



**2025 - 2028**

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## Foreword

South Yorkshire Pensions Authority exists solely to meet the needs of its customers, whether they are scheme members or scheme employers. The purpose of this corporate strategy is to set out how we are going to approach that task over the next three years.

This Strategy has been fully reviewed and updated as part of our triennial cycle of review of the Corporate Planning Framework, supported and underpinned by newly revised People and ICT Strategies, and Diversity, Equality and Inclusion Scheme.

This comes at a time of significant Government and wider public attention on the LGPS and how it operates, with the potential for some far reaching changes to be introduced. The Authority must clearly remain aware of and prepared for changes that this might bring, and we are taking a pro-active approach to providing our views and input to consultations and will continue to ensure our voice is heard as part of shaping the practical implementation of any new regulatory requirements in driving forward the Government agenda.

However, we will not lose sight of our core purpose and what we are here for – which is, as it always has been, to act as stewards of the pension savings of our scheme members. We remain as focussed as ever on this purpose and also on the importance of our connection and our role as part of the wider local government family of South Yorkshire. Similarly, we remain strongly committed to our role as one of the 11 partner funds and shareholders of the Border to Coast Pensions Partnership and ensuring that, through effective partnership working and robust governance and oversight arrangements, this delivers our desired outcomes for our scheme members.

This Corporate Strategy for the period 2025 to 2028 therefore represents a continuation of building on the progress made in the last year to achieve ongoing, continuous and lasting improvements across all our activities – to ensure we can meet the challenges and demands placed on us and deliver excellence for all of our customers.

Councillor Jayne Dunn  
Chair  
South Yorkshire Pensions Authority

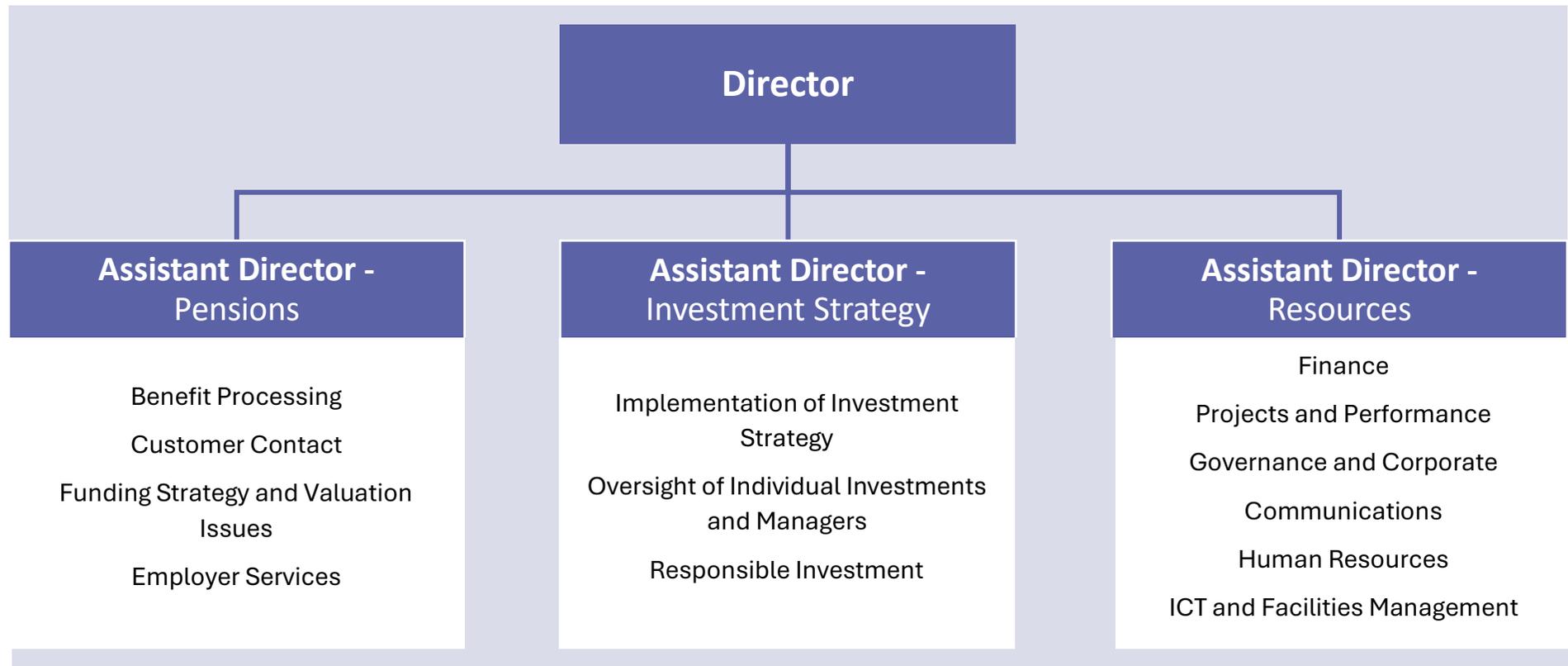
George Graham  
Director  
South Yorkshire Pensions Authority

## Our Organisation

South Yorkshire Pensions Authority came into being on 1st April 1988, following the abolition of South Yorkshire County Council and the winding up of the South Yorkshire Residuary Body. It is unique amongst the administering authorities in the local government pension scheme in that it is the only democratically accountable, free-standing pensions organisation in the UK. While a small number of other LGPS administering authorities are not councils, their “boards” include appointed experts rather than being entirely made up of councillors.

