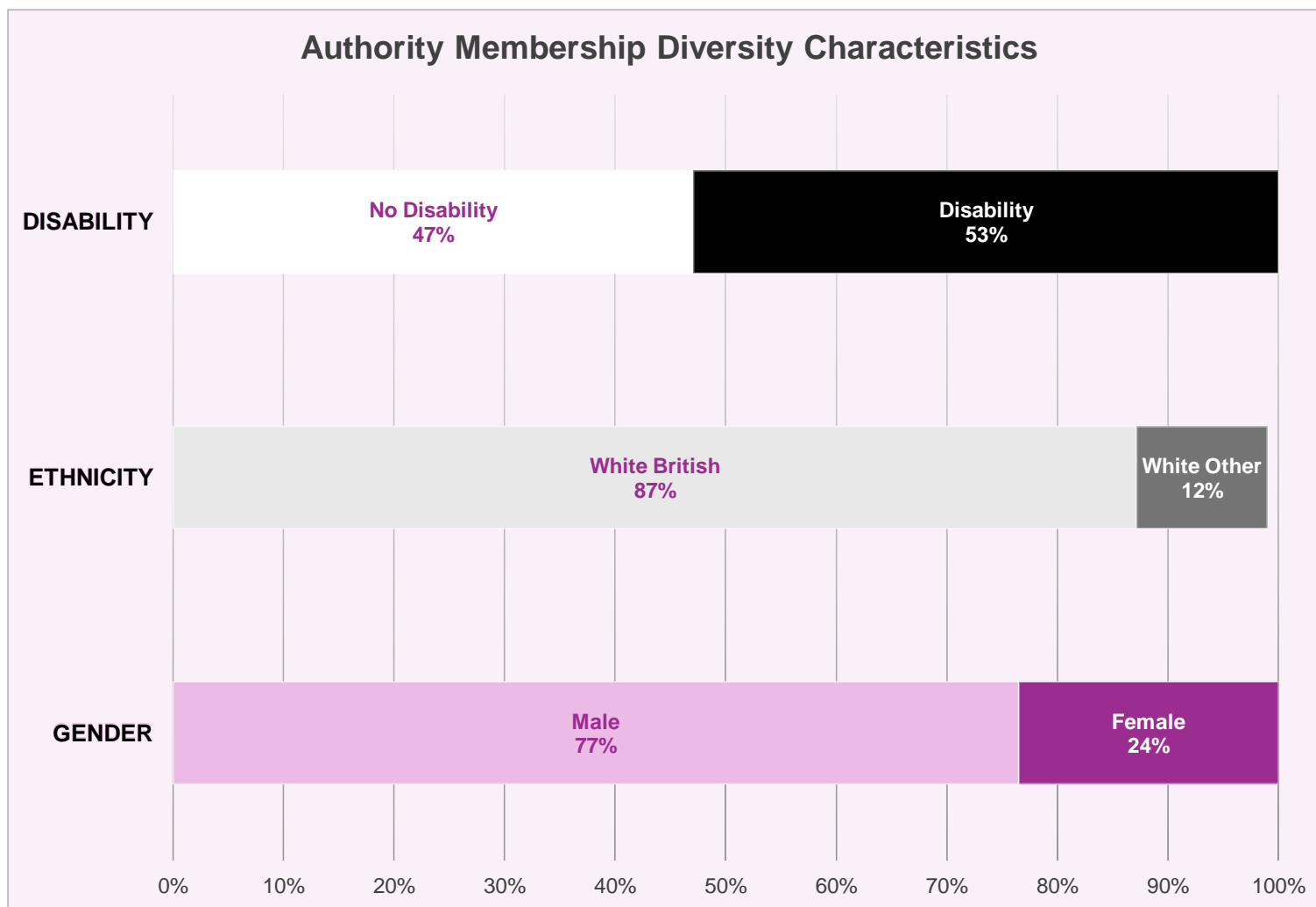
Staffing Committee

This committee did not meet in 2024/25.

Audit and Governance Committee

This committee met four times during the year and full details of attendance and work completed is set out in the Committee's Annual Report 2024/25, included below.

Authority Membership Diversity Characteristics



Data collected July 2024

Authority Members' Attendance at Authority Meetings 2024/25

Authority Members	6 June 2024	12 September 2024	12 December 2024	13 February 2025	13 March 2025
Councillor Jayne Dunn (Chair)	✓	✓	✓	✓	✓
Councillor Donna Sutton (Vice Chair)	✓	✗	✓	✗	✓
Councillor Roy Bowser	✓	✓	✓	✓	✓
Councillor Simon Clement-Jones	✓	✗	✓	✓	✓
Councillor Neil Wright	✓	✓	✗	✓	✓
Councillor Alexi Dimond	✓	✓	✓	✓	✓
Councillor David Fisher	✗	✓	✓	✓	✗
Councillor Craig Gamble Pugh	✓	✓	✗	✓	✗
Councillor John Mounsey	✓	✓	✓	✓	✗
Councillor David Nevett	✓	✓	✓	✓	✓
Councillor Andrew Sangar	✓	✓	✓	✓	✓
Councillor James Church	✓	✓	✓	✓	✓
Non-Voting Co-Opted Members					
Nicola Doolan-Hamer (UNISON)	✗	✓	✓	✓	✗
Phil Boyes (Unite)	✓	✓	✓	✓	✓
Garry Warwick (GMB)	✓	✓	✓	✓	✓

Committee Members' Attendance at Appointments & Appeals Committee Meetings

Committee Members	Appointments and Appeals	
	Committee 25 June 2024	Committee 10 October 2024
Councillor Jayne Dunn (Chair)	✓	✓
Councillor David Fisher	✓	✓
Councillor Roy Bowser	✓	✓
Councillor John Mounsey	✓	✓
Councillor Andrew Sangar	✓	✓
Councillor Alexi Dimond	✓	✓

Key:

✓ Attended ✗ Apologies Received

The work completed and the member attendance of the Local Pension Board and the Authority's Audit & Governance Committee are set out in their respective annual reports which follow.

Member Knowledge and Skills



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

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

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

An annual induction and development morning is held at the beginning of each municipal year. In addition, an annual ‘away day’ development event is held each autumn to bring all the South Yorkshire Pensions Authority and Local Pension Board members together to support maintaining up-to-date knowledge and understanding, as well as provide opportunities for collaboration and networking.

The learning and development activity completed by members of the Authority in 2024/25 is set out below.

Event / Course	Date	Cllr Jayne Dunn	Cllr Donna Sutton	Cllr Roy Bowser	Cllr Simon Clement-Jones	Cllr Neil Wright	Cllr Alexi Dimond	Cllr David Fisher	Cllr Craig Gamble-Pugh	Cllr John Mounsey	Cllr David Nevett	Cllr Andrew Sangar	Cllr James Church
LGPS Online Learning Academy*	2024	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Member Induction and Development Morning	06/06/2024	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓
Seminar: Corporate Strategy	12/09/2024	✓	✗	✓	✗	✗	✓	✗	✓	✓	✓	✓	✓
Border to Coast Responsible Investment Seminar	12/11/2024	✓											
LGIU Charing Skills Course	10/09/2024		✓										
Member Development Away Day	28/22/2024	✗	✗	✗	✗	✗	✓	✓	✗	✗	✓	✓	✓
LGA – LGPS Governance Conference	30/01/2025	✓											

Event / Course	Date	Cllr Jayne Dunn	Cllr Donna Sutton	Cllr Roy Bowser	Cllr Simon Clement-Jones	Cllr Neil Wright	Cllr Alexi Dimond	Cllr David Fisher	Cllr Craig Gamble-Pugh	Cllr John Mounsey	Cllr David Nevett	Cllr Andrew Sangar	Cllr James Church
Seminar: Introduction to the 2025 Valuations Assumptions	13/02/2025	✓	✗	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓
Seminar: CEM Benchmarking	20/02/2025	✓	✓	✗	✓	✗	✓	✓	✗	✓	✓	✓	✗
Seminar: Breaches in the LGPS	13/03/2025	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓

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

- | | |
|--|---|
| 1. Committee Role and Pensions Legislation | 5. Procurement and Relationship Management |
| 2. Pensions Governance | 6. Investment Performance and Risk Management |
| 3. Pensions Administration | 7. Financial Markets and Product Knowledge |
| 4. Pensions Accounting and Audit Standards | 8. Actuarial Methods Standards and Practices |

In addition, there is a module for 'Current Issues' that is kept up to date with content and videos covering topical issues of relevance to Board and Committee members. During the year, Board members have also completed extra modules provided on the topics of the Task Force on Climate-related Financial Disclosures (TCFD), Conflicts of Interest and Effective Decision Making.

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

As at 31 March 2025, the Border to Coast operating company manages c.77% of the Authority's investments and, in line with the requirements set out by Government, this is expected to grow to encompass all of the Authority's investment assets in the coming years. It is therefore vitally important that the Authority exercises proper oversight of this key relationship. A comprehensive process is in place to achieve this oversight, the purpose of which is to:

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

The process includes the following elements.

- Investment Strategy team members participate in quarterly meetings of Border to Coast and partner funds reviewing the performance of each investment proposition.
- A standard form of summary assessment is produced for each proposition with RAG ratings across a range of seven key aspects and an overall rating. These individual assessments are collated into an overall summary report that is discussed at each quarterly Investment Advisory Panel meeting, and this informs the quarterly investment update report that is taken to the Authority.
- On an annual basis, the Investment Advisory Panel conduct a full-day review meeting with the Border to Coast operating company.

The focus of the review includes as a minimum:

- A discussion with the Chief Executive Officer (CEO), or other member of the senior Border to Coast team, focussed on broader developments and staffing.
- Discussions with selected portfolio managers on specific propositions identified as needing attention through the regular monitoring process.
- A discussion with the Head of Responsible Investment (RI) and Deputy Chief Investment Officer (CIO) around RI and progress on Net Zero.

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

Annual Governance Statement

2024/25

Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority's Local Code of Corporate Governance, available on our website at: [Local Code of Corporate Governance \(sypensions.org.uk\)](https://sypensions.org.uk) complies with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government Framework 2016. The Authority reviews and updates this Local Code every two years (as a minimum) and the next review will be carried out by December 2025.

The Local Code and this statement are also supported by the Governance Compliance Statement which the Authority is required to produce under s 55(1) of the Local Government Pension Scheme Regulations 2013, which is also available on our website: [here](#).

This statement explains how the Authority has complied with the Local Code and meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 relating to the preparation and approval of an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture, and values by which the Authority is directed and controlled, and the activities through which it accounts to and engages with employing bodies, pensioners, contributors, and other stakeholders. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk: it can only provide a reasonable and not absolute assurance of effectiveness. The system of internal control is designed to identify risks to the achievement of the Authority's policies, aims and objectives. The system attempts to evaluate the likelihood of those risks being realised and the impact should they be realised and how to manage them efficiently, effectively, and economically. The governance framework has been in place during the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

Outline of the Governance Framework

The Authority's framework of governance continues to evolve in line with best practice and is based upon the 7 Core Principles set out in the 2016 CIPFA/SOLACE guidance, Delivering Good Governance in Local Government: Framework. More details about the Authority's arrangements for ensuring compliance with each of the 7 Core Principles are set out in the Authority's Local Code of Corporate Governance.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements in Place

Codes of conduct covering the behaviour of both members and officers, form part of the Constitution, with appropriate mechanisms for ensuring that action can be taken where transgressions are reported. For officers these are reinforced through a framework of values and behaviours, including specific management behaviours, which are reflected upon at individual level as part of the appraisal system.

A review and update of the Constitution was undertaken in the last year to incorporate recommendations from the independent governance review. The revised document was approved in March 2025 and is available here: [Constitution \(sypensions.org.uk\)](https://www.sypensions.org.uk/constitution)

The Independent Governance Review that was carried out by Aon at the end of 2023/24 and reported in June 2024, concluded that:

"... the governance of the SYPA is of an excellent standard in most areas, meets nearly all legal requirements in the matters we have considered, and is demonstrating best practice in several areas. In our view, the governance of the SYPA is of much higher quality than the majority of other LGPS funds, and we believe much of this is driven by the fact the organisation is a single purpose Local Authority".

Whilst no significant weaknesses were identified, the report included some recommendations for further improvement or consideration. An action plan to address these was developed by a working group of Authority and Local Pension Board members along with officers. This was approved in December 2024 and progress is being reported at regular intervals to the Audit & Governance Committee and the Local Pension Board.

As required under local government law, elected members are required to complete declarations of interest which are publicly available and to declare any conflicts which might arise in discussion of specific matters at meetings of the Authority and its committees. Similar arrangements apply to members of the Local Pension Board, under requirements governed by the Local Government Pension Scheme regulations and the Public Service Pensions Act 2013.

Registers of potential conflicts, including personal relationships, for staff and a register of gifts and hospitality for both staff and officers are all in place. The register of gifts and hospitality has been reviewed and updated during the year.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

A Counter Fraud and Corruption policy and a Whistleblowing policy are in place should any individual wish to make a confidential disclosure. These policies have been reviewed and updated during the year. There have been no cases of fraud or uses of the whistleblowing procedure in the year. The Authority also participates in the National Fraud Initiative.

The Authority has a formal policy on the reporting of material breaches of the relevant pension regulations and any breaches which occur are reported to the Local Pension Board (LPB) at each of its meetings. Work to improve the identifying and recording of breaches not deemed to be material has been carried out during the year and training in this area delivered to staff and to Authority and LPB members. The next steps during the forthcoming year are to formalise the process for decision-making regarding when breaches are to be reported to the Pensions Regulator.

Complaints policies exist in relation to quality of service, and statutory appeals processes in relation to decisions made under the Pensions Regulations. During the year, a new role of Complaints Resolution Officer was established in the Pensions Administration department, with the purpose of improving consistency and timeliness of responses to complaints, collating and learning from complaints and other customer feedback received including root cause analysis and implementing solutions to prevent recurrence of issues.

Procurement arrangements are in place to comply with legislative requirements, good practice, achieve value for money and demonstrate accountability. This includes a gateway approval document that guides staff through the process and ensures all stages are appropriately documented. Training from CIPFA has been provided for all staff involved in procurement activity. The Contract Standing Orders that form part of the Constitution have been updated during the year to reflect changes new procurement legislation and regulations that came into force in February 2025. The Governance team attend regular training on procurement rules and practices and the Governance Team Leader is undertaking a Diploma in Contract Management to further strengthen knowledge to support making improvements in the Authority's processes in this area.

The Authority operates with an extremely strong value base in relation to ethical standards and values reflecting the seriousness of its responsibility as steward of the pension savings of a very large number of individual scheme members. The values and behaviours framework is central to both the Corporate Strategy and the appraisal process and the wider policy and constitutional framework covering issues such as recruitment and selection and procurement. The Authority also seeks to bring its commitment to these values into the role it plays within any partnership in which it participates, particularly the Border to Coast Pensions Partnership which is central to the delivery of its corporate objectives. The Authority ensures that it is aware, through the employment of specialist officers and advisers, of the statutory requirements which are placed upon it and takes steps to ensure that it complies with them in an open and transparent way. This includes the maintenance of an up-to-date Constitution which is regularly reviewed and includes definitions of both the Corporate Planning Framework and Pensions Policy Framework, together with terms of reference for committees and an appropriate scheme of delegation to officers.

The Authority maintains up to date role profiles for all posts within the organisation and ensures that it has appropriately qualified statutory officers in post who are able to operate in a way which complies with the relevant professional codes.

Formal records are kept of decisions taken by both officers and members together with the advice considered in making such decisions.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Authority's Governance team oversees and manages democratic services, governance and assurance, and compliance with regulations.

Principle B: Ensuring openness and comprehensive stakeholder engagement**Arrangements in Place**

The Authority seeks to be as open as possible with stakeholders, conscious that it is the steward of the savings of over 180,000 individuals, working for close to 600 different employers. To this end it complies with its obligations under the Freedom of Information Act and makes a considerable volume of information automatically and freely available through its website. The Freedom of Information Act Publication Scheme, which specifies the information published by the Authority and how to access this, is used as one means of signposting information electronically.

This includes a range of information on investment holdings, performance, the policy frameworks, and responsible investment issues such as how shares have been voted. In addition, meeting agendas and papers for the Authority, the various committees and the Local Pension Board are published online a week before each meeting and all meetings are open to the public, and webcast.

Key decisions made by officers are formally recorded and details published on the website.

To promote clarity in the information provided to support decision making, reports for decision making bodies follow a standard format which ensures that, for example, implications for the financial position of the Authority of a decision are clearly explained. In addition, all reports for decision are required to outline relevant risk considerations, so that these can be understood by decision makers. All reports must be reviewed and cleared by the relevant statutory officers prior to submission for decision to Authority / Committee / Local Pension Board meeting agendas.

The Authority has in place clear protocols regarding its participation as a Partner Fund in the Border to Coast Pensions Partnership. Clearly defined roles are set out for each participant in the Partnership in its Governance Charter and the relevant legal agreements. Regular reports are provided to the Authority by officers on the activity and performance of the Partnership, including a comprehensive annual review which considers the achievement of both the Authority's and the Partnership's objectives.

The forthcoming year will require the Authority to prepare for and respond to the impact of the emerging outcomes from the Government's 'LGPS – Fit for the Future' consultation with more work to be carried out around the overall governance of the Border to Coast partnership and in particular how performance concerns can be addressed. Given the likely need to respond to the process of the membership of the Partnership increasing, it is likely that a significant amount of senior input will be required to the management and development of the partnership over the coming year.

Principle B: Ensuring openness and comprehensive stakeholder engagement

To ensure the views of stakeholders are considered in a systematic way by decision makers when relevant, the Authority has adopted a Communications, Consultation and Engagement Strategy which provides a standard framework for engaging with stakeholders.

The triennial review of the Authority's Investment Strategy to be completed during 2025 will be informed by views gathered from scheme members in a large consultation exercise undertaken during February – March 2025 as part of our aim to ensure that stakeholder views can help to shape our policies.

Resources are specifically allocated to support engagement with employers to support the maintenance of a productive and supportive relationship between them and the Authority. All engagement with employers takes place within the context of the Communications, Consultation and Engagement Strategy which requires the results of any consultation process to be reported back alongside the actions proposed following the consultation.

Emphasis is placed on increasing the volume and improving the quality of interaction with employers and an employer forum session and surveys have been undertaken during the year. The Authority's website includes an area for employers and an employer newsletter is sent to all employers with updates on relevant information, training, and events. The newsletter is now being issued monthly rather than quarterly in order to provide more timely updates and a more concise and easy-to-read format.

There is a current focus on engaging with all our employers as part of the triennial valuation process that will set the employer contribution rates to be paid from April 2026 to March 2029.

The processes for engaging with and understanding the views of scheme members are also set out in the Communications, Consultation and Engagement Strategy. Surveys are also used to gather feedback on our communications and inform improvements.

Interaction with scheme members includes offering appointments to meet with staff either through online / virtual sessions or in-person appointments at our office in Barnsley.

The Authority's complaints and appeals processes are available to scheme members in relation either to quality of service, or specific decisions made under the LGPS regulations. The addition of a new role of Complaints Resolution Officer this year is designed to enhance the focus on responding to complaints and other customer feedback, as well as identifying common trends and root causes that can be tackled to improve performance. Information from the complaints and appeals processes forms part of the Authority's performance management framework and influences the development of policy, practice, and processes, including specific projects reflected in the Corporate Strategy.

As part of its assurance and scrutiny role, the Local Pension Board receives a quarterly report outlining the nature of all appeals and complaints and the subsequent actions and learning as well as quarterly information on the results of various rolling customer satisfaction surveys which examine specific aspects of the service to scheme members, which also include information on learning and actions from this feedback.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Areas for Improvement:

- Work needed to further strengthen the governance of the partnership arrangements with Border to Coast in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS. It is likely that a significant amount of senior input will be required to the management and development of the partnership over the coming year.

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

Arrangements in Place

The Authority sets out a clear vision supported by specific objectives for achieving that vision within its Corporate Strategy which is at the heart of its corporate planning framework. Delivery against these objectives and key quality of service standards is reported quarterly to members of the Authority within a comprehensive report, allowing action to be taken to address any variations if required. All activity is undertaken within a risk management framework which covers all aspects of the Authority's work.

In addition, given the centrality of being a responsible investor to the way in which the Authority invests the Pension Fund, regular publicly available reports are provided to the Authority detailing responsible investment activity undertaken and the outcomes achieved through this activity. These include summaries of the Fund's votes at company annual meetings.

The Authority's Responsible Investment Policy sets out how it reflects the balance between economic, social, environmental and governance issues within its investment decision making process and the areas where it seeks to move partners within the Border to Coast Pensions Partnership to a shared position. Responsible investment is central to the Authority's approach to the management of the funds for which it is responsible, and it is an active participant in a range of initiatives which seek to support the achievement of its objectives in this area. Reporting on the impact of various investments, including place-based impact investing, is now well established and included each year in the Authority's annual report. It is planned, working with Border to Coast colleagues, to extend this work to include reporting on the positive impact on climate from the investments made within the Climate Impact Portfolio.

During the year, the Authority was confirmed as a signatory to the UK Stewardship Code. Overseen by the Financial Reporting Council, this Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. In order to be confirmed as a signatory, the Authority had to demonstrate in its Stewardship Report how we meet these standards across the 12 core principles for asset owners. The report is published on our website at: [Stewardship](#). The Authority will annually report on this basis in order to remain a signatory.

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

The Authority includes information in our annual report each year in line with TCFD - Taskforce on Climate- Related Financial Disclosures. This is an industry-led group which helps investors understand their financial exposure to climate risk and works with companies to disclose this information in a clear and consistent way. It was launched at the Paris COP21 in 2015 by the Financial Stability Board (FSB) and Mark Carney, the UN Special Envoy on Climate Action and Finance and UK Finance Adviser for COP26.

In the last year, the Authority has taken this further and produced its first standalone [TCFD Report for 2023/24](#), which is ahead of the proposed legislative timetable for production of this report by LGPS Funds. The report sets out SYPA's approach to managing climate risk within the four thematic areas of governance, strategy, risk management and metrics and targets of the TCFD. The TCFD report will be published annually and will show the progress the Fund is making towards its carbon emission reduction targets through the metrics agreed in the Climate Change Policy.

The Authority's decision making on key issues of this sort is transparent with appropriate decisions either taken in public meetings or published and supporting information placed in the public domain whenever possible. (Exceptions to this are limited and would include, for example, commercially sensitive market information that cannot be made public).

The Authority actively engages with groups seeking to influence its policies in different ways and uses its Communications, Consultation and Engagement Strategy to seek views on issues where appropriate and to consider differing views when making decisions. An example of this is the large consultation survey of all scheme members undertaken in Feb – Mar 2025 on responsible investment issues to inform the forthcoming review of the Investment Strategy.

Beyond the investment sphere, the Authority maintains a Diversity, Equality and Inclusion Scheme to guide its approach to the delivery of fair access to its services for any individual with a protected characteristic. This scheme has been fully revised and updated in February 2025 with a strategic action plan defined for delivery during the three-year period of the corporate planning framework, 2025 to 2028.

During the year, internal audit reviews have taken place on the controls and processes for the Investment Strategy & decision-making, Corporate Strategy & Planning Framework, and Climate Change / Net Zero – all of which concluded with substantial assurance.

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

Arrangements in Place

The Authority's officers ensure that when making decisions, elected members have access to as much objective information as possible, as well as to the views of appropriately skilled and experienced independent advisers where specialist areas such as investment strategy are under

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

consideration. Where members require additional information, officers agree specific timescales for its provision. The corporate planning process and the medium-term financial strategy are how the Authority agrees the relative priority and resource requirements of specific interventions.

The Authority's discretions policy statement (as administering authority of the South Yorkshire Pension Fund) sets out clearly how the Fund will exercise discretions in relation to the LGPS regulations, including detail of the level to which decisions on each item are delegated and how applied.

The Authority has a well-defined and robust corporate planning framework with the review cycle linked at a high level to the major cyclical events impacting its operations (principally the triennial actuarial valuation of the Pension Fund). This framework is supported by well-established consultation arrangements ensuring that stakeholder views can influence plans where appropriate. The Corporate Strategy is reviewed and updated annually, with a comprehensive review of the whole framework every three years in line with the triennial cycle of the Fund's valuations. This full review was completed this year, and the new Corporate Planning Framework for the period April 2025 to March 2028 was approved by the Authority in February 2025.

A risk management framework is in place that ensures that both risks to service delivery and risks impacting the assets and liabilities of the Pension Fund can be addressed holistically.

A framework for monitoring the delivery of all the various plans and strategies is in place with a comprehensive report including both financial and performance information presented to the Authority on a quarterly basis with more detailed reports covering pension administration presented quarterly to the Local Pension Board and on investment performance to the Authority. These reports highlight deviations from plans and identify and assess the risks relevant to the achievement of objectives as well as including information around feedback received and how it has been acted on. There has been significant work undertaken this year on developing performance reporting – with the introduction of dashboards and a series of incremental improvements implemented by the Assistant Director – Pensions on the quarterly pensions administration performance reports to the Local Pension Board and the Authority.

The Authority's medium-term financial strategy and corporate strategy draw on inputs from both stakeholder feedback mechanisms, the views of elected members and the Senior Management Team's assessment of developments in the wider external environment to direct resources to address priority areas. The medium-term financial strategy examines both the Authority's operating budget and the financial position of the Pension Fund ensuring that all areas of cost and income are fully considered. Strong budgetary control is evident, and managers are conscious of the need to demonstrate financial probity.

The Authority sets out clear rules on procurement in its Contract Standing Orders within the Constitution. This has been updated during the year to comply with new legislation that came into force from February 2025 – the Procurement Act 2023. The Governance team have the role of ensuring compliance with procurement policy and regulations, arranging training as required and providing support and guidance to managers alongside forms and documentation that lead staff through the process and ensure appropriate controls and approvals are in place and evidenced.

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

Having strengthened the procurement arrangements in place over the last couple of years, the focus has now shifted to developing and improving the framework and arrangements in place for contract management, with plans to update the guidance and support available to relevant managers responsible for managing the supplier relationships and contracts for key services / software systems relied upon by the Authority.

An Independent Governance Review was carried out and reported in June 2024. The overall results of which were very positive, the reviewers finding that the governance at SYPA is of an excellent standard in the vast majority of areas. There were no significant weaknesses highlighted but some recommendations were made for consideration for further improvement. A small working group of Authority and LPB members along with officers worked together to produce an action plan in response to these – many of the actions identified have already been completed or are in progress, with regular updates to be reported to both Authority and LPB.

This also aligns with regular assessment of compliance with the Pensions Regulator's General Code of Practice – the Authority assesses itself against both the essential requirements and the good practice standards in this Code, with actions planned to address any gaps and updates provided to the Local Pension Board every 6 months.

Areas for Improvement:

- Contract and Supplier Management – There is a need to develop and improve arrangements in place for managing contracts, providing a framework of policy, guidance and training for managers to follow. This will also need to incorporate procedures we will take to ensure that our service providers meet the Pensions Regulator's standards for maintaining their own IT systems.

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

Arrangements in Place

The Authority's statutory role holders – the Director as Head of Paid Service, the Assistant Director – Resources as Chief Finance Officer and the Head of Governance & Corporate Services as Monitoring Officer, meet along with the Deputy Clerk on a quarterly basis.

The Clerk roles are fulfilled by officers of Barnsley MBC under a service level agreement. During the year, these arrangements for the Clerk role have been reviewed at the request of Barnsley MBC, and the Authority approved a proposal to bring the Clerk role in-house to be fulfilled by the Director from 1 April 2025. This is a logical culmination of a process that has been in train for a number of years, of the Authority developing its capacity and 'self-sufficiency' in respect of all of its governance arrangements.

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

Independent Advisers with suitable skills and experience are employed to support both the Local Pension Board and the Authority. An independent member with appropriate professional experience and expertise is also appointed to the Audit & Governance Committee, in line with recommended practice, and to support the Committee's role in providing challenge and scrutiny.

Both the Audit & Governance Committee and the Local Pension Board conduct annual effectiveness reviews to assess their own effectiveness and impact, identifying areas for improvement. In addition, the Authority conducted its own effectiveness review for the first time in February 2025. This will now become an annual process to align with those already in place and to inform the assurance gathering process undertaken each year as part of preparing this Statement and the annual report of the Authority.

Joint meetings of the Authority and Local Pension Board Chairs and Vice Chairs are held regularly throughout the year. The members holding these roles also attend a training course on Chairing Skills for councillors.

A Learning and Development Strategy is in place for elected members supported by the allocation of specific time within the overall programme of meetings. This strategy is set within the context of the CIPFA Knowledge and Skills Framework and has regard to the requirements of the Pensions Regulator. The Governance team focus proactively on supporting and ensuring all core training is completed and to strongly encourage take-up of a wide range of learning opportunities provided throughout the year. A 12-month induction programme is in place for new members with one-to-one reviews at regular intervals with the governance officer. All Authority and LPB members completed a National Knowledge Assessment during the year, the results of which have informed the Learning & Development (L&D) Strategy for 2025/26. To further strengthen the L&D provided for members, a self-assessment knowledge and skills matrix and individual learning plan will be introduced from April 2025 to ensure that each member has an individual plan tailored to their role, experience and needs in order to support them to fulfil their role on the Authority, its committees or the Local Pension Board most effectively.

An annual Authority and LPB Member Away Day is held to provide training on a range of relevant topics as well as an opportunity for collaboration and networking between Authority and Local Pension Board members and with officers, advisers and guest speakers. The November 2024 Away Day included presentations on investments, governance review, cyber security and pensions dashboard.

For staff of the Authority, an appraisal system is used to manage individual performance, plan learning and development, and support the succession planning process which is in place in key risk areas. In the last year, the staffing capacity growth plans in pensions administration that were approved in 2023 have been implemented successfully. These changes were designed to strengthen capacity, enhance capability, and increase sustainability.

Work also continues to reduce the risk of single points of failure, and this is identified in the strategic risk register, with actions identified to mitigate this risk. These include actions around building internal resilience, sharing knowledge and documenting procedures etc. as well as continued actions around improving retention.

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

During the last year, this has been managed in practice as a result of the retirement of the former Assistant Director – Investment Strategy; with actions taken to ensure a smooth transition, involving the design and execution of a recruitment strategy to ensure successful appointment of a suitably experienced officer to the role in a timeframe that enabled a handover period of eight weeks.

Ongoing learning and development plans for the Authority's workforce are devised annually to support the goals set out in individual appraisals and are kept under review throughout the year. In addition to competency-based progression through the pension administration career grade, this can include professional qualification training, external training courses, and internally provided technical updates and system specific training. In the last year, this has included providing support for relevant staff to complete the newly developed Level 3 qualifications tailored to the LGPS in pensions administration.

The arrangements relating to career grade progression have been subject to a comprehensive review over the course of the last year, with the aim of developing a new corporate policy setting out a consistent set of principles to be followed across the organisation for managing career progression, underpinned by documentation detailing the assessment criteria and process attached to each career graded role. This work is in progress and is expected to be completed and launched in the first half of the 2025/26 year.

Learning and development activity for staff is further supported through access to online resources through a range of systems such as online reading rooms, SharePoint, and LinkedIn Learning.

The Director has an annual appraisal with the Authority's Chair and Vice Chair to review performance against objectives, set objectives for the next year and consider learning and development needs as relevant to the role. This is informed by 360-degree feedback from a range of internal and external stakeholders and is supported and facilitated by the Head of HR from Barnsley MBC. The appraisal is then presented to the Authority for discussion and approval in March each year.

The current Director has confirmed an intention to retire at the end of 2025. The Authority has approved a recruitment plan that will conclude in July 2025 and allow for an eight week handover period if successful. Following the appointment decision, a tailored induction programme will be developed for the individual to help ensure an effective 'on-boarding' to the organisation and the role.

The Authority's management team continue to be mindful of the need to monitor the extent to which resourcing and officer capacity is available to meet the ambitions reflected in the corporate plans, particularly in respect of target timescales. Although this is in the context of constraints regarding the fact that many of the detailed plans are to meet statutory requirements and deadlines that do not allow for flexibility.

Health, Safety and Wellbeing arrangements are prominent and embedded across the organisation. An external Health & Safety adviser is retained, an annual independent audit of our H&S arrangements is undertaken, and any recommendations are acted upon, and the range of additional health and wellbeing support continues to grow each year, including workplace health checks and a range of webinars and other activities which target a variety of key physical, emotional, and mental health and wellbeing topics.

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

Areas for Improvement:

- The retirement of the current Director will require robust planning and practical arrangements to be put in place to ensure an appointment is made and a smooth transition and handover is achieved.

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

Arrangements in Place

Managing Risk

A risk management policy framework is in place reviewed annually by the Audit and Governance Committee. Specialist risk management training was again delivered to relevant managers and officers during the year. The framework sets out clearly the responsibilities for managing the risks facing the organisation, how they should be assessed and reported. The strategic risk register is reviewed monthly by the Senior Management Team with reporting on a quarterly basis to meetings of the Authority as part of the overall performance management framework, together with review and challenge by the Local Pension Board.

The use of a risk management software system is now embedded as part of the overall process. This will be further developed during the coming year, with the addition of operational level risk registers for each service to support and inform the strategic risk register. A post implementation audit review on the controls and processes for the system was completed during the year and provided substantial assurance.

Managing Performance

Arrangements for the reporting and monitoring of performance are in place, including clearly defined timetables for the reporting of information across the full range of activity, integrated with financial monitoring. Wherever possible, data is placed in the public domain and statutory reporting timescales are adhered to.

The Authority undertakes benchmarking of its cost base and performance across both the main streams of operational activity, pensions administration and investment.

A small team supports and co-ordinates the management of programmes and performance across the organisation. The use of an agreed project management methodology and central oversight and reporting of projects is now in place and used consistently. A new performance management framework was approved by the Authority in September 2024 and the team are continuing to develop the analysis and reporting of performance metrics, use of dashboards and a range of indicators. This is already having a positive impact in providing managers with a clear view of performance

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

that they are able to use to inform and drive where intervention is required, and to building improvements in the reporting to Authority and Local Pension Board. The performance management framework continues to be an area of focus for the action plan for 2025/26.

Progress has continued in relation to the implementation of the pensions administration improvement plan, including the clearance of backlogs and this is reported quarterly to Authority and Local Pension Board. This will continue to be an identified action on the AGS action plan for the coming year and will additionally include development and implementation of the Data Improvement Strategy.

High quality data is central to the effectiveness of the organisation in its core function as a pension administrator. The Authority has a policy framework in place to ensure both the security and integrity of the large quantities of data which it holds.

The Authority's Head of Governance and Corporate Services is the Senior Information Risk Owner (SIRO). In addition, resourcing is provided through the Governance team to provide a focus on compliance and continued development of the Authority's information governance framework. The Data Protection Policy Statement was updated during 2024/25 and plans for 2025/26 include the next phase of work which will focus on updating and improving the policy and procedures in place for data retention, classification and disposal as well as information asset registers.

The Service Director for Customer Information and Digital Services at Barnsley MBC acts as the Authority's Data Protection Officer and his work is supported by an annual programme of internal audit review activity to ensure compliance with the policy framework.

The Authority has received the Cyber Essentials + accreditation from government in relation to its arrangements for information security. The controls in relation to cyber security are well embedded, and continually being developed and enhanced, making use of specialist tools, awareness training and with support available from external specialists on retainer. There is an identified need for the suite of ICT policy documentation, including the cyber security policy document, to be reviewed and updated. This was planned for 2024, but only limited progress was made (due to other pressures on the team resourcing available) so this is now in the action plans for the team for 2025/26. From the Independent Governance Review and reviewing compliance against the Pensions Regulator's new General Code of Practice, a need has also been identified to carry out ongoing specialist assessments of third party service providers' arrangements. This will be addressed in the relevant action plans.

Robust Internal Control

The Authority has an Audit and Governance Committee in place whose terms of reference are consistent with the relevant professional standards. The Committee has produced its own Annual report, available within the Governance section of the Authority's website, which sets out the work it has undertaken during the year.

The Committee is responsible for overseeing the work of Internal Audit, provided by Barnsley MBC's Corporate Assurance Service, and in particular ensuring that the Internal Audit plan addresses key control risks facing the Authority. The Head of Corporate Assurance, in her role as Head of Internal Audit for the Authority, is required under the relevant professional standards to produce an annual opinion on the adequacy of the control environment. For 2024/25, this opinion is that *"Taking the whole year into account, the reviews completed and status of the approved annual plan*

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

*(in terms of amendments and deferrals requested by management in year), it is appropriate to give an overall **reasonable (positive)** assurance opinion for the year”.*

Progress made in implementing actions agreed following audit reviews is reported to every meeting of the Committee and this helps to ensure that the control environment continues to be strengthened through the audit process.

The importance of internal control is well-embedded across the organisation and officers ensure a strong and effective working relationship is maintained with both Internal and External Audit, including regular liaison meetings, and ensuring independent access is available to the Audit and Governance Committee Chair and members. A separate meeting is held between the Chair and the external and internal auditors without any officer presence before each and every Committee meeting.

Strong Public Financial Management

The Authority is steward of a very large pension fund and therefore strong financial management is crucial to its effective operation. A strong framework of budgetary control is in place and monitoring against the operational budget, along with monitoring of investment performance, is reported quarterly to the Authority. Key projects are required to operate within defined budgets which receive approval through the appropriate decision-making processes.

The Authority's Medium Term Financial Strategy defines various fiscal rules which constrain the growth in expenditure, mirroring to some extent, the constraints which apply to conventional local authorities through the council tax capping regime.

