SOUTH YORKSHIRE
PENSIONS AUTHORITY

ANNUAL REPORT 2019/20

19/20

CONTENTS

We are required to publish alongside this Annual Report a number of policy documents - these are shown as appendices to the main report.

HOW TO CONTACT US

All the Authority's officers can be contacted at 01226 772923 and admin@sypa.org.uk

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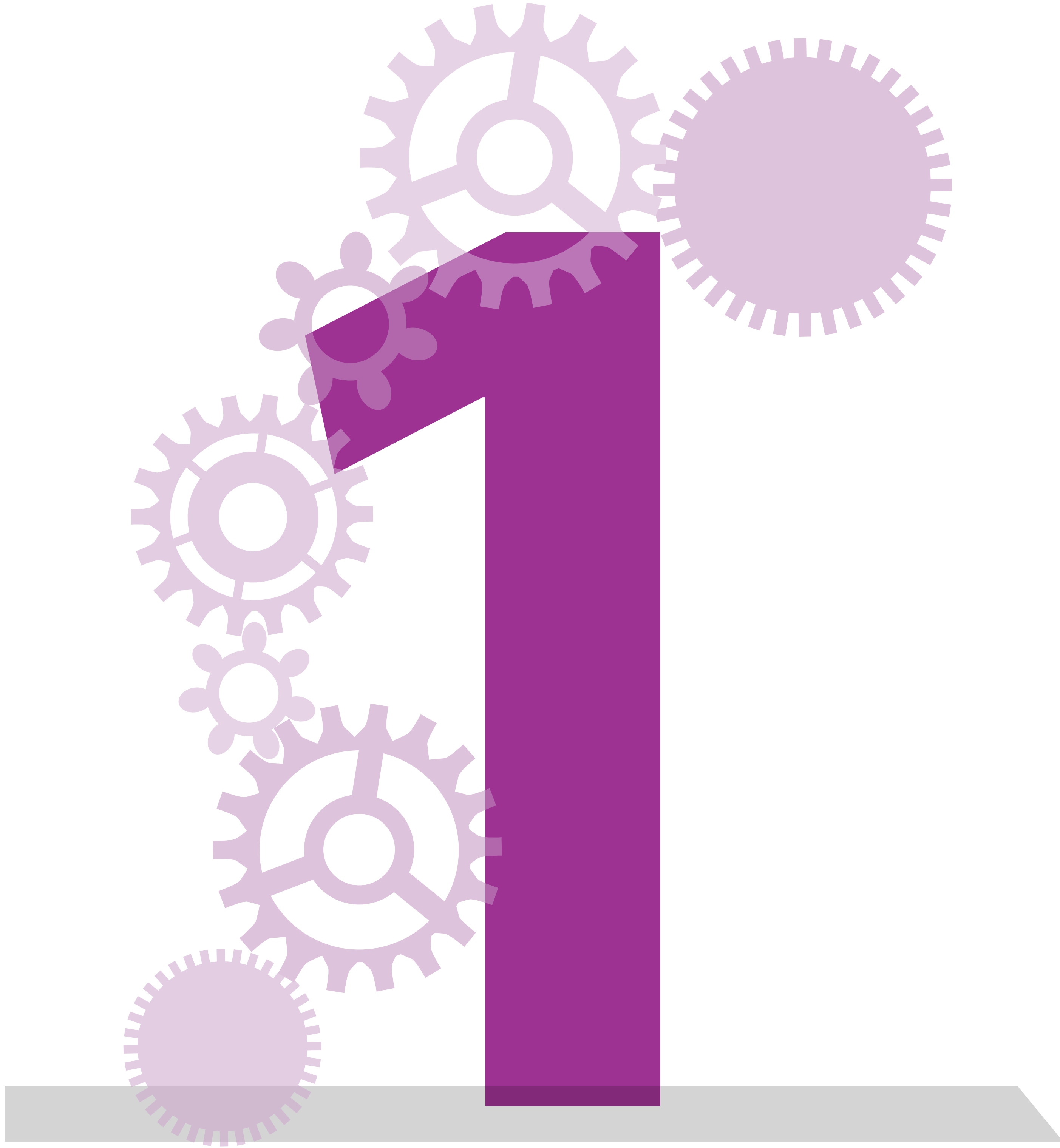
S70 2RD

1 MANAGEMENT ARRANGEMENTS



1.1 MANAGEMENT ARRANGEMENTS

Members of the Authority 2019-20 Municipal Year

BARNSLEY MBC

Cllr M Stowe* (Chair) (AC, SA)

Cllr Neil Wright

DONCASTER MBC

Cllr Steve Cox (AC)

Cllr John Mounsey* (Vice Chair) (AC, SA)

Cllr Paul Wray

ROTHERHAM MBC

Cllr Alan Atkin* (AC, SA)

Cllr Taiba Yasseen

AC = Member of the Audit Committee,

SA = Member of the Staffing, Appointments and Appeals Committee,

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

SHEFFIELD CC

Cllr Dianne Hurst (to September 2019)

Cllr Alan Law* (AC, SA)

Cllr Anne Murphy

Cllr Chris Rosling-Josephs (from September 2019)

Cllr Andrew Sangar (SA)

Cllr Alison Teal

TRADES UNION OBSERVERS

(additional members of the Authority, and Audit Committee)

Nicola Doolan Unison

Doug Patterson Unite

Garry Warwick GMB

LOCAL PENSION BOARD MEMBERS

EMPLOYEE REPRESENTATIVES

Nicola Doolan Unison

Andrew Gregory *LGPS Member*

Kevin Morgan (Unite) *Trades Union*

Garry Warwick (GMB) *Trades Union*

Garry Warwick *(GMB) - Trades Union* **(Chair)**

David Webster LGPS Member

EMPLOYER REPRESENTATIVES

Councillor Tony Damms *Local Authority Member* (Sheffield)

Rob Fennessey (Chair) *'Other Large Employer'* South Yorkshire Police

Nicola Gregory *Academy*

Steve Loach *Local Authority Senior Manager*

Councillor Tosh McDonald *Local Authority Member* (Doncaster)

Members

1.2 MANAGEMENT ARRANGEMENTS
Officers of the Authority

DIRECTOR AND HEAD OF PAID SERVICE	George Graham
HEAD OF FINANCE AND CORPORATE SERVICES	Gillian Taberner *(from May 2019)*
HEAD OF INVESTMENT STRATEGY	Sharon Smith
HEAD OF PENSION ADMINISTRATION	Jason Bailey
CLERK	Diana Terris (Chief Executive Barnsley MBC) *(until May 2019)* Sarah Norman (Chief Executive Barnsley MBC) *(from May 2019)*
MONITORING OFFICER AND SOLICITOR	Andrew Frosdick (Executive Director Barnsley MBC)
TREASURER	Neil Copley (Service Director Barnsley MBC)

1.3 MANAGEMENT ARRANGEMENTS
Service providers

INDEPENDENT INVESTMENT ADVISORS	T Gardener *(until September 2019)* A Devitt *(from September 2019)* L Robb
INDEPENDENT ADVISER TO THE LOCAL PENSION BOARD	C Scott (from October 2019)
CUSTODIAN OF THE FUND	HSBC
BANKERS	Lloyds Bank HSBC
EXTERNAL AUDITOR	Deloitte LLP
INTERNAL AUDITOR	Barnsley MBC
ACTUARY	Mercer
AVC PROVIDERS	Utmost (formerly Equitable Life) Prudential Scottish Widows

Officers

1.3 MANAGEMENT ARRANGEMENTS

INVESTMENT MANAGERS	Aberdeen Standard Investments (Commercial Property) Bidwells (Agricultural Property)
	Border to Coast Pensions Partnership Ltd (Listed Equities and new Alternative Commitments and Investment Grade Credit from February 2020)
	Royal London Asset Management (Bonds until February 2020)
	Schroder (Equity Protection)
	Index Linked Gilts, Emerging Market and High Yield Bonds, are managed in house, with advice from Border to Coast Pensions Partnership Ltd
	Details of managers within the Alternatives portfolios are provided on the Authority's website
LEGAL ADVISORS	Addleshaw Goddard
	Barnsley MBC
	Pinsent Mason
	CMS Cameron McKenna Nabarro Olswang
	Burges Salmon
	Mills & Reeve
INDEPENDENT PROPERTY VALUERS	Jones Lang LaSalle (Commercial) Fisher German (Agricultural)
PERFORMANCE MEASUREMENT	Portfolio Evaluation Ltd

1.4
INTRODUCTION

Councillor Mick Stowe Chair of the Authority

It seems somewhat surreal to be writing a foreword to the Authority's Annual Report with the world in the grip of a crisis greater than any which has faced us since the Second World War. The triumphs and tribulations of South Yorkshire Pensions Authority seem puny in comparison to what is going on around us today with all our staff working from home to ensure pensions get paid and turmoil in the financial markets affecting the value of our investments, while the NHS prepares itself to meet its greatest ever challenge.