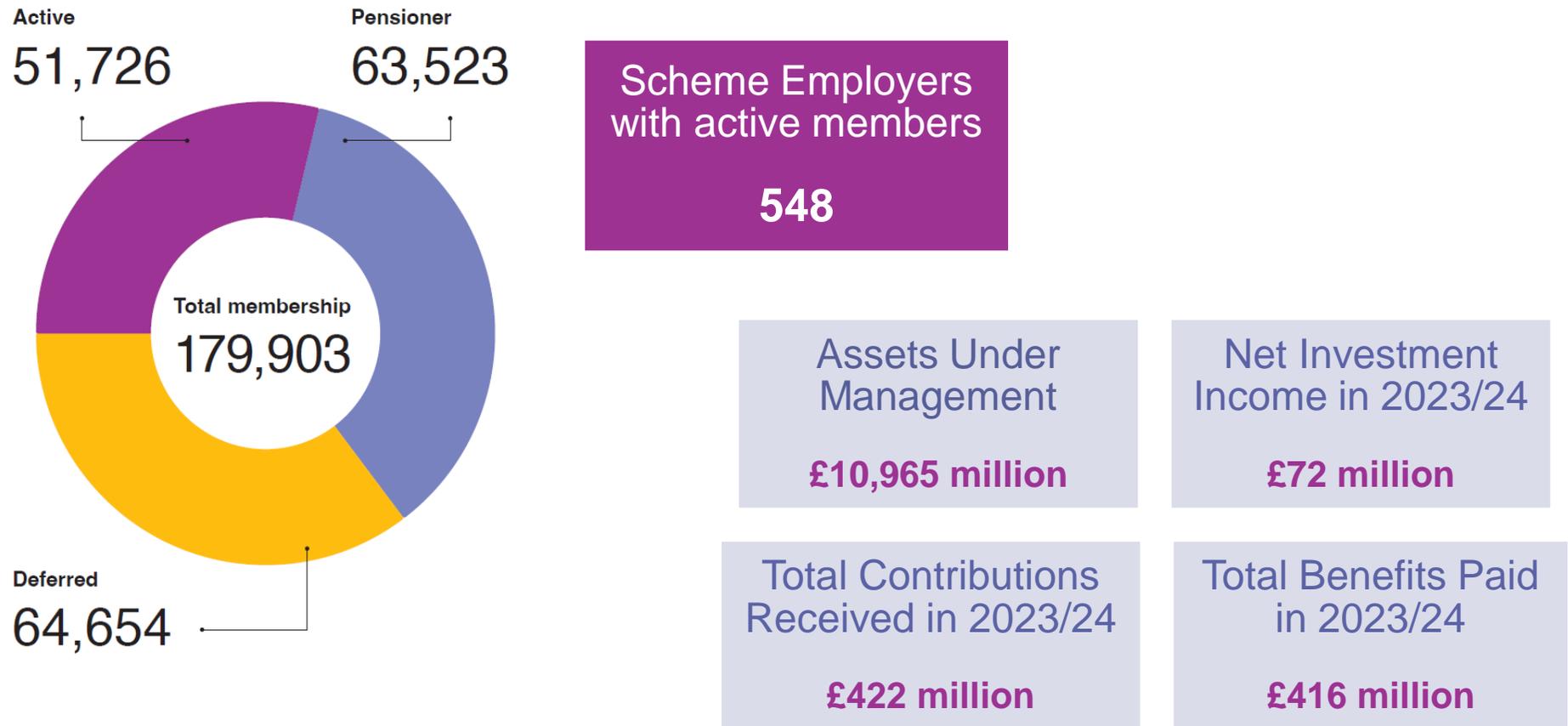
The Authority has 12 members drawn from the four South Yorkshire districts (Barnsley, City of Doncaster, Rotherham, and the City of Sheffield) roughly in proportion to their population. There also 3 non-voting members co-opted onto the Authority to represent scheme members – these are nominated by three trades unions – UNISON, GMB and Unite.

The Authority is organised conventionally for a pension fund as set out in the diagram below.



The Authority employs around 140 people (130 FTE) in total who work in a hybrid model, from our Oakwell House office in Barnsley.