Assurance over the financial controls and framework is provided through comprehensive audit arrangements. During the 2024/25 year, seven internal audit compliance reviews were undertaken on core financial systems and all of these concluded with a substantial assurance opinion. External audit provided an unmodified audit opinion on the Authority and Fund's statements of accounts and concluded that the Authority has appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources and identified no significant weaknesses in this respect.

Areas for Improvement

- Information Governance – Further work is required to review and update the remaining aspects of this framework in respect of data retention and classification policies and procedures and information asset registers.
- Pensions Administration Plan – Continued progress on this over the coming year is required, with further development of a data improvement strategy to be implemented.
- Policy Framework – There is a need to ensure that the full suite of ICT policies is updated during 2025/26 and procedures put in place to ensure this is kept up-to-date on an ongoing basis.

Principle G: Implementing good practices in transparency and audit to deliver effective accountability

Arrangements in Place

The Authority seeks to be open and transparent in all its activities, seeking to minimise the amount of information that must remain confidential.

A substantial amount of information about the Authority's services and activities is published on its website: www.sypensions.org.uk including, for example, details of investment holdings and voting records. The agendas and public reports for all meetings of the Authority, its committees and the Local Pension Board are published and the public parts of meetings of the Authority, its committees and the Local Pension Board are webcast. The Authority's annual report also contains a significant amount of information on its activities in a more user-friendly format. The annual report for 2023/24, published in November 2024, was fully re-formatted to improve the design and presentation for readers, as well as being revised in line with new guidance for LGPS annual reports issued by the Scheme Advisory Board.

The Freedom of Information Publication Scheme provides clear signposting to the information which is publicly available and where it can be found. The Authority regards telling its story as a key activity, to report and demonstrate its performance, achievement of value for money and effective stewardship of scheme members' savings. For key documents such as the Annual Report and Accounts, the Authority follows the relevant professional codes in terms of the provision of information and seeks to go beyond them where possible, particularly in terms of presenting the information in a way which allows the reader to set information in the context of the Authority's work and easily understand it.

The Authority has continued to publish its audited accounts and annual report in advance of the statutory publication deadlines every year, ensuring that information for stakeholders is provided on a timely basis to promote effective accountability.

The Authority uses the governance framework set out in the Local Code of Corporate Governance to ensure that the information provided in reporting is accurate and consistent and that the same standards are met by key partnerships such as the Border to Coast Pensions Partnership. The Internal Audit function operates under a charter which conforms to the relevant public sector internal audit standards ensuring that the Authority complies with the relevant professional standards.

The Audit and Governance Committee reviews progress on implementation of actions agreed following audit reviews carried out by both internal and external audit and potentially other review agencies when the Scheme Advisory Board's Good Governance reforms are introduced. All these arrangements also apply to the way in which the Authority engages with various partners and a comprehensive process of gathering assurance from those managing money on behalf of the Authority is undertaken each year. The Authority seeks to ensure that the activity undertaken on its behalf by the Border to Coast Pensions Partnership reflects the agreed Governance Charter which applies similar standards to the Authority's arrangements in the Partnership's unique context.

Governance Action Plan – 2024/25 Progress Update

The table below sets out the actions identified for improvement and development in last year's Annual Governance Statement and the progress made against these during 2024/25.

Action Plan from 2023/24 AGS	Responsible Officer	Target Date	Progress Update 2024/25
Recording of Regulatory Breaches Develop and implement a dedicated recording mechanism for regulatory breaches, supported by training for staff and a decision-making process for reporting material breaches.	Assistant Director – Pensions	September 2024	Completed A new process has been developed and training has been delivered to staff across pensions administration teams. This is reflected in updated information now included in the Pensions Administration Quarterly updates to the Local Pension Board.
Review of Counter-Fraud and Whistleblowing Policies Complete a review and update of the Anti-Fraud, Bribery and Corruption Policy Statement and the Whistleblowing Policy.	Head of Governance and Corporate Services	December 2024	Completed Approved by the Authority in December 2024 and published on the Authority's website.
Equality, Diversity and Inclusion (EDI) Undertake a thorough review of the EDI scheme – prioritising a series of agreed specific actions.	SMT	February 2025	Completed This action is now owned by the Assistant Director – Investment Strategy. A full review was undertaken and a new Diversity, Equality and Inclusion (DEI) Scheme for 2025 to 2028, including a detailed action plan, was approved by the Authority in February 2025.

Action Plan from 2023/24 AGS	Responsible Officer	Target Date	Progress Update 2024/25
Complete Independent Governance Review Independent Governance Review to be completed in June 2024 and an action plan to be developed to address any recommendations.	Head of Governance and Corporate Services	December 2024	Completed The review was completed as planned by June 2024, with very positive results. An action plan to address identified areas for improvements was developed and approved by the Local Pension Board and the Authority in December 2024.
Career Grade Scheme Develop an Authority Career Grade Scheme that provides a central policy applicable across the organisation supplemented by appropriately tailored schemes for individual roles that include assessment procedures and incorporate relevant accredited training / professional qualifications alongside development of workplace experience and skills.	Assistant Director – Resources and HR Business Partner	March 2025	Partially Completed Work commenced in autumn 2024, with the support of an expert external consultant, and is well in progress with a corporate scheme policy document drafted and work on-going to develop the individually tailored scheme assessment forms for each of the relevant service areas. Largely on track for completion, although to allow enough time for consultation and implementation, the date for completion may be slightly later than initially planned, now anticipated by June 2025.
Business Continuity Complete a full review and refresh of business continuity procedures and documentation, with support from external experts as required.	Head of ICT	March 2025	Partially Completed This work is well in progress. The review and a full business impact analysis was completed by the end of March 2025 – the remaining work to collate and finalise the documented plan and procedures will be carried out in the early part of 2025/26.
Performance Management Develop and implement a new framework which will include central	Head of Finance & Performance and Service	In stages over the course of	In Progress, Carry Forward to 2025/26 The performance management framework document was approved by the Authority in September 2024. A suite of

Action Plan from 2023/24 AGS	Responsible Officer	Target Date	Progress Update 2024/25
production of performance information that will ensure improved reporting and enable service managers and heads to focus on interpretation and taking remedial actions as necessary.	Manager – Programmes & Performance	the year to March 2025	dashboards have been developed and are now in use by management for performance monitoring and for reporting purposes. Work is ongoing to continue development of the framework and updated performance indicators, that is likely to continue into 2025/26.
Pensions Administration Improvement and Backlog Clearance Plan Deliver the elements of the Pensions Administration Improvement Plan and clear the backlog of casework.	Assistant Director – Pensions	In stages to March 2026.	In Progress, Carry Forward to 2025/26 Good progress is being made on delivery of this action, with detailed updates being reported to the Local Pension Board and to the Authority at each meeting. The current aim is for clearance of the backlog to be concluded by end of December 2025.

Review of Governance – Areas for Improvement and Action Plan for 2025/26

The table below sets out the actions planned to be undertaken during the forthcoming year to address the areas for improvement identified from this year's review of governance effectiveness, along with any actions carried forward from last year as outlined in the progress update above.

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
<p>Carried Forward from 2024/25:</p> <p>Performance Management Framework</p> <p><i>[Linked to Principle F: Managing risks and performance]</i></p>	Continue development and implementation of the framework for performance monitoring and reporting on updated performance indicators. This will enable service managers and heads to focus on interpretation and taking remedial actions as necessary.	Head of Finance & Performance and Service Manager – Programmes & Performance	In stages during the year to March 2026
<p>Carried Forward from 2024/25:</p> <p>Pensions Administration Improvement Plan – including clearance of backlogs</p> <p><i>[Linked to Principle F: Managing risks and performance]</i></p>	Continue with the progress to deliver the elements of the Pensions Administration Improvement Plan and clear the backlog of casework.	Assistant Director - Pensions	Backlog to be cleared by December 2025
<p>Governance of the partnership arrangements with Border to Coast</p> <p><i>[Linked to Principle B: Ensuring openness and comprehensive stakeholder engagement]</i></p>	The process and governance for the partnership to be reviewed and strengthened in light of emerging developments from Government legislation and policy in respect of pooling and governance in the LGPS.	Director	December 2025

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
Contract and supplier management <i>[Linked to Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes]</i>	Develop and implement a contract / supplier management framework – including: <ul style="list-style-type: none"> • Policy, guidance on procedures and delivery of training for relevant managers. • Procedures to ensure that our service providers meet the Pensions Regulator’s standards for maintaining their own IT systems. 	Assistant Director – Resources and Team Leader – Governance	In stages during the year to March 2026
Succession planning and risk management for turnover in Director role <i>[Linked Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it]</i>	<ul style="list-style-type: none"> • Recruitment for new Director to be carried out during May to July 2025 to ensure sufficient time to enable new role holder, following any notice period, to commence a few weeks prior to the current Director’s departure. • To be supported by recruitment consultants in order to target and drive interest from the widest possible pool of potentially suitable candidates. 	Director and HR Business Partner	Over the course of the period May 2025 to December 2025
Information Governance <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	Complete the work to develop and implement revised policy and procedures for data retention, classification and disposal, and information asset registers.	Head of Governance and Corporate Services	March 2026
Pensions Administration – Data Improvement Strategy <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	Data Improvement Strategy to be implemented. Monitoring, reviewing and improving Data Quality to be developed and an annual programme to be embedded.	Assistant Director – Pensions and Service Manager – Technical, Support & Training	In stages to March 2026

Area for Improvement	Actions Required in 2025/26	Responsible Officer	Date for Completion
Policy Framework <i>[Linked to Principle F: Managing risks and performance through robust internal control and strong public financial management]</i>	<p>Complete review and update of the suite of ICT-related policies. Consider policy coverage in relation to the use of artificial intelligence (AI) and the governance and controls required around this.</p> <p>Ensure arrangements are in place to review and keep these policies up to date thereafter.</p>	Head of ICT	September 2025

Conclusion

To the best of our knowledge, the governance arrangements as defined above have operated effectively during the 2024/25 year. We propose over the coming year to take steps to address the areas identified for improvement to further enhance our governance arrangements. Progress in implementing these improvement actions will be monitored by officers and Internal Audit and through regular reports to the Authority and its committees.

We are satisfied that these steps will address the issues identified in our review of effectiveness and will assess their implementation and operation as part of our next annual review.

<p>Signed:</p> <p>Councillor Donna Sutton</p> <p>Chair South Yorkshire Pensions Authority</p>	<p>Signed:</p> <p>George Graham</p> <p>Director South Yorkshire Pensions Authority</p>
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South Yorkshire Local Pension Board Annual Report

1 May 2024 to
30 April 2025

Foreword

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

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

On behalf of the Board, I would like to thank the staff at the Authority for continuing to deliver a high-quality pensions service and for the support provided to the Board. I would also like to thank Clare Scott, as the Board's previous Independent Adviser, for all her support, advice and guidance over the past few years, and welcome Neil Mason as the Board's new Independent Adviser, who joined us in July 2024.

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

Riaz Nurennabi, Chair



Role of the Local Pension Board

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

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

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

Membership during the Year

The Board's membership comprises equal numbers of employer and employee representatives as well as an Independent Adviser. The members of the Board over the 2024/25 year were as follows:

Name	Date of joining	Nominated by/ Representing	Term of Office (to)
Employee Representatives			
David Webster (Vice Chair)	01/10/2019	Selected from active, deferred and pensioner members	September 2025 (2 nd Term)
Andrew Gregory	25/07/2019		July 2025 (2 nd Term)
Martin Badger	06/06/2024	UNISON	Resigned: 04/04/2025
Sheldon McClure	08/08/2024	Unite	August 2027 (1 st Term)
Shelagh Carter	07/11/2024	GMB	November 2027 (1 st Term)
Employer Representatives			
Riaz Nurennabi (Chair)	03/11/2022	Sheffield Hallam University	November 2025 (1 st Term)
Ken Richardson	20/05/2022	Local Authority	May 2025 (BMBC 3 rd year)
Linda Beresford	06/06/2024		May 2026 (RMBC 2 nd year)
Nicola Gregory	18/01/2018	Academies	December 2026 (3 rd Term)
Debbie Carrington	06/06/2024	South Yorkshire Police	Resigned: 06/02/2025
Independent Adviser			
Neil Mason	July 2024	-	-

There is currently one employer representative vacancy and one scheme member representative vacancy because of resignation that have not yet been filled since becoming vacant in February and April 2025 respectively; recruitment is in progress, and it is currently anticipated that the roles will be filled in time for the August 2025 meeting of the Board.

Meeting Attendance

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

	08 Aug 2024	07 Nov 2024	20 Feb 2025	27 Mar 2025 [Note 1]	24 Apr 2025	% Attendance [Formal Board meetings]
Riaz Nurennabi - Chair	✓	✓	✓	✓	✓	100%
David Webster - Vice Chair	✓	✓	✓	✓	✓	100%
Sheldon McClure	✓	✓	[Note 2]	[Note 2]	[Note 2]	50%
Andrew Gregory	✓	✓	✓	✓	✓	100%
Nicola Gregory	✓	✓	[Note 2]	✓	✓	75%
Linda Beresford	✓	✓	✓	✓	✓	100%
Ken Richardson	✓	✓	✓	[Note 2]	✓	100%
Debbie Carrington	✓	✓	N/a	N/a	N/a	100%
Martin Badger	✓	✓	[Note 2]	[Note 2]	N/a	50%
Shelagh Carter	N/a	[Note 2]	[Note 2]	[Note 2]	[Note 2]	0%
Total Board Member Attendance	100%	90%	55.6%	55.6%	75%	77.5%
Neil Mason Independent Adviser	✓	✓	✓	✓	✓	100%

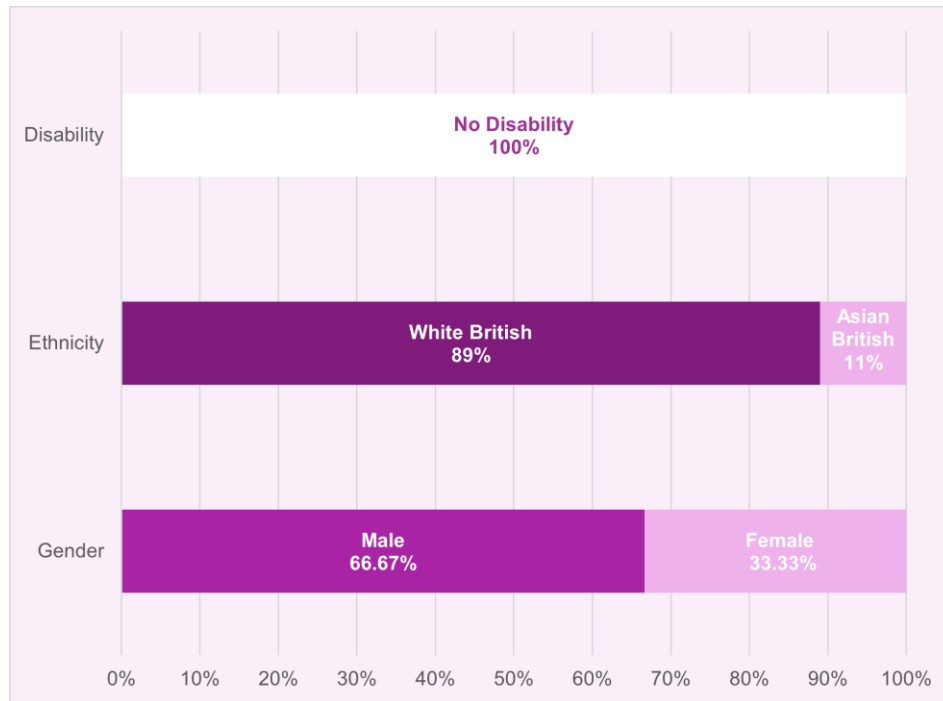
Notes:

1. The meeting on 27 March 2025 was the Board's annual effectiveness review.
2. Apologies received.

N/a = Not applicable as not a member on this date.

Board Diversity Characteristics

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



Data as at February 2025

The Board recognises the value of diversity and has expressed an aim to identify actions to try and improve the diversity of the Board membership to ensure a broader range of perspectives, experiences, and backgrounds in decision-making are captured. Selection and recruitment of new members does include efforts to advertise widely, and work will continue to build on this further. The action plan developed arising from the Board's review of its effectiveness will include an action around incorporating the Authority's DEI (Diversity, Equality and Inclusion) Strategy where appropriate.

Work of the Board 2024/25

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

Governance:

- **Governance Updates** – The Board received quarterly updates from the Authority’s Head of Governance and Corporate Services on a range of governance-related matters including member learning and development, succession planning, information governance, audit findings and progress on actions, and regulatory and national policy developments.
- **Decisions of the Authority** – Members of the Board received all agenda papers issued to Members of the Pensions Authority and Board members can observe meetings of the Authority.
- **Authority’s Annual Report 2023/24** – the Board reviewed the draft annual report 2023/24 and provided comments and improvement suggestions on this with their recommendation to the Authority.
- **LPB Budget** – the Board considered their proposed budget for 2025/26 and recommended this to the Authority for approval as part of the overall Budget for 2025/26.
- **Independent Governance Review Action Plan** – Following the independent governance review, undertaken by Aon and reported in June 2024, two members of the Board participated in a small working group with Authority members and officers to produce an action plan. The plan was considered by the Board at their November meeting and recommended to the Authority for approval. Progress updates are monitored regularly by the Board.
- **The Pensions Regulator’s General Code of Practice** – The Board received bi-annual updates on the assessment of compliance with the Code to scrutinise and seek assurance that progress towards compliance is evidenced.
- **Risk Management** – The Board actively monitor and seek assurance regarding the Authority’s management of risks and during the year have completed the following work in this respect.
 - Considered the Risk Register at each formal meeting throughout the year.
 - Received a demonstration of the Pentana risk management software system with a presentation on how this is used by officers as part of the risk management process.
 - Considered the report on findings from an internal audit review of the implementation of the risk management system. The Board welcomed the positive audit opinion and assurance provided.

- **Procurement Compliance** – The Board considered a report on how the Authority’s procurement arrangements ensure compliance with regulations and the Contract Standing Orders. This update had been requested by the Board for them to undertake a more detailed consideration of procurement following results of an internal audit review, including an update on progress against the agreed actions from that review.
- **Governance Compliance Statement** – The annual update of the Governance Compliance Statement was reviewed by the Board and recommended to the Audit and Governance Committee.
- **Annual Governance Statement** – The draft of the Annual Governance Statement for 2024/25 was reviewed by the Board who recommended it for approval to the Authority who will consider this in June 2025.
- **Investment Governance** - The Board considered a report of the Assistant Director – Investment Strategy on the conclusions and recommendations arising from the annual review of the Border to Coast Pensions Partnership.
- **Member Learning and Development** – The Board reviewed the Member Learning and Development Strategy 2025/26 and recommended it for Authority approval. Additionally, the Board welcomed the proposed introduction of individual member learning and development plans, launched in April 2025, to ensure tailored plans and support for each member in developing their knowledge, skills and expertise in fulfilling their roles and responsibilities on the Local Pension Board.

Pensions Administration:

- **Pensions Administration Performance** – The Board considered detailed reports at each meeting on pensions administration performance. The Board have welcomed a number of additions and enhancements incorporated into these reports, many of which were requested by the Board. Some of the issues considered this year include progress on delivery of the administration improvement plan, clearance of casework backlogs, plans and risks relating to the software system improvements, monitoring of progress and issues on McCloud rectification, and updates on delivering the range of major projects in progress..
- **Breaches, Complaints and Appeals** - The Board received updates on breaches, complaints and appeals as part of the Pensions Administration quarterly reports. Members have welcomed additional information being reported to provide a deeper understanding of the breaches, complaints and appeals.
- **Consultation, Communications and Engagement Strategy** – The Board considered the draft Consultation, Communications and Engagement Strategy and recommended it for approval to the Authority who will consider this in June 2025.

Board Member Learning and Development

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

During the 2024/25 year, members of the Board have participated in the following learning and development events.

Event / Course	Date	Riaz Nurennabi	David Webster	Sheldon McClure	Andrew Gregory	Nicola Gregory	Linda Beresford	Ken Richardson	Martin Badger	Debbie Carrington	Shelagh Carter
LGPS Online Learning Academy*	2024/25	✓	✓	✓	✓	✓	✓	✓	✓	✓	
CIPFA Annual LPB Conference	15/05/2024		✓								N/a
SYPA Inductions and Development Session	06/06/2024	✓	✓	N/a	✓	✓	✓	✓	✓	✓	N/a
Border to Coast Pensions Partnership Annual Conference	18/07/2024 – 19/07/2024		✓								
LGIU Course: Chaining Skills	10/09/2024	✓	✓								N/a
SYPA Seminar – Corporate Strategy	12/09/2024		✓					✓	✓	✓	N/a
Room 151 Budget Podcast	04/11/2024	✓	✓				✓				N/a
LPB Training – Responsible Investment	07/11/2024	✓	✓	✓	✓	✓	✓	✓	✓		
CIPFA Local Pension Board Member Training - Autumn Series	21/11/2024		✓								
SYPA - Members Away Day	28/11/2024	✓	✓	✓	✓	✓			✓	✓	

Event / Course	Date	Riaz Nurennabi	David Webster	Sheldon McClure	Andrew Gregory	Nicola Gregory	Linda Beresford	Ken Richardson	Martin Badger	Debbie Carrington	Shelagh Carter
SYPA Seminar – Valuation Assumptions	13/02/2025		✓	✓				✓	✓	✓	
LPB Seminar – CEM Benchmarking of Pensions Administration	20/02/2025	✓	✓		✓		✓	✓		N/a	
SYPA Seminar - Breaches	13/03/2025	✓	✓	✓	✓		✓	✓		N/a	
LPB Presentation – Pentana and Risk Management	27/03/2025	✓	✓		✓	✓	✓			N/a	
LPB Seminar – Valuation Consultation and Engagement	24/04/2025	✓	✓		✓	✓	✓	✓		N/a	

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

- | | |
|--|---|
| 1. Committee Role and Pensions Legislation | 5. Procurement and Relationship Management |
| 2. Pensions Governance | 6. Investment Performance and Risk Management |
| 3. Pensions Administration | 7. Financial Markets and Product Knowledge |
| 4. Pensions Accounting and Audit Standards | 8. Actuarial Methods Standards and Practices |

In addition, there is a module for 'Current Issues' that is kept up to date with content and videos covering topical issues of relevance to Board and Committee members. During the year, Board members have also completed extra modules provided on the topics of the Task Force on Climate-related Financial Disclosures (TCFD) and Conflicts of Interest.

Review of Effectiveness

The Board carried out its annual effectiveness review meeting and survey in March 2025. A full report on the review and actions arising was considered at the Board's April 2025 meeting.

The following section provides a summary of the significant outcomes from this review.

The overall results of the effectiveness survey completed by individual members showed a broadly positive trend compared to the 2024 survey.

The effectiveness review was structured around 5 areas:

1. Review of progress on previous actions
2. Board meeting effectiveness
3. Knowledge, skills and capacity
4. General effectiveness
5. Continuous improvement suggestions.

The Board was generally pleased with the progress made on the actions from previous years' reviews. The Board documented their conclusions on closing off actions and proposals for carrying forward some of the actions not fully completed yet.

The review found that Board meetings are generally effective and newer members commented positively on how discussion in meetings is encouraged. Recommended improvements were discussed in relation to requesting further consideration of how the reporting to the Board by officers can better demonstrate performance and administrative changes relating to circulation of draft minutes and agendas.

In relation to Knowledge, Skills and Capacity, the Board found this to be very effective and the survey results showed a continuing improvement trend with members reporting increased confidence in their own knowledge and skills. The areas identified for further improvement related to the online reading room ('knowledge library') to make this more user-friendly and easier to navigate, and a suggestion to make the required time commitment and responsibilities of the role clearer when undertaking recruitment for new members.

In regard to general effectiveness, the survey results showed improved scores. The Board remain committed to aiming for increased diversity on the Board itself and identified an action to consider how to incorporate the Authority's Diversity, Equality and Inclusion strategy in the coming year.

The Board's review this year introduced continuous improvement as a new area for consideration. This highlighted suggestions in relation to identifying opportunities for greater collaboration between the Board and the Authority, ensuring more regular updates on any membership changes that occur between meetings, and considering an action to limit the time spent by officers presenting reports in order to prioritise and allow more time for member questions and debate in the meetings.

The report on the effectiveness review outcomes was considered at the April meeting and an action plan was agreed to implement the recommendations.

Future Plans

Over the coming year, the Board will continue to consider issues covering governance and pensions administration included in its Work Programme. This programme continues to be developed in order to facilitate timely consideration of key documents, strategies and policies to provide the Board's input and views for Authority consideration prior to approval. Some of the main items on the agenda for the 2025/26 municipal year are as follows:

- Valuation 2025 – Results.
- Funding Strategy Statement update.
- Monitoring progress of significant projects such as McCloud Rectification and Pensions Dashboards.
- Local Pension Board Constitution review and update.
- Governance Compliance and Annual Governance Statements.
- Review of the Authority's draft Annual Report for 2024/25.

The Board also plans to implement actions for raising the profile of the Board and its work – these will include providing more information on the SYPA website, as well as taking opportunities to communicate through the employer and scheme member newsletters and to present at the annual employer forum.

Board Expenditure and Forecast Outturn 2024/25

The 2024/25 budget for the Local Pension Board was recommended to the Authority for approval in November 2023 and approved by the Authority as part of the total budget in February 2024.

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

Local Pension Board Expenditure 2024/25	2024/25 Budget £	2024/25 Q4 Forecast Outturn £	2024/25 Q4 Forecast Variance £	2024/25 Q4 Forecast Variance %
Independent Adviser	9,800	10,590	790	8.1%
Member Allowances	18,700	18,390	-310	-1.7%
Member Learning and Development	8,000	7,180	-820	-10.3%
Member Travel & Subsistence Expenses	1,000	910	-90	-9.0%
Running Costs - Catering, Printing, etc.	700	470	-230	-32.9%
Total	38,200	37,540	-660	-1.7%

Budget Variances

The overall forecast outturn for the year is a minor under-spend of (£660).

The variances against the budget are as follows.

- There is a small over-spend of £790 on the independent adviser budget this year, mostly due to the additional costs of recruitment advertising required in 2024 for this role.
- Member learning and development continues to be a high priority and the budget for the year was almost fully used, with just a small under-spend of (£820) for the year. The 2025/26 budget has been set at £8,800 to maintain an extensive programme.
- There were minor variances across the various other running costs for the Board as shown in the table, resulting in a small net under-spend of (£630) in total on these lines.

Audit & Governance Committee

Annual Report

2024/25

March 2025

Foreword

I am pleased to present the annual report of the Authority's Audit and Governance Committee covering the Committee's activity during the 2024/25 financial year. Reporting on the Committee's work in this way contributes to the process of assurance gathering which is used to produce the Authority's Annual Governance Statement and demonstrates the robustness of the overall governance arrangements that are in place.

Councillor Donna Sutton

Chair

Audit and Governance Committee – South Yorkshire Pensions Authority



1. Introduction

This report is produced to provide stakeholders with information on the work of the Committee over the 2024/25 Municipal Year and to support the process of assurance gathering required to produce the Authority's Annual Governance Statement.

It outlines the Committee's

- Role and responsibilities
- Membership and attendance
- Work programme

2. Committee Information

Audit and Governance Committee Role and Responsibilities

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

To fulfil the following core audit committee functions:

- a) Consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b) Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- c) Be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
- d) Approve (but not direct) internal audit's Charter and annual plan.
- e) Monitor performance against internal audit's Charter and annual plan.
- f) Review summary internal audit reports and the main issues arising and seek assurance that action had been taken where necessary.
- g) Receive the annual report of the Head of Internal Audit.
- h) Consider the annual reports of external audit and inspection agencies.
- i) Ensure that there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies, and that the value of the process is actively promoted.
- j) Review financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- k) To oversee the production of and approve the Authority's Annual Governance Statement.
- l) To review and approve the annual Statement of Accounts and the Authority's Annual Report, focusing on:
 - i. The suitability of, and any changes in accounting policies.

- ii. Major judgemental issues e.g. provisions.
- m) To receive and agree the response to the external auditor's report to those charged with governance on issues arising from the audit of the accounts, focusing on significant adjustments and material weaknesses in internal control reported by the external auditor.
- n) Monitor the Authority's risk register and annual governance action plan, reporting issues of concern to the full Authority.

Membership

The Committee's membership at the end of March 2025 was:

Councillor Donna Sutton (Chair)

Councillor James Church

Councillor Simon Clement-Jones

Councillor David Fisher

Councillor David Nevett

Councillor Neil Wright

Emma Dawson (Independent Member)

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

Nicola Doolan-Hamer (UNISON)

Phil Boyes (Unite)

Garry Warwick (GMB)

Committee Meetings and Attendance

The Committee held four meetings during the municipal year (July 2024, September 2024, December 2024 and March 2025). The business conducted reflected the terms of reference and the pattern of work of the Authority's Internal and External Auditors. The schedule of Members' and Officers' attendance is attached at Appendix A.

Councillor Donna Sutton was appointed by the Authority to Chair the Committee.

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

3. Committee Work Programme and Outcomes

The Committee maintains a broad programme of work for its main areas of activity. The reports received during 2024/25 are shown in Appendix B; the outcomes of the Committee's work in relation to these are summarised below. The bullet points in the boxes in *italics* are the core functions from the CIPFA guidance; the details below each box identify how the Committee has achieved its responsibilities.

Risk Management and Internal Control

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

The Committee has:

- Completed the Annual Review of the Authority's Risk Management Framework in September 2024. The implementation of a new risk management and performance software system has been embedded into the strategic reporting on risk throughout 2024/25.
- Received regular progress reports from the Head of Corporate Assurance on internal control matters.
- Received regular reports on progress against actions agreed in response to audit findings.
- Considered the results of the review of internal control and Internal Audit for 2023/24.

Internal Audit and External Audit

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

In relation to Internal Audit, the Committee has:

- Agreed the Internal Audit Strategy and Annual Plan for 2024/25

- Received and considered the Head of Corporate Assurance's (as the Authority's Head of Internal Audit) Annual Report for 2023/24, including the opinion on the Authority's internal control arrangements.
- Received and considered regular reports from the Head of Corporate Assurance on their team's progress against the annual plan, including summaries of the reports issued and management's response.

The schedule of Internal Audit Review Results 2024/25 at Appendix C summarises the outcomes of Internal Audit Activity during the year.

In relation to External Audit, the Committee has:

- Received reports from the external auditor, KPMG, on their Audit Plans for the Authority and Fund relating to the audit of year ended 31 March 2024.
- Received regular progress reports and a final report on the audit of year ended 31 March 2024 from KPMG.
- Received an audit plan relating to the audit of year ended 31 March 2025 from KPMG.

Statement of Accounts

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

The Committee has:

- Overseen the production of, and recommended the Authority's Annual Governance Statement 2023/24 to the Authority;
- Reviewed and approved the Authority's Statement of Accounts and Annual Report and letter of representation for 2023/24;
- Received and approved KPMG's Report on the 2023/24 Audit, and their Annual Report 2023/24 which includes their findings and conclusion on the Authority's Value for Money arrangements.

Working Arrangements

Members considered and agreed the Committee's Annual Report for 2023/24 which was then published on the Authority's website and incorporated as part of the Authority's Annual Report for the year.

As part of considering the Committee's annual report, Members considered the extent to which its arrangements remained robust.

Appendix A - Member and Officer Attendance at Audit & Governance Committee Meetings 2024/25

Member/Officer	11 July 2024	19 September 2024	5 December 2024	6 March 2025
Councillor Donna Sutton (Chair)	✓	✓	Note 1	✓
Councillor James Church	✓	✓	✓	✓
Councillor Simon Clement Jones	Note 1	✓	✓	✓
Councillor David Fisher	✓	✓	✓	Note 1
Councillor David Nevett	✓	✓	✓ Note 2	✓
Councillor Neil Wright	✓	Note 1	Note 1	Note 1
<u>Independent Member</u> Emma Dawson	✓	✓	✓	✓
<u>Co-opted Members:</u>				
Nicola Doolan-Hamer	✓	✓	✓	Note 1
Phil Boyes	Note 1	✓	✓	✓
Garry Warwick	✓	✓	✓	✓
Director – George Graham	Note 1	✓	✓	✓
Assistant Director - Resources (Chief Financial Officer) Gillian Taberner	✓	✓	✓	✓
Head of Governance & Corporate Services (Monitoring Officer) Jo Stone	✓	✓	✓	Note 1
Head of Finance & Performance (Deputy CFO) Will Goddard	✓	✓	✓	✓
External Audit (KPMG)	✓	✓	✓	✓
Internal Audit (Barnsley MBC)	✓	✓	✓	✓

Notes:

1. Apologies
2. Acting Chair

Appendix B Committee Activity 2024/25

Function / Issue	11 July 2024	19 September 2024	05 December 2024	06 March 2025
Risk Management				
Annual Review of the Risk Management Framework			Approved	
Governance and Internal Control				
Annual Review of the Governance Compliance Statement				Approved
Progress on Annual Governance Statement Action Plan 2024/25				Noted
Progress on Agreed Management Actions	Noted	Noted	Noted	Noted
Committee Effectiveness Review 2024/25				Agreed
Data Protection Policy Statement		Recommended to Authority		
Whistleblowing Policy			Recommended to Authority	
Antifraud, Bribery and Corruption Policy			Recommended to Authority	
Accounting Policies Year Ending 2025				Noted
Internal Audit				
Quarterly Progress Report	Noted	Noted	Noted	Noted
Annual Report 2023/24	Noted			
Internal Audit Charter		Approved		
Internal Audit Effectiveness Report		Noted		
Audit Plan Consultation paper 2025/26			Noted	
Internal Audit Plan 2025/26 (draft)				Approved
External Audit				
Pension Fund Audit Plan – Audit of Year Ending 31 March 2024	Noted			
Progress Update – Audit of Year Ending 31 March 2024	Noted			
Value for Money Risk Assessment 2023/24		Noted		
Final Report 2023/24 Audit – Authority		Noted		Noted
Final Report 2023/24 Audit – Fund		Noted		Noted

Function / Issue	11 July 2024	19 September 2024	05 December 2024	06 March 2025
Annual Auditor's Report 2023/24		Noted		
Year End Report – Authority			Noted	
Year End Report – Fund			Noted	
Statement of Accounts & Annual Report				
Draft Statement of Accounts 2023/24	Noted			
Audited Statement of Accounts 2023/24		Approved		
Letter of Representation		Approved		
Annual Report of the Authority 2023/24		Approved		
Committee Working Arrangements				
Audit & Governance Committee Annual Report 2024/25				Approved

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

Appendix C Results of Internal Audit Reviews 2024/25

Review Topic	Assurance Level *	High Priority Findings	Medium Priority Findings	Low Priority Findings
Service Wide - Data Protection / UK GDPR - Data Breaches & DPIAs	Reasonable	0	0	2
Finance - Core Financial System Other Benefits	Substantial	0	0	0
Finance - Core Financial System Treasury Management	Substantial	0	0	0
Finance - Core Financial System Fund Contributions	Substantial	0	0	0
Finance - Core Financial System Staff Payroll	Substantial	0	0	0
Pensions Administration System Access Controls	Reasonable	0	1	2
Corporate Services Corporate Strategy / HR Strategy	Substantial	0	0	1
Investments Investment Strategy and Decision Making	Substantial	0	0	0
Pensions Administration Customer Services – Data Protection Compliance	Reasonable	0	0	3
Finance - Core Financial System Valuation of Assets	Substantial	0	0	0
Service Wide - Pentana Risk System - Post Implementation Review	Substantial	0	0	1
Finance - Core Financial System - Main Accounting	Substantial	0	0	0
Finance - Core Financial System - Pensions Payroll	Substantial	0	0	0
Investment Strategy - Climate Change and Net Zero Carbon	Substantial	0	0	1
Finance - Core Financial System Purchase Management (Purchase to Pay)	Substantial	0	0	2
Totals	15 Opinions	0	1	12

6. Our Organisation

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

The management structure set out on [page 23](#) of this report shows how the work is organised into three departments, each headed by an Assistant Director – comprising the two delivery arms of Investment Strategy and Pensions, both of which are supported by the corporate arm of Resources. The table below sets out the teams and services delivered within each of these departments along with staffing numbers and vacancies within each at the end of the year.

Workforce as at 31 March 2025	Established FTE	Vacant FTE	Vacancy Rate as Percentage	Vacancy Details
Senior Management Team	4.0	0.0	0.0%	
Investment Strategy	3.0	0.0	0.0%	
Benefits Team	42.1	2.9		1 Service Manager vacancy - filled from 1 April 2025. 1.4 Practitioner vacancies to be filled in 2025/26. Cumulative vacant hours from part time roles of 0.5 FTE in total.
Customer Services	14.0	1.2		1 Customer Services Officer held vacant due to secondment; now due to be filled in 2025/26. Vacant hours [0.2].
Employer Services	13.4	1.0		Business Support Officer held vacant pending review of role prior to recruitment in 2025/26
Technical Support and Training	7.7	1.0		Temporary role no longer required; deleted from establishment in April 2025.
Pensions	77.2	6.1	7.9%	

Workforce as at 31 March 2025	Established FTE	Vacant FTE	Vacancy Rate as Percentage	Vacancy Details
ICT (including Systems and Operations Management)	19.3	4.5		2 Vacancies in Systems team - under review prior to recruitment. ICT Team: 1 Apprentice vacancy not yet due to be recruited, 1 revised ICT Technician role to be recruited in 2025/26 and 0.5 vacant hours due to a secondment.
Finance & Performance	16.2	2.0		1 vacancy is the new Senior Finance Business Partner role recruited and to commence in post June 2025. 1 vacant Finance Apprentice to be recruited in summer 2025/26.
Governance & Corporate Services	8.0	0.0		
Human Resources	2.8	1.0		New role of HR Adviser not due to be recruited until 2025/26.
Resources	46.3	7.5	16.2%	
Overall Total	130.5	13.6	10.4%	

This shows that there was a relatively high vacancy rate as at 31 March, but the details in the right hand column provide further explanation and context; including that some of the vacancies were being held as part of managing the resourcing context and timing of recruitment activity. A number of these roles have subsequently been recruited to or advertised during the first half of 2025/26 and others are being reviewed as part of planning for future recruitment. One vacant role was no longer required and has been removed from the establishment.