However, by their nature, pension funds are long term institutions, our liability to pay pensions stretches out for the next 60 or 70 years, and just as the world will get through the current crisis so SYPA and your pension fund will weather the storm.

Coronavirus only impacted on the last couple of months of the year on which this report reflects, and amidst all the entirely understandable current concerns it is good to reflect on some significant achievements during the period as well as the continuing growth and development of the Authority as an organisation, and there is information reflecting on all of these things contained within the following pages.

Finally it would be wrong in the current situation for me not to express my thanks to all of the Authority's staff for all their hard work to "keep the show on the road" in extremely difficult circumstances.

Councillor Mick Stowe
Chair of the Authority
2019/20 Municipal Year

2
OUR YEAR IN REVIEW

2.1 OUR YEAR IN REVIEW Month by month

month 01

APRIL 2019
New member portal mypension goes live.

month 02

MAY 2019
Management Development Programme launched with the Authority's middle manager group running through to October.

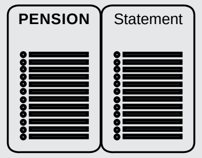
month 03

JUNE 2019
Health, Safety and Wellbeing committee created.

month 04

JULY 2019
Appointment of independent investment advisors.
A Devitt & L Robb

month 05



AUGUST 2019
87,984 annual benefit statements issued on time.

month 06

SEPTEMBER 2019
First transaction involving the local investment allocation managed by CBRE. The investment will support the development of 52 eco homes at the Little Kelham site in Sheffield.

CBRE

month 07

AFM nineteen

OCTOBER 2019
Annual Fund Meeting took place in Sheffield.

month 08

NOVEMBER 2019
1) Clare Scott appointed as Independent Adviser to the Local Pension Board. ***2)*** Dementia awareness training delivered to staff.

month 09

SOUTH YORKSHIRE PENSIONS AUTHORITY

DECEMBER 2019
1) New corporate identity launched. ***2)*** Restructure of the Administration Service completed.

month 10

JANUARY 2020
1) **40,000** members registered for mypension.
2) New customer centre launched.

month 11

ROYAL LONDON → BORDER TO COAST

FEBRUARY 2020
Assets **£440m** transfer from Royal London to the new Border to Coast Investment Grade Credit Fund.

month 12

MARCH 2020
1) SYPA commence remote working due to COVID19. ***2)*** Actuary certifies employer contribution rates following completion of the 2019 valuation.

3
OUR ORGANISATION

What we are here for and what we do

3.1 OUR ORGANISATION

Mission statement

The South Yorkshire Pensions Authority is a unique organisation created in 1988 to manage the South Yorkshire Pension Fund on behalf of the four district councils in the former metropolitan County area.

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."

3.2 OUR ORGANISATION

Strategic objectives

To achieve this mission we are working to deliver against a number of corporate objectives, which are:

CUSTOMER FOCUS

to design our services around the needs of our customers (whether scheme members or employers).

LISTENING TO OUR STAKEHOLDERS

to ensure that stakeholders' views are heard within our decision making processes.

INVESTMENT RETURNS

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.

RESPONSIBLE INVESTMENT

to develop our investment options within the context of a sustainable and responsible investment strategy.

EFFECTIVE AND TRANSPARENT GOVERNANCE

to uphold effective governance showing prudence and propriety at all times.

VALUING AND ENGAGING OUR EMPLOYEES

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

3.3 OUR ORGANISATION

The Authority itself consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition 3 representatives of the recognised Trades Unions act as observers to represent the interests of scheme members. The work of the Authority during 2019-20 was conducted through meetings of the Authority itself and its Audit Committee together with the Staffing, Appointments and Appeals Committee. The table below shows attendance by members at various meetings during the year. The Authority would normally meet on five occasions during the year but the December 2019 meeting was cancelled due to the General Election, with attendance at the March meeting also being impacted by the Covid-19 pandemic.

Members' attendance at Authority meetings 2019/20

	13 June 2019	12 Sept 2019	23 Jan 2020	19 Mar 2020
Cllr A Atkin	✓	✓	✓	✓
Cllr S Cox	✓	✓	✓	x
Cllr D Hurst	✓			
Cllr A Law	✓	x	✓	x
Cllr J Mounsey	x	✓	✓	x
Cllr A Murphy	✓	x	✓	x
Cllr C Rosling-Josephs		✓	✓	x
Cllr A Sangar	✓	✓	✓	✓
Cllr M Stowe	✓	✓	✓	✓
Cllr A Teal	✓	✓	✓	✓
Cllr P Wray	x	✓	✓	x
Cllr N Wright	✓	✓	✓	✓
Cllr T Yasseen	✓	x	✓	✓

3.3 OUR ORGANISATION

Committee Meetings 2019/20

Attendance at Audit Committee

	18 July 2019	24 Oct 2019	5 Mar 2020
Cllr A Atkin	✓	✓	✓
Cllr S Cox	✓	✓	✓
Cllr A Law	x	✓	x
Cllr J Mounsey	x	x	✓
Cllr M Stowe	✓	✓	✓
N Doolan (UNISON)	✓	✓	✓
D Patterson	x	x	✓
G Warwick (GMB)	✓	✓	✓
Cllr P Wray (as sub)	✓		

Attendance at Staffing Appointments and Appeals Committee

	27 June 2019
Cllr A Atkin	✓
Cllr A Law	✓
Cllr J Mounsey	x
Cllr A Sangar	✓
Cllr M Stowe	✓

3.3 OUR ORGANISATION

Member training 2019/20

All members have an obligation in line with the Pensions Regulator's Code of Practice to ensure that they undertake appropriate learning and development activity, and the table below illustrates the formal activity undertaken by members during the year.

Training Session	Date	Cllr A Atkin	Cllr S Cox	Cllr D Hurst (to 4.9.19)	Cllr A Law	Cllr J Mounsey	Cllr A Murphy	Cllr C Rosling Josephs (from 5.9.19)	Cllr A Sangar	Cllr M Stowe	Cllr A Teal	Cllr P Wray	Cllr N Wright	Cllr T Yasseen
Member Induction	06.06.19	✓		✓	✓		✓					✓		
Authority Seminar-BCPP	04.07.19			✓					✓	✓	✓			✓
Authority Valuation Seminar	19.09.19					✓			✓	✓		✓	✓	
BCPP Conference	10/11.10.19						✓		✓	✓	✓			
Fundamentals Day 1	17.10.19	✓			?			✓				✓		
Investment Strategy Seminar	31.10.19	✓		✓	✓			✓	✓	✓	✓	✓		
Fundamentals Day 2	14.11.19	✓											✓	✓
Corporate Strategy & Budget Seminar	14.11.19				✓					✓	✓			
Fundamentals Day 3	05.12.19	✓										✓	✓	✓
LGA Annual Governance Conference	23/24.01.20							✓		✓				
PLSA Conference	15.05.19									✓				
Member Induction/ Refresher	06.06.19								✓	✓	✓		✓	✓

The work of the Authority is overseen and scrutinised by the Local Pension Board required by the Public Sector Pensions Act 2013, and the Authority has undertaken work during the year to strengthen the operation of the Board, including through the appointment of an independent adviser to the Board to enable the Board to provide greater challenge to the Authority's officers. The Board's Annual Report appears at page 92 of this Annual Report.

Unlike other administering authorities in the Local Government Pension Scheme, SYPA is a free -standing organisation with the responsibilities which that brings. Last year's annual report highlighted the fact that a significant updating of the Corporate Planning Framework had been undertaken, which has provided significant focus for the work undertaken this year to develop and improve our services. In addition this year significant updates have been made to the Constitution, the Local Code of Corporate Governance, the Risk Management Framework and the Anti-Fraud and Corruption and Whistleblowing policies, together with more routine updates to the Consultation and Communications Strategy and Pensions Administration Strategy Statement. All our policy documents are available on the Authority's website.

