

Dear MHCLG Colleagues,

South Yorkshire Pensions Authority is pleased to provide the following response to the closed consultation on the draft statutory guidance.

We are submitting our own response in addition to having contributed to the collective response of our Border to Coast Pooling Partnership. Whilst we endorse that collective response, the following provides some additional and complementary feedback from our perspective as an individual Administering Authority. We have not repeated the feedback already provided in the Border to Coast response.

South Yorkshire Pensions Authority is responsible for administering the South Yorkshire Pension Fund – with over £11.5 billion assets and over 181,000 scheme members. We are a single purpose pensions authority created under the Local Government Act 1985 and membership of the Authority comprises 12 elected members from the 4 Councils in South Yorkshire as well as 3 non-voting, co-opted members from three trades unions to represent scheme member views. The South Yorkshire Local Pension Board (LPB) assists the Authority in securing compliance with scheme regulations and other legislation relating to governance and administration of the South Yorkshire Pension Fund. The LPB comprises 5 scheme employer representatives and 5 scheme member representatives as well as an independent adviser to the Board.

Yours Sincerely,

*Gillian Taberner*

**Gillian Taberner**

**Director**

South Yorkshire Pensions Authority

T: 01226 666420

E: [gtaberner@sypa.org.uk](mailto:gtaberner@sypa.org.uk)

## **Guidance on Asset Pooling**

### Chapter 1 - Introduction

No comments.

### Chapter 2 – Asset pool companies

No comments.

### Chapter 3 – Asset management

No comments.

### Chapter 4 – Local Investment

No comments.

### Chapter 5 - Reporting

No additional comments to those in the Border to Coast collective response.

### Chapter 6 – Pool governance

#### Holding the Pool to Account - Paras 6.13 - 6.16:

Further to the comments in the collective response, whilst the process of developing the oversight model is ongoing within the partnership, our own view at SYPA on these paragraphs is that we agree with the guidance as drafted - we agree that there should only be limited use of external consultants for oversight because of the potential risk of losing internal expertise at AA's – if the work required on oversight is 'outsourced' to consultants, what role would that leave for experienced investment officers in AA teams? Whilst AA's retain the responsibility for holding the pool to account, there is a need for them to retain appropriate expertise in order to do this effectively without the need for reports from external consultants as outlined in the guidance. We recognise that there is a range of size and resourcing across different AA's and we're strongly in favour of AA collaboration and sharing of the internal investment expertise that is available across our partner funds to support the oversight process.

### Chapter 7 – Directions

No additional comments.

## Guidance On Preparing and Maintaining an Investment Strategy Statement

### Chapter 1 – Introduction

No comments.

### Chapter 2 – The roles of the Administering Authority and the Pool

No additional comments.

### Chapter 3 – Investment objectives

Para 3.9 lists topics that should not be considered by the AA when setting ISS objectives, that should also not be covered in the ISS and that the AA has no role in making decisions about. The listed topics include the style of asset management – such as active or passive management.

This is at odds with the Pooling guidance which states that:

*“... when deciding on whether to use passive or active investment management styles, pools must take account of their AAs preferences as set out in the ISS guidance, but have the final decision on which style to use in order to maximise the benefits of scale and best achieve AAs’ investment objectives”.*

Our view is that this Pooling guidance, allowing for AA’s to state their preferences for active vs. passive in their ISS and requiring Pools to take account of this whilst still retaining the final decision, is the best way for this to be dealt with in order to achieve the policy intentions and we would request that the ISS guidance is amended to reflect this.

### Chapter 4 – Strategic asset allocation

No comments.

### Chapter 5 – Responsible investment

No additional comments to the Border to Coast group response; we would just add that we also endorse the comments in the Scheme Advisory Board’s consultation response on this subject – which we reviewed after the Board published this on their website.

### Chapter 6 – Local investment

No additional comments.

## Chapter 7 – Review, consultation and publication

No additional comments.

## Chapter 8 – Directions by Secretary of State

No comments

# **Guidance On Fund Governance**

## Chapter 1 – Introduction

No comments.

## Chapter 2 – Knowledge and understanding

No additional comments.

## Chapter 3 – Senior LGPS Officer

In our response to the consultation on the Local Government Pension Scheme (Amendment) Regulation 2026, we have pointed out that the wording of new Regulation 53A does not account for all LGPS structures and specifically could negatively impact single purpose pensions authorities such as ourselves. We would therefore request that the guidance wording is amended accordingly to acknowledge the differences for single purpose pensions authorities.

This is particularly relevant in terms of paragraph 3.16 on Appointing a Senior LGPS Officer – where the guidance states that the appointment should be made by the Head of Paid Service – as discussed in our response to the regulations consultation, in our context as an SPPA, the Senior LGPS Officer role is naturally the Director of the organisation who is also the Head of Paid Service. Therefore, as the Head of Paid Service, the Director / Senior LGPS Officer must be a member appointment in our context, and we would request the wording in paragraph 3.16 to be amended to allow for this scenario.

We would be happy to contribute to any further discussion on the detail concerning this part of the guidance in any way deemed appropriate.

#### Chapter 4 – Independent person

The comments provided in the Border to Coast collective response are strongly supported by SYPA.

In addition, we would also emphasise that the guidance as currently drafted in respect of the Independent Person role indicates a much broader remit and involved role than we had previously understood from the Government's response to the Fit for the Future (FFF) consultation.

We are supportive of the overall intent from the FFF consultation of having an Independent Person role (possibly shared across more than one individual) to support the committee (the Authority in our own case) by providing additional independent and professional expertise – in a non-voting capacity. But we are concerned that the guidance seems to take this much further and does not provide the clarity that we require to deliver this policy intent effectively and compliantly. We would draw attention to the Scheme Advisory Board's response to this consultation in this respect, which we would echo.

We would be happy to contribute to any further discussion on the detail concerning this part of the guidance in any way deemed appropriate.

#### Chapter 5 – Independent Governance Reviews

Whilst not making additional comment to that of the Border to Coast collective response, we do wish to emphasise the feedback in relation to para 5.40 in particular – that the bar for achieving a 'green' rating is potentially unduly high with the current calibration risking effective AAs being awarded only 'amber'. We would also draw attention to the Scheme Advisory Board's comments on this issue in their response, which we also support.