The infographics below (*will replace the table in designed version*) present the position for a number of measures of our health as an organisation.

<i>Measure</i>	<i>2023/24</i>	<i>2024/25</i>
Proportion of Female Staff	66.4%	63.7%
Proportion of Male Staff	33.6%	36.3%
Proportion of Staff with a Disability	14.7%	14.5%
Compared to South Yorkshire (2021 Census)	20.5%	20.5%
Proportion of Non-White Staff	2.6%	1.6%
Compared to South Yorkshire (2021 Census)	12.3%	12.3%
Average Length of service	10.8 years	10.3 years
Average Age of a Member of Staff	41 years	41 years
Proportion of top 25% of earners who are:		
Female	51.7%	48.4%
Male	48.3%	51.6%

<i>Measure</i>	<i>2023/24</i>	<i>2024/25</i>
Days Lost Through Sickness Per FTE Member of Staff	8.2	5.0
Number of Staff with No Sickness Absence	43	60
Number of Notifiable Accidents	0	0
Staff Turnover %	7.9%	7.8%
Trade Union Facility Time	295.7 Hours	308.9 Hours
Number of Staff Undertaking Professional Training	5	7
Number of Apprentices undertaking Apprenticeship Qualification	2	2
Number of staff Completing Professional or Apprenticeship Qualifications in the Year	2	9

Commentary

The level of staff sickness absence has reduced significantly compared to last year from 8.2 days per FTE to 5 days per FTE, and the number of employees with no sickness absence at all has increased to 60 individuals. Sickness absence is actively monitored throughout the year and the HR team provide managers with support in applying the organisation's Managing Attendance policy which balances providing support with addressing the underlying reasons for any persistent absence. Referrals to use occupational health services are made as appropriate for individuals and access to private counselling is provided where requested – which is

effective in supporting individuals who are facing difficult circumstances to remain in work. The Health, Safety and Wellbeing Committee also continues to promote a wide range of initiatives to help support employee wellbeing.

Staff turnover for the year has remained consistent with the low rate from last year, reducing very slightly to 7.8%, providing some indication that improvements around employee engagement and impact of pay and benefits review outcomes that came through last year are continuing to hold true. During 2025/26, the next biennial employee survey and staff away day will be held, which will provide some updated data and evidence around these issues.

The Authority's recognised trades union is UNISON and there continues to be a very effective and constructive working relationship in place. The facility time provided for the year has increased slightly compared to the previous year and reflects the fact that there are now two representatives in place rather than one, as well as the time provided for the representatives to attend conference and training events organised by UNISON in addition to the time spent on their union duties in the workplace.

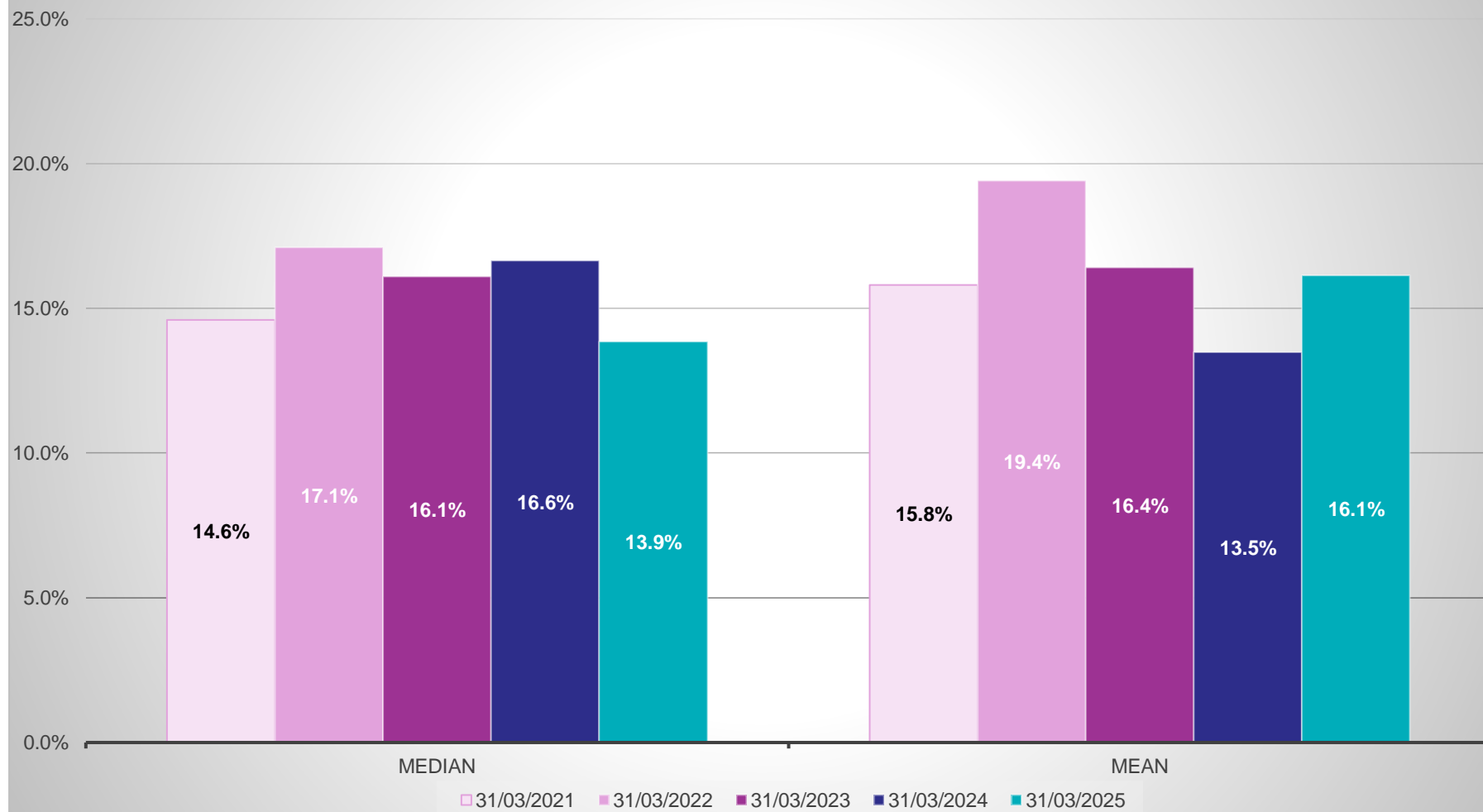
The figures also show the effect of greater focus on professional training, with the number of employees completing professional and apprenticeship qualifications during the year increasing significantly from 2 to 9. This has been helped by the introduction of new Level 2 apprenticeship qualifications designed specifically for the LGPS (by the Local Government Association in collaboration with Barnett Waddingham), which the Authority has helped to pilot. Further Level 3 apprenticeships are being added in 2025/26 and this should see a further increase in the numbers of our employees completing professional and apprenticeship qualifications next year.

Gender Pay Gap

Reporting on the Gender Pay Gap is compulsory for organisations employing more than 250 people. SYPA had 124 employees at 31 March and therefore does not meet this threshold, but it publishes the data as an example to the companies in which it invests.

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

South Yorkshire Pensions Authority Gender Pay Gap

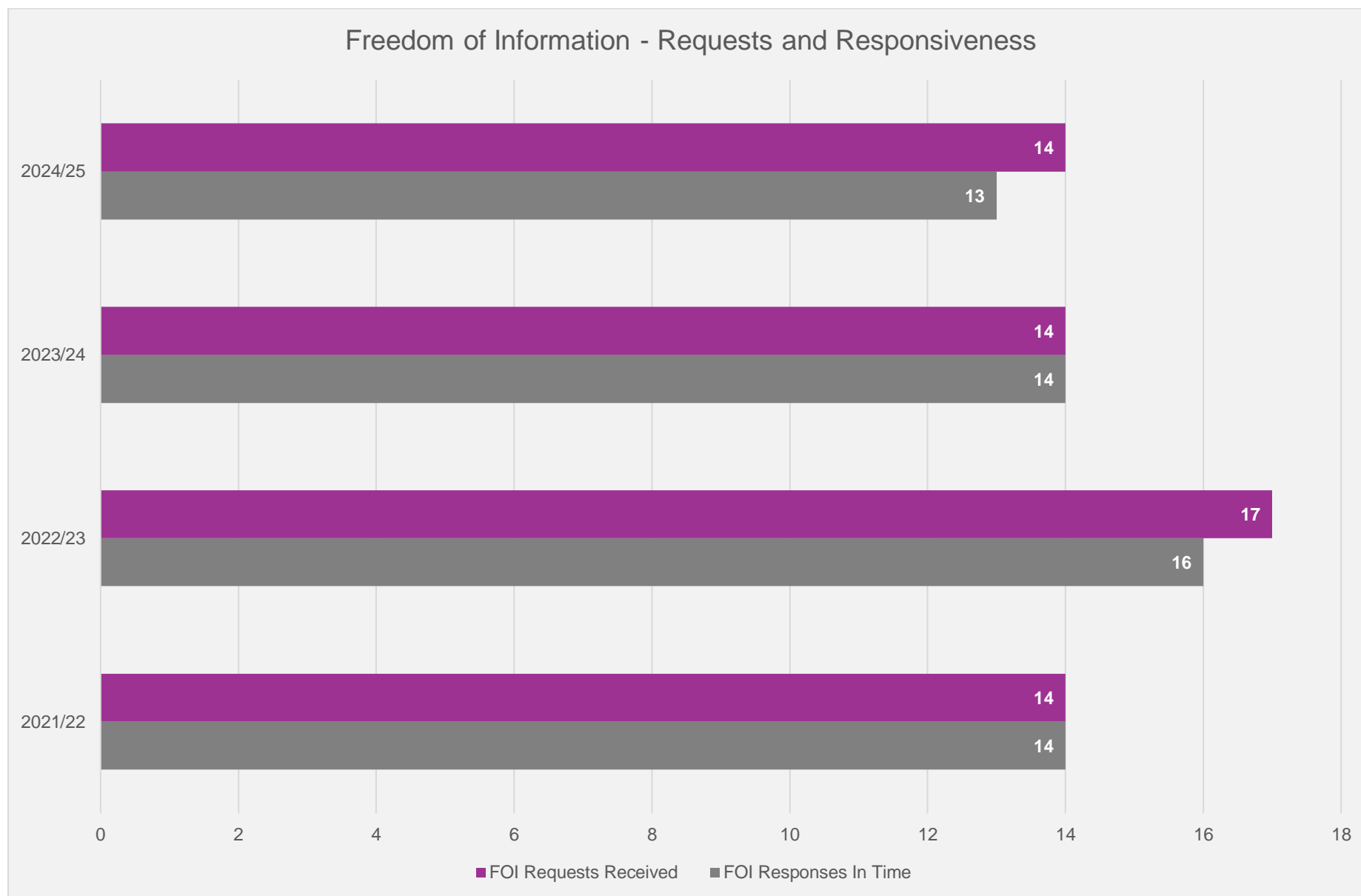


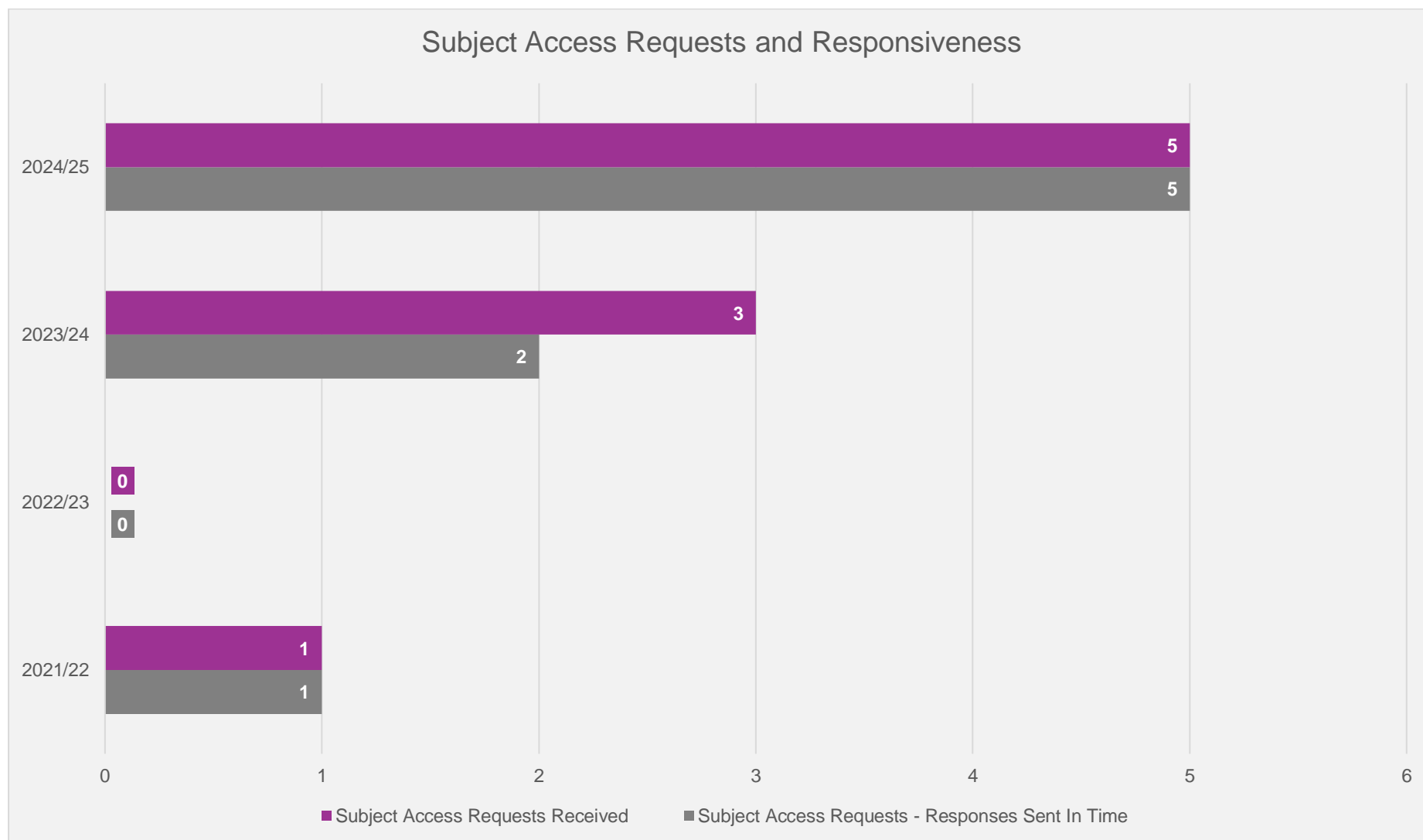
Our small workforce size makes it difficult to draw conclusions from the movement year on year, as the percentages move quite widely in response to small changes in the actual numbers. Nevertheless, we aim to reduce this pay gap, and there has been a reduction compared to last year in the median gender pay gap from 16.6% to 13.9%, although the mean gap has increased to 16.1%.

As outlined in further detail below in relation to organisational development, during the year, progress has been made on reviewing the various career graded roles across the organisation and creating a corporate policy and guidance around this to enhance the process, improve consistency and to ensure there is a very clear and visible path for employees as to how to progress their career at SYPA in whichever department and functional area they choose to work. Plans are in place for 2025/26 to run the 'RiSE' group coaching programme for a second cohort of female employees, to provide practical tools and support in building confidence and visibility, following the success of this initiative in 2023/24.

Freedom of Information Requests

We are committed to openness and transparency, and to this end we aim to publish as much information as possible on our website so that it is readily available to the public. Our [Freedom of Information Publication Scheme](#) is designed to assist website users in finding the information they need. We also receive and need to respond to requests for information under the Freedom of Information Act and to Subject Access Requests made under the GDPR rules. The figures below show the numbers received and the proportion responded to within the timelines required. One FOI request was responded to outside of the time limit, this was a result of the request being submitted to a generic team address and taking some time to be forwarded on to the correct team for processing.





Organisational Development

Each year, the Authority continues to ensure progress is made on our development of the organisation and supporting our people to ensure we can achieve our objectives. This section of our annual report summarises some of the highlights from the last year.

A new Employer Supported Volunteering scheme was introduced from April 2024 – offering up to a maximum of 3 days per year per full time employee to undertake volunteer work in the South Yorkshire community. In the first year, this scheme saw 17 days dedicated to supporting charities including Barnsley Foodbank, Barnsley Hospice and Action for Autism – by individual employees and by teams within the Authority spending a day volunteering together as a team building opportunity at the same time as contributing to a worthy cause.



Image: Members of our customer services team volunteering at the Barnsley Hospice Warehouse.

Building on our Learning and Development offer for employees, we introduced a corporate training programme for 2024/25 that was co-ordinated centrally in order to provide a range of courses and development programmes over the course of the year to meet needs identified from the annual appraisal process.

The programme that was delivered over the course of the year included the following – some of which were targeted for specific teams or grades as relevant:

- A bespoke management development programme delivered as a series of modules over 7 months was targeted at two groups – new managers (or managers new to SYPA) and those in senior practitioner roles who are aspiring to a management position. This was successful with a lot of positive feedback and will be run again in 2025/26 to new cohorts in these groups.
- The Leadership team completed a development programme over the course of 2 full-day sessions and a follow-up meeting as part of team building and focussing on areas around leading for motivation, mindful working, psychological safety and culture. The outcomes from this programme include a 'culture management' action plan and the agreement of and commitment to a set of leadership values of Courage, Care and Creativity.
- A tailored and highly interactive training course on Recruitment & Selection, including addressing unconscious bias, was delivered to a first cohort of recruiting managers and officers towards the end of the year, with a second due to take place in 2025/26. Facilitated by colleagues from Barnsley MBC's organisational development team, this course received excellent feedback with delegates finding the practice interviews and shortlisting exercises particularly useful.
- A training workshop on Risk Management tailored to the Authority was delivered for a second cohort of managers and officers this year – underpinning the commitment of the organisation to managing risk effectively and helping to foster a strong risk management culture that has been observed and reported on positively by the internal audit team.
- E-learning course content on Diversity, Equality and Inclusion was completed by all employees during the year and this was supplemented with 'Respectful Workplace' e-learning and video content addressing the prevention of sexual harassment in the workplace in line with new legislative requirements.
- An event on learning how to network with a focus on building confidence and raising your profile at work was provided during the year in order to address an identified training need around developing self-confidence for career development.
- As the first point of contact for scheme members, our customer services team undertook a 1-day training course on Dementia Awareness.

- The training programme for the year also covered technological skills with a foundation course in using MS Excel delivered by external trainers and a combination of e-learning and team sessions covering how to make the best use of SharePoint Online. There also continued to be regular training throughout the year for all employees on Cybersecurity.

The Authority's support for employee wellbeing continued to drive a range of initiatives in this area during 2024/25 – organised and co-ordinated by the Health, Safety and Wellbeing Committee made up of employee representatives from teams across the organisation in addition to the Operations Management Officer as our H&S Lead, the HR Business Partner, Trade Union representative and chaired by the Assistant Director – Resources. Highlights from this year include:

- Holding our regular, annual health screening day to coincide with 'Know Your Numbers' week in September – offering 20-minute health and lifestyle appointments focused on height, weight & BMI, blood pressure, total cholesterol and a range of other indicators to support people in managing their health and lifestyles.
- We continued our programme of monthly 'Morning Mix' events on a variety of themes including Get Active, Summer Wellbeing, celebrating Pride month, Stress Awareness and Healthy Habits among others. This programme also supports fundraising initiatives at different times of the year, with our generous employees raising over £610 in total for the Macmillan Coffee Morning 2024 and for Barnsley Hospice from our annual Christmas Jumper day and festive activities. In addition, a special raffle and fundraising event held for 'Wear Red' day in February raised an incredible £1,150 for the Children's Heart Surgery Fund.



Image: The SYPA team sporting their Christmas Jumpers as part of our 2024 festive fundraising activities.

7. Financial Performance

The Pension Fund

The table below sets out the 2024/25 outturn for the Pension Fund relative to the previous year and to the forecast for the year contained in the Medium-Term Financial Strategy, together with the forecast for the following three years. (Cash inflows are shown as negative numbers, cash outflows as positive numbers).

South Yorkshire Pension Fund Financial Forecast	2023/24 Actual £m	2024/25 Forecast £m	Outturn £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Contributions receivable and transfers in from other pension funds	(422)	(283)	(307)	(277)	(286)	(296)
Benefits payable and payments to or on account of leavers	416	449	458	355	370	383
Net (additions) / withdrawals from dealings with members	(6)	166	151	78	84	87
Management expenses	85	99	102	101	104	106
Net returns on investments	(861)	(387)	(381)	(674)	(703)	(732)
Net (increase) in the Fund during the year	(782)	(122)	(128)	(495)	(515)	(539)
Net Assets of the Fund At 1 April	(10,202)	(10,984)	(10,984)	(11,112)	(11,601)	(12,118)
Net Assets of the Fund At 31 March	(10,984)	(11,106)	(11,112)	(11,601)	(12,118)	(12,657)
Management Expenses as Percentage of Average Net Assets	0.80%	0.90%	0.92%	0.89%	0.88%	0.86%

Full details of the 2024/25 outturn with breakdown and explanations are available in the Fund Statement of Accounts set out in section 11 of this report. Key points to note are as follows.

Contributions Receivable

This figure comprises employee and employer contributions as well as transfers in from other pension funds for active members. Employee contributions are made by active members of the fund and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employer contributions are set based on triennial actuarial funding valuations. The latest triennial valuation was undertaken as at 31 March 2022, and this determined the employer contribution rates payable from 1 April 2023 to 31 March 2026. Details of employer contribution rates are set out in the Rates and Adjustments Certificate available on our website [here](#).

The table above shows the total amount of contributions receivable in the previous year 2023/24 was higher than both the current year's contributions of £307m and the forecast contributions receivable from 2025/26. The main reason for the difference in 2023/24 relates to the impact of employer prepayments of contributions made in that year.

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

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

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

Benefits Payable

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

Pensions are increased from April each year to reflect the cost of living increase – based on the Consumer Price Index (CPI) inflation rate as at the preceding September. The CPI rate in September 2023 was 6.7%, leading to pensions paid being increased by this percentage from April 2024, and this is the main driver of the increase in total benefits paid in 2024/25 compared to the previous year.

Management Expenses

The majority of the expenses shown are investment management expenses – accounted for on a gross basis, therefore including management fees and transaction costs that are deducted at source, in line with CIPFA guidance on cost transparency. The management expenses comprise both management and transaction fees as well as performance-related fees. The modest increase in management expenses in 2024/25 was driven by the increase in performance fees reflecting investment performance in the year.

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

Return on Investment and Net Assets of the Fund

Over the year, the Fund delivered a return of 2.6% against an expected return of 4.2% from the benchmark (7.8% in 2023/24 against an expected return of 8.1%), increasing the net assets of the Fund by almost £130m to £11,112m at 31 March 2025. Over the course of the financial year, the Fund's investments in UK equities was a key driver of positive returns, although negative returns from our index-linked portfolio partly offset this. Other asset classes, such as multi-asset credit and private markets, generally returned single-digit positive returns. Full details of the Fund's investment strategy and performance are set out in section 8 of this report.

The projected forecasts for the net assets of the Fund in 2026, 2027 and 2028 are based on an increase in line with the actuary's assumption used in the last Funding Strategy Statement (FSS) of 4.45%. This will be updated in the next Medium Term Financial Strategy to reflect the actuary's assumption in the new FSS due to be approved by March 2026.

Fund Cashflows

One of the most important implications to highlight from the table above, is that it shows a net withdrawal from the Fund in each year from dealings with members – i.e., the contributions being received are lower than the benefits being paid out. This results in an increased requirement for the harvesting of investment income. This trend will be an ongoing challenge for the Fund now that we have matured, and it is not anticipated that this scenario will reverse. The issue will be a key factor considered in the forthcoming investment strategy review in relation to the Fund's requirements for income generation.

Counter Fraud Controls

The Authority is responsible for the stewardship of the pensions savings of more than 181,000 individuals and therefore seeks to operate with the highest standards of probity. The Authority has a formal anti-fraud policy statement and robust financial controls in place that are subject to regular internal and external audit review. Additionally, we participate in the National Fraud Initiative (NFI) which is an exercise administered by the Government's Public Sector Fraud Authority every two years and matches electronic data within and between over 1,100 public and private sector bodies to prevent and detect fraud.

There were no reported fraud cases for 2024/25.

Overpayments of Benefit

The Fund pays approximately 62,000 pensions every month and the total pension and retirement lump sum benefits paid for 2024/25 amounted to over £458m.

With such a large volume of payments each year, some of these result in overpayments to scheme members. The vast majority of these overpayments are due to pensions paid between the date of death of a pensioner and the Fund receiving notification of the death. The Fund makes every effort to minimise the risk and extent of overpayments. Controls in place include the use of a mortality screening service and Tell Us Once through the Department of Work and Pensions to ensure early identification of deaths, undertaking a Life Certificate process for pensioners living overseas, and participation in the National Fraud Initiative as outlined above.

Where overpayments have been made, the Fund will seek to recover the overpaid amount firstly through deduction from a benefit in payment such as a death grant or a beneficiary pension. Where this is not possible, an invoice will be raised to recover any overpayment in excess of £200.

At 31 March 2024, an amount of £0.151m remained outstanding in respect of 74 invoiced overpayment debts. This equates to 0.04% of the total pensions paid for the year. Recovery of overpayment debt is actively pursued, including the use of debt enforcement agents and legal action where appropriate, and will only be written off once all avenues have been exhausted. During 2023/24, a total amount of £0.024m was written off relating to 14 invoiced overpayment balances.

The Authority – Operational Budget

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

The operational budget for 2024/25 was approved in February 2024 at a total of £8,271k. The overall outturn for the year was an under-spend of (£138k).

South Yorkshire Pensions Authority Operational Budget	2023/24 Outturn	2024/25 Revised Budget	2024/25 Outturn	2024/25 Outturn Variance	2024/25 Outturn 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%
Subtotal Net Cost of Services	7,108,600	8,160,550	7,779,660	(380,890)	(4.70%)
Capital Expenditure and Financing:					
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 Charged to Revenue	69,900	98,500	97,410	(1,090)	(1.10%)
Subtotal Before Transfers to Reserves	7,178,500	8,299,410	7,917,430	(381,980)	(4.60%)
Appropriations to Reserves	(274,235)	(28,000)	216,290	244,290	(872.50%)
Total	6,904,265	8,271,410	8,133,720	(137,690)	(1.70%)

Full details of the Authority's 2024/25 outturn with breakdown and explanations are provided in the Authority's Statement of Accounts available from the website [here](#). Additionally, detailed budget monitoring forecasts are reported quarterly and published on the website at [Corporate Performance Reports](#).

The budget for 2024/25 represented a significant increase on the previous year. The total increase was £1,416k. This included a total amount of £858k for additional investment in resourcing in the pensions administration department approved by the Staffing Committee in October 2023 following a detailed capacity planning exercise that produced an evidence-based assessment of the numbers of pensions officers required to deliver the services required. A smaller amount was also included within this total for the cost impact of finance service restructure and senior management succession planning arrangements.

The remaining budget increase of £558k for 2024/25 reflected the impact of inflationary increases, for both pay costs and contracted services, and this equated to a percentage increase of 6% on the cost per member.

Employee Pay Costs

The budget for the year was set prior to any pay award being confirmed. The assumption used for budgeting purposes was an increase of 4%. The pay award was subsequently agreed nationally 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.

The total cost arising from this was approximately £207k, equivalent to 3.40% of the budget for employee pay and on-costs. Therefore, there was a small under-spend for the year arising from this. 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 the newly established posts included in the budget.

In total, the overall net under-spend on pay costs was (£212k) for the year, making this the primary cause of the overall under-spend against the budget.

Running Costs

There is a net total under-spend on the budget of (£138k) relating to the impact of a change in accounting treatment of the lease rentals for the Oakwell House office building. Full explanation concerning the change in accounting requirements is provided in the Authority's statement of accounts available on the website. The lease agreement included significant rental incentives in the first five years of the lease (2021 to 2026). The previous accounting treatment required the total of rental payments due for the whole life of the lease to be allocated in equal amounts in each year, which resulted in a total of £138k being charged to the budget as an

adjustment. In applying the new accounting standard (IFRS 16 Leases), this adjustment has had to be reversed, resulting in a credit of (£138k) in 2024/25 – and this is the net under-spend for the year after transfers to reserves, to be repaid effectively to the Pension Fund by reducing the total amount being charged for the year for the Authority's operations.

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

Authority Expenditure Charged to the Fund's Management Expenses	Expenditure against the budget	Irrecoverable VAT Expense	Total Charged to the Fund
	£000	£000	£000
Administration Expenses	5,598	221	5,819
Investment Management Expenses	649	324	973
Oversight and Governance Expenses	1,887	89	1,976
Total Charge to the Fund	8,134	634	8,768

Unlike other local authorities, the Authority does not currently have Section 33 status under the VAT Act 1994 that would enable it to reclaim VAT incurred. This is due to its unique nature as a local authority with the sole purpose of administering the Pension Fund. Instead, a special exemption method agreed with HMRC is used for reclaiming a proportion of the Authority's VAT expense only. The remaining proportion that is not recoverable is charged to the management expenses of the Fund as outlined above.

8. Investments and Funding

Implementation of the Investment Strategy Statement and Investment Performance

Investment Review

Economic and Market Context

This has felt like a potentially transitional year, in terms of both major economic and political changes going on around in the world. Conflicts in Ukraine and in the Middle East have provided an ominous backdrop, with no signs of a resolution at the time of writing.

The Trump administration took office on 20 January 2025, having won the US election with a campaign fuelled by “MAGA” and America First. The general assumption at the time was that his election would have a favourable impact on the economy and, consequently, on share prices and the dollar. Other major economies around the world however, cautiously waited to understand whether Trump’s touted trade tariffs from his election campaign would actually be implemented, or was the famously deal-focussed President simply seeking to bring other countries to the negotiating table?

As we are now very aware, the tariffs were certainly implemented. The President began fairly modestly early in 2025 with various additional costs being applied to China and - perhaps more surprisingly - Mexico and Canada. By the time we reached 2 April 2025 (also known as “Liberation Day”), however, “reciprocal tariffs” had been applied to 60 countries. The tariffs ranged from 10% (applied to the likes of the UK and Singapore) to 49% (Cambodia). The main headline, though, was the ever-escalating tit-for-tat trade war with China, the world’s largest exporter.

Following an unpalatable market reaction, the tariffs were paused for 90 days (with the exception of those applying to China) on 9 April 2025. Looking forwards, we began to see the negotiation of deals to lessen the impact of tariffs – but it could also be the case that the impact of Trump’s policy could continue to impact markets for some time. Even the spectre of future tariff threats creates uncertainty for businesses and can delay capital expenditure – quite simply, how can companies plan for the future when costs and policy can be dramatically changed at short notice, sometimes seemingly on a whim? In an increasingly volatile world, perhaps the only certainty we have is greater uncertainty.

Despite those headline stories, which continued to simmer past our financial year end, the majority of equity markets actually delivered positive returns over the past 12 months to 31 March as a whole (albeit the imposition of tariffs led to a sudden dip in valuations in early April). US equities, particularly those in the technology sector, had been enjoying a very strong period up until the end of 2024. Within the technology sector, the much vaunted “Magnificent Seven” companies (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) had continued being the star attractions. Cracks began to show in January, however, when an apparent breakthrough by

the Chinese AI company, DeepSeek, which wiped almost \$600bn from Nvidia's market value overnight. The explanation was that Deepseek's innovative approach – and apparent breakthrough - could reduce demand for Nvidia's most powerful AI chips. This was shortly followed by a slew of tariff announcements from The White House, which led to material equity market falls in the run up to year end. Over the full 12-month period, though, US equities rose by 5.4% over the year, thanks to those large gains in 2024, which was slightly ahead of global equities in general (4.7%).

The UK surprisingly turned out to be one of the leading equity markets of the past 12 months, with its more defensive nature and relatively stable government attracting investment towards the end of this period. Overall, the FTSE All-Share Index returned 10.8% over the year. Although European ex UK Equities saw a more modest 12-month return of 3.8%, the region also benefitted towards the financial year end, as investors moved money from the US in search of safer havens.

Sentiment towards Chinese equities improved dramatically early in 2024, which was largely driven by technology companies following the release of DeepSeek's apparently game-changing and cost-effective AI model. Investor optimism was further supported by the Chinese government's increased focus on stimulating domestic consumption. Double-digit performance in the first quarter of 2025 helped to drive Chinese equity markets to a 36% return over the full 12-month period. Of course, China subsequently became the number one target of President Trump's tariff programme, which materially increased market volatility after 31 March.

Emerging market equities (excluding China) experienced negative performance over the first three months of 2025, which left these markets with a broadly flat return across the full year. The significance of DeepSeek had negative repercussions for the Taiwanese market, which has a concentration of AI chip manufacturers. Elsewhere, India experienced an economic downturn in the first quarter of 2025, with persistent inflation outpacing wage growth, slowing consumption and reducing corporate earnings. Certain elements of the fixed income market were some of the best performing asset classes of the past 12 months, with high yield credit and leveraged loans (both being strategies which involve lending to companies with lower credit ratings in a risk-controlled manner) having particularly good years. UK credit markets, on the other hand, provided a fairly flat return over the year. Despite market volatility, investment grade credit spreads across the globe (effectively the extra yield available for lending money to highly regarded companies, rather than to a government) were still relatively tight by historical standards as at the year end, meaning there was little extra yield available for lending to companies with stronger credit ratings.

The general air of uncertainty permeated into government bond markets towards the year end, with questions marks remaining over the implementation of tariffs and their potential impacts on inflation, borrowing costs and the wider economy. Long-dated government bond yields increased around the world, meaning higher long-term borrowing costs for central governments. This was brought into particular focus in the US, with Moody's noting that Federal interest repayments are likely to absorb a huge 30% of revenue by 2035, up from about 18% in 2024 and 9% in 2021.

Both the UK and, in particular, Europe continued to cut bank base rates over the periods towards year end, whereas the US Federal Reserve continued to keep interest rates on hold, as it closely monitors the impact of the tariffs on the likes of inflation.