The following summary provides an indication of the size and scope of our operations.



All figures shown are as at 31 March 2024 unless otherwise stated.

## What we are here for and what we need to do to achieve it

Our mission:

***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.***

Our objectives – the things we must do in order to achieve our mission – are as follows:

*To design our services around the needs of our customers (whether scheme members or employers):*

**Customer Focus**

*To ensure that stakeholders' views are heard within our decision making processes:*

**Listening to Stakeholders**

*To ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services:*

**Valuing Employees**

*To uphold effective governance, showing prudence and propriety at all times:*

## Effective Governance

*To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities:*

## Investment Returns

*To develop our investment options within the context of a sustainable and responsible investment strategy:*

## Responsible Investment

*To maintain a position of full funding (for the Fund as a whole) combined with stable and affordable employer contributions on an ongoing basis:*

## Scheme Funding

## How we go about fulfilling our objectives

The way in which we act when carrying out our work is important. At the heart of how we operate and embedded throughout our organisation are our SYPA values and behaviours:

Values	Behaviours
Honest and Accountable	Telling it like it is and taking responsibility for our actions even when we have made a mistake.
Progressive	Welcoming of change, while taking sensible risks and learning from our mistakes and from others.
Professional	Being highly skilled and competent and managerially applying rationality to decision making processes.
Empowering	Providing the freedom for individuals to identify and implement solutions to problems.

In addition to these values and behaviours which apply to all our people, we have a range of management behaviours which support the values, and which set out how we want to manage the organisation to deliver its objectives:

Management Behaviours	Demonstrated by:
We model positive behaviours to each other and to all staff	<ul style="list-style-type: none"> <li>• We consistently offer encouragement and praise for positive behaviours.</li> <li>• We challenge inappropriate and unacceptable behaviour.</li> <li>• We give and receive authentic feedback.</li> <li>• We hold staff to account for their performance.</li> </ul>

**Management Behaviours****Demonstrated by:**

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We take responsibility for improvement - within a clear framework

- We get on with making improvements and changes rather than wait for permission (within a clear advice frame that sets out what we can get on with and what we cannot).
- We trust people to do their job, we do not micromanage.
- We give a heads up when we plan something new, we speak up early when there is a problem or when things are not going well.
- When something does not go well, we look for what we can learn and what we can do differently next time.

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We all get behind a common goal

- We have a clear vision that sets out our goals and clear priorities which set out what our most important changes are.
- We make the time to understand what we need to do to contribute to that vision.
- We work together across the organisation and contribute to the organisation as a whole.
- We challenge and question rumours and use discretion in sharing what gets discussed amongst managers.

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We involve and engage people in decisions that will affect them

- We keep people in the loop about things that will affect them.
  - We seek and value the opinion of the people we manage and of other teams.
  - We take the time to set out plans, then listen to the concerns and recommendations of those involved as to how we can strengthen those plans.
  - We communicate regularly and clearly to all staff.
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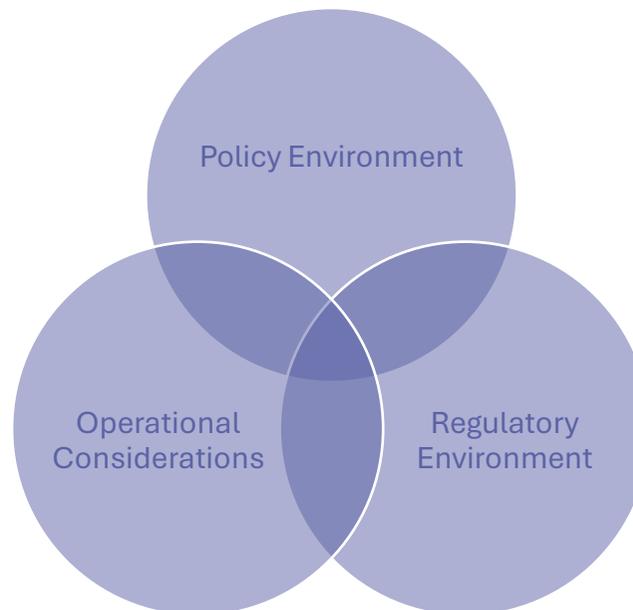
## What we are going to do over the next three years

### The Planning Context

In setting out the plan below of our priorities and goals over the period of this strategy, it is important to explain the context in which the plans have been prepared and how this has informed those plans.

The Corporate Strategy is always influenced by a wider context, for example the need to implement changes in the regulations. However, the context for preparing this Corporate Strategy is perhaps of greater significance than in previous planning cycles.