We have continued to place emphasis on being a healthy organisation capitalising on the significant improvement in the working environment that last year's move to Gateway Plaza has delivered. During the year we have undertaken:

- Dementia awareness training for 22 staff.
- Events around hydration and nutrition week.
- Provided winter flu jabs for 42 of our staff.
- Using a physiotherapist to undertake workstation assessments for all staff.
- Continued with our weekly delivery of fresh fruit.

The table overleaf presents a baseline position for a number of measures of our health as an organisation.

3.4

OUR ORGANISATION

About us

3.4 OUR ORGANISATION

We have analysed the gender pay gap across the organisation which gives the results shown in the chart below. In these measures a positive figure means that men are paid more than women. While this is broadly in line with other public sector organisations in the locality it is significantly better than averages in the financial services sector which may be a better comparator for the Authority. In addition the implementation of the revised national pay scale over the last year has further reduced the mean pay gap. We will be continuing to examine ways to address these inequalities in the coming years.

We have continued to undertake a comprehensive review and update of all our human resources policies in consultation with the recognised trade union and have used internal audit work to provide support in identifying areas for improvement in terms of the appraisal process.

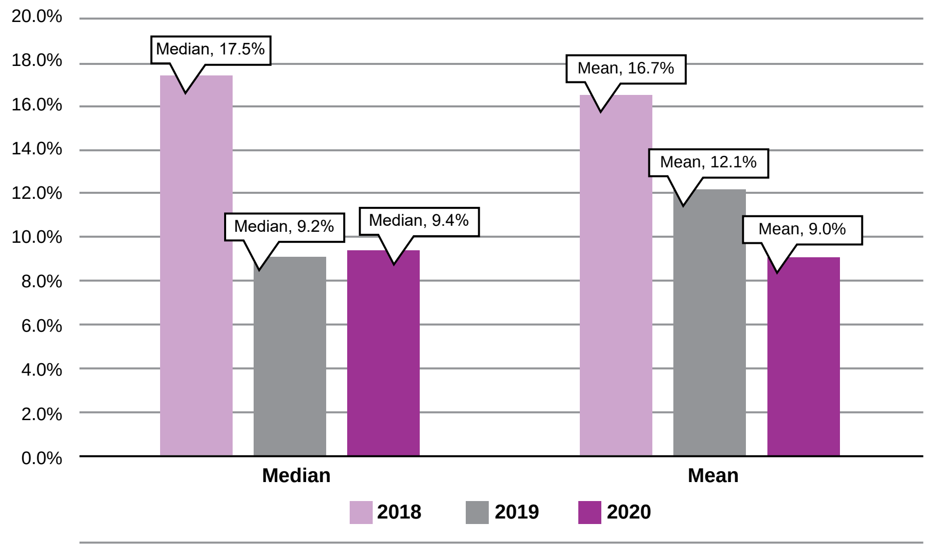
Linked to the development of our approach to HR, all our middle managers have undertaken a development programme during the year in order to provide them with the tools necessary to be effective in the sort of organisation we are looking to be. This process resulted in the group both developing a set of agreed management behaviours in collaboration with the Senior Management Team and making a significant contribution to the updated actions and projects within the corporate strategy.

We have continued with the more active approach to staff communication and engagement which began last year including regular stand ups in the office and an annual Q&A session for all staff with the Director. We had planned a “staff conference” involving all staff but this had to be cancelled due to the coronavirus outbreak.

As a result of initiatives from the new Health Safety and Wellbeing Committee during the year our staff also undertook a number of fund raising activities to support local and national charities which raised:

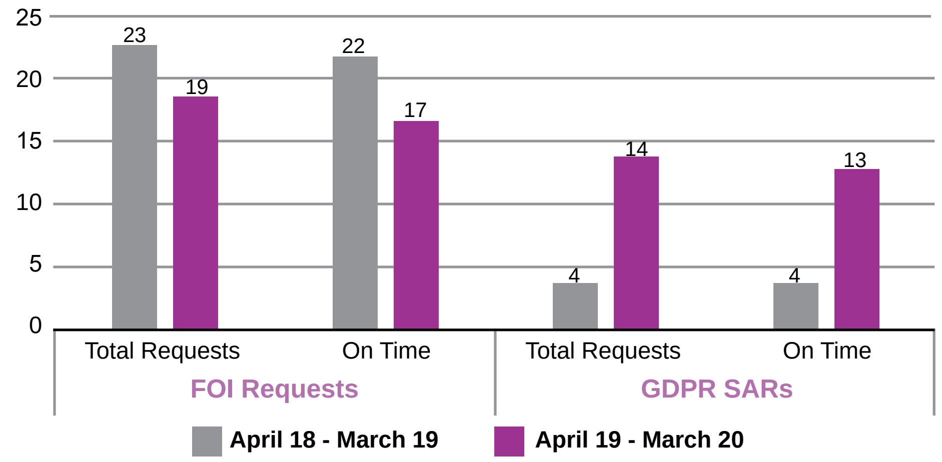
- **£216** for Macmillan
- **£268** for BIADS through the Christmas fundraising effort etc.
- **£53** to support Sport Relief
- **£55** and **6 bags** of clothing and toiletries to support local homeless charities

South Yorkshire Pensions Authority Gender Pay Gap



As an organisation we are committed to openness and transparency and we have taken steps in the last 12 months to publish more information on the internet so that it is available to the public, and we have made changes to our website so that information is easier to find, integrating information currently held on different sites pending the redevelopment of our website. At the same time we still receive and need to respond to requests for information under the Freedom of Information Act. We also hold a very large amount of personal data and have to respond promptly to subject access requests (SAR’s) about that data made under the General Data Protection Regulations. As the graph below shows we have responded to these requests in line with the timescales set out in the legislation.

FOI and GDPR Request Responsiveness



As a public authority we are required to keep our governance arrangements and our arrangements for managing risk under review. The following pages set out the statements on this that we are required to produce.

3.5 OUR ORGANISATION
Annual Governance Statement

1. Scope of Resposibility

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. Apart from employing its own officers and advisors the Authority also receives support services from officers of Barnsley Metropolitan Borough Council (BMBC) under the terms of a service level agreement.

The Authority's Local Code of Governance 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. A copy of the Authority's code is on our website here, https://www.sypensions.org.uk/Publications/Corporate-Policy.

This statement explains how the Authority has complied with the 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.

In addition this statement incorporates the Governance Compliance Statement which the Authority is required to produce under s 55(1) of the Local Government Pension Scheme Regulations 2013.

2. 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 2020 and up to the date of approval of the Statement of Accounts.

3. 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 which is available here: https://www.sypensions.org.uk/Publications/Corporate-Policy

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

Behaving with integrity
The Authority has in place codes of conduct covering the behaviour of both members and officers, 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 which are reflected upon at individual level as part of the appraisal system.

In line with the requirements of 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.

Registers of potential conflicts, including personal relationships are maintained for staff, and a register of gifts and hospitality is maintained for both staff and officers.

The Authority maintains a comprehensive policy framework in relation to issues such as fraud and corruption and has a Whistleblowing Policy in place should any individual wish to make a confidential disclosure, as well as complaints policies in relation to quality of service.

Demonstrating strong commitment to ethical values
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. This is reflected in the way in which 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.

Respecting the rule of law
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 job descriptions / 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, and a well-resourced committee secretariat, provided by Barnsley MBC under a service level agreement, supports the Authority's democratic processes

3.5 OUR ORGANISATION

Annual Governance Statement

ensuring compliance with the relevant regulations.

The Committee has a formal policy on the reporting of breaches of the relevant pension regulations which is reviewed by the Local Pension Board at each of its meetings. The Authority also has clear and effective policies in relation to fraud and corruption and participates in the National Fraud Initiative.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Openness

The Authority seeks to be as open as possible with stakeholders, conscious that it is the steward of the savings of over 160,000 individuals. 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.

This information 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 the agendas and papers for the Authority, its Committees and the Local Pension Board are published on line a week before each meeting and while all meetings are open to the public, meetings of the Authority are also webcast. Key decisions made by officers are formally recorded and details published on the website.

In order 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 have to be “cleared” by the statutory officers prior to submission to elected members for decision.