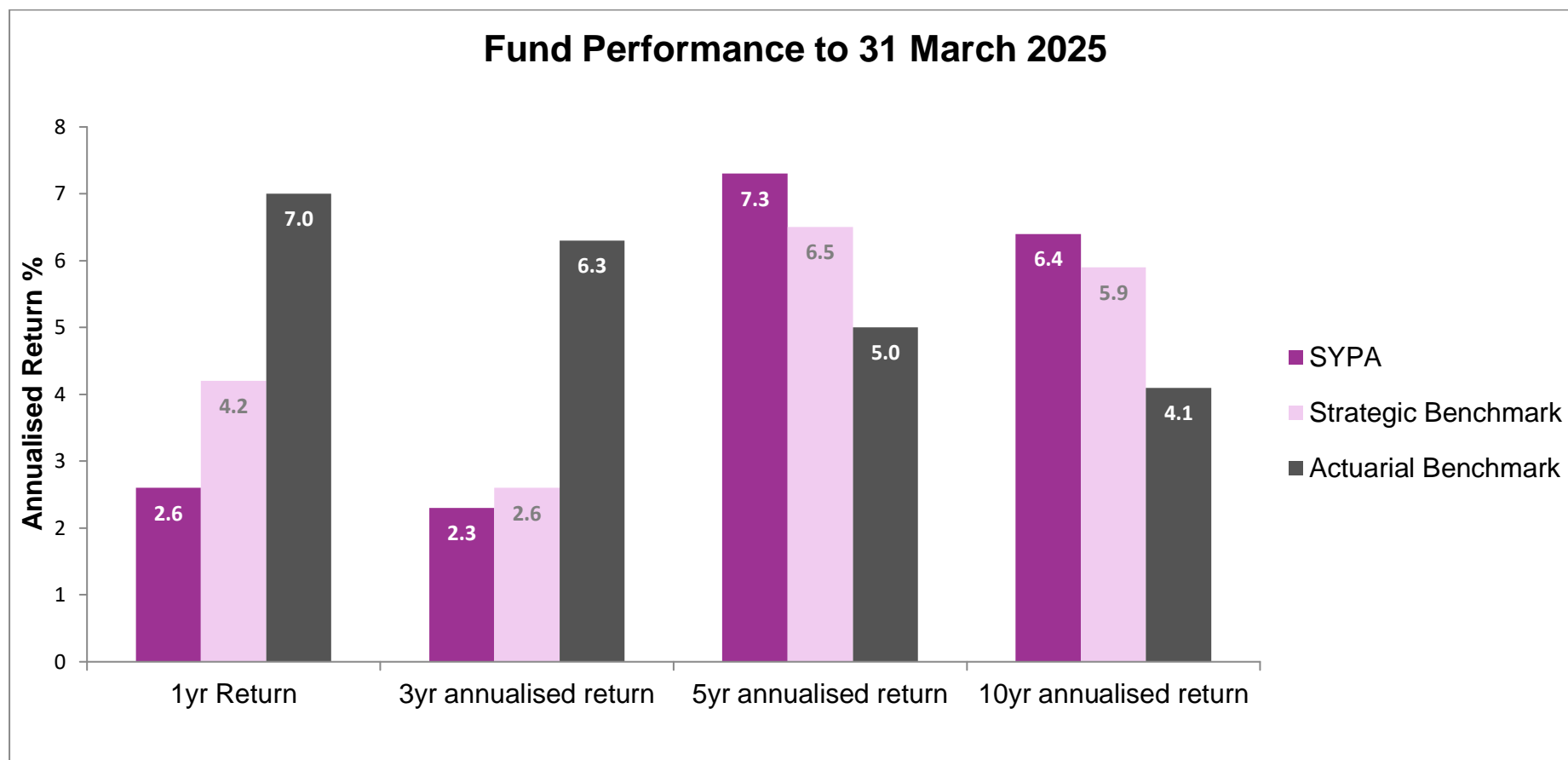
Investment Strategy and Performance

Performance

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

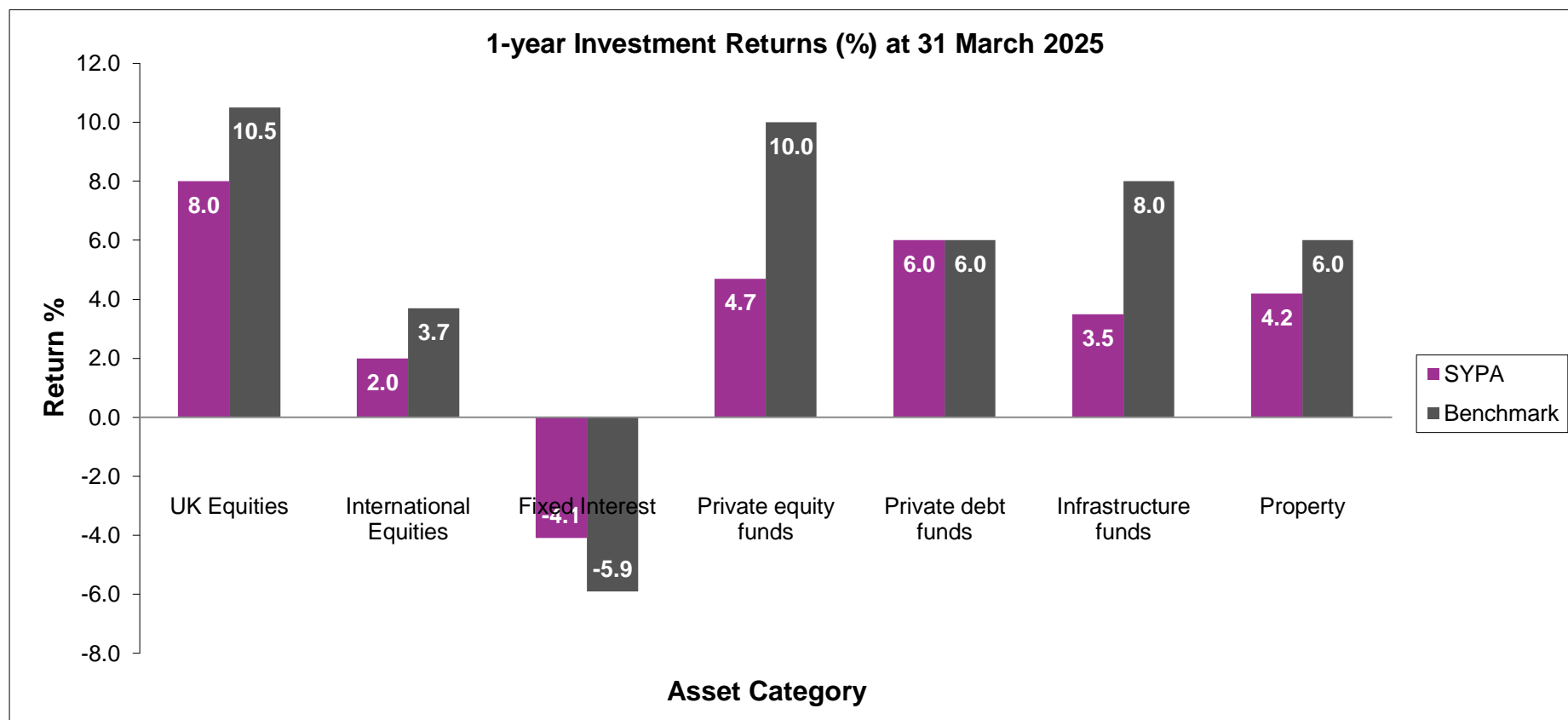
The Fund delivered a return of 2.6% over the year to 31 March 2025, underperforming SYPA's strategic benchmark return of 4.2% and lagging the actuarial benchmark target of 7.0% (the rate at which the Fund's liabilities are assumed to grow year on year).

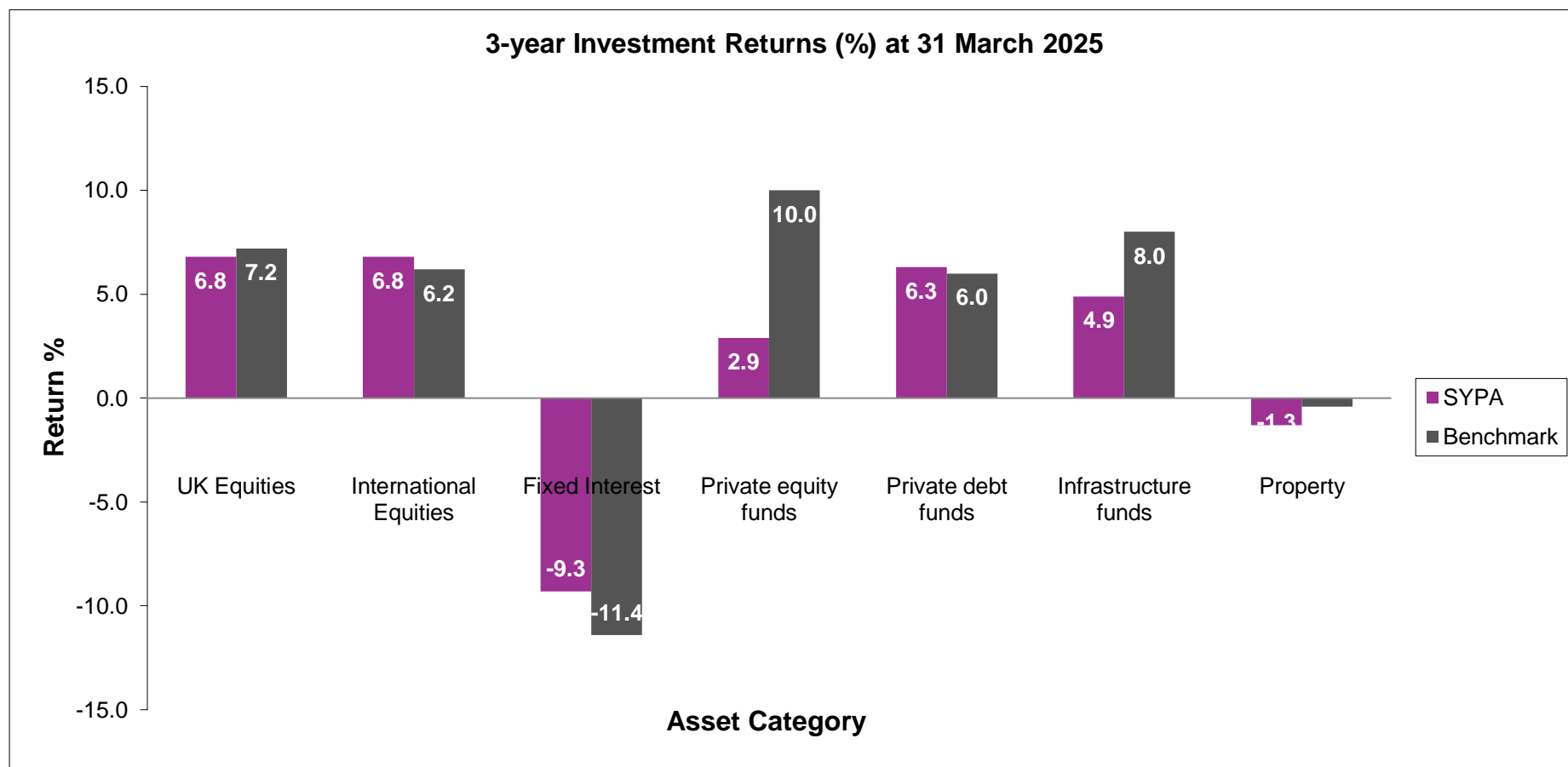
The Fund always invests with the longer-term aim of having sufficient assets to meet its liabilities, and the chart below shows how it has performed against benchmark over longer time periods. The Fund has lagged both the strategic benchmark return and actuarial benchmark target over the past 3 years. Over the longer term, however, the Fund's performance against its strategic benchmark and the actuarial benchmark target has been positive over 5- and 10-year periods to 31 March 2025.

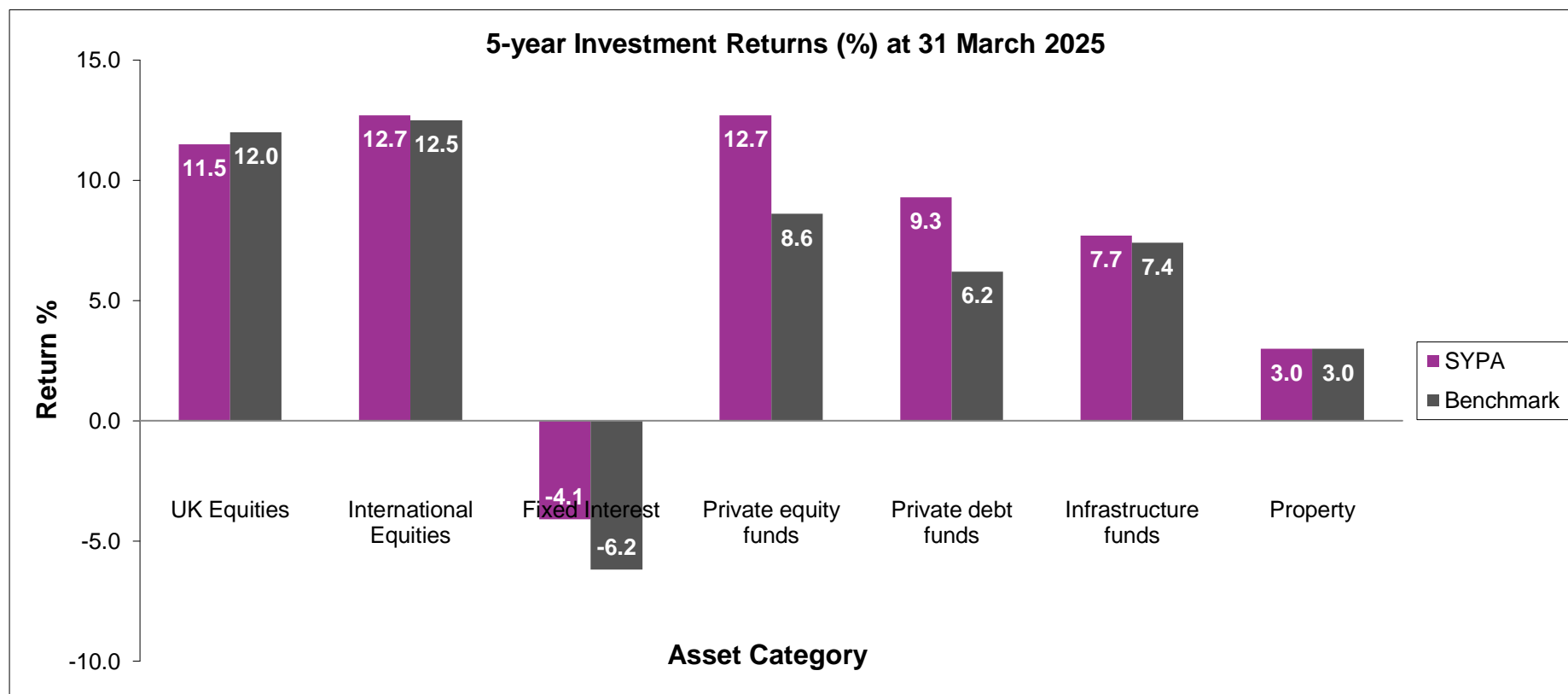


At the end of March 2025, the Fund's net investment assets were valued at £11,060m, this represents an increase of £92m since 31st March 2024.

The graphs below compare the return achieved by the Fund in each of the main investment categories during the year and over 3- and 5-year periods to 31 March 2025:







Over the past year, the Fund's equity portfolios produced positive absolute returns, albeit both the UK and overseas equity portfolios underperformed their respective benchmarks. The overall fixed interest portfolio performed negatively, largely due to a return of 15.1% from index-linked bonds. Within fixed income, both corporate bonds and multi asset credit provided positive returns. Private debt performed in line with its benchmark but the other illiquid asset classes (private markets and property) all saw returns below their respective benchmarks.

Over longer time periods (3 and 5 years up to 31 March 2025) the performance against benchmark indices has been much more positive.

The funding level at the last actuarial valuation date as of March 2022 was 119%, and on 31st March 2025 is estimated to be c.159%.

The Fund remains overweight to Growth assets, relative to its long-term strategic target, hence we have continued to reduce its exposure to listed equities. These cashflows have been redirected towards fixed income and private market asset classes, in order to bring the Fund closer to its strategic weightings in income and protection assets.

Implementing the Investment Strategy Statement

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

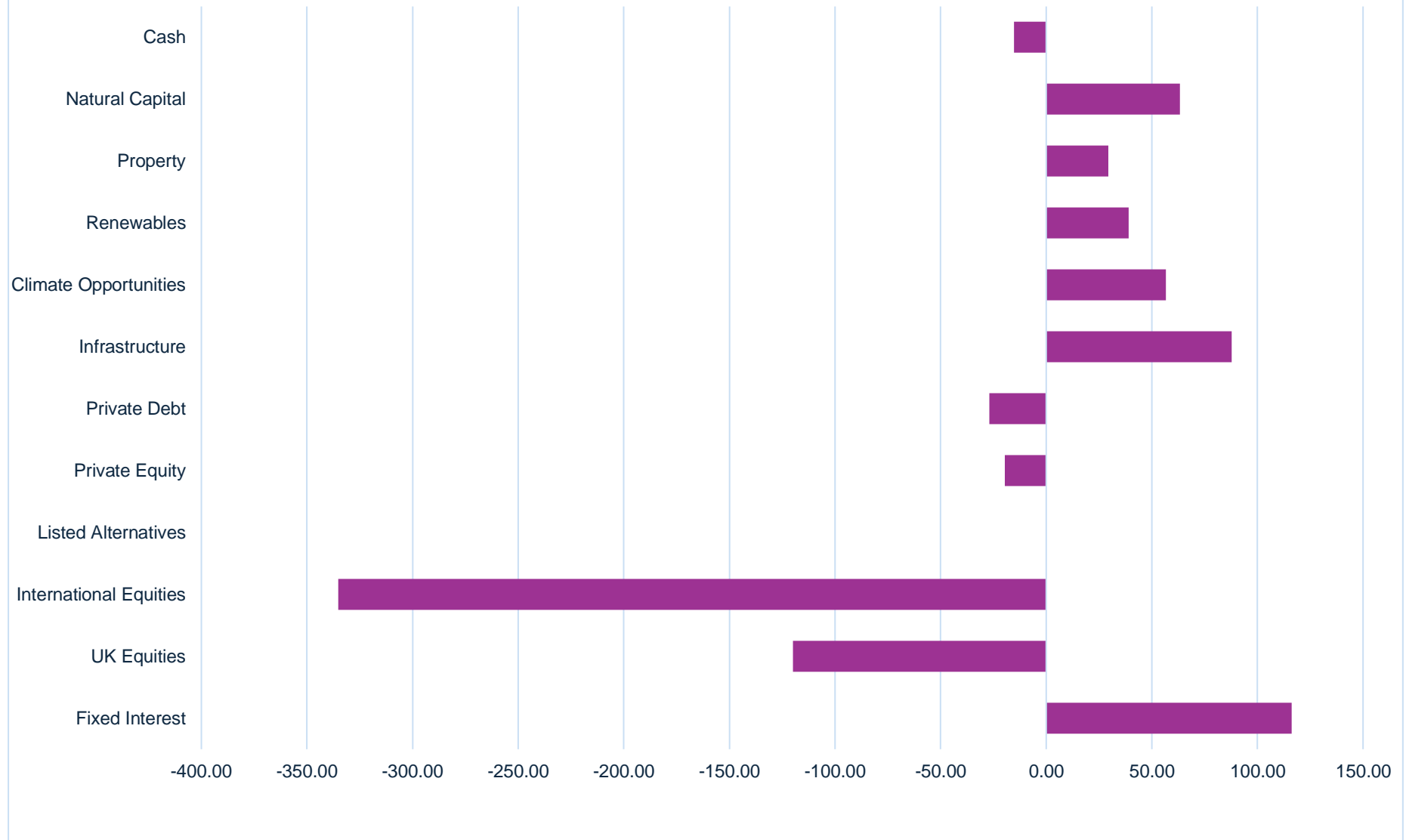
The following table shows a summary of the asset distribution for the year ended 31 March 2025, compared with the previous year. The allocation for the previous year has been added for comparison purposes. The table also shows the Fund's longer-term Strategic Asset Allocation (SAA) which SYPA agreed in March 2023. The previous SAA has also been included to give some context of the Fund's direction of travel.

The target SAA shows a decrease in allocation to liquid growth markets (equities) and Multi-Asset Credit. Strategic increases are being made to income assets such as private debt, and Climate Opportunities, Renewable Energy and Natural Capital. These asset classes are illiquid in nature, although income generating, and therefore it will take time to achieve the target weightings.

Asset Allocation						
Asset Class	March 2025 Allocation		March 2024 Allocation		Current SAA	Target SAA
	£m	%	£m	%	%	%
Index-Linked Gilts	707.8	6.4	703.5	6.4	7.0	7.0
Sterling Investment Grade Credit	563.2	5.1	552.5	5.0	5.0	5.0
Multi-Asset Credit	399.4	3.6	390.2	3.6	4.0	2.5
UK Equities	1,015.7	9.2	1,055.5	9.6	9.5	7.5
Overseas Equities	3,740.4	33.8	3,986.1	36.3	35.0	30.5
Listed Alternatives	164.7	1.5	153.0	1.4	0.0	0.0
Climate Opportunities	156.8	1.4	91.4	0.9	1.0	5.0
Private Equity	1,179.6	10.7	1,146.8	10.5	7.0	7.0
Private Debt	632.3	5.7	628.1	5.7	7.5	7.5
Infrastructure	1,027.4	9.3	909.0	8.3	9.0	9.0
Renewable Energy	232.8	2.1	189.9	1.7	3.0	5.0
Natural Capital	204.9	1.9	149.1	1.4	1.5	3.5
Property	897.0	8.1	756.7	6.9	9.0	9.0
Cash	138.1	1.2	252.0	2.3	1.5	1.5
Total	11,060.1	100.0	10,963.8	100.0	100.0	100.0

The change in distribution is due to a combination of investment transactions and the performance achieved within each asset class. This includes a reduction in the overall equity exposure to fund an increase to asset classes such as Climate Opportunities, Renewable Energy and Natural Capital. This has brought these allocations closer to their strategic targets, although they all remain underweight relative to the target SAA.

Net investment over the year to 31 March 2025 £m



Place Based Impact Investing

As part of our property and alternatives programme, SYPA has a place-based impact strategy, in which up to 5% of the Fund's assets has been earmarked. Place-based impacts investments have the twin aims of generating a commercial return whilst also delivering positive economic impact.

Some of these investments are made directly in the South Yorkshire region – but the Fund also has investments in nationally focused pooled funds with an emphasis on impact investing. On 31 March 2025, impact investments in these portfolios amounted to £433m, representing 3.8% of Fund investments. Within this, the value of investment directly invested in South Yorkshire was £115m [to be updated when data available]. These investments are considered to be part of the Fund's wider private markets exposure, rather than a distinct portfolio. As such, they must meet the return requirements of the relevant asset class. Details of the impacts achieved through this part of the portfolio can be found on page x.

SYPA has pledged £20m of equity investment and £20m of debt funding to two specialist investment managers to support the growth of small and medium sized organisations within the South Yorkshire region. This programme is still in its very early stages, and we would expect to see a portion of the committed assets invested over the coming year. SYPA is also in the process of appointing a manager to help develop affordable housing within South Yorkshire.

Investment Pooling

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

As of 31 March 2025, SYPA had investments in the following Border to Coast funds:

Holding	£m
Border to Coast - Overseas Developed Markets Equity	2,973.8
Border to Coast - UK Listed Equity	1,015.7
Border to Coast – Emerging Markets Equity	766.0
Border to Coast – Sterling Index-Linked Bonds	707.8
Border to Coast – Multi Asset Credit	399.4
Border to Coast – Sterling Investment Grade Credit	563.2
Border to Coast – Listed Alternatives (Private Markets)	164.7
Border to Coast – Private Equity (Private Markets)	457.1
Border to Coast – Private Debt (Private Markets)	255.6
Border to Coast – Infrastructure (Private Markets)	620.8
Border to Coast – Renewables (Private Markets)	35.7
Border to Coast – Climate Opportunities (Private Markets)	154.2
Border to Coast – Property	465.9
Total	8,579.9

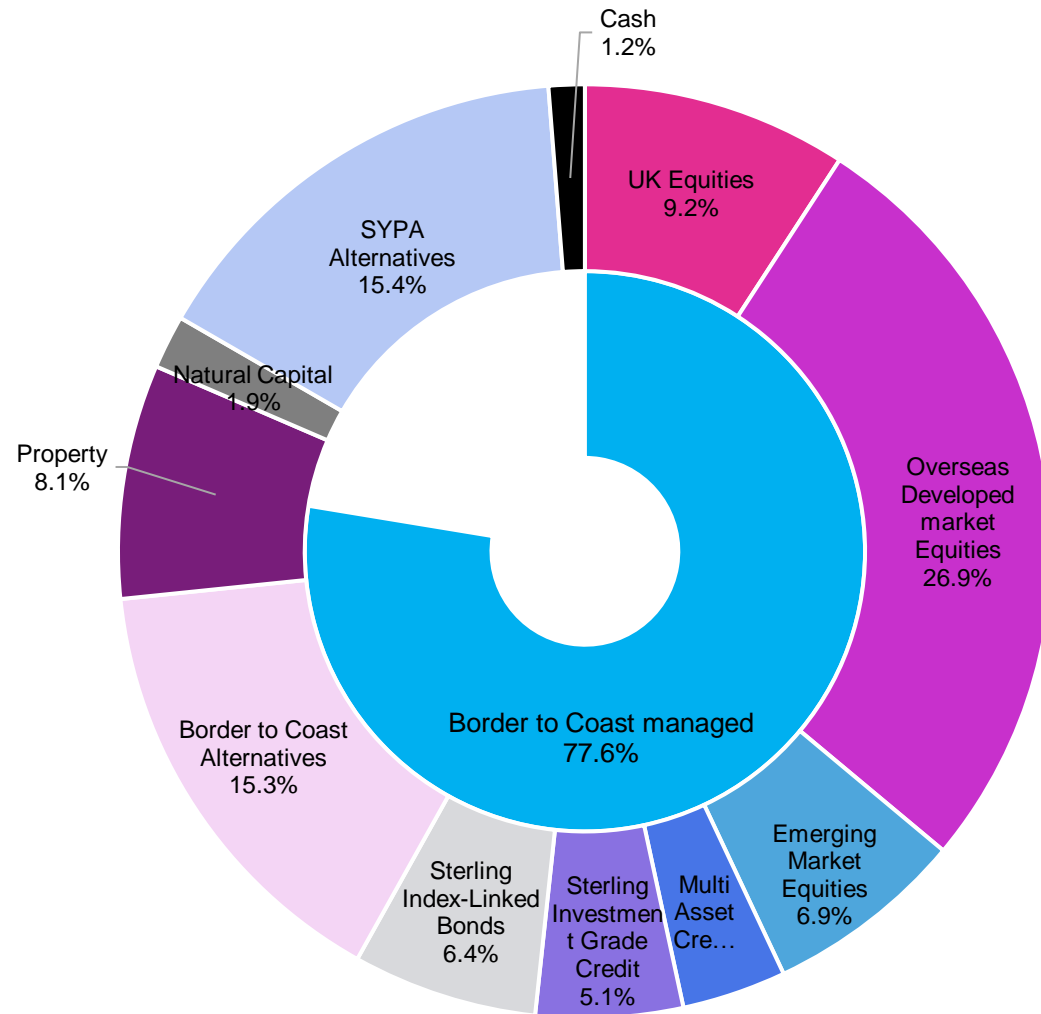
The Fund's legacy holdings in private market currently sit outside the Pool - but most new investments of this nature over the past 12 months were made by Border to Coast.

SYPA made commitments to the following private market capabilities run by Border to Coast at the beginning of the 2024/25 financial year:

Private Markets Asset Class	SYPA Commitment
Private Equity	£100m
Private Debt	£200m
Infrastructure	£180m
Infrastructure – Renewables Sidecar	£100m
UK Opportunities	£100m
Climate Opportunities – Renewables Sidecar	£115m
Climate Opportunities – Natural Capital Sidecar	£60m
Total	£1,205m

As per the standard approach, these investments begin to draw down from the initial commitment date, a process which will take multiple years to complete. Overall, SYPA has a total of £2.9bn of private market commitments which are still to be drawn down by Border to Coast and other legacy managers.

Assets Under Management 31 March 2025



As at 31 March 2025, Border to Coast managed 77.6% of the Fund's assets.

The table below, which is set out in the format required in the statutory guidance on the production of LGPS Annual Reports, shows in more detail which assets are either directly managed by Border to Coast, those over which the Pool exercises management oversight, and those which are not pooled. SYPA agreed a transition plan in March 2024 setting out how the remaining assets will transfer into the pool in the coming years (available [here](#)). However, following the Local Government Pension Scheme (England and Wales): Fit for the future consultation, the expectation is that all "not pooled" assets should move to be either pooled or under pool management by 31 March 2026.

The £0.6m of non-pooled equities in the table are legacy holdings which could not be taken into Border to Coast's pooled funds. We continue to look for opportunities to sell down these positions where possible.

Asset Values at 31 March 2025	Pooled	Under Pool Management	Not Pooled	Total
	£m	£m	£m	£m
Equities	4,755.5	0.0	0.6	4,756.1
Fixed income (listed)	1,670.4	0.0	0.0	1,670.4
Private markets	1,688.1	0.0	1,705.5	3,393.6
Property	465.9	52.4	378.7	897.0
Cash / net current assets	0.0	0.0	138.1	138.1
Other – Natural Capital	0.0	0.0	204.9	204.9
Total Assets	8,579.9	52.4	2,427.8	11,060.1

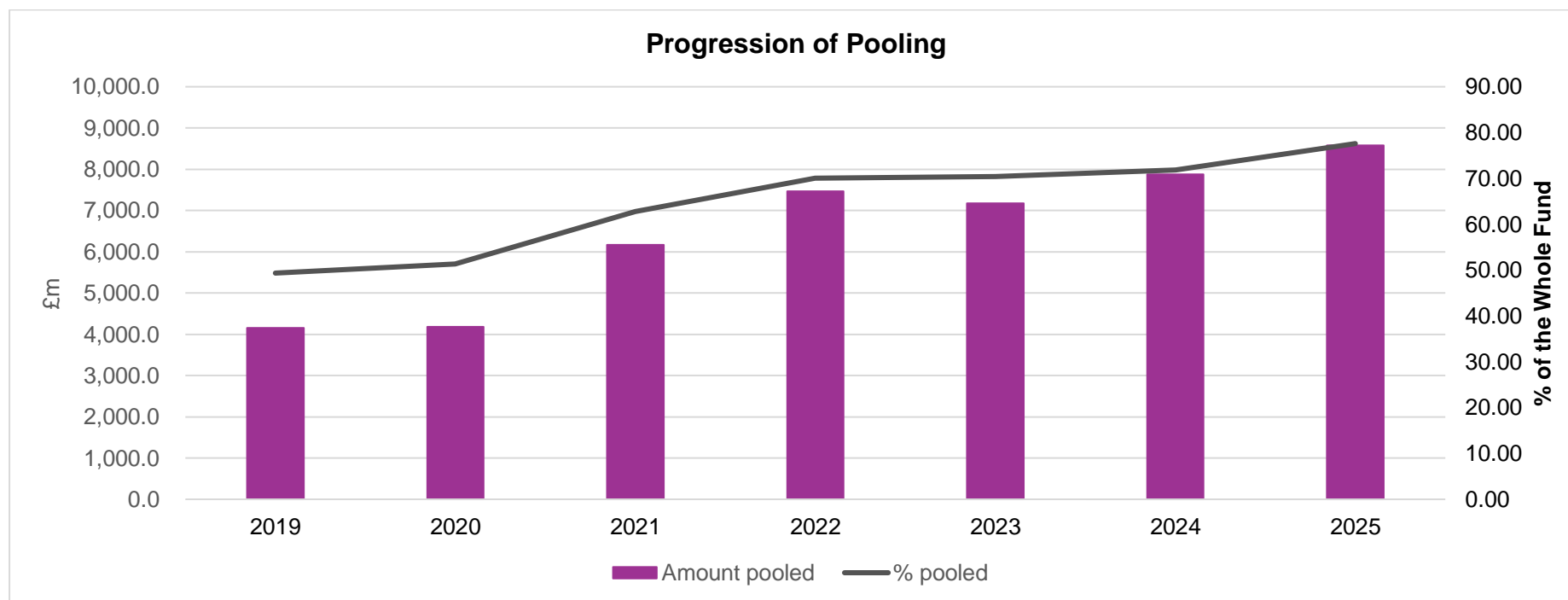
<i>Of which, investments in the UK are as follows:</i>				
UK Listed Equities	1,008.4	0.0	0.0	1,008.4
UK Government Bonds	658.1	0.0	0.0	658.1
UK Infrastructure	105.2	0.0	112.9	218.1
UK Private Equity	49.8	0.0	171.1	220.9

The assets that have yet to migrate to Border to Coast are our legacy private markets assets and certain properties which Border to Coast have not yet been able to take into their own funds. In addition to its global real estate funds, Border to Coast launched a UK Real Estate fund in October 2024 and SYPA has already transitioned its English property assets into this fund. The one English property asset yet to fully transfer as at the effective date of this report is the Springfield Place asset. This was actually transferred over to the Border to Coast UK Real Estate Fund on 31 March 2025 but, due to settlement timing, its value is not represented in the valuation at this date. SYPA's Welsh and Scottish assets are currently unable to transition into the Border to Coast UK Real Estate Fund due to tax-related reasons, although these properties are now considered to be under pool management.

Given the outcome of the “Local Government Pension Scheme (England and Wales): Fit for the Future” consultation, the expectation is that the remainder of SYPA's private market assets will move to be under pool management by 31 March 2026. This includes the likes of the private equity, private debt and infrastructure holdings, natural capital allocations, managed property loans and the place-based impact portfolio.

It is worth noting that, since the introduction of pooling, SYPA has made most of its strategic annual commitments to private markets through Border to Coast. The only commitments made directly by SYPA have been in its place-based portfolio or in renewables and natural capital allocations, which form part of SYPA's investment strategy and which Border to Coast were unable to fulfil at the time of investment.

The progression in the transfer of assets to Border to Coast is illustrated by the chart below:



LGPS Pooling Savings

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

Costs of Pooling	Cumulative to 31 March 2023 £m	2023/24 Costs / (Savings) £m	Cumulative to 31 March 2024 £m
Pooling set up costs and governance	4.7	0.5	5.2
Border to Coast Additional costs - public markets	13.4	4.7	18.1
Border to Coast Private market savings	(9.3)	(6.8)	(16.1)
Transition costs	2.8	0.0	2.8
Other savings	(5.9)	(0.7)	(6.6)
Net costs (savings)	5.7	(2.3)	3.4

[Table to be updated when data available from Border to Coast]

Investment Management Costs and Cost Transparency

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

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

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

2023/24 Total £m	Investment Management Costs	Management Fees £m	2024/25 Performance Fees £m	Transaction Costs £m	Total £m
39.943	Assets Managed by SYPA	27.166	12.794	0.935	40.895
37.534	Assets Managed by Border to Coast	38.717	8.730	5.638	53.085
0.996	Commercial Property	0.641	0.000	0.000	0.641
0.030	Agricultural Property	0.000	0.000	0.000	0.000
78.503	Subtotal	66.524	21.524	6.573	94.621
0.057	Custody Fees				0.057
78.560	Total	66.524	21.524	6.573	94.678

The fees paid on assets managed directly by SYPA relate to fees paid on the legacy private market portfolios. SYPA have incurred higher performance fees than the Border to Coast investments. This is because these are more mature investments and are therefore more likely to have achieved the stage where performance has exceeded the agreed performance fee hurdle.

The cost of managing the Fund's investments expressed as a percentage of the average asset value in the year was 0.85% in 2024/25 (0.74% in 2023/24), with the higher figure being driven by increases across all of management fees, performance fees and transaction costs.

Asset Class Performance

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

Fixed Income

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

Index-Linked Gilts

The Fund has a significant exposure to index-linked gilts. This is actively managed, albeit only to target modest outperformance of 0.2% p.a. above the benchmark index. The index-linked holdings are under Border to Coast management and within this portfolio some corporate index-linked bonds are also held as a means of adding value. This portfolio plays a valuable role in relation to providing inflation linked income. However, the portfolio was impacted by fluctuating yields, reflecting shifts in economic outlook and persistent inflation, and gave a negative absolute return of -15.1% over the period. This, however, represented outperformance of 0.2% against the benchmark index. The driver of outperformance was primarily narrowing credit spreads on corporate holdings, plus an overweight position in ultra-long gilts.

Corporate Bonds

The Sterling Investment Grade Credit (SIGC) portfolio and the Multi-Asset Credit (MAC) portfolio are both fixed income mandates which are held for the stable cash flows they are expected to provide, along with the credit spread above gilts available (i.e. the additional yield for lending money to a company, rather than to a government). Both the SIGC and MAC portfolios have been constructed by Border to Coast management and involve assets being allocated to a range of underlying asset managers.

The SIGC portfolio has been allocated equally across three external fixed income managers - Royal London, M&G and Insight. The Border to Coast Multi Asset Credit (MAC) fund is invested in a mix of higher risk fixed income assets such as emerging market bonds, high yield bonds and securitised debt. The MAC portfolio is spread across five underlying fixed income managers and one internal mandate which is run in-house at Border to Coast.

Corporate bonds were generally more resilient than government bonds over the past 12 months, as companies with strong balance sheets attracted investors. Both portfolios outperformed government bonds over this time - but the returns were materially higher for the higher risk assets found within the MAC fund. Over this period, the SIGC fund returned 2.73%, which was 0.4% ahead of benchmark, and the MAC fund returned 7.3% which was below its benchmark return of 8.74%.

Listed Equities

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

UK Equities

The Border to Coast UK Listed Equity fund is managed internally by Border to Coast, with a moderate objective to outperform the total return of the FTSE All Share Index by at least 1% per annum over rolling 5-year periods. The portfolio achieved an 8.0% return during 2023/24 which represented a 2.4% underperformance of the FTSE All Share Index over the past 12 months. A number of factors contributed to this, with stock selection in the Industrials sector being the most prominent. Since inception the portfolio has achieved an outperformance of the FTSE All Share Index by 0.2% per annum – but this is below the fund's 1% per annum outperformance target.

Global Equities

The Border to Coast Overseas Developed Markets Equity Fund is managed internally by Border to Coast, seeking to outperform a composite benchmark of equity indices by 1% per annum over rolling 5-year periods. The Border to Coast Emerging Markets Equity Fund is a hybrid fund with two external Chinese managers sitting alongside an internally managed portfolio for Emerging Markets ex-China. The Emerging Markets Fund's objective is to outperform the FTSE Emerging Market Index by 1.5% per annum over rolling 5-year periods.

The performance of global equities overall was positive over the past 12 months, with emerging markets outperforming developed markets. The developed market portfolio returned 1.1%, which was 0.8% below its benchmark index over 2023/24. Since inception, however, the fund is 1.3% per annum ahead of its benchmark.

The emerging market portfolio returned 5.8% over the past 12 months but this represented underperformance of its benchmark by 3.9%. The emerging market portfolio is still showing disappointing performance longer-term, having underperformed its benchmark by an 1.8 % per annum.