Broadly, the context for developing the Corporate Strategy is defined by three things as shown in the diagram below:



### The Policy Environment

The new Government elected in July 2024 launched a Pensions Review covering workplace defined contribution (DC) schemes and the LGPS. The government views the UK pensions system as having the potential to significantly enhance economic growth while increasing returns for most savers whose pension is provided through DC schemes. For the LGPS there is a continuation of policy which looks to

promote investment which will support UK growth together with a more explicit commitment to a wider set of changes presaged in the previous government's investment consultation. These were summarised as a commitment to focus the review for the LGPS on "how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation". In November 2024, following the first phase of the review, the Government launched their LGPS *Fit for the Future* consultation on their proposals to:

"Put the LGPS on a clearer, firmer trajectory to scale and consolidation, as well as measures to improve scheme governance and investment. Together these proposals seek to provide long-term clarity and sustainability, putting the scheme on the strongest possible footing for the future".

The commitment and direction reflected in the proposals clearly provides a different context within which the Authority must plan its work over the next three years.

Government is intent on achieving consolidation within the LGPS both through reducing the number of funds and the number of investment pools. Responding to this both in the initial consultation phase and in any later implementation phase will require considerable senior level input from the Authority's officers as well as considerable member input and engagement with stakeholders.

New policy in relation to investment to support UK growth will require some work to review and adapt existing activity if required.

There are a range of longer-term trends in policy such as the definition and analysis of the gender pensions gap and a focus on pensions adequacy which are likely to develop over the planning period and which will likely require growing attention towards the end of the planning period.

There are significant risks for the Authority in this wider policy environment. SYPA is a unique institution which could make it a target in any consolidation debate because it is different; equally the SYPA model might be how wider consolidation could occur. Similarly, Border to Coast is a successful pool but consolidation could put this success at risk by changing the overall partnership dynamics. These issues are reflected in the updated risk register elsewhere in this Corporate Strategy.

### The Regulatory Environment

There are two streams of work here:

1. External Regulation – The need to continue to demonstrate compliance with the Pensions Regulator's General Code of Practice and increasingly higher standards. This will require resources to be devoted both to regular assessment of compliance and to

addressing areas which require development. Implementing the Pensions Dashboard also falls into this category, and this will require significant work on both the technical side and in terms of member data.

2. Implementing Scheme Regulations – This includes member focused work such as McCloud which is already in progress but over the period we can expect further regulation in respect of equality issues within the regulations, the New Fair Deal (dealing with contractor staff), Climate reporting and Good Governance. All of these will require analysis and considerable resource to implement and, in some cases, additional ongoing compliance activity.

### Operational Considerations

These are the things that the Authority feels it must do because they are of benefit to stakeholders or represent the adoption of good practice or improve efficiency, or because they are part of the normal business cycle, such as the valuation process. This includes key objectives around addressing backlogs and adopting new ways of communicating with scheme members. These tasks require the focused allocation of resources often in project teams to deliver specific pieces of activity.

The process of prioritisation undertaken to arrive at the areas of work included in the plan below has focused on dealing with the issues which deliver the most immediate impact on our corporate objectives rather than trying to anticipate how some of the issues in the wider environment will resolve themselves in the coming months and years. However, it is likely that a significant amount of senior management resource will need to be devoted to these wider issues over the course of the Corporate Strategy period.

## **The Plan**

The corporate strategy plan set out in the table below therefore reflects a continued focus on completion and embedding of many of the improvements already in progress, as well as clear plans around priorities in the forthcoming three-year cycle of work and steps to drive forward new developments in ensuring we maintain our commitment to continuous improvement and to placing the organisation on a sound footing for the future, whatever that may bring.

The plan is organised around the following six themes.

- 1. Pension Administration**
- 2. Investment Strategy**
- 3. Corporate Organisation**
- 4. Governance and Partnerships**
- 5. Our People**
- 6. Information Technology**

Underpinning this Corporate Strategy are the other elements of the overall corporate planning framework – the Medium Term Financial Strategy, the People Strategy, the ICT Strategy and our Diversity, Equality and Inclusion Scheme. These each contain a range of specific plans and are referenced within the corporate plans below for delivery in the same three-year period.