In order to ensure decision makers can consider the views of stakeholders in a systematic way when necessary the Authority has adopted a Communications and Consultation Strategy which provides a standard framework for engaging with stakeholders.

Engaging comprehensively with employers and other institutional stakeholders

All engagement with employers takes place within the context of the Communications and Consultation Strategy which requires the results of any consultation process to be reported back alongside the actions proposed following the consultation.

Resources have been specifically allocated to support engagement with employers to support the maintenance of a productive and supportive relationship between them and the Authority.

In addition the Authority has in place clear protocols regarding its participation in significant partnerships, the only one currently being 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.

Engaging scheme members effectively

The processes for engaging with and understanding the views of scheme members are set out in the Communications and Consultation Strategy which applies to scheme members in the same way as employers in addition 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. 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.

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

Defining outcomes

The Authority sets out a clear vision supported by specific objectives which assist in the achievement of 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 quarterly 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 activity.

Sustainable economic, social and environmental benefits

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.

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 where possible, although it is impossible for market sensitive information to be placed in the public domain.

The Authority actively engages with groups seeking to influence its policies in different ways and uses its Communication and Consultation Strategy to seek views on issues where appropriate and it considers differing views when making decisions.

Beyond the investment sphere the Authority maintains an Equality and Diversity Scheme to guide its approach to delivering fair access to its services for any individual with a protected characteristic.

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

Determining interventions

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

Planning interventions

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

3.5
OUR ORGANISATION
Annual Governance Statement

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

A robust framework for monitoring the delivery of all the various plans and strategies is in place with a comprehensive quarterly 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.

Optimising achievement of intended outcomes

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 in order 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 taken into account.

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.

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

Developing the entity's capacity

The Authority is very aware of both its cost base and performance and undertakes benchmarking of both of these across both the main streams of operational activity (pension administration and investment). The Authority is also opening itself up to external challenge through undertaking an independent review of governance in response to work being undertaken nationally by the Scheme Advisory Board and through the appointment of an independent adviser to the Local Pension Board in order to assist the Board in providing more robust challenge to officers.

The Authority's Human Resources Strategy also explicitly addresses the way in which the Authority plans and develops its workforce requirements.

Developing the capability of the entity's leadership and other individuals

The Authority has strong constitutional arrangements in place including an effective scheme of delegation, financial regulations and contract standing orders which define which individuals can take which decisions. These arrangements are subject to regular review.

Clear role profiles are in place for all posts within the organisation. The Director's role profile, which was updated during the year, is agreed with elected members and this and the Constitution clearly set out the dividing lines between member and officer responsibilities. Means of maintaining regular dialogue between the Director and the Chair are agreed with each Chair on their taking office.

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 and provides access to both in house and external events as well as on-line learning and specific reading materials. A targeted induction programme is provided for new members. Members are asked to annually assess their learning needs and develop their own learning plans.

For staff access is provided to on-going learning and development as necessary to support the goals set out in individual appraisals. 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.

All learning and development activity is supported through access to on line resources through a range of systems such as on line reading rooms, SharePoint and modern.gov.

The Authority has an appraisal system in place that is used to manage individual performance and to support the succession planning process which is in place in key risk areas.

Arrangements for Health Safety and Wellbeing have been strengthened and are overseen by a joint management and staff committee, as well as being supported by the HR policy framework.

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

Managing risk

A risk management policy framework is in place and was reviewed during the year by the Audit Committee which sets out clearly the responsibilities for managing the risks facing the organisation, how they should be assessed and reported. The risk register is reviewed on a monthly basis by the Senior Management Team with reporting on a quarterly basis to meetings of the Authority as part of the overall performance management framework.

Managing performance

The Authority has robust and transparent arrangements for the reporting and monitoring of its performance in place including clearly defined timetables for the reporting of information which have been added to during the year by the introduction of improved financial monitoring. Wherever possible data is placed in the public domain and statutory reporting timescales are adhered to.

Where appropriate these arrangements are supported by the use of benchmarking information and other external sources of comparison data.

Members and the Local Pension Board are encouraged to seek improvements in the data provided and officers have encouraged challenge within the monitoring process from both the Local Pension Board and members of the Authority,

3.5 OUR ORGANISATION

Annual Governance Statement

including through the appointment of an independent adviser to support the Local Pension Board in order to ensure that it is not being guided by officers.

Assurance processes are in place over the production of performance management information which ensure that the reports provided to different bodies are consistent.

Robust Internal Control
The Authority has an Audit Committee in place whose terms of reference are consistent with the relevant professional standards. The Committee has produced its own Annual report which is available elsewhere in this Annual Report which sets out the work it has undertaken during the year.

The Committee is responsible for overseeing the work of Internal Audit which is provided by Barnsley MBC's Internal Audit Service and in particular ensuring that the Internal Audit plan addresses key control risks facing the Authority. The Head of Internal Audit is required under the relevant professional standards to produce an annual opinion on the adequacy of the control environment. For 2019/20 this opinion is that "based on the systems reviewed and reported on by Internal Audit during the year to date, together with management's response to issues raised, I am able to give a reasonable (positive) assurance opinion regarding the effectiveness of the control, risk and governance environment."

The Audit Committee has instituted a process of reviewing the progress made in implementing audit recommendations to ensure that the control environment continues to be strengthened as a result of the audit process.

The Audit Committee has reviewed both the policy frameworks for both Risk Management and Anti-Fraud and Corruption during the year and approved updated policies in line with relevant professional standards and which are suited to the scale and nature of the organisation's activities.

Managing Data
High quality data is central to the effectiveness of the organisation in its core function as a pension administrator. The Authority has a strong policy framework in place to ensure both the security and integrity of the large quantities of data which it holds. This includes the Authority's Director acting as the Senior Information Risk Owner and the Head of Internal Audit as the Data Protection Officer.

The Authority has received the Cyber Essentials + accreditation from government in relation to its arrangements for information security.

The work of the Data Protection Officer is supported by an annual programme of review activity to ensure that the policy framework is being complied with.

An annual assessment of the quality of data held for pension administration purposes is undertaken and a data improvement plan is produced to ensure that any issues identified are addressed. Progress with delivering the data improvement plan is overseen by the Local Pension Board.

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 which has been enhanced in the last year with improvements in both budget preparation and financial monitoring. Key projects are required to operate within defined budgets which receive approval through the appropriate decision making processes.

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

Implementing good practice in transparency
The Authority seeks to be open and transparent in all its activities maintaining the minimum amount of information possible as confidential. Therefore the Authority publishes a very significant amount of information about its services and activities 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 and its committees are published on the internet and the public parts of meetings of the Authority are webcast. The Authority's annual report also contains a significant amount of information on its activities in a more user friendly format.

Implementing good practice in reporting
The Authority regards "telling its story" as an organisation in terms of both its activity and the way in which it demonstrates both value for money and effective stewardship of scheme members' savings as a key activity. 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 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.

Assurance and effective accountability
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 Committee has adopted a process of reviewing progress with the implementation of audit recommendations to ensure that improvements are being delivered as a result of work carried out by both internal and external audit and potentially other review agencies when the Scheme Advisory Board's Good Governance reforms are introduced.

In preparation for these reforms the Authority has invited Hymans Robertson to conduct a review of its governance in the context of the proposed new standards. The Authority has also appointed an independent adviser to support the Local Pension Board in providing effective challenge and scrutiny.

All of 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. In particular 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.

3.5 OUR ORGANISATION

Annual Governance Statement

4. Significant Governance Issues

The Covid-19 Pandemic struck Britain towards the end of the period under review and continues to impact on the way people live their lives at the time of producing this statement. The restrictions on movement and contact between individuals have required the Authority to implement its business continuity arrangements to facilitate a situation where all staff are able to work from home, and put in place arrangements for virtual meetings of decision making bodies in line with emergency regulations issued by the Government. These arrangements have been implemented with little disruption to services to scheme members, although productivity has been impacted to some degree. As the situation develops further review of processes and governance arrangements will be undertaken as necessary.