SYPA's ten largest publicly quoted equity holdings by market value held via Border to Coast Equity ACS on 31 March 2025 were as follows:

1.	MFC Vanguard Mid-cap ETF	£91.9
2.	Microsoft	£89.7
3.	AstraZeneca	£81.8
4.	Shell	£79.5
5.	Apple Inc	£78.4
6.	Nvidia	£77.4
7.	Unilever	£62.0

8.	Amazon	£59.9
9.	HSBC	£56.0
10.	Alphabet Inc	£53.1

Alternative Portfolios

Listed Alternatives

We hold units in the Border to Coast Listed Alternatives fund which has given us the ability to increase our exposure to alternative assets whilst we're in the period of our committed private markets allocations being drawn down. At the year end this holding was valued at £164.7m.

The portfolio has a diversified structure which includes listed assets in infrastructure, specialist real estate, private equity and alternative credit. The portfolio returned 7.7%% over the year, whereas its global equity comparator index (the MSCI ACWI Index) returned 4.9%. Since inception, however, the fund has returned 4.3% per annum, whereas the MSCI ACWI Index has returned 8.7% per annum over the same period. A key element of the strong one-year performance was the portfolio manager's decision to increase UK exposure in the final quarter of 2024, which then benefitted from a relatively buoyant UK market during the first three months of 2025.

The Fund has five alternative portfolios which are intended to access different parts of companies' capital structure. Unless noted otherwise, SYPA has holdings in each asset class with Border to Coast, which will continue to gradually build over time, in addition to legacy portfolios which were largely committed to prior to the advent of pooling. The following sections details these areas.

Private Debt

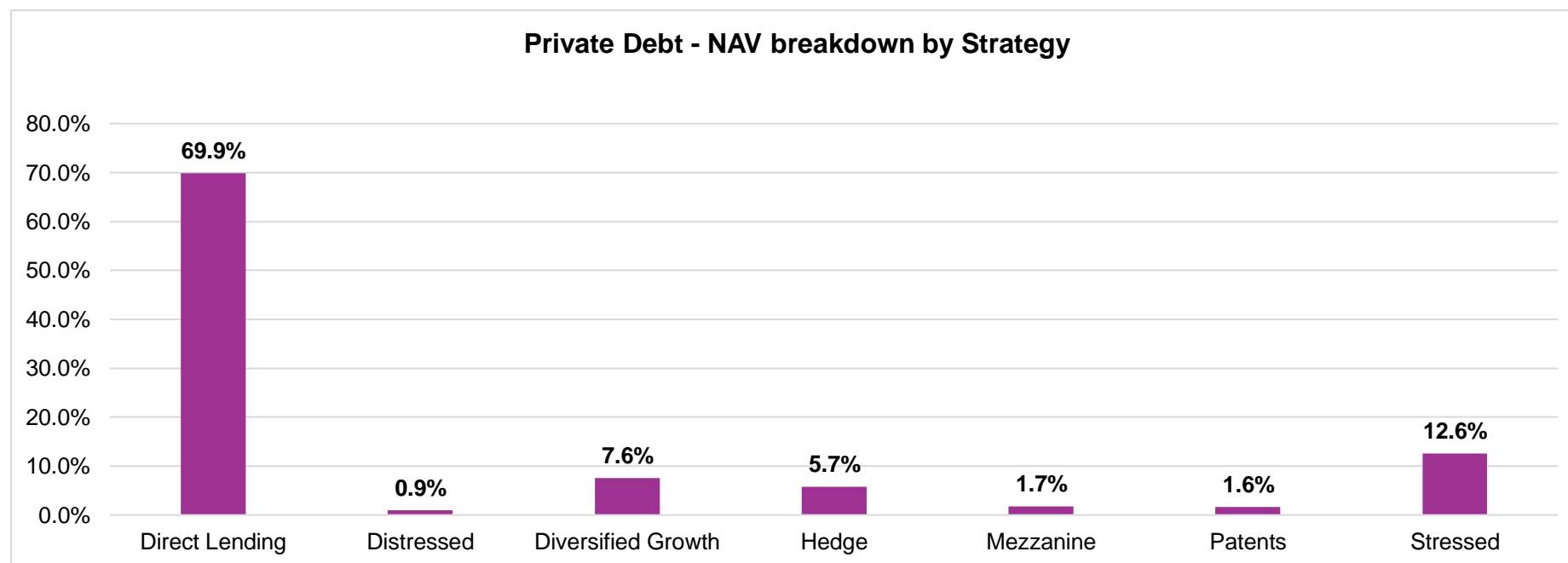
Private debt is a sub-set of the broader leveraged credit markets, characterised by mostly private equity-generated activity in companies that are typically too small, or with financing needs too specialised, to be financed by the larger public markets.

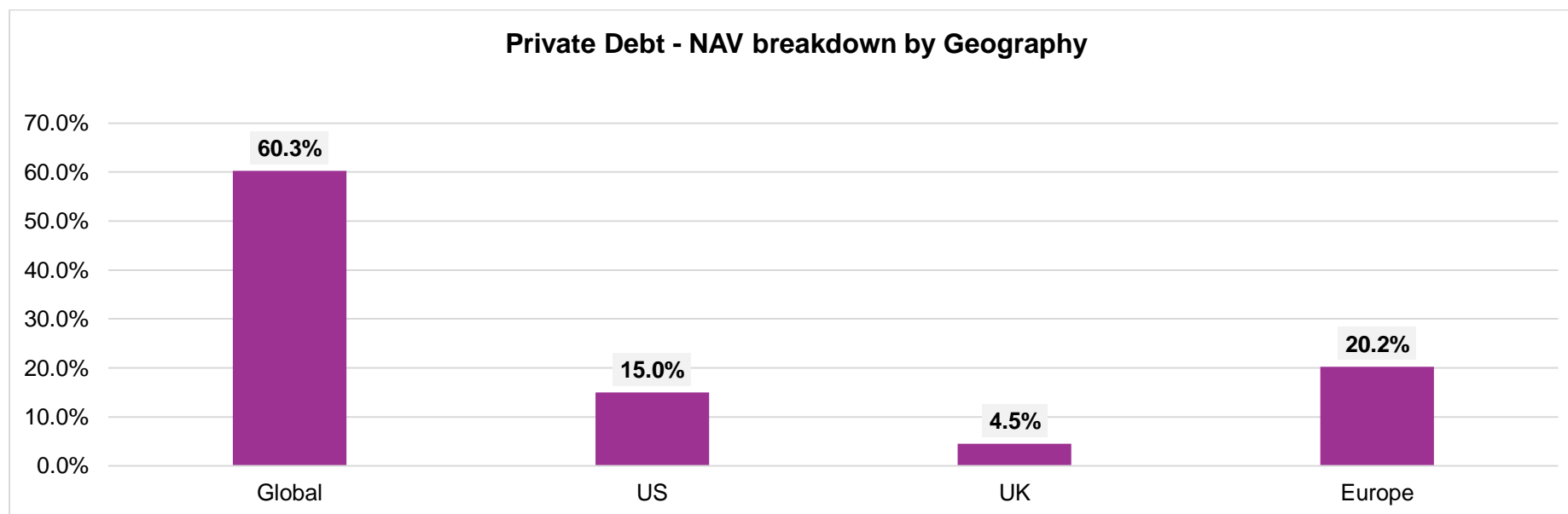
Private debt encompasses a broad range of strategies which provide financing across all elements of the capital structure. The credit exposure is generally illiquid, and these funds are typically held to maturity. The income generated from these funds is a useful source of cash to meet liability payments. Both the legacy private debt assets and the portfolios being built by Border to Coast are diversified

by strategy and geographic location. The current value of SYPA's total private debt assets was £632m at 31 March 2025 – and the breakdown of the portfolio is shown in the graphs below.

A further £200m was committed by SYPA to Border to Coast's private debt portfolio at the beginning of the 2024/25 financial year, with the expectation that this amount will be drawn down over the coming years. SYPA's total allocation to private debt is currently below the strategic target of 7.5% of total Fund assets - but we are making annual commitments to this sector through Border to Coast at a rate we believe is appropriate for increasing the allocation to the right level.

The overall private debt portfolio returned 6.0% over the year to 31 March 2025, which was in-line with the target long-term return for this asset class. Over longer time periods, which are more appropriate for asset classes of this nature, the portfolio has consistently produced returns ahead of target (for example, 9.5% per annum over the past 5 years, relative to the 6% annual target return).



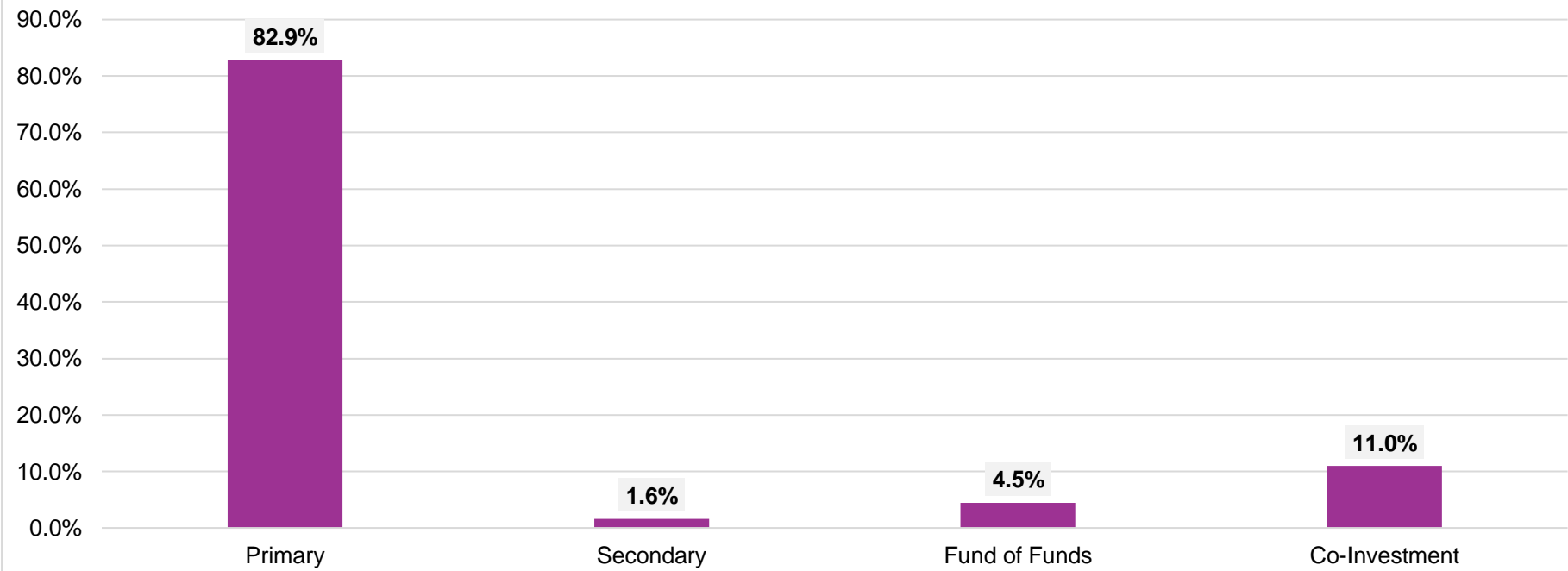


Private Equity

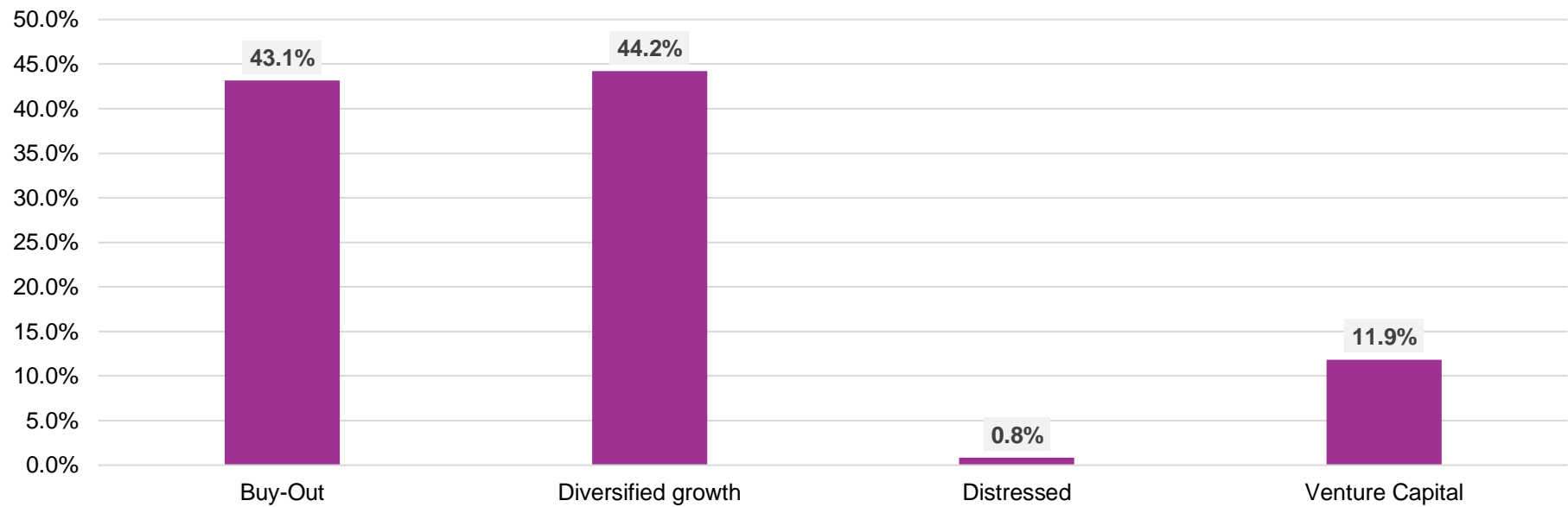
Private equity is the ownership of companies that are not listed on a public stock exchange. SYPA's investment in private companies is through a variety of closed-ended limited partnerships managed by specialist management teams. Private equity investments provide returns linked to quoted equities but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

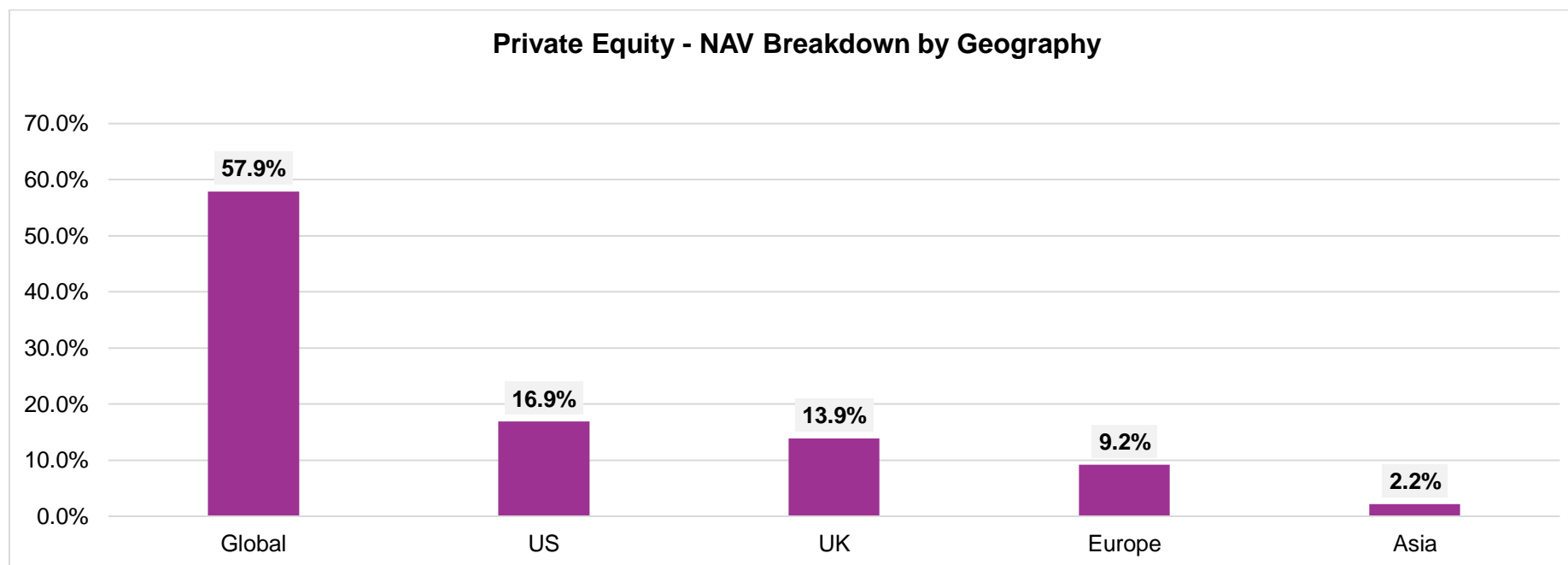
Both SYPA's legacy private equity assets and the portfolios being built by Border to Coast are diversified by investment type, strategy and geographic location - and the breakdown can be seen in the graphs below. The total value of SYPA assets currently invested in private equity is £1,179.6m.

Private Equity - NAV Breakdown by Investment Type



Private Equity - NAV Breakdown by Strategy





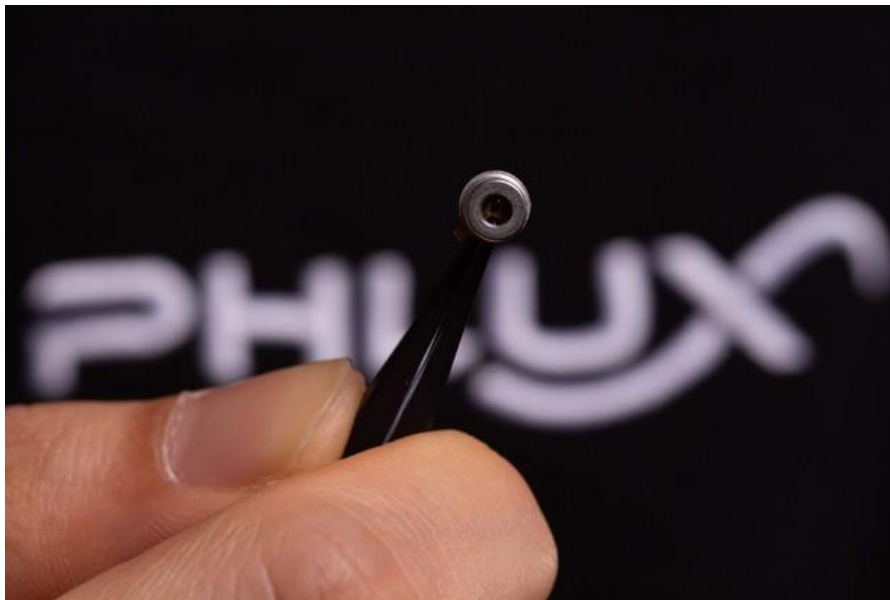
The private equity market continued to face challenges over the year ending 31 March 2025. Although deal activity increased again in 2024 (aided by easing interest rates and falling credit spreads) the tariff announcements created uncertainty and market volatility. Such conditions can hamper the initial public offering route, as potential buyers exercise caution, and asset managers often extend their time horizons as they seek to meet their target exit values.

The one-year performance of the total portfolio showed a gain of 4.7% which is below the annual absolute return target of 10% for this asset class. Within this, the performance of Border to Coast's portfolio has been relatively strong (11.1% per annum) relative to the legacy portfolio (1.8% per annum). However, due to the nature of private equity investments, the performance really needs to be viewed over longer time periods. The Fund's private equity portfolio has generated a 12.7% annualised return over the past five years, for example, during which it comfortably outperformed its target return.

The vast majority of new investment into private equity is now through Border to Coast. A commitment of £100m was made by SYPA at the beginning of the 2024/25 financial year. This rate of commitment is lower than over previous years but is in accordance with the Fund's strategic asset allocation. We are now above the target strategic weighting for this asset class and wish to gradually reduce exposure. Investment is being made in such a way to ensure that we still have vintage and strategy diversification.

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

- To give an illustration of the types of underlying allocations made within private equity, SYPA has an investment in Northern Gritstone. This is a venture capital firm with a significant focus on early-stage science and intellectual property-rich businesses originating from its partner universities in the North of England.
- One investment made by Northern Gritstone is in a company called Phlux, a Sheffield-based company which was a spin-out from the University of Sheffield.
- Phlux has developed a patented, highly sensitive semiconductor material with best-in-class performance for sensing and communication systems.
- This technology has large potential end markets - and the company has secured its first design win, with a sales pipeline worth \$22m.
- Northern Gritstone view Phlux as a high-potential investment which could deliver a double-digit investment return upon exit.



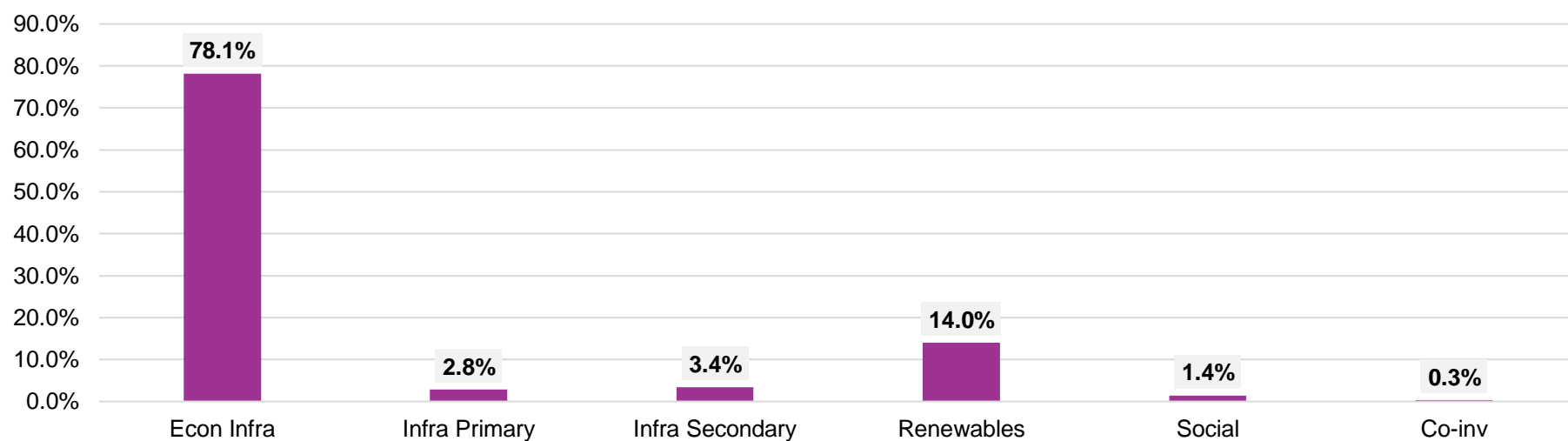
Infrastructure & Renewables

Infrastructure investments include assets in energy generation (gas, electricity and renewable), transport, communication, and healthcare/hospitals. They typically offer long-term returns which have a close match to the objectives of the Fund - preservation of value over the long term, inflation linkage, a cash flow focus and diversification. These assets are illiquid by nature, meaning that capital is locked up for a period, but this is generally compensated for by expected higher returns. A key focus of infrastructure investing is assets with inflation-linked, long duration income streams which are less sensitive to the economic cycle.

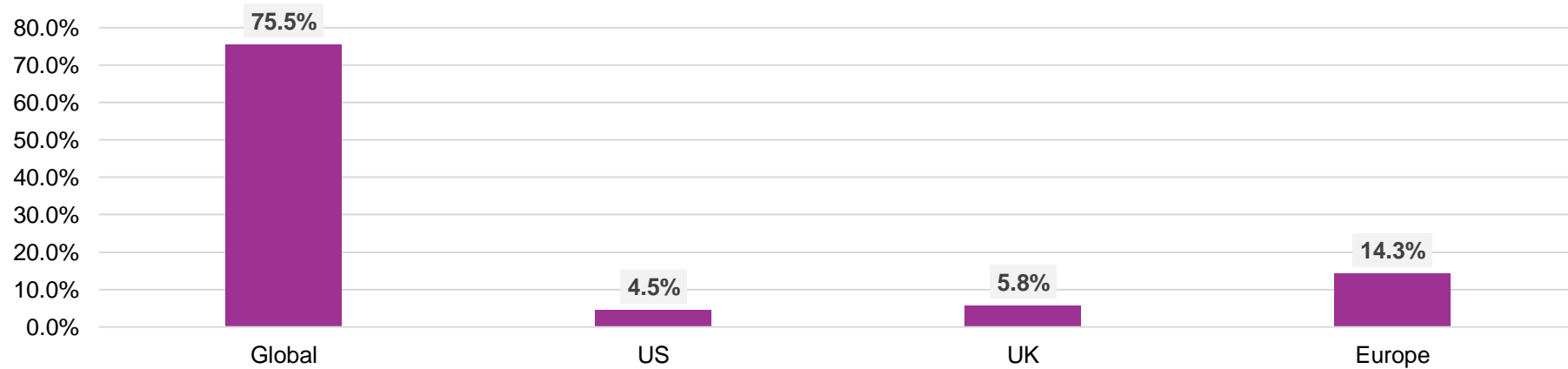
SYPA effectively has two separate categories of infrastructure investment - general Infrastructure and a more recently established portfolio of renewable energy assets. The allocation to general infrastructure has been made via global and regional investment funds. The allocation to general infrastructure portfolio is broadly in line with the strategic allocation of 9% of Fund assets - but we remain underweight to renewable energy funds relative to our 5% strategic allocation. We will continue to build-up and maintain our allocations in this space by making appropriate annual commitments through Border to Coast.

At the beginning of the 2024/25 financial year, we made a £180m infrastructure commitment to the Border to Coast, which will be drawn down over the coming years. The current value of our total infrastructure investments is £1,027.4m. Our exposure is well diversified, as set out in the graphs below. Both portfolios are benchmarked against an absolute return target of 8% per annum. Over the twelve months to 31 March 2025, the general infrastructure portfolio returned 3.5%. Again, returns should be judged over the longer term, and the infrastructure portfolio has returned 7.7% per annum over the past 5 years which is broadly in line with expectations. Generally, although operational infrastructure assets can be less exposed to the economic cycle, tariffs could potentially increase costs and lead to the likes of project delays and scaled-down developments.

Infrastructure - NAV Breakdown by Strategy



Infrastructure - NAV Breakdown by Geography



An example of a fund which SYPA has holdings in through Border to Coast is EQT Infrastructure V. Border to Coast has committed a total of £108m to this fund on behalf of its partner funds (including SYPA).

Amongst its investments, EQT provides exposure to a company called InstaVolt – a leading UK EV charging company. InstaVolt develops, installs, and operates electric vehicle charging stations across the UK and controls a network of over 2,000 charging points. It plans to roll out 10,000 by 2032. Building the infrastructure to enable the transition to EVs has meant InstaVolt has saved more than 633 million miles of emissions to date, supporting UK net zero ambition and cleaner air, all while supporting jobs and development in the UK.



Climate Opportunities

This is a Border to Coast fund, in which SYPA have committed a total of £595m to-date. The fund supports SYPA's commitment to decarbonise and will help us to meet our net zero target. The investments target strategies across all the alternative asset classes which support the energy transition and move to a low carbon economy and has a target return of 8% pa. Although the fund is now fully committed, only £154m has been drawn down to-date, albeit it is still too early to quote reliable return data for this long-dated, illiquid mandate.

Property

SYPA is currently targeting a strategic allocation of 9.0% to property, albeit the actual allocation as at 31 March 2025 was slightly below this (standing at 8.1%). Property is an important source of income for the Fund.

SYPA's overall property allocation as at 31 March 2025 was split across the following elements:

- A holding of £448.6m in Border to Coast's UK Real Estate Fund, which was launched in October 2024. The majority of SYPA's directly-held UK properties were transferred into this fund upon launch, in return for units in the fund.
- Two legacy directly-held properties (one Welsh and one Scottish) with a value of £52.4m which have not yet been able to transfer to Border to Coast due to tax reasons.
- One legacy, directly-held property which was transferred to the Border to Coast UK Real Estate Fund on 31 March 2025 but had not yet settled in the fund as at the effective date of this annual report. This has a value of £23.3m, which is not included within our total asset figures.
- A holding of £17.5m in Border to Coast's Global Core Real Estate Fund, which was launched during the previous financial year. We have committed a total of £95m to this but the drawdown of proceeds is still ongoing.
- £9.9m in two legacy overseas trusts. These are both going through a liquidation process, but this may take several years to complete.
- 12 indirectly-held specialist property holdings valued at £256.9m.

Within the specialist holdings we have set up a portfolio of regional development debt with CBRE as an advisor to invest in local (South Yorkshire) development projects. The portfolio has the aim of generating a commercial return whilst delivering a positive local impact. Five loans were in place as at the financial year-end and there are further loans in various stages of the due diligence process. As at 31 March 2025, £111.9m had been drawn down to fund the five ongoing developments.

An example of an investment in this space is our funding of Panattoni Park in Doncaster, a 760,300 square foot industrial/logistics unit, which is expected to require up to £46m in total. This is a joint venture between Barings and the international real estate developer, Panattoni. This site sits on a prime logistics location, less than a mile from the M1 and within easy reach of coastal ports and the cities of Doncaster, Sheffield, Leeds, Derby and Nottingham.



SYPA has held a direct portfolio of agricultural property for over 40 years. This portfolio was held as a store of value and as a diversifying asset but did not fit into the LGPS pooling environment. During the previous financial year, we completed a joint venture project with Royal London where these assets became the seed assets for a new Natural Capital fund and allowed us to realise part

of our investment. This fund will still allow the delivery on the environmental potential of the portfolio and improve the capital stock whilst also continuing to contribute to the UK food security. Our holding was valued at £128.9m at financial year end.

This past year, we have expanded our natural capital holdings by allocating to two forestry mandates, with specialist managers Campbell Global and Gresham House, which constituted holdings valued at £76.0m as at 31 March 2025.

Annual performance of the total property portfolio to 31 March 2025 was 4.2%, underperforming the weighted benchmark of 6.0%.

Cash

Cash is only held pending investment and on 31 March 2025 the sterling cash figure was at £138.1m. £39m of this was held within sterling liquidity funds and £60m held with five F1 rated banks.

Responsible Investment

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

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

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

SYPA Responsible Investment Policy



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

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

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

Voting

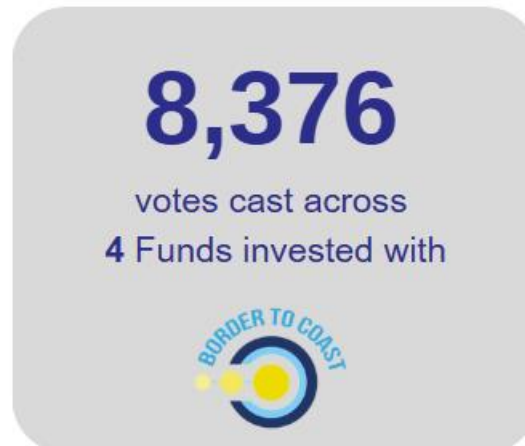
Active ownership involves using shareholder rights to improve the long-term value of a company and includes both voting and engagement strategies. The Authority regards voting rights as an asset and looks to those managing money on its behalf to use them carefully.

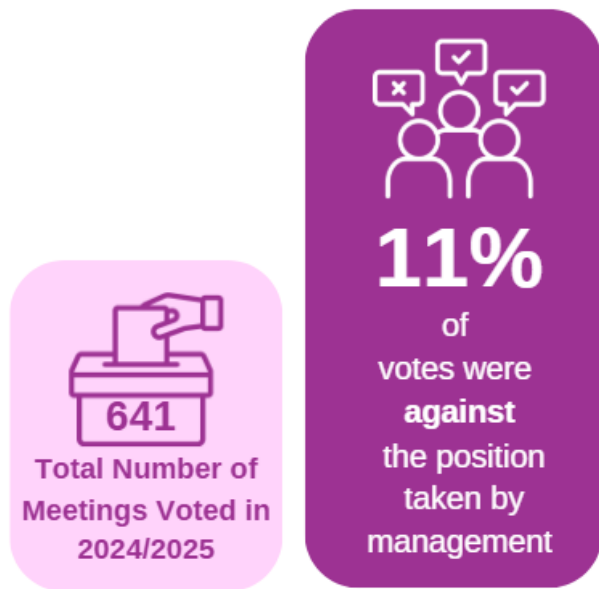
Because we now own shares through pooled funds operated by the Border to Coast Pensions Partnership, we no longer exercise our voting rights directly. However, Border to Coast exercises voting rights and engages with investee companies in line with a Responsible Investment Policy and Voting Guidelines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

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

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

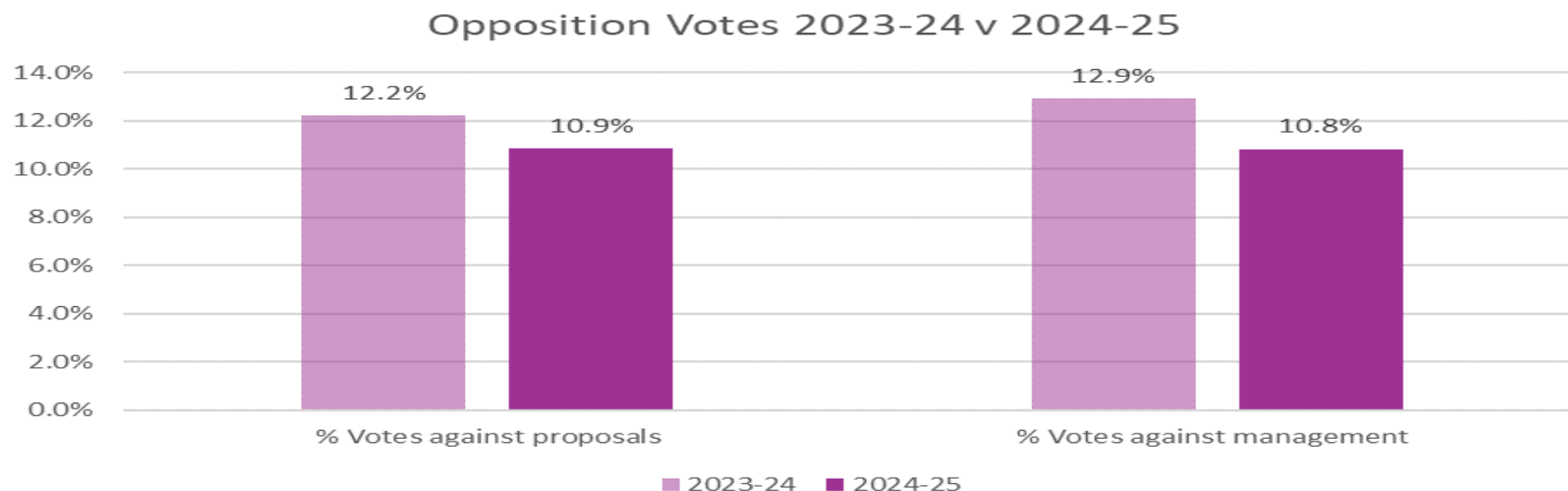
- 641 total number of meetings voted in 2024/25
- 8,376 votes cast across 4 Funds invested with Border to Coast.
- 11% of votes were against the position taken by management.





The total number of votes cast in 2024/25 is marginally down on last year as a result of a reduction in the number of stocks held in the underlying listed equity funds, due to portfolios becoming more concentrated.

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



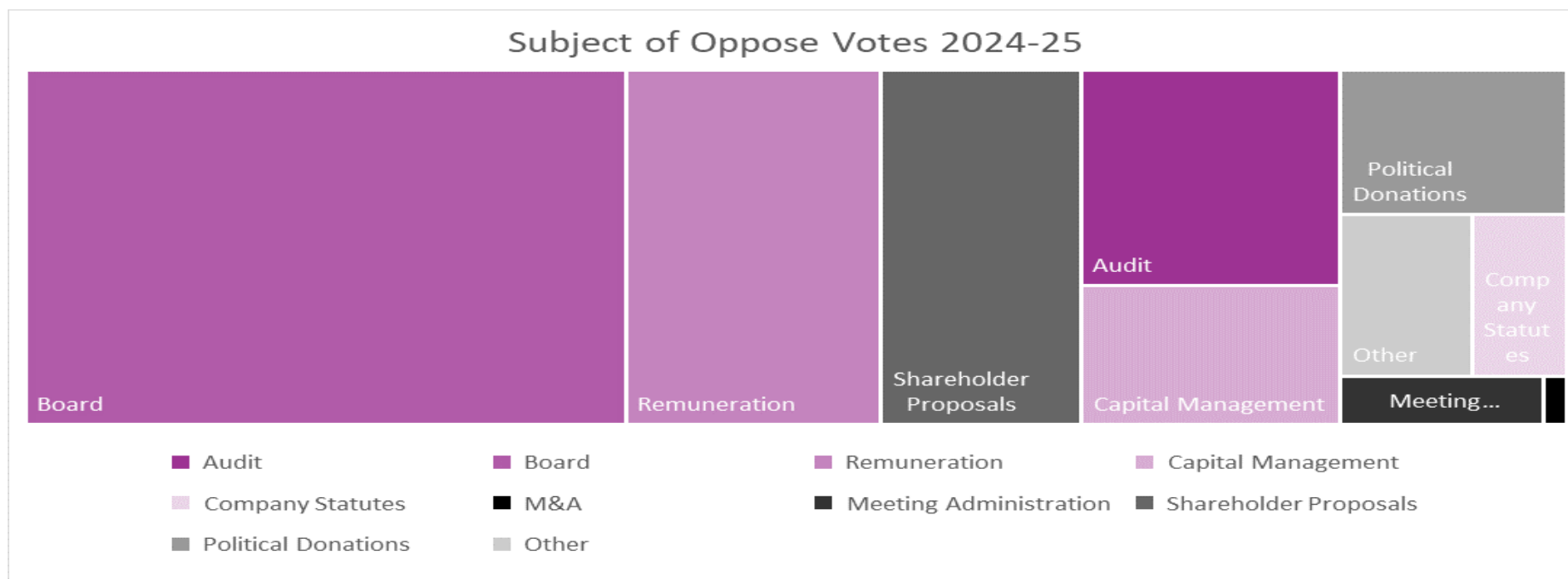
The proportion of votes against management remained over 10% following the tightening of the voting guidelines in 2022/23, particularly in relation to voting against the Chairs of companies and remuneration committees where the company has failed to achieve sufficient board diversity or to adequately address climate risk. As well as votes against the Chairs of companies, there were significant votes against management cast in support of shareholder resolutions aimed at ensuring companies have robust plans for the transition away from carbon supported by science-based targets. During 2024-25 both the proportion of votes against proposals and votes against management fell modestly. This small reduction in votes against management reflects positive initial movement by some companies in relation to climate and wider ESG issues.