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
<b>Pension Administration</b>				<b>AD - Pensions</b>		
PA1	Clear the remaining <b>Backlogs</b> of casework and ensure arrangements in place to prevent further backlogs developing.	01/02/2024	31/12/2025	SM - Benefits	Customer Focus	ADM-002 Backlogs in workflows
PA2	Plan and deliver the <b>Valuation 2025</b> , including increased engagement with employers.	01/09/2024	31/12/2025	SM – Technical Support and Training SM – Employer Services	Scheme Funding Listening to Stakeholders Customer Focus	IAF-004 Cashflows IAF-005 Employer contributions affordability
PA3	Implement the <b>McCloud Remedy</b> successfully.	01/04/2024	31/08/2025	AD – Pensions	Customer Focus Scheme Funding	ADM-003 Failure to deliver McCloud rectification ORG-004 Compliance with Regulations
PA4	Deliver the <b>Data Quality Improvement Plan</b>	01/04/2024	31/03/2026	SM – Technical Support and Training	Customer Focus Scheme Funding Effective Governance	ADM-001 Poor data quality ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
PA5	Ensure <b>Pensions Administration software system</b> is developed, and its functionality used to optimal effect for achieving efficiencies, to the extent possible.	01/04/2024	Over the course of the strategy	AD – Pensions and Head of ICT	Customer Focus Effective Governance	ADM-001 Poor data quality ADM-002 Backlogs in workflows
PA6	Implement the <b>Pensions Dashboards</b> to required timescales.	01/09/2024	Connect by 31/10/2025	SM – Customer Services and Head of ICT	Customer Focus Effective Governance	ORG-004 Compliance with Regulations
<b>Investment Strategy</b>				<b>AD – Investment Strategy</b>		
IS1	Plan and deliver the <b>2026 Investment Strategy Statement</b> review, including increased stakeholder consultation.	01/11/2024	31/03/2026	AD – Investment Strategy	Listening to Stakeholders Investment Returns Responsible Investment Scheme Funding	IAF-001 Market movements IAF-002 Climate Change IAF-003 B2C Strategic Plan IAF-004 Cashflows IAF-010 Policy environment
IS2	Continue to develop and deliver our <b>Place Based Impact Investment</b> approach.	Ongoing throughout 2025 to 2028		Investment Manager	Investment Returns Listening to stakeholders	IAF-001 Market movements IAF-004 Cashflows

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
IS3	Continue the progress towards the Authority’s ambition of <b>Net Zero 2030</b> .	Ongoing throughout 2025 to 2028		Investment Manager	Investment Returns Responsible Investment Listening to Stakeholders Scheme Funding	IAF-001 Market movements IAF-002 Climate Change
IS4	Undertake <b>transition of legacy assets</b> portfolio to <b>Border to Coast</b> .	01/04/2025	31/03/2026	AD – Investment Strategy	Investment Returns	IAF-003 B2C Strategic Plan IAF-010 Policy environment
<b>Corporate Organisation</b>				<b>AD - Resources</b>		
CO1	Develop and deliver an <b>Environmental Sustainability plan</b> for our operations.	01/01/2026	31/03/2027	Head of ICT / Operations Management Officer	Effective Governance	IAF-002 Climate Change GOV-003 Delivery of Corporate Strategy
CO2	Ensure the <b>Diversity, Equality and Inclusion Scheme</b> is delivered effectively.	01/04/2025	31/03/2028	AD – Investment Strategy	Customer Focus Valuing Employees Effective Governance	ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
CO3	Plan and implement a <b>Media Strategy</b> to ensure we communicate and promote the Authority’s work and achievements.	01/04/2025	31/03/2026	Director and Communications Officer	Effective Governance Valuing Employees	GOV-003 Delivery of Corporate Strategy  IAF-010 Policy environment  PEO-002 Employee vacancy level
CO4	Embed the <b>Performance Management Framework</b> and use this to <b>deliver improvements in reporting</b> of management information.	01/04/2025	31/03/2026	Head of Finance & Performance and SM – Programmes & Performance	Effective Governance Customer Focus Valuing Employees	GOV-003 Delivery of Corporate Strategy  ORG-004 Compliance with Regulations
<b>Governance and Partnerships</b>				<b>Director and AD - Resources</b>		
GP1	Implement the <b>Good Governance outcomes</b> arising from the Government’s <b>Fit for the Future</b> consultation.	01/07/2025	31/03/2028	AD – Resources and Head of Governance & Corporate Services	Effective Governance	GOV-003 Delivery of Corporate Strategy  IAF-010 Policy environment  ORG-004 Compliance with Regulations

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
GP2	Maintain Authority’s level of influence as a partner fund within <b>Border to Coast</b> – including input to the implementation of the 2030 Strategy.	Ongoing throughout each year of this strategy		Director	Effective Governance Listening to Stakeholders Investment Returns Responsible Investment	IAF-003 B2C Strategic Plan IAF-010 Policy environment ORG-004 Compliance with Regulations
GP3	Ensure continuous improvement of the Authority’s <b>Governance arrangements</b> to meet good practice – including compliance with TPR General Code.	Throughout each year of this strategy		AD – Resources and Head of Governance & Corporate Services	Effective Governance Listening to Stakeholders	IAF-010 Policy environment ORG-004 Compliance with Regulations
GP4	Support <b>Authority and LPB members</b> to develop the <b>knowledge and skills</b> required to perform their roles effectively.	Throughout each year of this strategy		Head of Governance & Corporate Services	Effective Governance	GOV-001 Member knowledge and understanding
<b>Our People</b>				<b>AD- Resources</b>		
OP1	Produce and implement a separate <b>Workforce Plan</b> to identify and plan how to meet future people resourcing needs, including succession planning.	01/07/2025	31/03/2026	AD – Resources and HR Business Partner	Valuing Employees Effective Governance	PEO-002 Employee vacancy level PEO-003 Single person risk