The processes described above have identified the following governance issues for attention. Some of these are longer term issues and as such continue to feature from previous statements. The outcome of the Annual Governance Review suggests that the following significant governance issues need to be included in the 2019/20 Annual Governance Statement Action Plan. These are:

- The need to strengthen the arrangements for supporting the Authority's internal governance arrangements, in particular to address the requirements emerging from the Scheme Advisory Board's Good Governance review and the Financial Reporting Council's new UK Stewardship Code.
- The need to strengthen arrangements for recording the volume and impact of the various forms of learning and development undertaken both by Authority members and staff and to move key processes such as induction and annual refresher training to on line platforms.
- The need to continue the development of reporting of the performance of the organisation as a whole and specific streams of activity (investment and pension administration) through improved presentation and the development of additional metrics (for example covering investment risk).
- The need, in the light of recent experience to carry out a comprehensive review of the appropriateness of the current business continuity arrangements, in particular whether there remains a need to maintain a "shadow office".
- The need to review the impact of changes already undertaken such as the appointment of the Independent Adviser to the Local Pension Board and the revised panel of investment advisers in order to ensure that these changes are delivering the anticipated results.

The actions taken to date to address these have or will be reported to the Authority and the Audit Committee. Progress in monitoring the implementation of these improvement actions will be monitored by Managers and Internal Audit and through regular reports to the Authority and its Committees.

Signed

Chair
South Yorkshire Pensions Authority

Signed

Director
South Yorkshire Pensions Authority

South Yorkshire Pensions Authority Annual Governance Statement Action Plan for 2020/21

Issue	Action Required	Responsible Officer	Date for Completion
Strengthen arrangements for supporting internal governance	Appoint to the additional role of Governance Risk and Compliance Officer approved as part of the 2020/21 budget.	Director	October 2020
Strengthen arrangements around the management of learning and development	Deliver the implementation plans associated with the significant increases in learning and development resources included in the 2020/21 budget including appointing a Training Officer within Pension Administration and using an undergraduate placement to develop the use of e learning etc.	Senior Management Team	March 2021 and ongoing
Development of reporting	Improve presentation of reports to include graphical dashboards and additional metrics as appropriate	Heads of Service for their own service areas	March 2021 and ongoing
Appropriateness of Business Continuity Arrangements	Review of current arrangements including the need for a "shadow site" and determine whether they remain appropriate in light of recent experience	Corporate ICT & Digital Manager and Heads of Service for their own service areas	March 2021
Review impact of previous changes	Conduct appraisal of the effectiveness of arrangements for independent advice	Director in consultation with relevant members of the Authority and Local Pension Board	January 2021

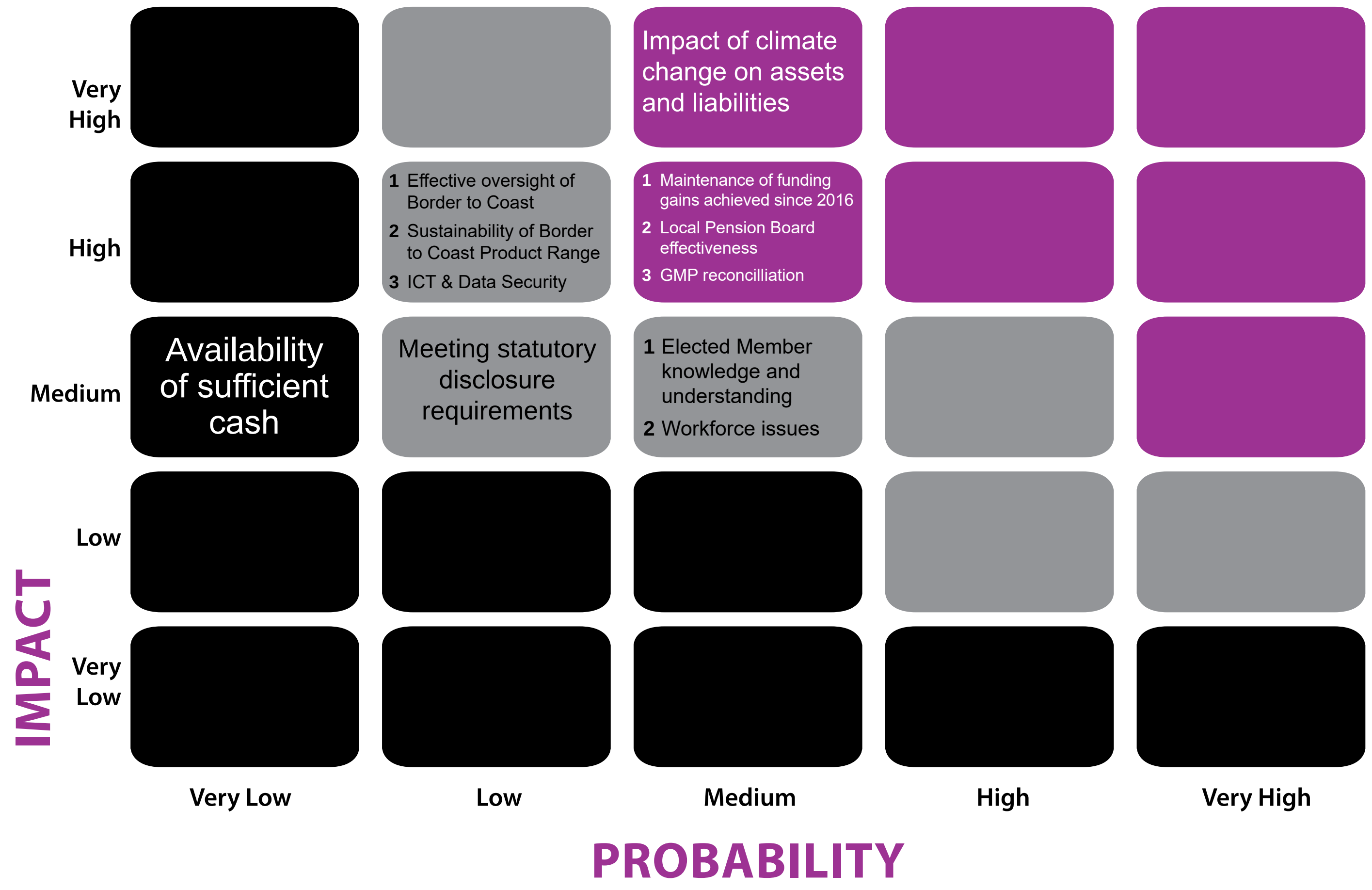
3.6 OUR ORGANISATION

Managing the risks facing the Authority and the Pension Fund

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 in order to achieve financial return, the effective management of risk is crucial to us being able to achieve our objectives.

As indicated in the Annual Governance Statement, the Audit Committee has overseen the Authority's risk management arrangements over the course of the year. The Risk Register, which forms an integral part of the Corporate Strategy, has been regularly reviewed by the Authority's Senior Management Team and changes have been made in the light of changes in the external environment and the progress made in delivering projects such as investment pooling. The key risks identified in the corporate risk register, as at the end of March 2020 are:

Risk Matrix



As the Coronavirus pandemic has the potential to significantly impact all aspects of the Authority's work, the Senior Management Team created a specific risk register addressing these risks. As time has moved on, some of the risks that were initially scored highly such as those around the resilience of our ICT infrastructure with all staff working from home have seen their scores reduce as the resilience of the network has been proved. Other risks within the financial markets have continued at much the same level, although these are in reality a subset of the risk that exists whenever the Authority participates in the financial markets and are reflected prominently on the main risk register.

Given the scale of the financial assets managed by the Authority the management of the risks inherent in participation in the financial markets is a crucial part of the overall risk management framework. The Authority sets out broad policies in the Investment Strategy Statement which conforms to the LGPS Investment Regulations 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. These are reported on by managers and significant movements or breaches are followed up as part of ongoing performance review.

We will over the coming years be developing a more comprehensive suite of metrics which will allow us to better monitor the risk exposures within the investment portfolio.

Leaving the impact of Coronavirus on markets to one side the most immediately significant investment risk exposure over the last year has resulted from the transition of Investment Grade Credit assets into pooled structures provided by the Border to Coast Pensions Partnership. This was carried out successfully over February and early March with the Coronavirus related dislocation in the market having a favourable impact on the costs of the transition process.

The other long term risk to the value of the Fund is concerned with the impact of climate change and details of the steps being taken in this area are provided elsewhere in this report as part of the Authority's commitment to meeting the reporting standards set by the Taskforce for Climate Related Financial Disclosure (TCFD).

The potential impact of market volatility is always a risk to any participant in the financial markets and the market turbulence caused by the Coronavirus pandemic towards the end of the year was an extreme example of this. While the Authority had put some mitigations in place the scale of turbulence has had an impact on the value of the Fund, more details of which are set out later in this report.