Notable votes against management include Shell's request for shareholder's approval for its report on progress and the updated 2024 Transition Strategy. Changes to the company's most recent strategy include the removal of a 2035 target to cut Scope 1, 2 and 3 net carbon intensity by 45% and weakening its 2030 net carbon intensity target. A shareholder proposal co-filed by various institutional investors attracted significant attention, as it requested the company to increase its efforts and align its medium-term Scope 3 emissions reduction targets with the Paris Climate Agreement.

After analysing Shell's transition plan, Border to Coast concluded that the company needed further action to align with the Paris agreement. Therefore, Border to Coast decided to vote against management by supporting the 'Say on Climate' (SOC) shareholder

proposal which allowed shareholders to vote on the company's climate transition plan. Shell's 2024 energy transition strategy received 78.0% support from shareholders, while the climate shareholder proposal received 18.6%.

At the Shell AGM, Border to Coast voted against the re-election of the Chair due to inadequate targets and decarbonisation strategy.

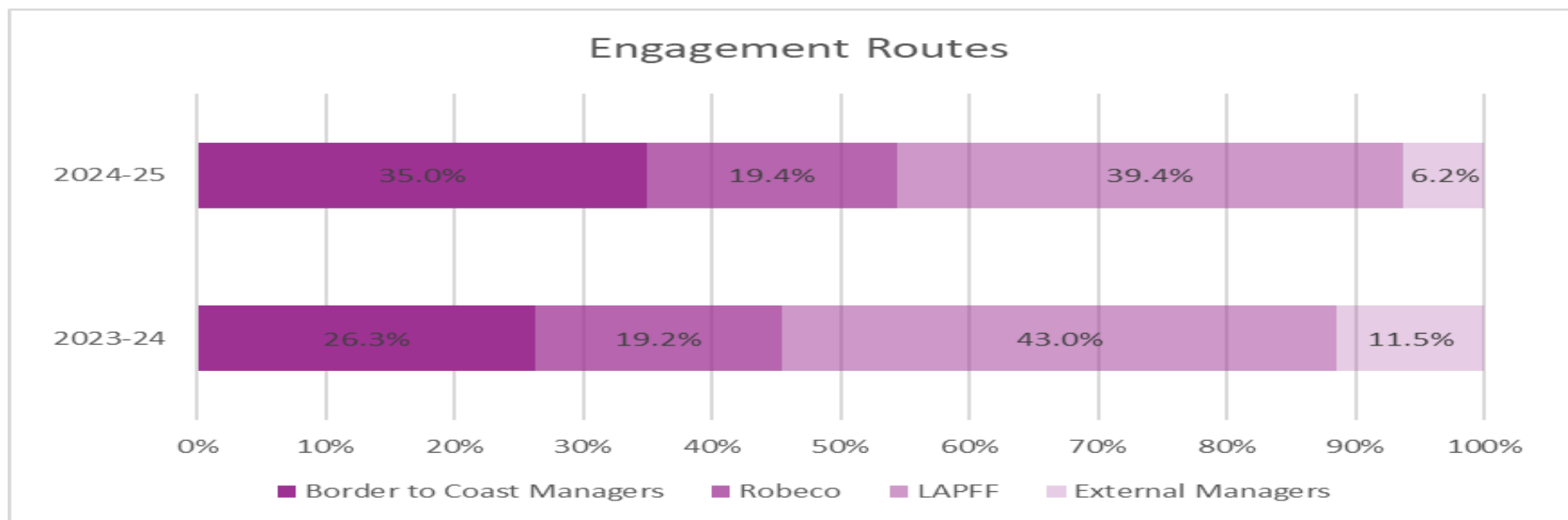


Engagement

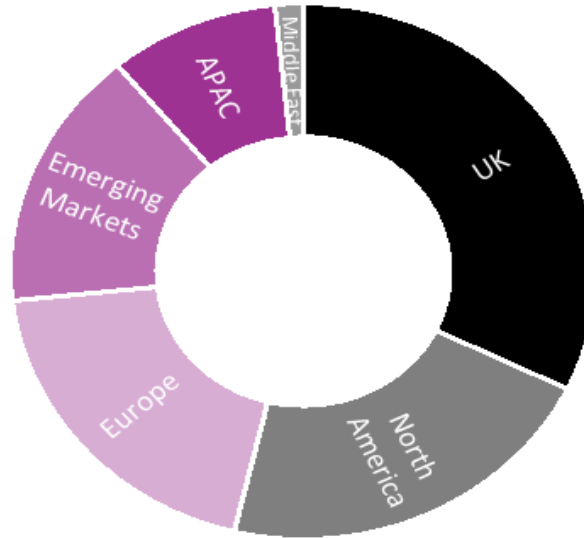
Engagement is the process by which investors use their influence to encourage companies to improve their behaviour and management of ESG issues which may improve the companies' long term financial performance. Following the pooling of our assets the Authority now engages with companies in relation to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

- Direct engagement with companies by Fund Managers at Border to Coast Pensions Partnership;
- Direct engagement with companies by external managers who are responsible for mandates within the Border to Coast funds;

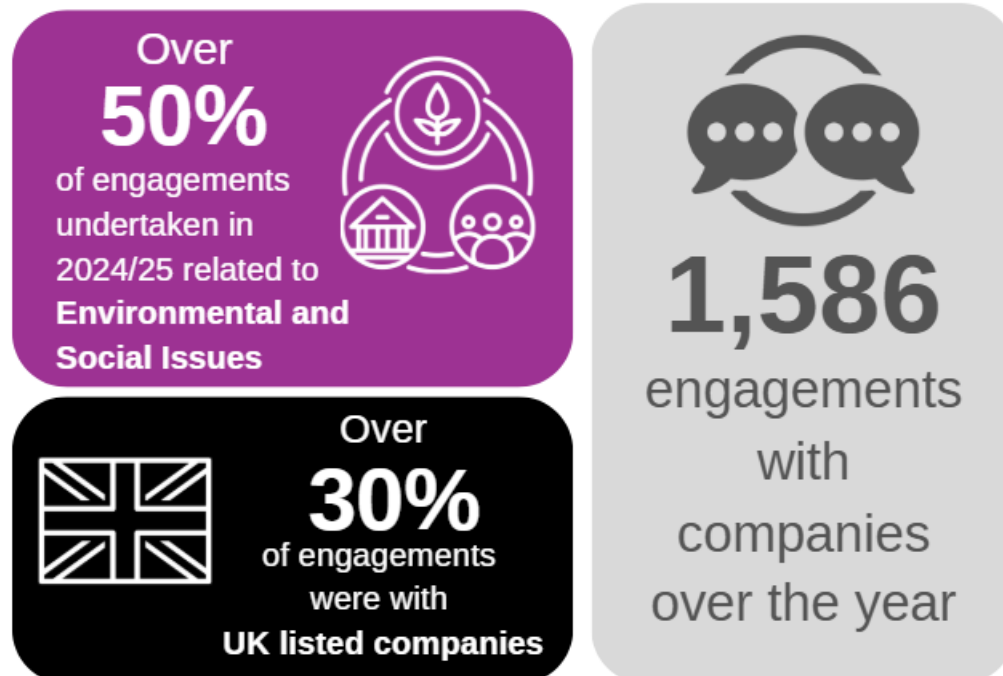
- Engagement with companies by Robeco, Border to Coast's voting and engagement partner; and
- Engagement through the work of the Local Authority Pension Fund Forum (LAPFF) which is a collaborative group of UK local authority pension funds which seeks to use the collective scale of shareholdings in companies to influence behaviour.



Market Focus of Engagement 2024-25



- 1,586 individual engagements with companies over the year
- Over 30% of engagements were with UK listed companies
- Over 50% of engagements undertaken in 2024/25 related to Environmental and Social Issues



Engagement Priorities

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

Nature of Risk	Systematic Issues	Environmental	Social	Governance
Issue to Address	Climate Transition	Waste and Water Management	Social Inclusion through Labour Management	Diversity of Thought
SYPA Priority / Characteristics	Climate Action SDG 13 / Affordable and Clean Energy SDG 7	Clean Water and Sanitation SDG 6	Respect for Human Rights / Transparency in Governance	Transparency in Governance/ Respect for Human Rights
Aim	Aims to engage both high emitters and banks identified as key to financing the transition to a low-carbon economy to commit to credible plans to meet net-zero targets.	Aims to engage portfolio companies with high exposure to water intensive operations producing high levels of packaging waste to develop policies and initiatives to address the issue(s).	Aims to engage companies with high exposure to labour intensive operations and lower scoring companies in relation to human capital development and supply chain labour management risk.	Aims to engage companies on plans to improve diversity within their workforce, including the establishment of workforce diversity programmes with a focus on equal opportunities.

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[OBJ]

Engagement Topic Examples

Over the year there have been a number of engagements, covering the topics above, that have been undertaken by Border to Coast through Robeco and LAPFF. Three such engagements are summarised below with full details available in the quarterly reports for Border to Coast and LAPFF.

Shell and BP

- Following the second reduction in transition plan ambition by BP, without a shareholder vote, Border to Coast requested a vote at the 2025 AGM. BP refused and Border to Coast advised the company this would cause a vote against the re-election of the Chair and other directors.
- As part of Border to Coast's voting escalation, they pre-declared these votes ahead of the BP AGM where 24% of shareholders voted against the re-election of the Chair.
- After attending a small meeting Border to Coast responded positively to Shell's reduced absolute emissions target for oil production but were disappointed that there was no similar target for gas.
- Border to Coast publicly pre-declared their vote against Shell's Chair and support for a shareholder proposal calling for a Paris aligned, medium term target covering Scope 3 emissions.

Water Utility Companies

- In 2023, Border to Coast joined a collaborative engagement initiative which focused on assessing and defining best practice with respect to: sewage pollution, water leakage, climate mitigation and biodiversity impact within the UK water utility sector.
- Border to Coast is leading engagement with Yorkshire Water and Northumbrian Water and reassessed progress following collaborative engagement in 2023.
- A meeting has been held to share the assessments and highlight areas for improvement.
- Engagement with both Northumbrian and Yorkshire Water will continue.

Banks

- Border to Coast partnered with Royal London Asset Management to engage Barclays, Lloyds, NatWest and HSBC to pioneer the integration of a just transition into the banking sector's net zero strategies.
- A meeting was held to discuss Border to Coast's 'Investor expectations on Just Transition for Banks'.
- Border to Coast will also Chair the IIGCC's Just Transition Working Group to explore integration in an emerging markets context.

ENGAGEMENT TOPIC EXAMPLES

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Collaborations

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

Border to Coast

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

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

Local Authority Pension Fund Forum (LAPFF)

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

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Impact

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

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

- Impact – The Good Economy report to be inserted here when available.

Governance

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

Stewardship

The integration of ESG risks and a robust approach to stewardship is strongly supported in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which govern how the Authority should manage its investments. Guidance made under the regulations states that funds should become signatories to the UK Stewardship Code. The Authority seeks to manage its investments in line with the UK Stewardship Code 2020 which defines best practice in terms of how we look after or “steward” our investments.

In February 2025, the Authority was confirmed as a signatory to the UK Stewardship Code, highlighting SYPA’s ongoing commitment to responsible investment and transparency. The Code is produced by the Financial Reporting Council (FRC) who review annual submissions by Asset Owners and Asset Managers to determine whether they meet the relevant standards.

Climate

Climate Change

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

Physical Impacts - For example, increases in the number of extreme weather events

Technological Changes - For example, the development of new battery storage technologies and hydrogen powered vehicles

Regulatory and Policy Impacts - For example, the introduction of a law to prevent the sale of petrol/diesel powered vehicles

Transition Risk - For example, the risk to a business that its plan for the transition away from carbon is not aligned with the timescale of changes in regulation

Litigation Risk - For example, the risk to a company of losing a legal action in relation to its action or inaction in relation to carbon emissions

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

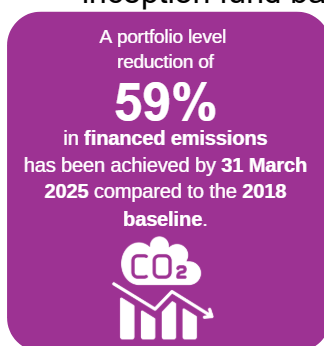
The Authority recognises that climate issues can be more relevant and readily implementable within some parts of the portfolio than others. In this section of the Annual Report, we provide an overview of the approach to climate-related governance, strategy and risk management that applies to all Border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

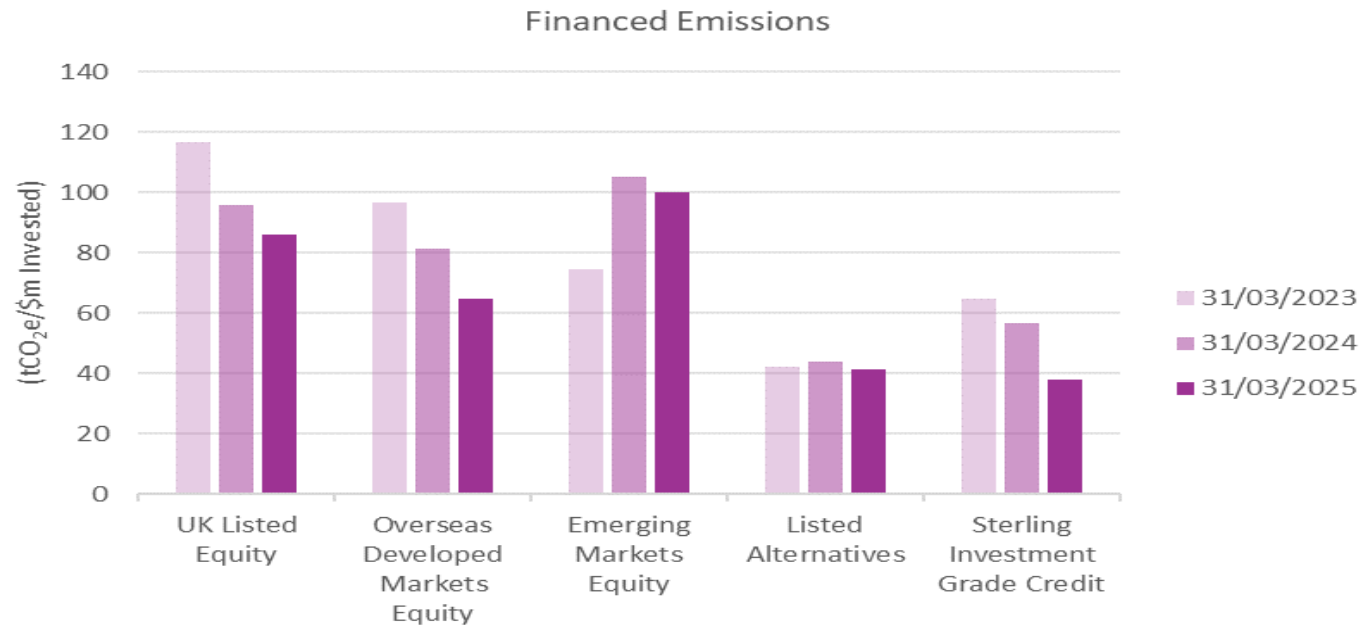
Data Quality

- The weighted average of reported Scope 1 & 2 data availability for the 5 listed asset portfolios is 84%.

Emissions Measurement

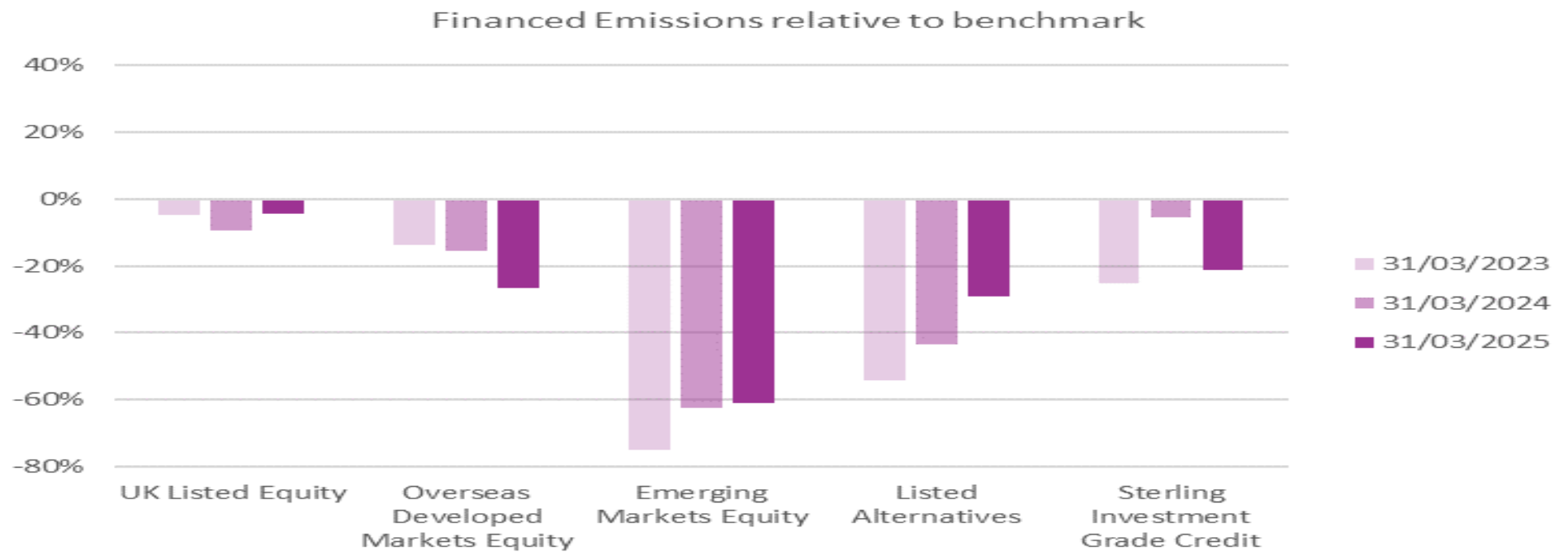
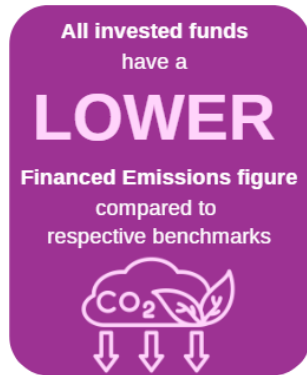
- Financed emissions for all 5 listed Funds that are reported have fallen over the reporting year
- Scope 1 & 2 (weighted average) Financed emissions continued a positive, downward trajectory, falling 16.2% in 2024/25.
- A portfolio level reduction of 59% in financed emissions has been achieved by 31 March 2025 compared to the 2019 or since inception fund baseline.



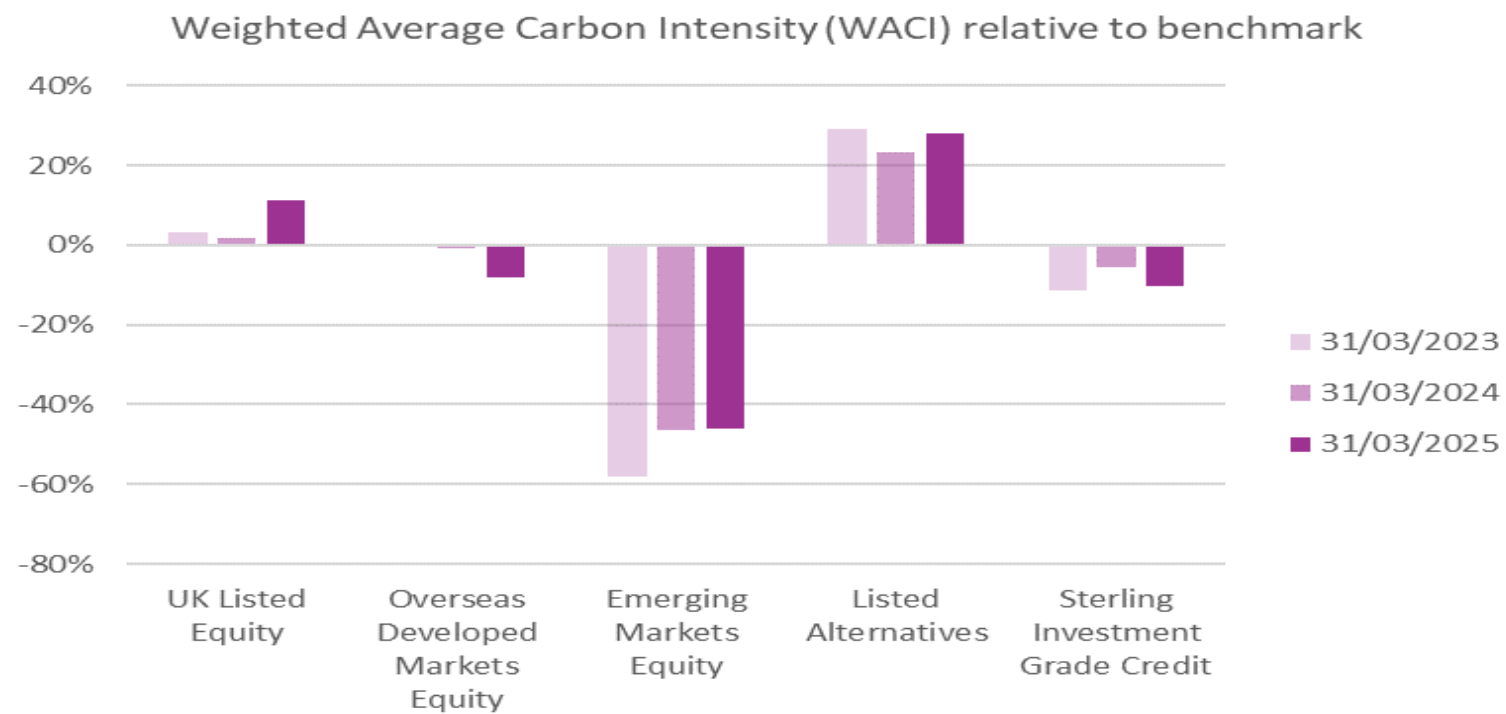


Source: MSCI ESG Research LLC, 31/03/2025

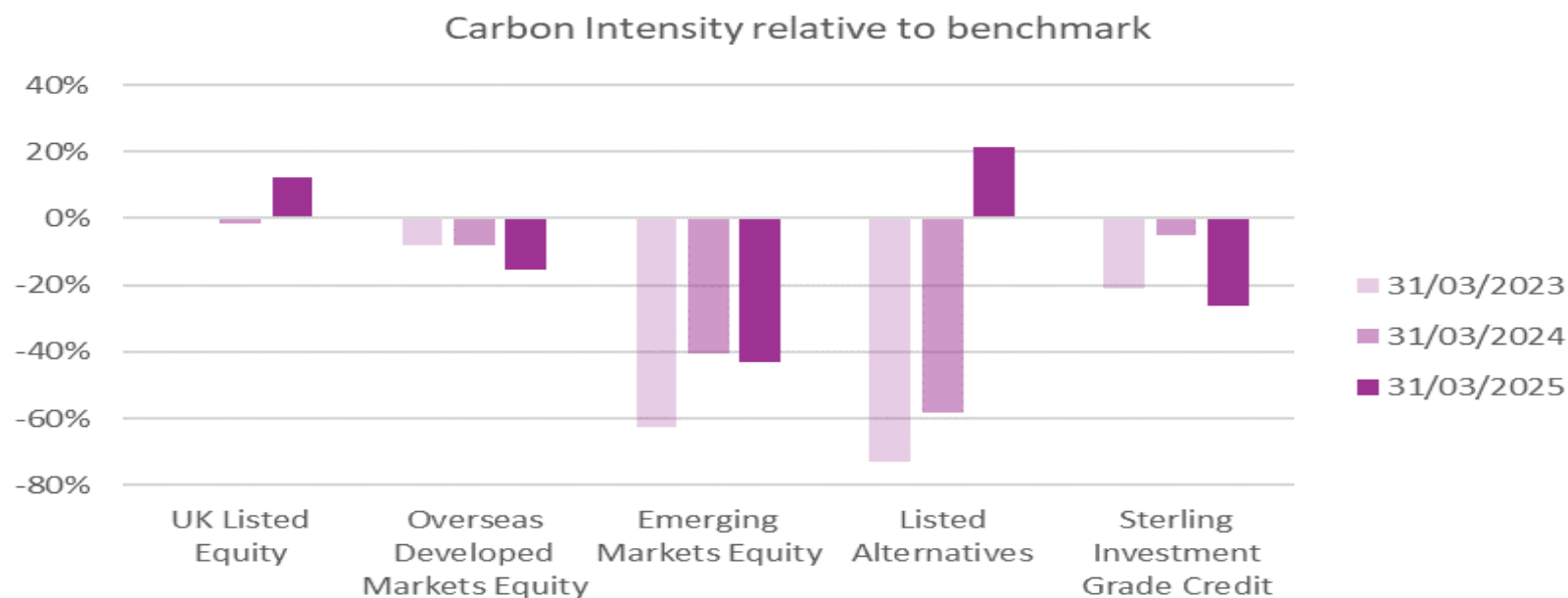
The financed emissions figure is affected by fluctuations in market value, where positive equity market performance this year has helped to reduce the overall level of financed emissions.



Source: MSCI ESG Research LLC, 31/03/2025



Source: MSCI ESG Research LLC, 31/03/2025



Source: MSCI ESG Research LLC, 31/03/2025

The Overseas Developed Equity Fund, Emerging Markets Equity Fund and Sterling Investment Grade Credit Fund have maintained their relative Weighted Average Carbon Intensity (“WACI”) and Carbon Intensity measures below or in line with the benchmark position.

Commercial Property

Progress has been made in a number of areas shown in the table below which analysed progress against the three pillars of Aberdeen’s ESG approach, capturing the sustainability indicators most material for the Fund to consider at asset level. [\[Tables below to be updated when information available from Border to Coast\]](#).

Pillar	ESG Topic	ESG Ambition	Performance to date
Transparency, Integrity and Reporting	ESG Client Reporting	Annual ESG Reporting aligned with INREV best practice sustainability guidelines	Aligned

Investment Process and Asset Management	GRESB	Increase score year on year	2023: 78 (3 Stars) 2022: 74 (3 Stars)
	TCFD	Report in line with transition and physical risks	Included in standalone TCFD report
	Green Building Certification	Target an increase in % of portfolio ERV covered by a certification	2023: 32% 2022: 37% 2021: 10%
	Carbon and Energy	Target net-zero carbon by 2050* Target an increase in assets with energy performance certificated A-C	Detail included in standalone TCFD report 2023: 74% 2022: 78% 2021: 70%

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

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

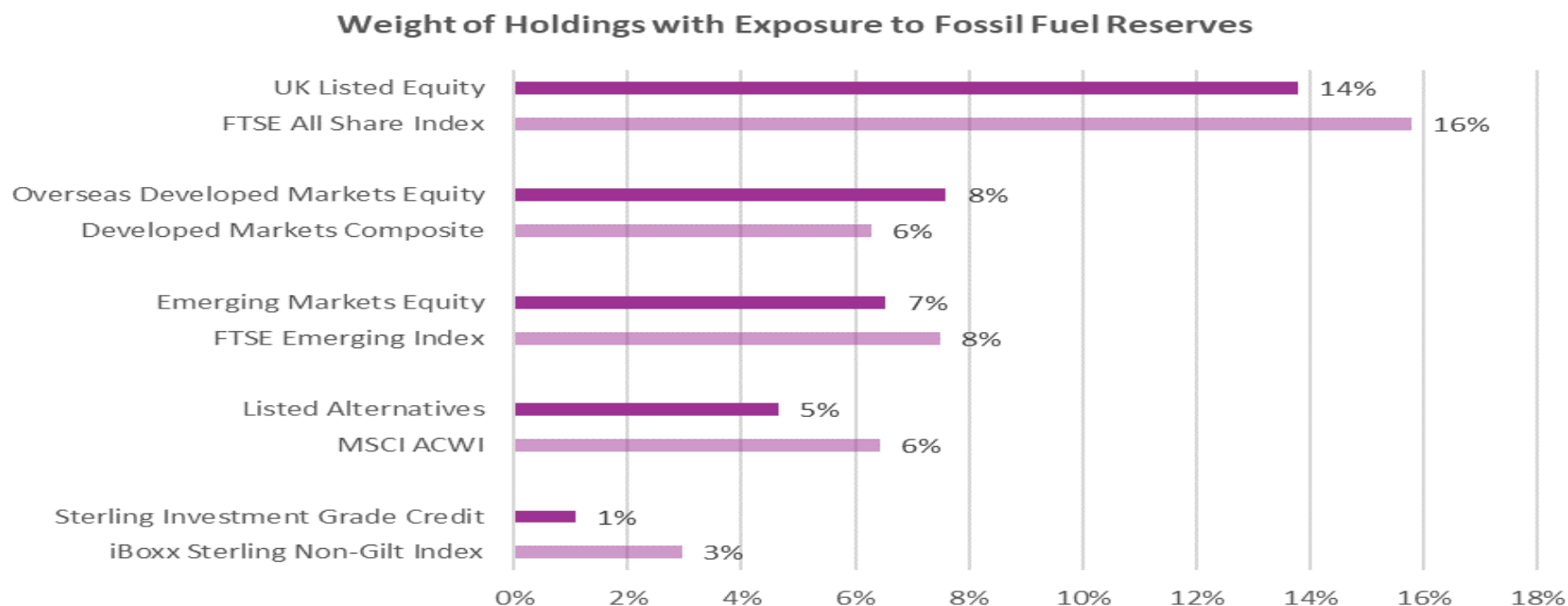
GRESB Component	2023	2024
Total score (out of 100)	78	
Management score (out of 30)	329	
Performance score (out of 70)	49	
No of stars	3	
Peer group ranking	22 nd of 100	xx of yyy

GRESB Data as at 31/12/2023

Holdings Analysis

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

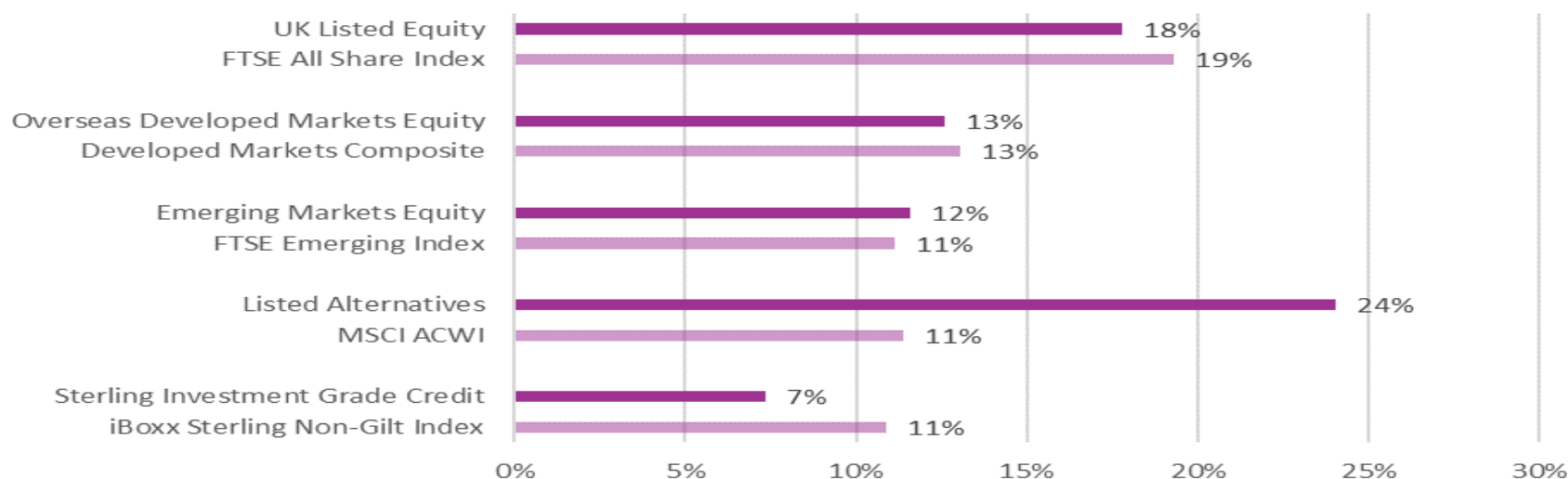
We can also look at the weight of companies in the various portfolios owning fossil fuel reserves and owning clean technology solutions in comparison to the same metrics within the relevant benchmark index and this is shown in the charts below.



Source MSCI ESG Research LLC 31/03/2025

From the graph above, it can be seen that only the Overseas Developed Markets Equity fund is overweight fossil fuel reserves relative to its benchmark. All other funds now invest in companies with less fossil fuel reserves than their respective benchmarks.

Weight of Holdings with Exposure to Clean Technology Solutions



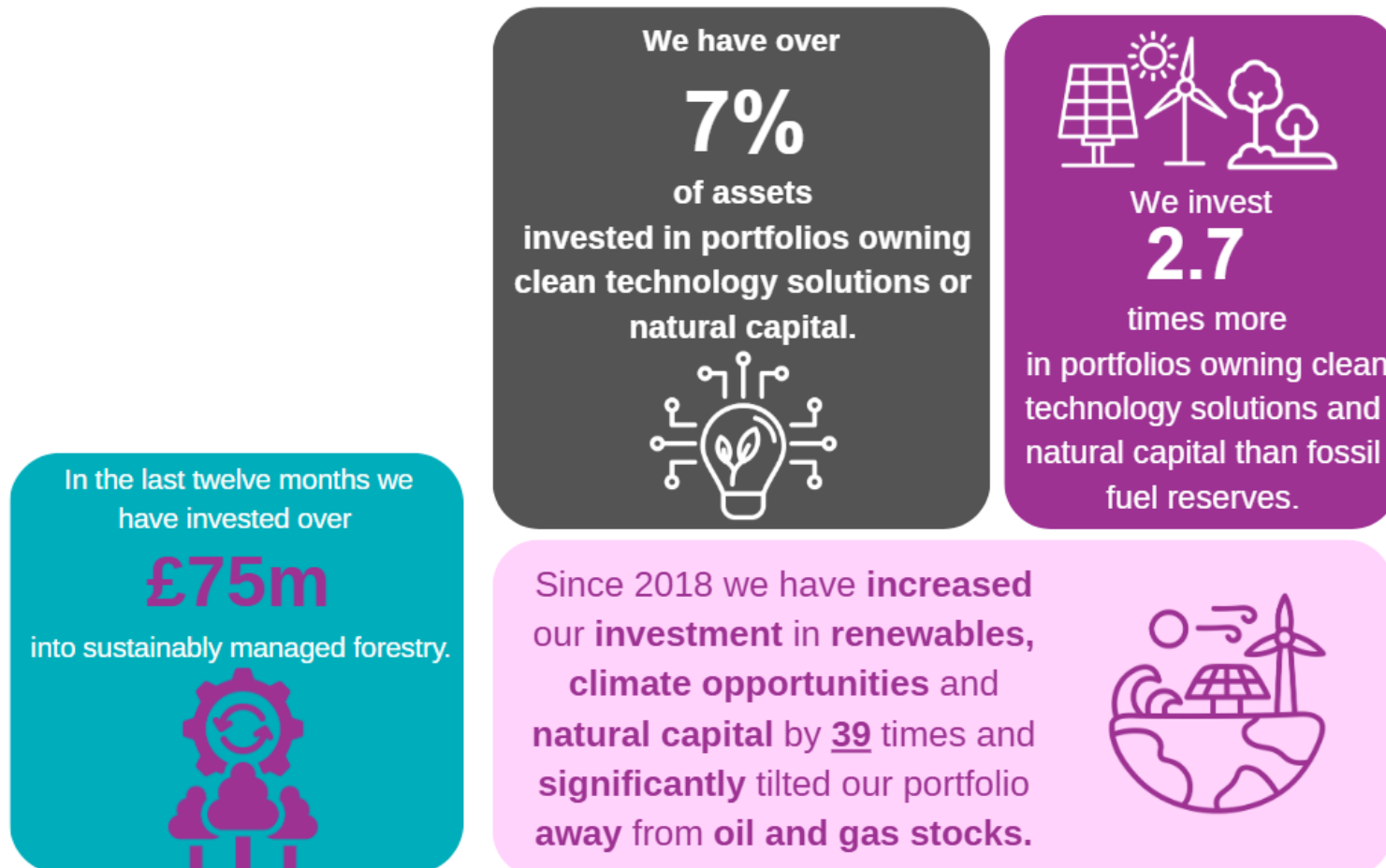
Source MSCI ESG Research LLC 31/03/2025

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

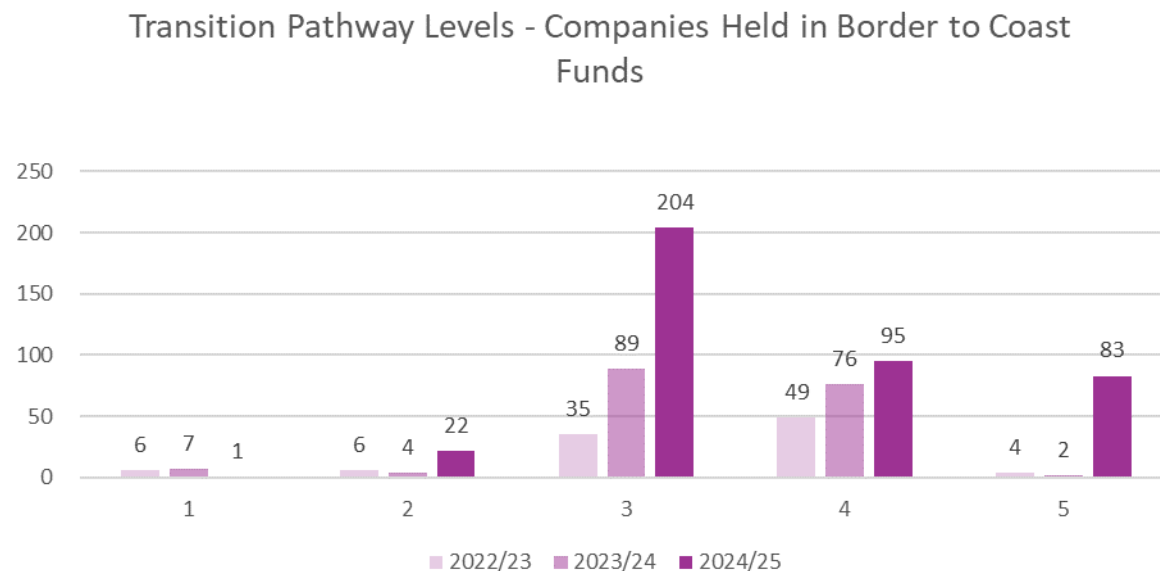
As well as monitoring the exposure to fossil fuels, the proportion of companies contributing to a low-carbon transition is also monitored. There is currently no industry standard definition for clean technology solutions; the data presented above uses MSCI's methodology, which may differ from that of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

- We have over 7% of assets invested in portfolios owning clean technology solutions or natural capital (7.12%)
- We invest 2.7 times more in portfolios owning clean technology solutions and natural capital than fossil fuel reserves
- Since 2018 we have increased our investment in renewables, climate opportunities and natural capital by 39 times and significantly tilted our portfolio away from oil and gas stocks.