Ref	Strategic Action	Timescale		Responsible Manager	Link to Objectives	Link to Risks
		From	To			
OP2	Ensure the effective delivery of <b>Our People Strategy</b> .	01/04/2025	31/03/2028	AD – Resources and HR Business Partner	Valuing Employees Effective Governance Listening to Stakeholders	PEO-002 Employee vacancy level PEO-003 Single person risk ORG-004 Compliance with Regulations
<b>Information Technology</b>				<b>AD – Resources and Head of ICT</b>		
IT1	Maintain and continually strengthen our cyber security defences – including development and implementation of an updated <b>Cyber Security Strategy</b> .	Throughout each year of this strategy		Head of ICT and SM – ICT Infrastructure	Effective Governance	ORG-002 Cyber security attack ORG-004 Compliance with Regulations
IT2	Ensure the effective delivery of the <b>Technology Strategy</b> .	01/04/2025	31/03/2028	Head of ICT and SM – ICT Infrastructure	Effective Governance Customer Focus Valuing Employees Listening to Stakeholders	GOV-003 Delivery of Corporate Strategy ORG-002 Cyber security attack ORG-004 Compliance with Regulations

## How we'll assess if what we've done has had an impact

All the tasks that we need to undertake over the next three years are intended to make SYPA a better organisation and make us better at delivering our mission, but we need to know that doing these things has had an impact on our outcomes.

The progress against the objectives and plans set out in the table above will be reported on a quarterly basis to the Authority as part of the Corporate Performance Reporting process – these reports are also published separately on our website at: [Quarterly Corporate Performance Reports](#).

Over the coming year, the new performance management framework approved by the Authority in September 2024 will be implemented and this will further enhance the corporate performance reports with a wider range of performance indicators across our services and by using additional visualisation tools to present the information in dashboards that will assist in providing a clear view to enable and inform decision making and identification of areas where action is needed to improve.

The performance management work will also continue to be used in further developing the separate reports produced quarterly for the Authority and the Local Pension Board that provide a more in-depth and detailed progress review of Investment Performance and Pensions Administration Performance respectively.

The following section sets out a summary of the range of measures and sources of evidence that will be used to monitor and report back on progress within each of the 6 themes set out in the plan.

### 1. Pension Administration

Success in this area will be measured and evidenced through:

- ◆ The performance indicators, project updates and quantitative measures showing the reduction in backlogs included in quarterly reports to Local Pension Board and regular reports to the Authority.
- ◆ Valuation 2025 delivered on time with engagement of scheme employers evident in the process.
- ◆ Key projects for McCloud Remedy, Pensions Dashboards, System developments and Data Quality improvement plan – delivered to target timescales, with progress throughout being reported.

- ◆ Outcomes will be measured through:
  - ◇ Regular surveys of scheme membership.
  - ◇ Complaints – numbers received, resolved, amounts paid in customer compensation.
  - ◇ Numbers of breaches recorded and reported.
  - ◇ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

## 2. Investment Strategy

Success in this area will be measured and evidenced through:

- ◆ The performance indicators on investment returns set out in the quarterly investment performance reports, and in the annual report including:
  - ◇ Fund level investment returns compared to the benchmark and actuarial assumption.
  - ◇ The trend in investment income achieved compared to assets under management.
  - ◇ Investment returns by asset class and the asset specific benchmark.
- ◆ The percentage of assets held within pooled structures managed by Border to Coast.
- ◆ Indicators for success in responsible investment will include the trend in level of carbon emissions and in the ESG score from equity portfolios compared to benchmark indices.
- ◆ The goal of achieving Net Zero by 2030 will be monitored through regular progress updates reported to the Authority.
- ◆ Delivery of the Investment Strategy Statement 2026 to the planned timescale and with evidence of stakeholder consultation having been used as part of the review process.
- ◆ Annual benchmarking exercise undertaken with CEM and reported on in February each year.

### 3. Corporate Organisation

Success in this area will be measured and evidenced through:

- ◆ The indicators and progress updates on the key projects for Environmental Sustainability and Performance Management Framework implementation as reported in the quarterly corporate performance reports.
- ◆ The range of measures set out in the separate Diversity, Equality and Inclusion Scheme 2025 – 2028.
- ◆ Outcomes reported each year in the Authority’s Annual Report.