3.6 OUR ORGANISATION

Managing the risks facing the Authority and the Pension Fund

The members of the Authority receive assurance as to the effectiveness of both the system of control 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 which is included in the Annual Governance Statement is one of Reasonable (positive) Assurance. The table below indicates the various systems identified that required internal audit testing during the year, and the level of assurance received.

Internal Audit Review Results 2019/20

Review Topic	Assurance Level	Number and priority of findings
HR Governance	Limited	**8** (7 significant, 1 merits attention)
Investment Income	Substantial	**0**
Support Staff Payroll	Reasonable	**3** (2 significant, 1 merits attention)
Journals	Reasonable	**1**(1 merits attention)
Purchase to Pay	Audit ongoing at 31.3.20	
Data Quality	Audit ongoing at 31.3.20	
Information Governance	Audit ongoing at 31.3.20	
Fund Contributions	Audit ongoing at 31.3.20	
Pensions Payroll	Adequate	**5** (5 merits attention)
AVC's Customer Experience	Limited	**13** (6 significant, 7 merits attention)

During the year Internal Audit changed their method of classifying the level of assurance for each assignment. This means that two scales have been in use in relation to work completed in the year. These are illustrated below:

	Current Classification	Previous Classification
Positive Opinions	Substantial Reasonable	Strong Reasonable
Negative Opinions	Limited None	Weak Non-existent

A deliberate approach has been adopted of focussing internal audit effort on areas where it is known that improvements are required in order to support the delivery of improvement, hence the number of less positive assessments and findings has increased, but so has their value to the Authority in that they provide important information to support the improvement of both the running of the organisation and of the services it provides.

External audit has been provided by Deloitte LLP under procurement arrangements managed by Public Sector Audit Appointments Ltd under the terms of the Local Audit and Accountability Act 2014. Deloitte, and their predecessors have raised no specific issues in terms of the control framework or the system of governance in their previous reports to those charged with governance and their value for money conclusion.

The Authority relies heavily on external organisations to manage money on its behalf. In addition to the manager of listed assets (Border to Coast Pensions Partnership) we have investments in over 150 individual funds within our Alternatives Portfolios. All of these Managers supply us with a copy of their ISAE3402 report (or equivalent) and their audited accounts which are reviewed and any issues highlighted pursued with the manager. The table below indicates the levels of assurance received and also how up to date that assurance is. At the time of producing this report less than 8% of managers had yet to submit their most up to date reports.

Asset Class	Number of Managers	Number of Funds	Number of Managers with satisfactory assurance	Number of Managers without satisfactory assurance	Awaiting audited 2019 information
Listed Equity	1	3	1	0	0
Investment Grade Credit	1	1	1	0	0
Commercial Property	6	6	6	0	2
Private Debt	42	42	42	0	3
Private Equity	106	106	106	0	6
Infrastructure	30	30	30	0	3
Total	**186**	**188**	**186**	**0**	**14**

There is always some delay in receiving final audited information from fund managers. However, none of the most recent reports indicate controls issues which would be a cause for concern to the Authority.

3.7 OUR ORGANISATION

Oversight of our assurance arrangements

The Authority maintains an Audit Committee as part of its governance structure in order to provide oversight of its various assurance arrangements.

The Committee produces an Annual Report for the Authority which is below.

INTRODUCTION

This report is produced in order to provide stakeholders with information on the work of the Committee over the 2019/20 Municipal Year and to support the process of assurance gathering required in order to produce the Authority's Annual Governance Statement.

It outlines the Committee's:

- Role and responsibilities;
- Membership and attendance; and
- Work programme.

COMMITTEE INFORMATION

Audit 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:

The suitability of, and any changes in accounting policies;

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.

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 2020 was:

Councillor J Mounsey (Chair)

Councillor A Atkin

Councillor S Cox

Councillor A Law

Councillor M Stowe

In addition, the three observers 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:

N Doolan-Hamer (Unison)

D Patterson (Unite)

G Warwick (GMB)

Committee Meetings and Attendance

The Committee held three meetings during the municipal year (July 2019, October 2019 and March 2020). The business conducted reflected the terms of reference and the pattern of work of the Authority's Internal and External Auditors. As this was the first year of the operation of the Committee in this form, learning from the work programme and the effectiveness of reporting in this first year will be reflected in the programme for future years.

The schedule of Members' attendance is provided elsewhere in this report. 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.

COMMITTEE WORK PROGRAMME AND OUTCOMES

The Committee maintains a broad programme of work for its main areas of activity. The outcomes of the Committee's work in relation to these are summarised below. The "boxed" bullet points in italics are the core functions of an Audit Committee from the CIPFA guidance; the details below each box identify how the Board has achieved its responsibilities.

3.7 OUR ORGANISATION

Oversight of our assurance arrangements

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:

- Reviewed the Authority's Risk Management Framework and approved changes in the methodology for assessing risks. As a result of this, routine reporting of changes to the risk register and the assessment of individual risks is reported to the Authority as part of regular quarterly reporting with a twice yearly detailed review of the register by the Committee, the first of which is due in July 2020.
- Received regular progress reports from the Head of Internal Audit on internal audit matters.
- Considered the results of the review of internal control and internal audit for 2018/19.

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.

The Committee has:
Internal Audit:

- Agreed the Internal Audit Strategy and Annual Plan for 2019/20 and 2020/21;
- Received and considered the Head of Internal Audit's Annual Report for 2018/19, including the opinion on the Authority's internal control arrangements;
- Received and considered regular reports from the Head of Internal Audit on the Internal Audit Team's progress against the annual plan, including summaries of the reports issued and management's response.

Appointed External Auditor (see also Accounts below):

- Received reports from Deloitte on their Audit Plans for the Authority;
- Received regular progress reports from Deloitte
- Approved Deloitte's fee for the financial year 2018/19.

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:
  - the 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 approved the Authority's Annual Governance Statement 2019/20;
- Reviewed and approved the Authority's Statement of Accounts 2018/19;
- Received and approved Deloitte's Annual Governance Report 2018/19 and agreed the responses to the recommendations made.

Working Arrangements

Members considered and agreed the Committee's Annual Report for 2018/19 which was then published on the Authority's website.

The Committee revisited the self-assessment of its position against the best practice guidance and considered the extent to which its arrangements remained robust.

Councillor John Mounsey
Chair - Audit Committee
(2019 - 20 Municipal Year)

3.7 OUR ORGANISATION

Managing our money

The Authority's day to day running costs are managed through the Operational Budget, while costs and income associated with specific investments and dealings with scheme members are managed through the Pension Fund directly. All of these are subject to audit by the external auditors and the full financial statements can be found at page 166.

In March 2019 the Authority approved its first Medium Term Financial Strategy setting a series of forecasts of future income and expenditure across both the operating budget and the fund and various rules within which the Authority seeks to manage its overall financial position.

The Operating Budget

Like any public body, to be able to show that we have managed our spending within the agreed level of resources the Operational Budget is produced. The table below illustrates the position for 2019/20.

SYPA Operational Budget	2019/20 Budget	2019/20 Outturn	2019/20 Outturn Variance	
	£	£	£	%
Investment Strategy	784,900	715,750	(69,150)	(8.80%)
Pensions Administration	2,992,750	2,587,480	(410,270)	(13.70%)
Finance & Corporate Services	669,500	612,990	(56,510)	(8.40%)
ICT	532,950	432,710	(100,240)	(18.80%)
Management & Corporate	382,650	360,190	(22,460)	(5.90%)
Democratic Representation	82,850	82,910	60	0.10%
Capital Expenditure Charged to Revenue	0	114,820	114,820	100.00%
Subtotal before transfer to reserves	**5,445,600**	**4,901,850**	**(543,750)**	**(10.0%)**
Appropriations to/(from) reserves	0	543,750	543,750	100.00%
Total	**5,445,600**	**5,445,600**	**0**	**0.00%**

The principal factors leading to the significant underspend shown above are:

- An underspend on staffing costs across all service areas of £505k which includes £127k relating to a miscalculation of on cost rates within the budget and £347k arising from vacancies and turnover savings in Pension Administration as vacancies were held as part of the restructure. The balance is made up of turnover savings in other areas offset by £52k of voluntary redundancy costs associated with the restructure.
- An overspend of c£150k on actuarial fees associated with the triennial valuation where additional work was required towards the end of the process in finalising contribution plans at individual employer level and where a significant number of new employers had to be dealt with as part of the normal post valuation exercise.
- Underspends on postage (£46k) and printing and stationery (£25k) arising from both the move to a greater level of electronic communication and the adoption of a hybrid mail solution.
- Savings of £36k on the renegotiated SLA for support services with Barnsley MBC, although these have been offset by additional spending on health and wellbeing initiatives and an external review of governance in preparation for new regulatory requirements in this area.
- Additional income from fees and charges (£24k) and from the sale of software and other ICT services to other organisations (£34k).
- An underspend of £17k on external audit fees as a result of the lower fees arising from the Public Sector Audit Appointments Contract.
- An underspend of £8k on the Local Pension Board and of a similar amount on training and travel expenses for elected members offset by additional expenditure of £14k from the introduction of the new members allowance scheme.
- Capital expenditure charged to revenue was not budgeted at the beginning of the year and consists of two items. Firstly £55k relating to the extension of the licence agreement for the pension administration system, and £60k in relation to additional hardware to facilitate homeworking in response to Covid-19 (essentially bringing forward expenditure planned over the next two years). These sums would normally be met from reserves. However, given the overall level of underspend they were offset against underspends in the rest of the budget.

Earmarked Reserves

During the year the Authority identified that the emerging significant underspend provided it with an opportunity to set aside funds to meet a proportion of significant medium term capital spending needs which had been identified as part of the corporate planning process. These include:

- Significant investment in ICT systems including the replacement of all the core business systems and potentially following a procurement process the replacement of the pension administration system.
- The identification and implementation of a solution for the Authority's longer term accommodation requirements.

The Authority's current reserves are held for revenue purposes and the Authority therefore resolved to create a Capital Projects reserve to address these specific issues. This reserve does not form part of the calculation of the limit on reserves set in the medium term financial strategy, but a limit on the size of the reserve will be agreed when the scale of costs involved in the accommodation project become clearer.

In terms of the Authority's revenue reserves we have to operate within a rule which limits the amount we can hold in reserves to 7.5% of the Operational Budget (£408k), and the current level is well below this limit. The two reserves are held for the following reasons;

- The Corporate Strategy Reserve exists to fund non-recurrent costs arising from projects which are required to implement the Corporate Strategy.
- The ICT Reserve exists to meet the costs of replacement ICT equipment and software on a cyclical basis. Any net income from sales of software to other

3.7 OUR ORGANISATION

Managing our money

LGPS funds is added to this reserve allowing either accelerated equipment replacement or the acquisition or enhancement of additional software.

Future Prospects for the Operating Budget

The operating budget for 2020/21 was set in January 2020 at a nil cash increase on 2019/20. This was the result of a number of the recurrent variances identified above being removed from the budget together with the removal of the need to make deficit recovery payments to the Pension Fund. Within the overall budget it was possible to redirect significant resources to support corporate strategy priorities and address identified risk areas.

There will continue to be pressure on the Authority to increase the pace of development and deployment of new ICT systems and to strengthen governance arrangements. Together with the administrative consequences of issues such as the McCloud judgement and GMP equalisation these will continue to place upward pressure on costs. At present it is anticipated that it will be possible to maintain the operating budget within the constraints on its growth set out in the Medium Term Financial Strategy.

Reserves	Balance at 01/04/2019 £	Transfers In £	Transfers Out £	Transfers between reserves £	Balance at 31/03/2020 £
Corporate Strategy Reserve	382,831	0	0	(150,000)	232,831
ICT Reserve	84,133	28,250	0		112,383
Subtotal: Revenue Reserves	**466,964**	**28,000**	**0**	**(150,000)**	**345,214**
Capital Projects Reserve	0	515,500	0	150,000	665,500
Total Reserves	**466,964**	**543,750**	**0**	**0**	**1,010,714**

The Pension Fund

The table below sets out the outturn for the Pension Fund relative to the forecast contained in the Medium Term Financial Strategy together with the forecast for the following three years which has been reviewed in the light of the outturn for 2019/20.

South Yorkshire Pension Fund	Forecast 2019/20 £m	Actual 2019/20 £m	Forecast 2020/21 £m	Forecast 2021/22 £m	Forecast 2022/23 £m
Dealings with members, employers and others directly involved in the scheme:					
Contributions receivable & transfers in from other pension funds	(255.8)	(345.2)	(336.5)	(245.2)	(257.9)
Benefits payable and payments to or on account of leavers	342.6	337.8	341.4	352.5	367.3
Net (additions) withdrawals from with dealings with members	**86.8**	**(7.4)**	**4.9**	**107.3**	**109.4**
Management expenses	50.8	49.4	64.0	66.2	72.7
Net returns on investments	(483.6)	227.5	(759.4)	(519.0)	(541.2)
Net (increase) /decrease in the Fund during the year	**(346.0)**	**269.5**	**(690.5)**	**(345.5)**	**(359.1)**
Net Assets of the Fund at 1 April	(8,440.0)	(8,440.0)	(8,170.5)	(8,861.0)	(9,206.5)
Net Assets of the Fund at 31 March	**(8,786.0)**	**(8,170.5)**	**(8,861.0)**	**(9,206.5)**	**(9,565.6)**

Covid-19 had a significant negative impact on the Pension Fund's value at the end of 2019/20, although subsequent evidence points to a recovery of these losses despite markets remaining fragile.

Contributions in both 2019/20 and 2020/21 are greater than in subsequent years as a result of employers pre-paying contributions for the three year valuation period.

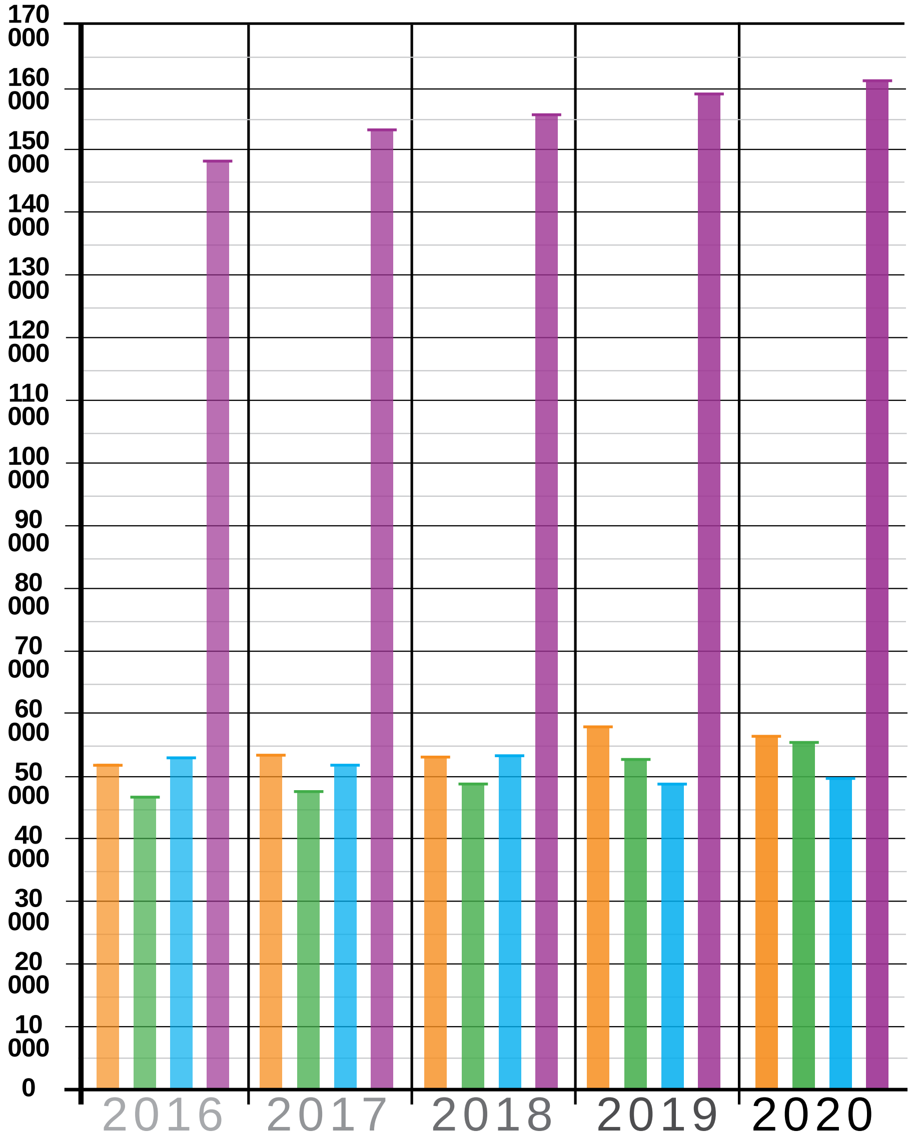
Management expenses (largely fees paid to investment managers) are forecast to rise in line with the overall value of the Fund's assets and to reflect the change in the mix of assets held towards asset classes such as infrastructure which tend to have higher fees than listed assets.