- We have a little over 7% of assets invested in portfolios owning clean technology solutions or natural capital.
- We invest 2.7 times more in portfolios owning clean technology solutions and natural capital than fossil fuel reserves
- Since 2018 we have increased our investment in renewables, climate opportunities and natural capital by 39 times and significantly tilted our portfolio away from oil and gas stocks.
- In the last twelve months we have invested over £75m into sustainably managed forestry.



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



Source: Border to Coast March 2025

- 382 portfolio companies managed by BCPP were rated by Transition Pathway Initiative (TPI) and ranked at level 3/4/5 for the quality of their arrangements for managing carbon. (a year-on-year increase of 129%).

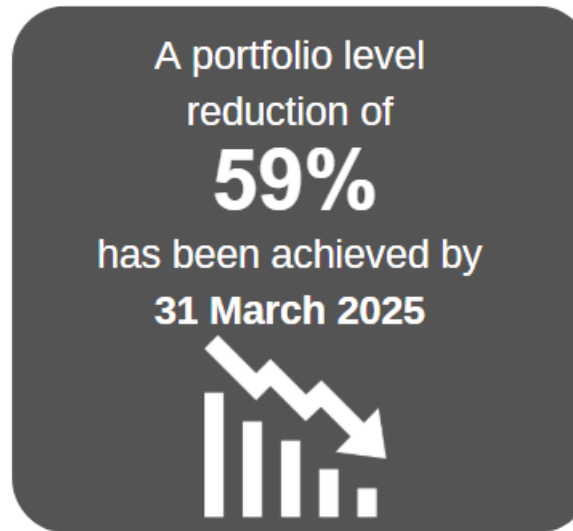
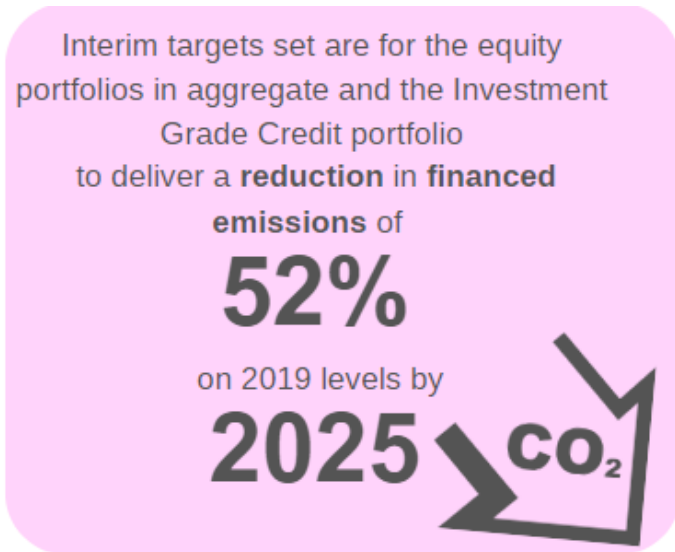


Targets

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

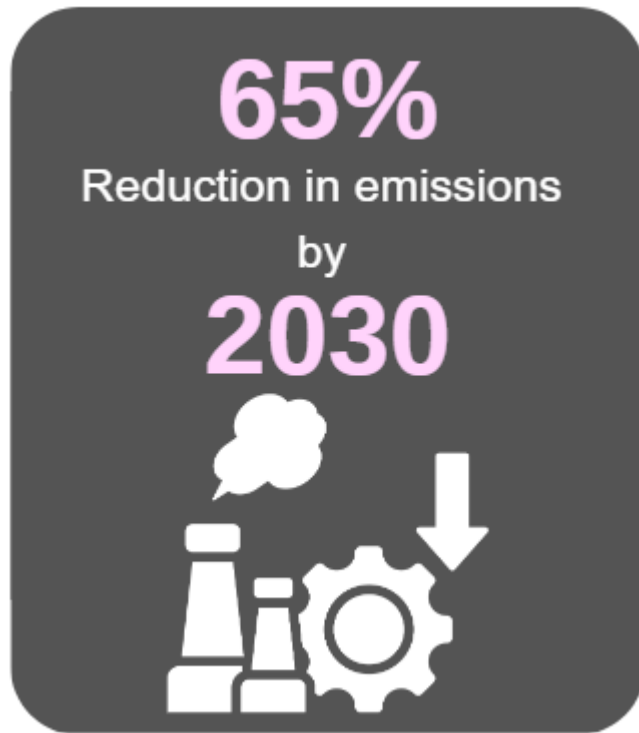
We have now defined provisional targets for carbon emissions (also known as financed emissions) towards the achievement of this goal, with the addition of information on the portfolio's degree of alignment, with the targets set out in the Paris agreement, gathered through the Strategy Review.

The interim targets set are for the equity portfolios in aggregate and the Investment Grade Credit portfolio to deliver a reduction in financed emissions of 52% relative to 2019 levels by 2025. This is significantly greater than implied in the International Energy Agency's Net Zero Emissions 2050 pathway. From these portfolios, a reduction of 59% has been achieved by 31 March 2025 relative to the 2019 starting level.



This represents a positive step in the Authority's ambition to achieve net zero from its investment portfolios and exceeds the interim 2025 target. It should be noted that these listed portfolios that report financed emissions represent 50% of SYPA's total assets. It is not currently possible to report the equivalent financed emissions on the other half of the investment portfolio due to a lack of data. We continue to work with Border to Coast and our investment managers to fill this reporting gap.

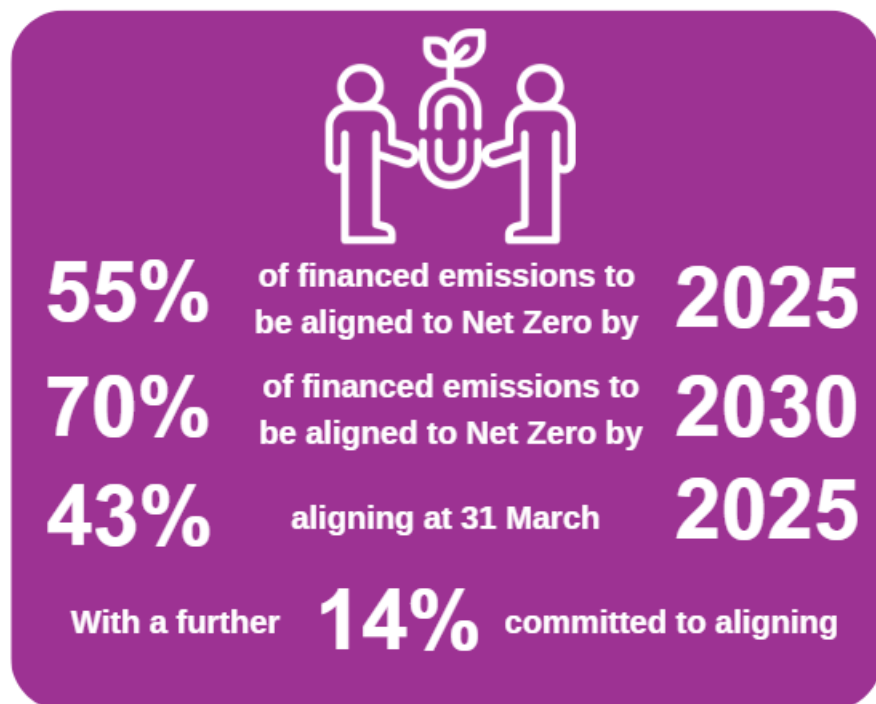
While the Authority would wish to see these portfolios achieve Net Zero by 2030 this is not something that is entirely within our gift; given our dependence on Border to Coast for the provision of investment products, and the fact that the broader partnership goal is set as 2050. Additionally, the world may simply not be evolving quickly enough for the Authority to achieve such an ambitious real-world impact. Therefore, based on current information available, it is estimated that these portfolios could achieve a 65% reduction in emissions by 2030 relative to 2019, compared with the 43% reduction implied in the Paris Agreement pathway to 2050. This total 65% reduction would require year-on-year reductions of approximately 3% p.a., which is less than the equivalent figure required by Paris aligned equity benchmarks.



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

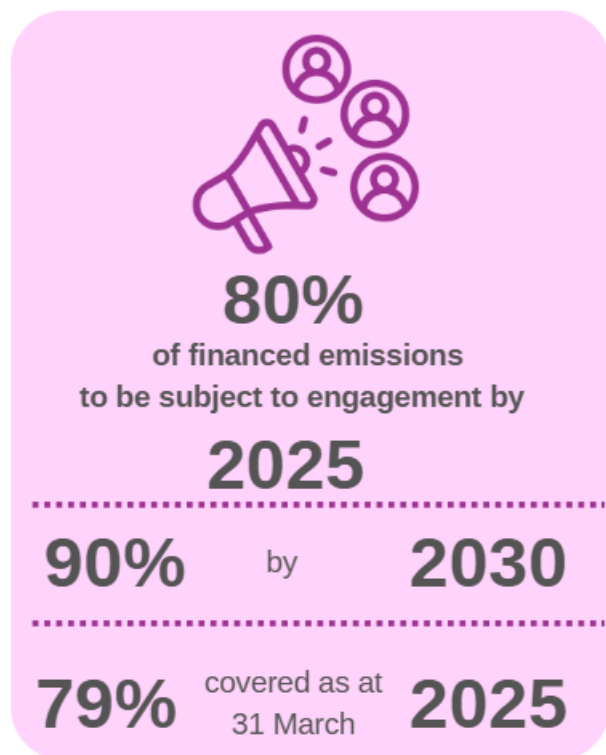
- Companies which are achieving Net Zero;
- Companies which are already aligned to Net Zero;
- Companies which are in the process of aligning to Net Zero; and
- Companies which are being engaged with to encourage them to align to Net Zero.

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



50% of financed emissions to be aligned to Net Zero **by 2025**, and **70% by 2030**.

As at 31 March 2025 3% of financed emissions in reported funds were aligned to a net zero pathway with a further 57% either aligning or committed to aligning and 80% of financed emissions to be subject to engagement by 2025 and 90% by 2030 with 79% covered at 31 March 2025.



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

The material in this report has been prepared by Border to Coast Pensions Partnership Limited (“Border to Coast”) and is designed for the use of professional investors and provides investor information about the specific funds detailed. The MSCI ESG Fund Ratings and material in this document are for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. There is no assurance that any socially responsible investing strategy and techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results. The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested. Border to Coast accepts no liability for any loss or damage arising from any use of, or reliance on, any information provided in this document. Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

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

Implementing the Funding Strategy Statement

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

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

The objectives of the Funding Strategy are to:

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

These policies are reviewed every three years alongside the valuation of the Fund, or more frequently if there is a change in the regulations. During the year the Cessation Policy was updated.

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

This year saw:

- An update to the Cessation Policy was undertaken to ensure the Authority was compliant with the regulations and acting in a fair and transparent way with all employers.
- Commencement of communication with Fund employers regarding the 2025 Valuation. This included working with the larger main scheme employers in line with the stabilisation mechanism in place that manages changes in their contribution rates.

Ordinary Contributions

The Fund collected £192,719,000 (£314,171,000 in 2023/24) in employer contributions and £81,865,000 (£78,097,000 in 2023/24) of employee contributions during the year. The Fund paid out £15,487,000 of the employer contributions (paid out £39,698,000 in 2023/24) related to secondary contributions either contributing towards repaying employer funding deficits or refunding employers' share of the Fund's surplus. A full breakdown of these contributions is set out in the Appendix to this Annual Report. *The Fund collects contributions by direct debit and therefore there were no occasions where employers failed to pay over contributions on time.*

Additional Contributions

The Fund collected £5,647,000 (£4,519,000 in 2023/24) in additional contributions from 28 employers (24 in 2023/24) to meet the costs of allowing 128 scheme members (134 in 2023/24) to take their pension early. These payments are required as an immediate lump sum. In addition, the Authority received £303,000 (2023/24 £312,000) through the levy on the four district councils in respect of the unfunded liabilities of the former South Yorkshire County Council the actuarial value of which is estimated at £1,344,000 (2023/24 £1,620,000). The levy represents the payments to 90 surviving employees of the former County Council (2023/24 105).

III Health Retirement

During the year, 51 scheme members retired on the grounds of ill health. Ill health benefits are tiered according to the likelihood of the scheme member being able to return to employment before their normal retirement age. The table below shows the numbers of ill health retirements in each tier.

	2023/24		2024/25	
	Number of Ill Health Retirements	Number of Employers with Ill Health Retirements	Number of Ill Health Retirements	Number of Employers with Ill Health Retirements
Tier 1	46	14	45	24
Tier 2	1	1	2	2
Tier 3	6	5	4	4
Total¹	53		51	

¹Note: Employers may have ill health retirements in more than one tier therefore employer numbers are not totalled to avoid double counting.

Larger employers such as the local authorities, colleges and the university meet the costs of ill health retirement through their contribution rate. Given the potentially large and uneven costs of ill health retirements all other employers contribute a small element of their contribution rate to an ill health insurance provision within the Fund. 70% of the above retirements were covered by the ill health insurance provision. The “premiums” for this arrangement are reviewed alongside the triennial valuation to ensure that the resources within this “insurance fund” are sufficient to meet the likely future costs. This arrangement lessens the risk to future contributions for smaller employers caused by the potentially significant costs of a single ill health retirement.

Employers Joining the Fund

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

Employer Type	New Employers 2024/25
Local Authorities and Further and Higher Education Institutions	0
Academies and Multi Academy Trusts	14
Town and Parish Councils	0
Contractors	14
Other Bodies	1
Total	29

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

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

Employers Leaving the Fund

During the year 10 employers ceased to participate in the Fund. In some cases, this was because their contract came to an end, in others because their last active member ceased employment.

Employer Type	Ceasing Employers 2024/25
Local Authorities and Further and Higher Education Institutions	0
Academies and Multi Academy Trusts	0
Town and Parish Councils	0
Contractors	9
Other Bodies	1
Total	10

As a result of these cessations the Authority:

- Paid out £49,272 in exit credits to 5 employers who had a surplus on ending their participation in the Fund (2023/24 £978,434 to 23 employers).
- As the Authority's funding status has improved there were no employers who had a deficit on ending their participation in the Fund this year (2023/24 £59,750 from 8 employers).
- Several smaller employers taking advantage of their improved funding position to end their participation in the scheme.

Prepayment of Contributions

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

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

Employer Type	2023/24		2024/25	
	Prepayments Received £	Number of Employers Prepaying	Prepayments Received £	Number of Employers Prepaying
Local Authorities and Further & Higher Education Institutions	£136,662,000	2	£0	0
Academies and Multi Academy Trusts	£0	0	£0	0
Town and Parish Councils	£0	0	£0	0
Contractors	£0	0	£0	0
Other Bodies	£0	0	£0	0
Total	£136,662,000	2	£0	0

Bulk Transfers Between Funds

The Fund received a net bulk transfer payment from East Riding Pension Fund of £531,456. This was a net payment due to an outstanding bulk transfer of members previously employed by Humberside Police into our Fund on 1 June 2015 and then back out of our Fund on 01 April 2020.

Reviews of Employer Contribution Rates

No reviews of employer contribution rates have either been requested or undertaken during 2024/25 (2023/24 Nil). The Authority did receive several approaches as to whether surpluses would be returned earlier, but given the proximity of the next triennial valuation and the Funding Strategy Statement there were no compelling special circumstances put forward for consideration.

9. Scheme Administration

Summary of administration activities undertaken during the year

The administration of the scheme covers a wide range of duties from onboarding and continual support of employers, collection of monthly pension contributions (employers and employees) together with data collection for every individual member of the scheme, all to ensure our Pension Administration database is up to date and we can process member benefits accurately and on time. The Authority continues to invest in resources and technology to develop an efficient delivery platform and provide value for money for our stakeholders. The Pensions Administration department is made up of four dedicated service areas as outlined below.

Benefits

Focus on delivering tasks for all contributing, leaving and pensioner members. This includes work such as calculating retirement benefits, making benefit payments and calculating and paying transfers to other Funds.

Customer Services

The first port of call for all stakeholders and leads on all areas of member engagement. This includes our member helpline, website, and face to face support and events such as pre-retirement presentations and *mypension* drop-in sessions. The team also produce written communications, such as leaflets, newsletters and bulletins.

Employer Services

Provide training and support to our employers and ensure all monthly data returns are processed. This includes work such as admitting new employers into the Fund and facilitating training for those staff working in the employer organisations who deal with LGPS pensions.

Technical Support & Training

Support the whole department with their technical knowledge and training expertise. We have been changing our approach to training and development to ensure that we can provide the best possible services to our members. We aim to ensure all colleagues have the tools and resources to continuously develop their skills and knowledge, and to progress in their chosen roles. Professional training for Pensions staff has been reintroduced. This team are also responsible for data analysis, improving data quality and monitoring complaints and appeals.

These service areas are constantly evolving to service the needs of our membership and employers.

The LGPS is a contracted-out defined benefit scheme with benefits defined under statutory regulations (LGPS Regulations) which are not affected by the Fund's investment performance or market conditions.

Over the last twelve months, the Pensions Administration team continued to work hard to ensure the benefits it looks after for scheme members are paid accurately, on time and according to scheme regulations. Accurate and timely data from scheme employers, strong internal controls, innovative technology, and excellent communication standards are all fundamental to achieving this aim.

Arrangements in place for gathering assurance over the effective and efficient operation of administration operations include the following:

- Quarterly performance reporting to:
 - The Authority
 - Local Pension Board
- Internal audit
- External audit
- The Pension Regulator's annual scheme return

Key projects undertaken across the year have included completing GMP reconciliation and rectification and clearing supplemental pension increase payments due on lump sum payments from 2018. The revised transfers out procedure was embedded after an overhaul to ensure the Fund was fully compliant with all guidance and the only task still outstanding on this project is to sign the Authority up to the Regulator's Scam Pledge.

Throughout 2024/2025 the Authority continued to work on clearing its backlogs with around 70% cleared by year end and rigorous monitoring now in place.

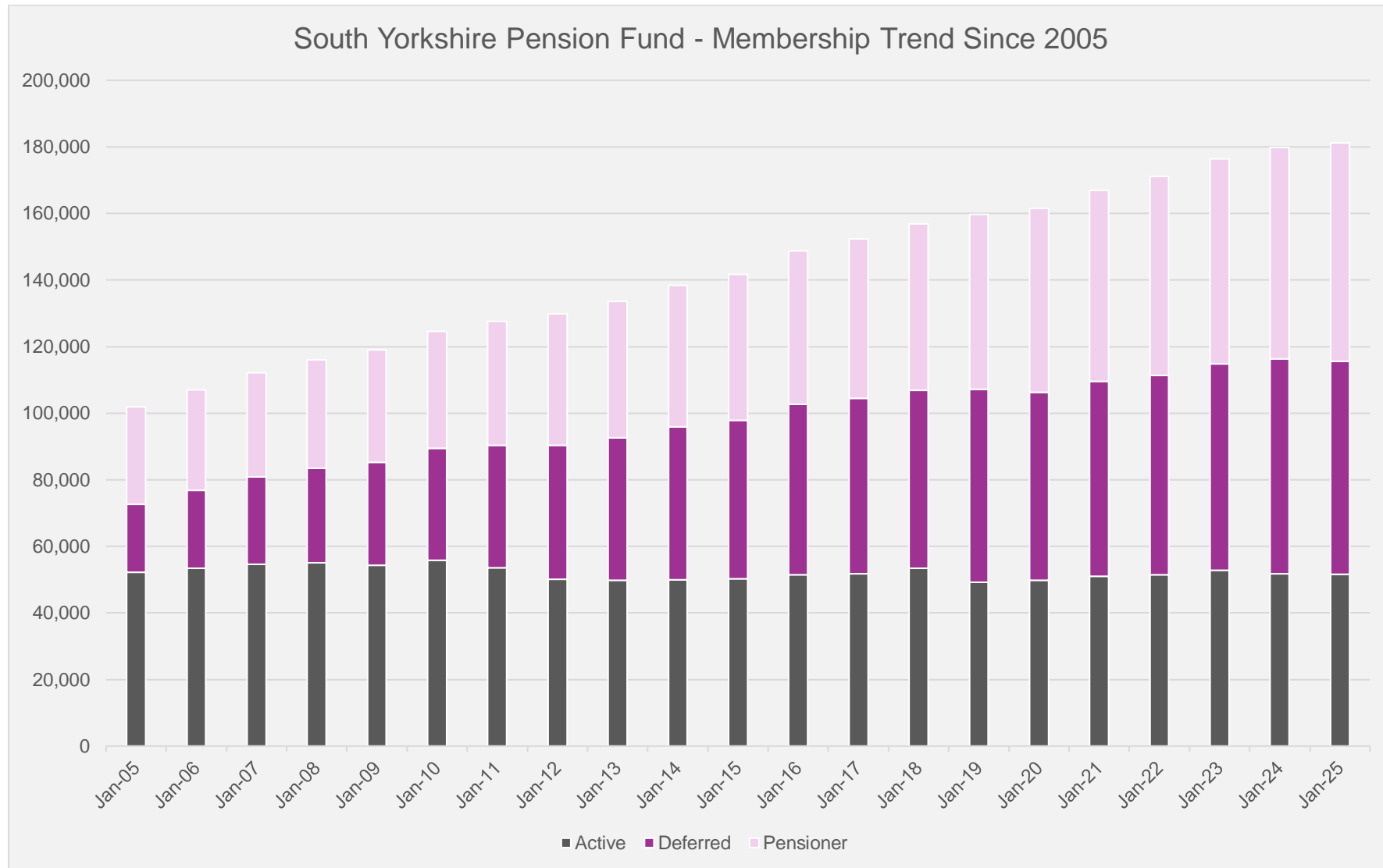
Implementation of the Administration Improvement Plan was a priority this year. The initial focus was to implement the organisation change approved in 2023/24. All newly created posts were recruited to during the year and training plans put in place, however it is too early to see the full impact of this investment just yet. Data quality was also a priority as this was required for normal day to day business but also for the McCloud Remedy and the 2025 Valuation. Due to delays by the pension administrator software provider in developing required functionality, system improvements have been hampered.

The Authority data cleanses throughout the year. Due to an annual process not being able to be run on time in autumn 2024 this resulted in a small drop in the Scheme Specific Score posted this year. See Table E later in this section. Steps have been taken to ensure this should not happen again.

All employers submit monthly data returns. Contribution payments are collected by direct debit and processes are in place to identify and chase late submissions as well as monitoring the data quality. 95% of monthly data was provided on time during the year. Work undertaken by the team has resulted in more data being received on time. Work will continue in this area but also with a focus on data accuracy as well as timeliness.

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

Chart 1 - Fund membership trend



Services provided to all Fund members

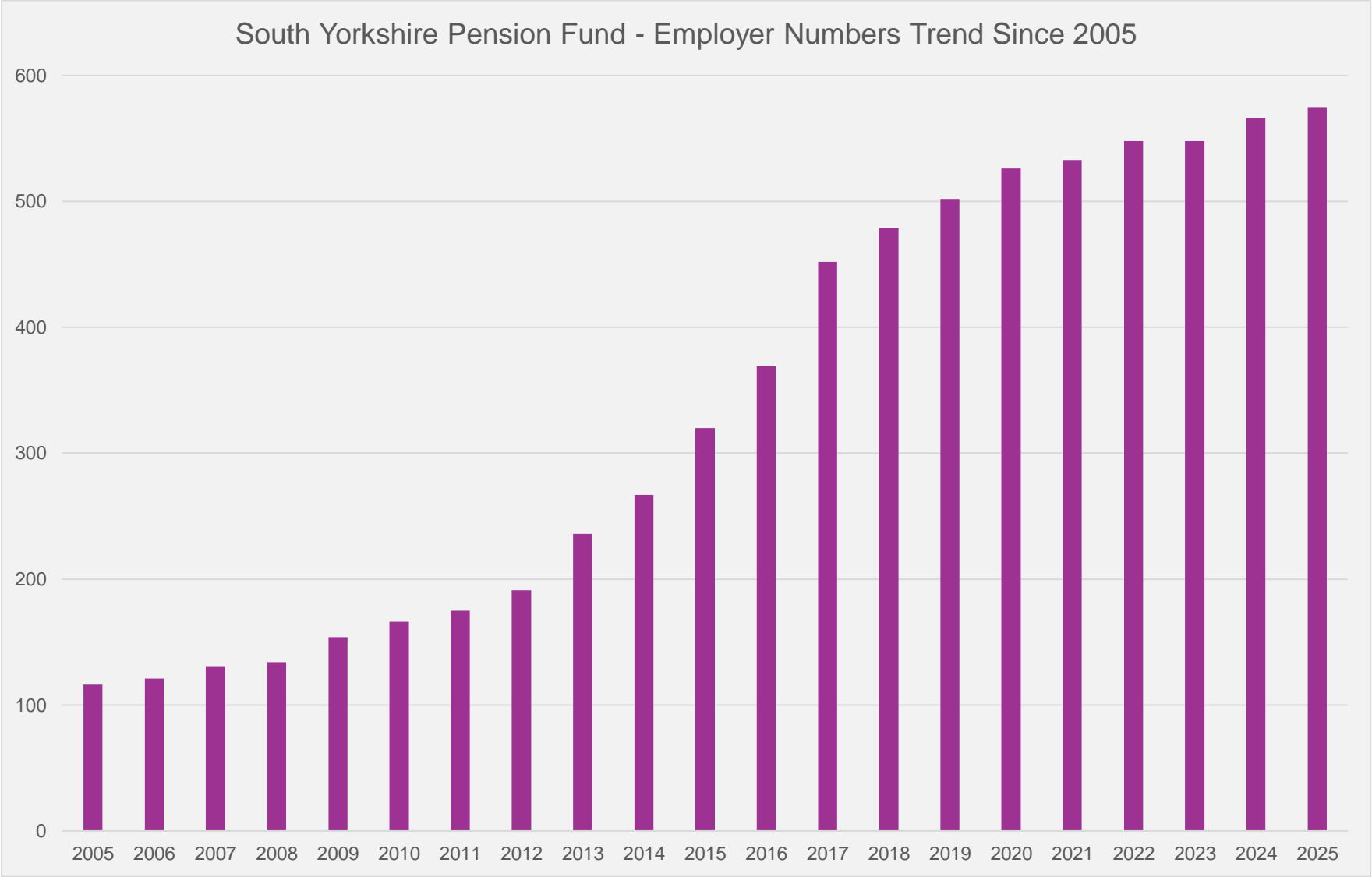
The Fund prides itself on developing and delivering communications of a high standard, ensuring it is well placed to deal with change and challenge. We seek to place our customers at the heart of everything we do, ensuring the Fund drives continuous improvement and develops working practices, systems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

The Fund continues with regular communication which includes:

- Regularly updating website content and design.
- Delivering bulk email campaigns to members.
- Producing engaging, educational content on our Social Media channels.
- Producing annual newsletters, bespoke to our membership categories.
- Delivering pension roadshow events across South Yorkshire, ensuring they are accessible to all.
- Providing both members and employers with a range of face-to-face and digital support, webinars, presentations, workshops and events.
- Seeking feedback from members to improve future services through member engagement forums.

The Customer Services team is the first port of call for most stakeholders, including the member helpline, with around 37,500 calls during 2024/25, and 45,713 emails. An increase on numbers in both areas over the previous year. The Fund's dedicated Employer Services team are committed to supporting our employers by providing information to members on a wide range of pension matters at the members' workplace, offering a variety of ways to engage with and support our members. These include individual consultations, member self-service sessions and a suite of webinars aligned to a member's customer journey from introduction to the LGPS to retirement. Member engagement forums remained popular and provided the Authority with valuable insight and feedback from each category of membership. Initiatives such as Pensions Awareness Week and Talk Money Week were utilised to increase scheme members' knowledge of the value of their pension to them, using both specific events and social media campaigns.

Chart 2 – Employer number trends



Services provided to all employers

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

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

- Collaboration with employers has improved on time data collection from 92% in 2023/24 to 95% this year.
- Engagement staff running 28 training sessions that were attended by 105 employers covering 15 topics.
- Employers Forum was well attended, and the team received positive feedback. The Director attended to discuss the upcoming 2025 triennial Valuation.
- The second 'FD Summit' was held in February with Chief Financial Officers of our largest employers in the Fund. A focus was the initial Fund results for the 2025 Triennial Valuation.
- Building relationships with employers and having regular meetings with four of the larger employers to ensure data quality is maintained/improved.

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

The Authority has an Employer Peer Focus Group which has provided valuable feedback during the year and assisted in the development and roll-out of further initiatives and service improvements.

Administration key performance indicators

Over the last year, the Authority has continued to develop the performance management framework. We use the data and information collected to assess our performance, look for areas of improvement, and benchmark our work against others. Overall, it helps us to make better decisions.

A Key Performance Indicator (KPI) is a measurable target that indicates how individuals or businesses are performing in terms of meeting their goals. There are many performance indicators used across all aspects of our work. The information shown in this report is based on the Scheme Advisory Board's guidance and requirements for LGPS Funds to include within the annual report.

Measuring casework - Volumes

We record every piece of work that we process using a task flow process. These processes allow us to count the work we complete. The chart below shows the volume of casework processed within time in the year.

Chart 3 – Processing Activity

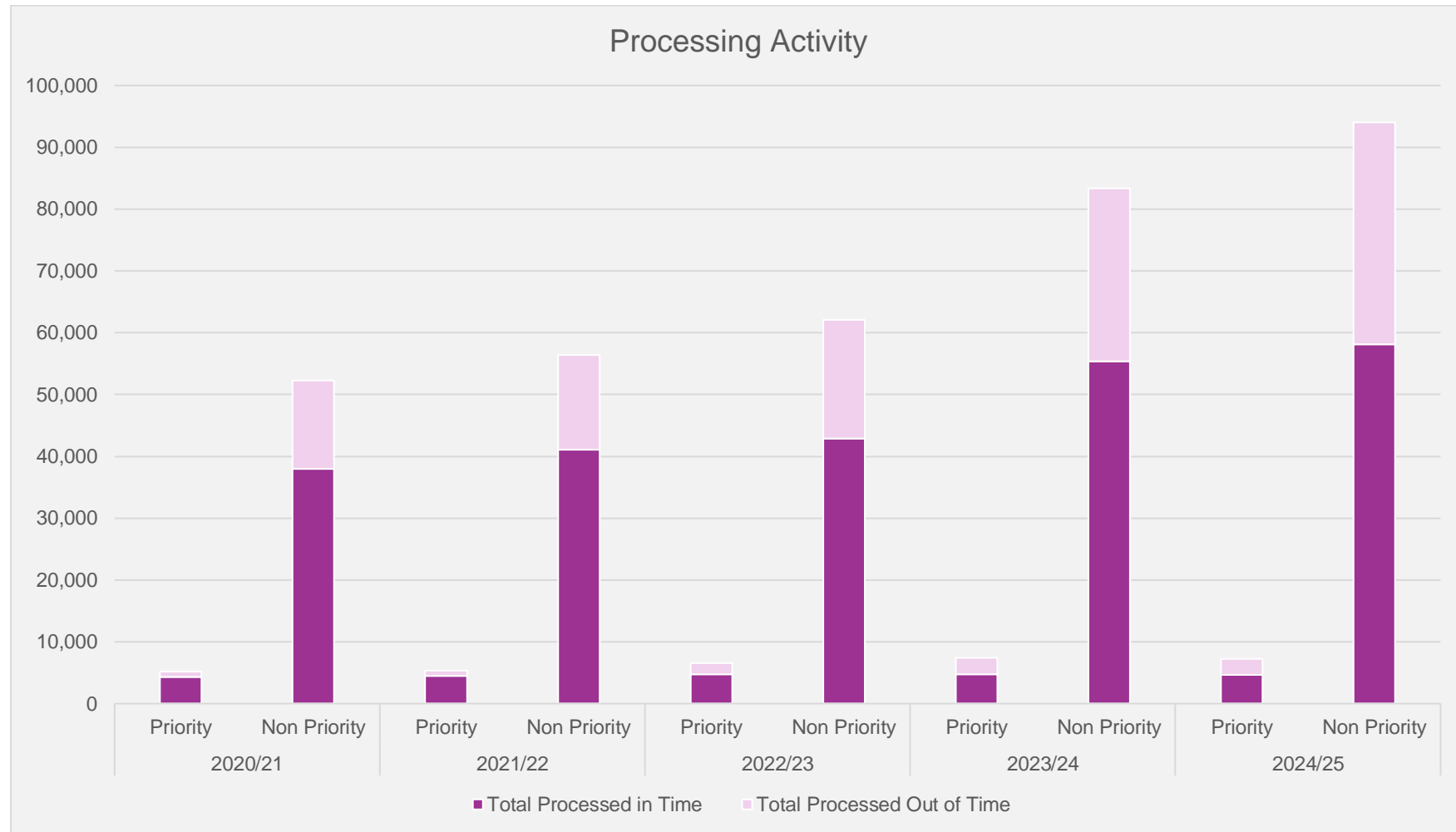


Table A

Code	Casework KPI	Total number of cases open at start of year	Total number of new cases created in the year	Total number of cases completed in the year	Total % of cases completed in the year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	475	4,153	4,121	89%	4,054	90%
A2	New dependent member benefits	0	768	768	100%	757	100%
A3	Deferred member retirements	173	1,971	1,959	91%	1,896	92%
A4	Active member retirements	176	2,243	2,241	93%	2,074	92%
A5	Deferred benefits	8,481	7,522	9,220	58%	7,855	48%
A6	Transfers in (including interfund in, club transfers)						
	Quote	1,041	2,113	2,286	72%	2,181	68%
	Payment	241	1,020	981	78%	565	70%
A7	Transfers out (including interfund, club transfers)						
	Quote	316	1,778	1,823	87%	1,916	86%
	Payment	73	711	718	92%	792	92%
A8	Refunds						
	Quote	811	4,065	4,080	84%	4,149	84%
	Payment	76	1,037	1,051	94%	1,096	94%
A9	Divorce quotations issued	57	417	457	96%	430	88%
A10	Actual divorce cases	17	29	32	70%	25	60%
A11	Member estimates requested either by scheme member or employer	483	4,234	4,315	91%	4,211	90%

Code	Casework KPI	Total number of cases open at start of year	Total number of new cases created in the year	Total number of cases completed in the year	Total % of cases completed in the year	Total number of cases completed in previous year	Total % of cases completed in previous year
A12	New joiner notifications	342	9,903	10,167	99%	11,395	98%
A13	Aggregation cases						
	Quote	2,094	5,283	4,689	64%	4,129	66%
	Actual	6,027	4,729	4,198	39%	1,624	21%
	Data upload	209	3,553	3,683	98%	1,170	85%
A14	Optants out received after 3 months membership*						
	Deferment optants			206		172	
	Refund optants			154		135	

**Not possible on the Authority's system to track the start to completion date of these cases, therefore data shown is number of completions based on using the case completed process filtered by opt-out reason.*

Measuring casework - Performance

The task flow processes we use also enable us to measure the time it takes us to process casework. We use different targets than those suggested by the Scheme Advisory Board but have been able to demonstrate our performance against those suggested as best as we can.