### 4. Governance and Partnerships

Success in this area will be measured and evidenced through:

- ◆ Progress updates and measures included in regular reporting on Governance and Regulatory matters to the Authority and the Local Pension Board.
- ◆ Assessment of compliance with the Pensions Regulator’s General Code of Practice – reported on twice per year; to show delivery of actions planned and outcomes in the numbers of modules with a green rating.
- ◆ Results of biennial National Knowledge Assessment exercises provide an indication of member knowledge and understanding and the trend in this over time.
- ◆ Annual process of effectiveness reviews, internal audit programme of work, external audit, and assurance process for production of the Annual Governance Statement and the Governance Compliance Statement.
- ◆ Results and outcomes of Independent Governance Reviews undertaken once every two years.

## 5. Our People

Success in this area will be measured and evidenced through:

- ◆ The range of measures set out in the separate People Strategy 2025 – 2028.
- ◆ Outcomes reported each year in the Authority's Annual Report.

## 6. Information Technology

Success in this area will be measured and evidenced through:

- ◆ The indicators and progress updates on the key projects as reported in the quarterly corporate performance reports.
- ◆ Assessment of compliance – including annual Cyber Essentials Plus accreditation.
- ◆ The range of measures set out in the separate ICT Strategy 2025 – 2028.

## What are the things that might stop us achieving our objectives?

These are the risks that something might go wrong. The Authority manages risk in line with our risk management framework that is reviewed annually by the Audit and Governance Committee and published on our website. Risks are classified and scored on a matrix comprising the likelihood of the risk event to materialise and the anticipated impact of that risk event.

We use four categories to classify risks on the corporate risk register:

- ◆ Administration – These are risks to delivery of our administration service to scheme members.
- ◆ Governance – These are risks that affect the soundness of our overall control and decision-making framework.
- ◆ Investment and Funding – These are risks that affect the balance between the fund’s assets and liabilities and the ability to pay pensions when they become due.
- ◆ Organisational – These are risks to the effective running of the business and to efficient and effective service delivery.
- ◆ People – These are risks to our ability to keep a suitably qualified, experienced and engaged workforce.

The risk register is reviewed monthly by the Senior Management Team and quarterly by the Authority as part of the corporate performance reporting process. Additional oversight of the Authority’s risk register and risk management arrangements is provided by the Local Pension Board.

A summary of the register as at the latest review of the Authority in December 2024 is shown below. The first table lists each risk on the register, and this is followed by a summary matrix showing the relative scores and rating of each risk. The full risk register is available with the quarterly performance reports on the Authority’s website.

<b>Risk Reference</b>	<b>Risk</b>
<b>ADM-001</b>	Poor data quality
<b>ADM-002</b>	Backlogs in workflows
<b>ADM-003</b>	Failure to deliver McCloud rectification by required date
<b>GOV-001</b>	Insufficient knowledge and understanding of Authority and LPB Members
<b>GOV-003</b>	Failure to deliver key objectives in Corporate Strategy
<b>GOV-004</b>	Failure to apply data protection requirements
<b>IAF-001</b>	Material changes to the value of investment assets and/or liabilities
<b>IAF-002</b>	Failure to mitigate the impact of climate change
<b>IAF-003</b>	Failure to manage key risks in the Border to Coast Strategic Plan
<b>IAF-004</b>	Imbalance in cashflows
<b>IAF-005</b>	Employer contributions become unaffordable
<b>IAF-010</b>	Instability in policy environment (Pensions Review implications)
<b>ORG-002</b>	Cyber Security attack
<b>ORG-004</b>	Failure of the Authority to comply with relevant Regulations
<b>PEO-002</b>	High level of vacancies within the organisation
<b>PEO-003</b>	Single points of failure in specialist knowledge roles

**Corporate Risk Register Matrix at December 2024**

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

## What is it all going to cost?

SYPA's budget is not like that of a local authority in that it is not funded from council tax and business rates, and any costs that are incurred can be charged to the pension fund. However, that does not mean that we can work free of financial constraints, we have a responsibility to spend as little as we can to ensure that stakeholders benefit to the maximum degree possible from the performance of the pension fund.

Our medium-term financial strategy (available on our website), which has been produced alongside this corporate strategy, sets out our overall financial forecasts and a series of self-imposed rules which we will use to minimise the impact of our costs on the Fund. Equally, though we need to accept that to deliver some of the outcomes we want to see and to ensure we can meet regulatory requirements, we will need to invest up front in some projects.

### **Operating Budget**

The Operating Budget is the cost of running the Authority's activities including Pension Administration, oversight of the Investment Strategy and the costs of governance. These costs, like a council budget, are controllable and the Director is accountable to the members of the Authority for spending within the budget. The table below gives a summary of the budget for 2025/26 and forecasts for future years.

The budget requirement in 2025/26 has increased by £0.779 million on the previous year. This reflects the impact in 2025/26 of some of the additional staffing growth that was approved for 2024/25 and was phased in with only a part-year cost in 2024/25 but a full-year cost in 2025/26. The total increase also includes the effect of the changes in the National Insurance rate and threshold for employers, increasing our employee costs budget fairly significantly. Around £0.550 million of the total increase in the budget for 2025/26 relates to the general increase in staffing and running costs based on assumptions around pay awards and contractual indexation alongside plans around the specific projects and work required to be delivered in the year. This equates to a 4.5% increase in cost per scheme member. More detail is available in the Medium-Term Financial Strategy and the Budget report presented to the February Authority meeting each year.

Operating Budget	2025/26 Budget £	2026/27 Estimate £	2027/28 Estimate £
Pensions Administration	3,961,370	4,075,110	4,192,170
Investment Strategy	666,630	683,920	701,680
Resources	1,585,950	1,633,020	1,681,490
ICT	1,785,060	1,830,970	1,878,270
Central Costs	855,370	870,390	885,660
Democratic Representation	156,100	160,400	164,810
Unfunded Liabilities	312,000	317,300	322,690
<b>Subtotal Revenue Expenditure:</b>	<b>9,322,480</b>	<b>9,571,110</b>	<b>9,826,770</b>
Capital Expenditure	135,000	60,000	60,000
Contribution to/from Reserves	(94,650)	60,000	60,000
Levy on District Councils	(312,000)	(317,300)	(322,690)
<b>Total Charge to Pension Fund</b>	<b>9,050,830</b>	<b>9,373,810</b>	<b>9,624,080</b>

### Pension Fund Forecast

The table below sets out a financial forecast for the Pension Fund. This includes, within ‘management expenses’, the total of the operating budget above charged to the Fund, and all other costs incurred in the running of the Fund, such as investment management fees which are charged directly to the Fund.

Fund Financial Forecast	Actual 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m	Forecast 2027/28 £m
<i>Dealings with members, employers and others directly involved in the scheme:</i>					
Contributions receivable & transfers in from other pension funds	-422	-283	-277	-286	-296
Benefits payable and payments to or on account of leavers	416	449	355	369	384
<b>Net (additions) / withdrawals from dealings with members</b>	<b>-6</b>	<b>166</b>	<b>78</b>	<b>83</b>	<b>88</b>
Management expenses	85	99	101	104	106
Net returns on investments	-861	-388	-673	-704	-733
<b>Net (increase)/decrease in the Fund during the year</b>	<b>-782</b>	<b>-123</b>	<b>-494</b>	<b>-517</b>	<b>-539</b>
Net Assets of the Fund at 1 April	-10,202	-10,984	-11,107	-11,601	-12,118
<b>Net Assets of the Fund at 31 March</b>	<b>-10,984</b>	<b>-11,107</b>	<b>-11,601</b>	<b>-12,118</b>	<b>-12,657</b>
Management Expenses as Percentage of Average Net Assets	0.77%	0.89%	0.87%	0.86%	0.84%

The above is a forecast only and is susceptible to wider variations and volatility than the operating budget due to the difficulty in predicting many of the drivers, such as the numbers of members retiring in any year, the number of deaths, etc. The forecast for returns on investments can be equally uncertain.

The important message in the above forecast, that we can be quite certain about, is that there is an anticipated net withdrawal from the Fund in each year for dealings with members, as a result of the fact that there is an imbalance between the contributions being paid in and the benefits being paid out each year going forward. This results in a significant increase in the 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 Medium Term Financial Strategy sets out further analysis of the forecast, including the key risks and uncertainties within it.

## What part will our people play?

SYPA never loses sight of the fact that our people are our most valuable asset. The entirety of the plans in our Corporate Strategy and the underpinning strategies will simply not be achieved without their engagement and commitment.

We now employ just under 130 Full Time Equivalents (around 140 people) across our services as shown in the table below.

	2023/24 Establishment	2024/25 Establishment	2025/26 Establishment
	FTE	FTE	FTE
Pensions Administration	72.2	77.7	77.2
Investment Strategy	4.0	4.0	4.0
Resources (including ICT)	33.9	47.3	47.7
Central Costs	5.0	1.0	1.0
<b>Total</b>	<b>115.1</b>	<b>130.0</b>	<b>129.9</b>

Following proposals approved in 2023/24, we invested in significant growth in the establishment that was implemented in 2024/25. The plans for 2025/26 are therefore to maintain this level of staffing – and with a change in the focus from the recruiting and on-boarding of the newly added roles, to embedding, developing, training and maximising the potential of all of our people.

This is reflected in the plans in our People Strategy 2025 – 2028, which sets out our aim to ensure the organisation is equipped with a sustainable and resilient workforce of people who will be developed and supported through excellent leadership to succeed in delivering the Authority’s objectives.

There are great challenges ahead and equally great ambitions of the Authority as an organisation and of the people within it to rise to these successfully and continue to deliver on our core mission in all we do over the next three years and beyond.

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