Table B

Code	KPI Reference	Suggested Target Number of Days	Total number of cases completed in year	Percentage completed within fund target in year	Total number of cases completed in previous year	Percentage completed within fund target previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	2,079	91%	2,022	88%
B2	Communication issued confirming the amount of dependents pension	10	837	61%	794	68%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15	22,379	96%	21,145	95%
B4	Communication issued to active member with pension and lump sum options (quotation)	15	21,788	97%	20,415	97%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	1,811	98%	1,708	95%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15	2,159	75%	1,971	82%
B7	Payment of lump sum (both active and deferred members)	15	3,970	86%	3,679	88%
B8	Communication issued with deferred benefit options	30	7,762	36%	6,315	47%
B9	Communication issued to scheme member with completion of transfer in	15	1,235	49%	1,076	52%
B10	Communication issued to scheme member with completion of transfer out	15	529	78%	512	85%

Code	KPI Reference	Suggested Target Number of Days	Total number of cases completed in year	Percentage completed within fund target in year	Total number of cases completed in previous year	Percentage completed within fund target previous year
B11	Payment of refund	10	1,005	85%	1,011	94%
B12	Divorce quotation	45	370	99%	348	100%
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15	17	59%	10	40%
B14	Communication issued to new starters	40	10,144	99%	11,242	99%
B15	Member estimates requested by scheme member and employer	15	2,234	83%	1,924	97%

Across 2024/25 there were still challenges in achieving the targets for processing work and in understanding how to better use the data available for managing performance. However, positive progress has been made. Nearly 70% of the casework backlog had been cleared by 31 March 2025. Statistics clearly show a record high for the volume of work completed in the year at 101,203 cases. This is an increase of just over 11.5% on the number of cases completed in 2023/24 (90,745). This provides evidence that the new ways of working and resourcing the operation are having a positive impact.

Communications and engagement

We also measure aspects of our work linked to ensuring good communication and providing opportunities for members to engage with their pension. The table below provides details of some of these metrics in line with the Scheme Advisory Board's guidance.

Table C

Ref	Engagement with Online portals	Percentage as at 31 March 2024	Percentage as at 31 March 2025	Trend	
C1	% of active members registered	63%	65%	↑	2%
C2	% of deferred members registered	52%	56%	↑	4%
C3	% of pensioner and survivor members	42%	47%	↑	5%
C4	% total of all scheme members registered for self service	52%	55%	↑	3%
C5	Number of registered users by age	93,200	100,236	↑	8%
C6	% of all registered users that have logged onto the service in the last 12 months	49%	50%	↑	1%

Ref	Communication	Total Number 2023/24	Total Number 2024/25	Total Trend
C7	Total number of telephone calls received in year	32,490	37,456	↑ 15.3%
C8	Total number of emails	37,001	45,713	↑ 23.5%
C9	Number of scheme member events held in year (total of in person and online)	95	59	↓ -37.9%
C10	Number of employer engagement events held in year (in person and online)	41	121	↑ 195.1%
C11	Number of active members who received a one to one (in person and online) <i>Excluding</i>	345	532	↑ 54.2%
C12	Number of times a communication (e.g., Newsletter) issued to:			
	a) Active Members	1	1	-
	b) Deferred Members	1	1	-
	c) Pensioners	2	2	-

Table C5 – Number of registered users by age

Age Band	Total Members Registered 31 March 2024	Total Members Registered 31 March 2025		Trend
16-29	4,421	4,086	↓	-8.2%
30-44	20,532	20,514	↓	-0.1%
45-54	20,238	20,356	↑	0.6%
55-64	30,031	31,543	↑	4.8%
65+	17,978	23,763	↑	24.3%
Total	93,200	100,236	↑	7.0%

Table D – Resources

Ref		As at 31 March 2024	As at 31 March 2025
D1	Total number of all administration staff (FTE)	62.1	71.8
D2	Average service length of all administration staff	12 Years, 3 Months	11 years, 6 months
D3	Staff vacancy rate as %	4.5%	7.9%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1 : 2,900	1 : 2,520
D5	Ratio of all administration staff (excluding management) to total number of scheme members	1 : 3,050	1 : 2,710

Table E – Data Quality

Ref	Data Quality Measure	Percentage 2023/24	Percentage 2024/25	Trend
Annual Benefit Statements				
E1	Percentage of Annual Benefit Statements issued as of 31 August	100.0%	100.0%	→ 0.0%
Data category				
E3	Common data score	97.0%	97.0%	→ 0.0%
E4	Scheme specific data score	96.0%	95.0%	↓ -1.0%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held or address known to be out of date	2.2%	1.9%	↓ -0.3%
E6	Percentage of active, deferred and pensioner members with an email address held on file	63.0%	59.0%	↓ -4.0%
Employer Performance				
E7	Percentage of employers set up to make monthly data submissions	100.0%	100.0%	→ 0.0%
E8	Percentage of employers who submitted monthly data on time during the reporting year	92.1%	95.0%	↑ 2.9%

[NB: The measures provided by Scheme Advisory Board do not include any referenced as E2].

Monthly data collection

A key factor influencing the level of service the Authority can provide to scheme members is the timeliness and accuracy of data submitted by employers to enable completion of statutory duties. In 2018 monthly data collection from employers was introduced and in 2020 introduced the collection of contributions by direct debit derived directly from the data files submitted by employers and their data providers. Employers have continued to engage with the Authority across this year and 100% of employers now provide monthly data submissions and all pay their contributions by direct debit. 95% of submissions were submitted on time this year. See Chart E.

The Authority monitors the responsiveness of employers to the queries which inevitably arise about both monthly data submissions and on other occasions such as scheme members retiring and data on the most significant numbers of outstanding queries are provided to the Local Pension Board each quarter. Over the course of the year significant progress has been made by the larger employers, helped by a more structured and intensive process of engagement with them. Tracking data has helped the team identify which employers were having difficulties in either responding to queries or in submitting accurate monthly data and then targeting support.

The table below summarises the performance of the “top 10” employers (those with the highest volume of queries) in terms of resolving queries over the course of the year:

Table F – Summary of Employer Queries Raised, Completed and Outstanding

Shown by Quarter for 10 Employers with highest total query volumes to up to 31 March 2025

Employer / Payroll Provider	2024/25 Quarter 1				2024/25 Quarter 2				2024/25 Quarter 3				2024/25 Quarter 4			
	Opening	Raised	Completed	Closing	Opening	Raised	Completed	Closing	Opening	Raised	Completed	Closing	Opening	Raised	Completed	Closing
Capita	108	21	23	106	106	50	36	120	120	73	33	160	160	74	139	95
Sheffield City Council	184	123	245	62	62	197	194	65	65	232	183	114	114	248	301	61
EPM	88	13	33	68	68	13	20	64	64	11	17	55	55	23	22	56
City of Doncaster Council	50	83	101	32	32	117	92	57	57	159	145	71	71	146	188	29
Rotherham MBC	84	79	133	30	30	114	88	56	56	209	205	60	60	156	186	30
Abbeyfield Primary Academy	31		3	28	28	2	4	26	26	5	2	29	29	4	10	23
Conisborough Ivanhoe Prima	38	2	6	34	34	4	8	30	30	4	7	27	27	6	9	24
The Chief Constable	43	37	40	40	40	37	20	57	57	37	64	30	30	44	55	19
High Storrs School	21	5	2	24	24	4	7	21	21	7	7	21	21	2	5	18
Tinsley Meadows Primary	40	3	13	30	30	4	7	27	27	4	8	23	23	7	13	17

Number of Active Employers in the Fund and Movement in the Year

Total number at 1 April 2024	566
Admissions during the year	29
Terminations during the year	-10
6 Academies consolidated to become 1 MAT	-5
Previous year terminations	-9
Total Number at 31 March 2025	571

Actions taken to deliver the Consultation, Communications and Engagement Strategy

The Authority's mission is: "To deliver a sustainable and cost-effective pension scheme for members and employers in South Yorkshire delivering high levels of customer service and strong investment returns which facilitate stable contributions."

Over the year, the Authority has continued to consult with all stakeholders, employers, and members. Regular focus groups have been run with employers, and they have been consulted on a number of areas including, but not limited to, changes to the Employer Hub, Annual Benefit Statements and the Valuation. Scheme member satisfaction surveys as well as employer satisfaction surveys were undertaken. Results can be found below. Each quarter the results of the feedback are monitored, and improvement actions put in place where appropriate.

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

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

Value for money

To ensure the effectiveness of the administration services, the Authority is monitored through internal and external audits. The Authority returned to CEM in 2022/23 to benchmark administration performance against an appropriate peer group. That group has increased in 2023/24 to 16 other administration providers. The analysis of the results received in 2024/25 provided the Authority with the opportunity to understand how its costs and performance / quality of service rate compared to others and helped identify areas

for improvement. CEM benchmark the overall cost effectiveness of pension schemes in both the private and public sector by looking at several measures designed to assess customer service as well as administration costs. The total administration costs per member, based on the 2023/24 data, was £33.26 per member. This is higher than the previous year, mainly because our headcount increased by 8% but was still £1.73 below the peer group average of £34.99 per member.

Whilst we must not be complacent about our costs, what is more important is the quality and level of service that we deliver with the resources available, and whether that represents efficient and effective use of our resources and meets the needs of our scheme members and employers. CEM's summary places the Authority as a 'high member service', 'low cost' provider regarding cost effectiveness. This is an improvement on the previous year when we were placed as a 'basic service' 'low cost'.

This data was used in setting our corporate objectives in 2024/25, to look to increase the service score without necessarily increasing costs. The Authority continues to invest in resources and technology to continue to develop an efficient delivery platform and provide value for money for our stakeholders. The Authority participates in the CEM survey annually and uses the report to identify areas for improvement to feed into the administration improvement plan.

These are some of the key highlights from the benchmarking exercise. This was carried out in 2024/25 but was based on the data for the 2023/24 financial year. *(Will be presented as infographics in the final publication.)*

Administration

SYPA cost per member £33.26 - Average Cost per member £34.99

1 FTE staff member per 2,499 scheme members Vs 1 : 2476

Our remuneration is 2.3% more than average.

Quality

Positives

Member service score 64 out of 100 Vs average 61

Face to face meetings with members – most peers no longer offer this.

72% of deferred members retiring received their pension within a month.

Areas for improvement

Call wait times 330s V 163s

50% of active retirements paid within a month Vs 66%

Complaints and dispute resolution

There are times when scheme members, employers and the Administering Authority may find themselves in disagreement about a pension issue. The first approach in these situations is for those involved to talk to each other to reach a resolution. However, should this not prove possible, the Fund has an established Internal Disputes Resolution Procedure (IDRP). The IDRP is a two-stage process. When the Fund or an employer makes a decision about a beneficiary's benefit under the LGPS rules, if for any reason a member, pensioner, deferred pensioner or potential beneficiary is not satisfied about a decision made they can apply to the employer or the Fund to have their complaint reviewed under a stage 1 of the IDRP. If the beneficiary is dissatisfied with the stage 1 decision, they may invoke stage 2 of the IDRP within 6 months of the stage 1 decision. If after the stage 2 decision the beneficiary is still dissatisfied, they can contact The Pensions Ombudsman (TPO) for help when dealing with a complaint. The member or beneficiary has three years in which to apply to The Pensions Ombudsman who can investigate any type of complaint about a member's or beneficiary's pension. The member or beneficiary must have been through stages 1 and 2 of the IDRP before they contact the Ombudsman. Fortunately, such instances are few and far between shown by the number of cases across the reporting year, remembering the fund has just over 181,000 members.

Complaints

In terms of complaints the chart below shows the trends over the last four years. 39 complaints were received across this reporting year, which is an increase on the previous years. This is due to the newly appointed Complaints Resolution Officer improving internal recording, monitoring and reporting processes. The issues around timeliness clearly relate to the overall performance on casework processing and the backlogs the Fund is currently working to clear highlighted earlier in this report. The national work undertaken on improving the service of the AVC providers looks to have benefited our members, with no complaints around AVC's. The issues around information quality cover a range of things but all point to the need to improve the clarity of the information provided to scheme members at various stages of their membership of the scheme. The Complaints Resolution Officer's role is to ensure that there are lessons learnt from each complaint. Improving processes and re-visiting training where required

Chart 4 – Trends in Complaints Received

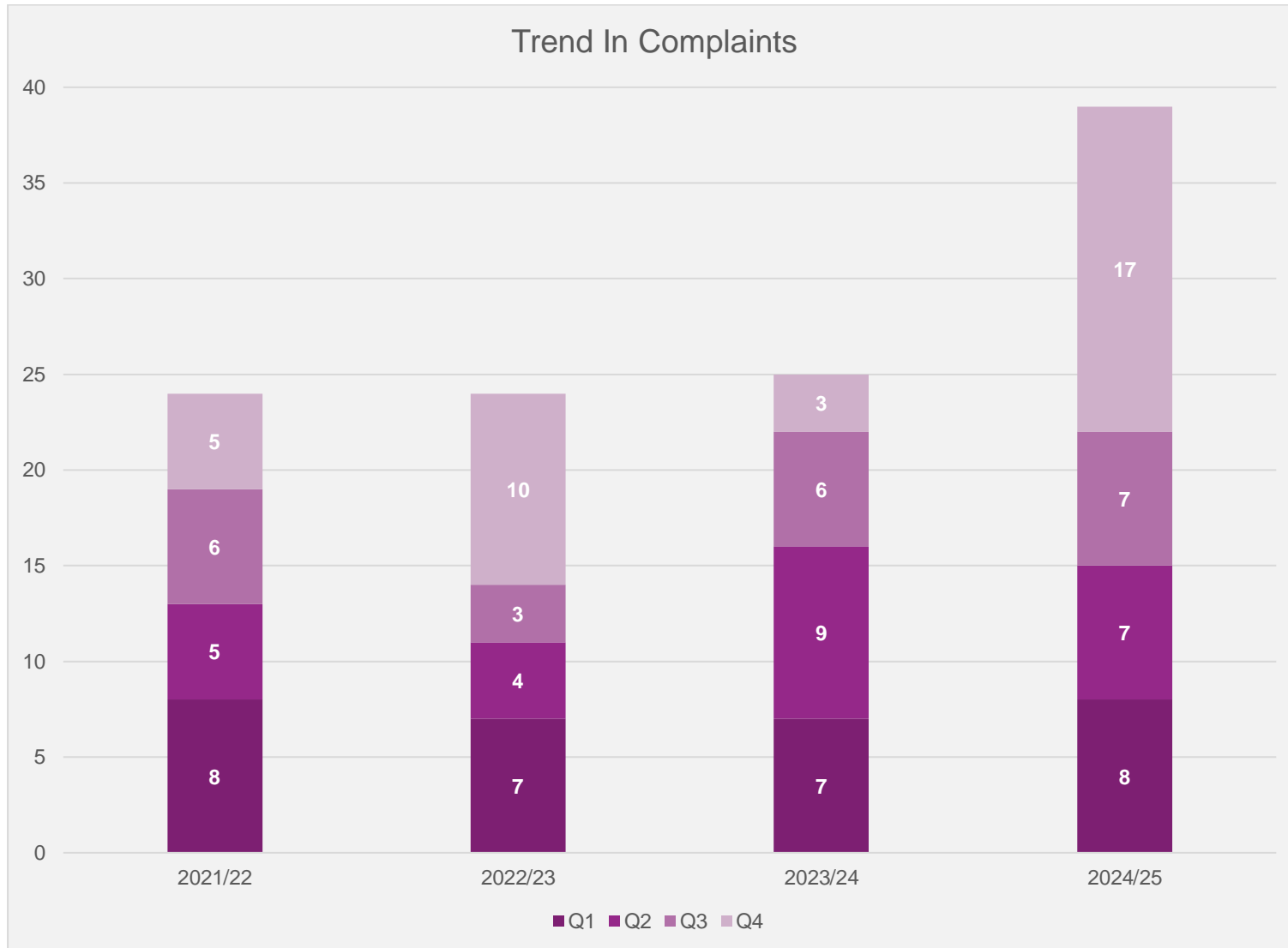
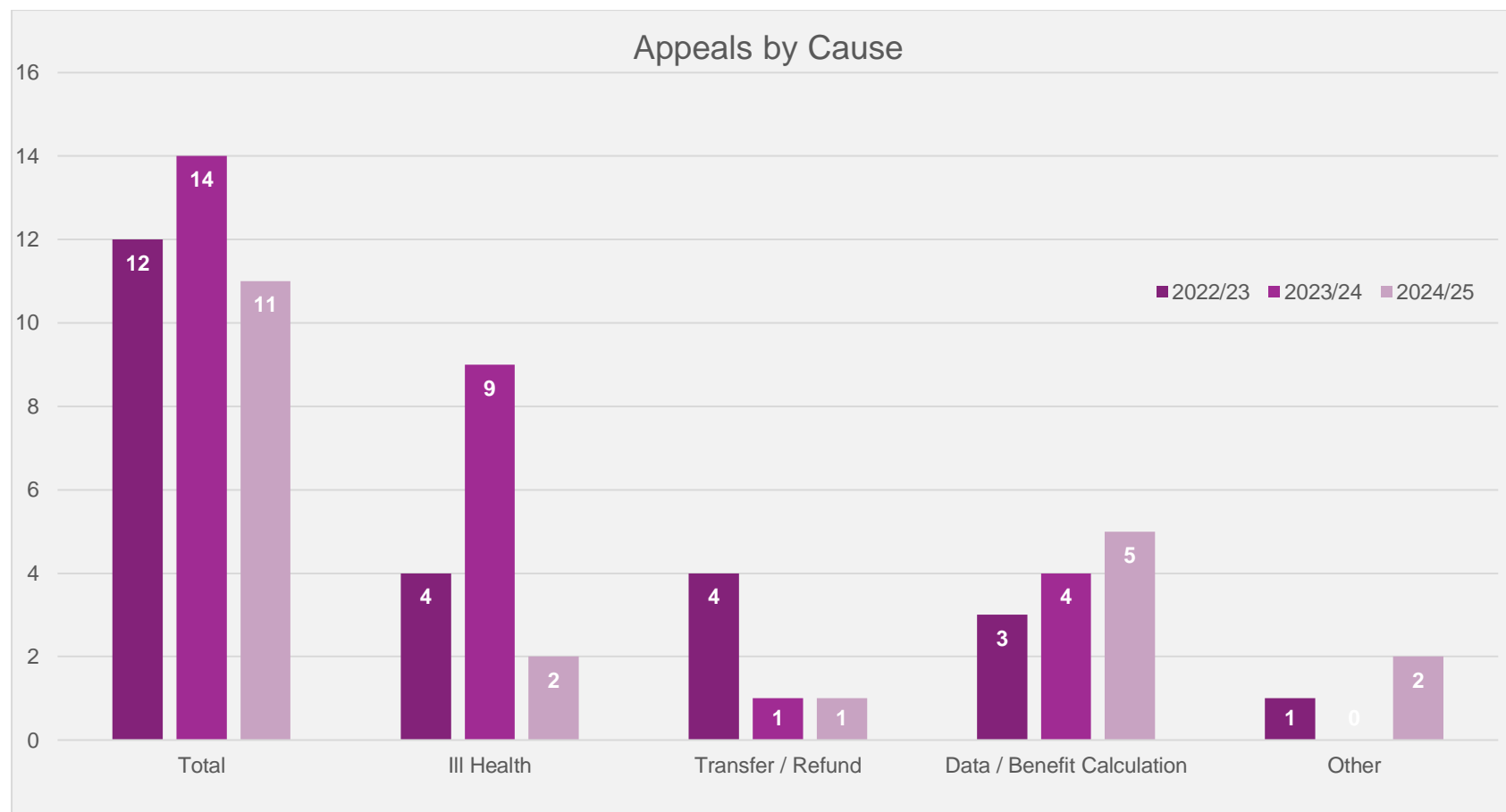


Chart 5 – Complaints by Cause



A key indicator of customer satisfaction is the volume and causes of appeals and complaints. The Authority analyses these and reports on them each quarter to the Local Pension Board. The chart below sets out the underlying cause of stage 2 appeals over the last three years. In 2024/25 there were 29 stage 2 appeals.

Chart 6 – Stage 2 Appeals by Cause



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

Member satisfaction surveys

Engaging with customers helps the Authority to understand customer feedback, review and monitor service effectiveness, analyse performance, and develop and deliver a service that is focused on the requirements of those customers. The Authority encourages feedback via a range of different channels, such as surveys issued following member events and telephone calls and general satisfaction surveys placed on the website. The Authority regularly monitors scheme member satisfaction through surveys focused on members who have experienced both the retirement process and the process of joining the Fund as well as members who have contacted us through different routes such as email and telephone. Satisfaction levels have dropped this last year as shown in the table below. Dissatisfaction with logging on to *mypension* is a common theme. In 2025/26 two-factor authentication will be introduced for signing in, which should improve the member experience.

One area in particular that is important to know how the service is being received is the dedicated Customer Centre, this team deal with member queries at the first point of contact. Therefore, throughout the year they have continued to issue focused surveys to members who had reason to contact the Authority by telephone and email. In total, over 63,300 surveys were issued in 2024/25 which represents around 35% of our overall scheme membership.

The surveys were a combination of the following:

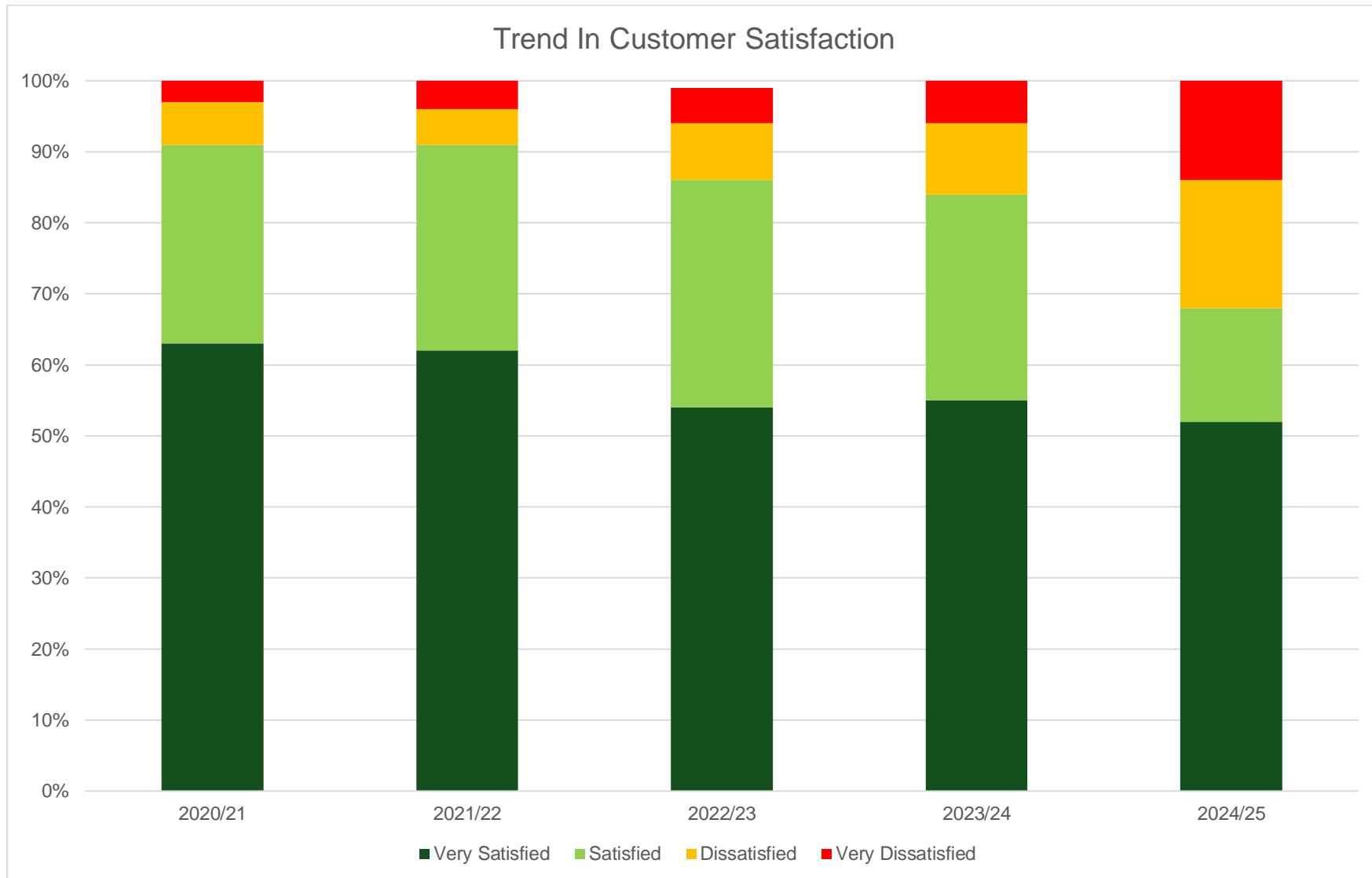
- Retired members survey
- Customer Centre telephony survey
- Customer Centre email survey
- New joiner survey

From these surveys, a total of 2,123 responses (3%) were received which provides valuable insight into what the Authority is getting right and also those it isn't, this then provides areas to work on. Each of the surveys ends with a specific question about overall satisfaction with the Authority. The results are shown in the charts below.

Chart 7 – Member satisfaction



Chart 8 – Trend in Customer Satisfaction



Although satisfaction levels are high, they have dropped to 68%. The Authority is not complacent and as mentioned above is tackling the areas of dissatisfaction. This includes issuing a website survey at the end of the year to obtain feedback to drive improvements. The following are areas where changes have been made because of member feedback:

- Integrated the LGA lump sum calculator into the online retirement process, providing users with a seamless experience when planning their retirement finances.
- Regarding pension payments, updated all materials to show clearly these are processed on the last banking day of each month not a Friday, as some members had thought.
- All members who rate the service poor and leave their contact details, are contacted and offered help to resolve any issues.

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

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

Employer satisfaction surveys

The response rate for employer surveys is much lower but is sufficient to be useful. The largest areas for comment amongst employers over recent years was the employer area of the website and the Employer Web Portal. The web portal has now been closed, and we have introduced *EmployerHub* a more up to date platform. The website information is slowly being improved. It was pleasing to see that during the year there were no dissatisfied responses. This is testament to the effort the team has put in to improve this service.

Chart 9 – Employer satisfaction

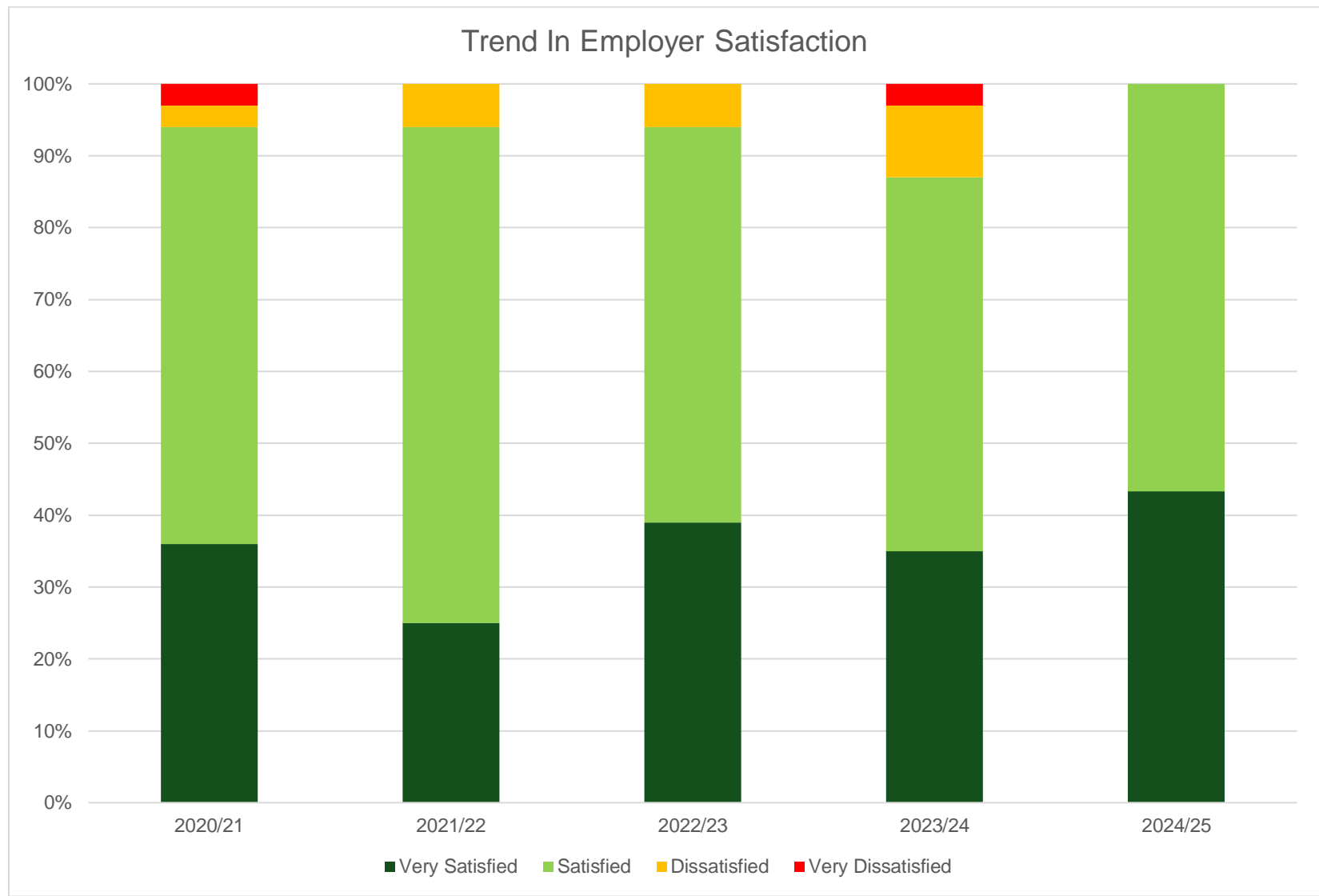
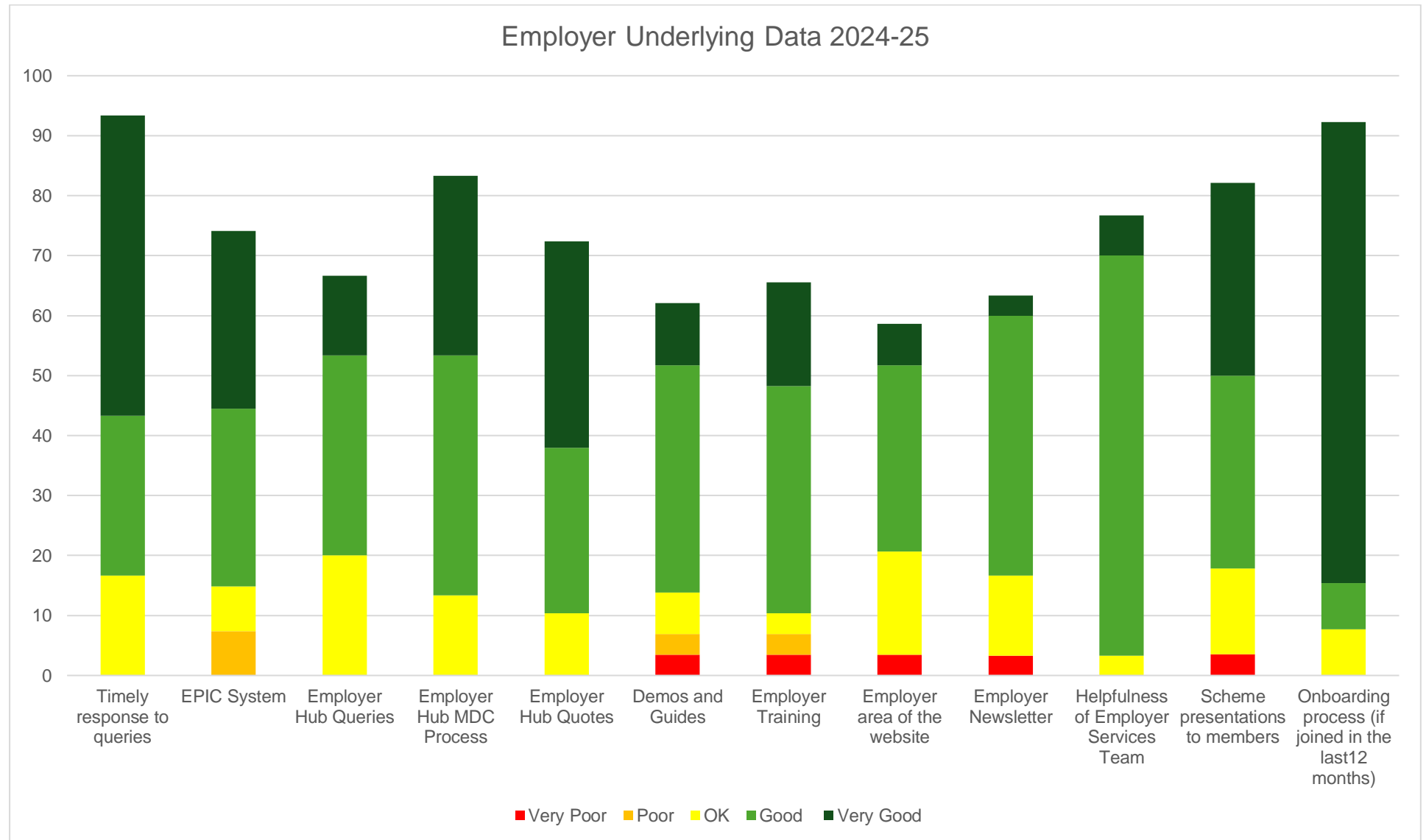


Chart 10 – Analysis of Employer Satisfaction – Underlying Data



10. Actuary Report

Provided separately at Appendix B. *[Will be incorporated in the designed publication]*.

11. Pension Fund Statement of Accounts

Provided separately at Appendix C. *[Will be incorporated in the designed publication]*.

Glossary

Accruals (Accrual Accounting)

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

Active member

An employee who is currently paying pension contributions.

Actuarial / Actuary

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

Actuarial valuation

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

Additional voluntary contributions (AVCs)

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

Administering authority

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

Admitted Body

Admitted bodies are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

Amortisation

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

Asset allocation

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

Biennial

Something that happens every two years

Basis Points (bps)

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

Building Research Establishment Environmental Assessment Methodology (BREEAM)

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

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

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

Career average revalued earnings (CARE) pension scheme

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Climate Change

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

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

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

Consumer Price Index (CPI)

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

Contingent Assets

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

Contingent Liabilities

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

Commutation

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

Convertible shares

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

Creditors

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

Custodian

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

Data governance

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

Death grant

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

Debtors

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

Deferred pensioner

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

Deficit payments

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

Denomination

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

Discretion

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

Direct property

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

Earmarked Reserve

A sum set aside for a specific purpose.

Eligible councillor

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

Employer covenant

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

Finance Lease

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

Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability of another. The term covers both financial liabilities and financial assets and includes the borrowing, lending, soft loans, financial guarantees and bank deposits of the Authority.

Fixed income securities

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

Fund of funds (FoF)

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

General partners

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

Global Real Estate Sustainability Benchmark (GRESB)

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

Government Bond Yields

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

Guaranteed minimum pension (GMP)

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

IAS 26

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

Illiquid

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

Impact Investing

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

Index-linked bonds

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

International Accounting Standards (IAS)

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

International Financial Reporting Standards (IFRS)

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

Investment Properties

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

Liabilities

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

Litigation Risk

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

Local Government Pension Scheme membership

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

Local Pension Board

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

Macro-Economic Impact

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

Material / Materiality

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

Mezzanine Debt

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

Myners' principles

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

The Myners' principles for defined benefit schemes cover:

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

Operating Leases

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

Ordinary shares

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

Personal pension

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

Policy statement

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

Pooled funds

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

Principles for Responsible Investment (PRI or UNPRI)

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

Private Equity

Private equity is equity capital that is not quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Capital

for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.

Provisions

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

Related Parties

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

Related party transactions

These are any transactions that have taken place with related parties of the Authority during the year and are disclosed in the notes to the accounts. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Remuneration

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

Responsible Investment

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

Retail Prices Index

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

Scheduled body

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

Stakeholder pension

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

State pension age

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

Statutory compliance

This means following the laws on a given issue.

Stock lending

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

Task Force on Climate-related Financial Disclosures (TCFD)

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

Transfer value

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

Transferred service

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

Treasury management

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

Triennial

Something that happens every three years.

Unitranche Debt

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

Voting policy

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

For - when the proposal meets best practice guidelines and is in the shareholders' long-term interests.

Abstain – when the proposal raises issues which do not meet best practice guidelines but either the concern is not regarded as sufficiently material to warrant opposition, or an oppose vote could have a detrimental impact on corporate structures or the issue is being raised formally with the company for the first time.

Oppose - when the proposal does not meet best practice guidelines and is not in the shareholders' interests over the long term.

The voting policy will be applied to all reportable companies held by the Fund.

In supporting any resolution of any type, we will only vote on a resolution if:

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