Overall the forecast indicates a maintenance of the funding position at the 2019 valuation of around fully funded.

4
OUR PENSION FUND

4.1
OUR PENSION FUND
Membership

Overall, Fund membership continues to grow. The Fund has **161,477** members compared with **160,049** at March 2019. There are three main categories of membership, **49,866** active contributing members, **55,189** members and dependants in receipt of a pension and **56,422** deferred members (members who have left employment and deferred their benefits until normal retirement age). This figure also includes 5,483 members who have left the pension scheme before retirement age but we haven't yet processed their benefits.



Total membership

Active Members

Pensioners (including dependants)

Deferred Members (members who have left the pension scheme before retirement age)

Fund Statistics

ACTIVE MEMBER GENDER
- Female 74%
- Male.. 26%

AGE PROFILE
- 16 - 29 5,899
- 30 - 44 15,341
- 45 - 54 15,483
- 55 - 64 12,061
- 65+ 1,082

OTHER
- Average age 45
- Minimum age..................................16
- Maximum age..................................75

DEFERRED MEMBER GENDER
- Female 73%
- Male.. 27%

AGE PROFILE
- 16 - 29 3,109
- 30 - 44 19,813
- 45 - 54 20,863
- 55 - 64 12,279
- 65+ 358

OTHER
- Average age 46
- Minimum age..................................19
- Maximum age..................................75

PENSIONER GENDER
- Female 63%
- Male.. 37%

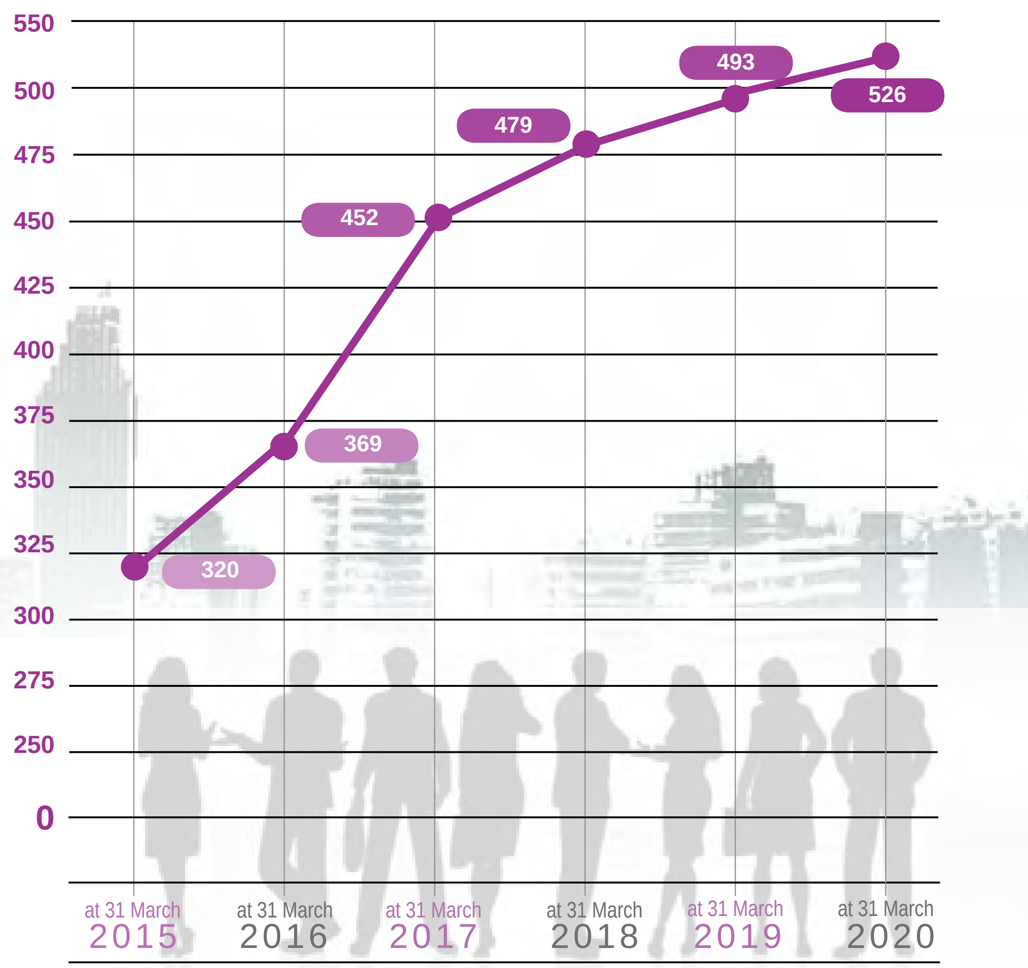
AGE PROFILE
- 0 - 44 423
- 45 - 54 501
- 55 - 64 14,413
- 65+ 39,852
- Oldest pensioner 105

OTHER
- Average pension £4,944.79
- Average age at retirement............59
- Average age of pensioner 70

4.1
OUR PENSION FUND
Membership

SYPA is responsible for administering the Local Government Pension Scheme for local authorities and other eligible employers, such as colleges and not-for-profit organisations, mainly located in South Yorkshire. Predominant amongst the contributing employers are the Metropolitan District Councils of Barnsley, Doncaster, Rotherham and Sheffield plus the civilian arm of the South Yorkshire Police and The Police & Crime Commissioner. The chart opposite shows the number of employers we administer the Scheme for. In recent years, we have seen an increase in the number of contributing employers which is largely due to schools of Local Education Authorities converting to academy status and becoming an independent body.

Scheme Employers



NUMBER OF EMPLOYERS AT 31 MARCH 2020

526

PENSIONS INCREASE APRIL 2020

1·7%

OLDEST PENSIONER

105

4.2
OUR PENSION FUND
Employer admissions & contributions

The following is a list of employers who joined the scheme in the 2019/20 year.

Date Admitted	Employer	Employer Type*
01/04/2019	Wellspring Trust MAT HQ	Scheduled Body
01/04/2019	Mercia Learning Trust MAT HQ	Scheduled Body
01/04/2019	Maltby Learning Trust MAT HQ	Scheduled Body
01/04/2019	Sheffield City Region - Combined Authority	Scheduled Body
01/04/2019	Thorne Brooke Primary	Scheduled Body
01/04/2019	Marshland Primary	Scheduled Body
01/04/2019	Minerva Learning Trust - MAT HQ	Scheduled Body
01/04/2019	Wath Comprehensive School	Scheduled Body
13/04/2019	Compass (Atlas Academy)	Contractor (TAB)
13/04/2019	Compass (Waverley Academy)	Contractor (TAB)
13/04/2019	Compass (The Hill Primary)	Contractor (TAB)
13/04/2019	Compass (Kingfisher Academy)	Contractor (TAB)
13/04/2019	Compass (Intake Primary)	Contractor (TAB)
13/04/2019	Compass (Hillside Academy)	Contractor (TAB)
13/04/2019	Compass (Highgate Primary)	Contractor (TAB)
13/04/2019	Compass (Hexthorpe Primary)	Contractor (TAB)
13/04/2019	Compass (Hatfield Primary)	Contractor (TAB)
13/04/2019	Compass (Hartley Brook Primary)	Contractor (TAB)
13/04/2019	Compass (Gooseacre Primary)	Contractor (TAB)
13/04/2019	Compass (Edenthorpe Hall Academy)	Contractor (TAB)
13/04/2019	Compass (Denaby Main Academy)	Contractor (TAB)
13/04/2019	Compass (Castle Academy)	Contractor (TAB)

***Scheduled Body:** A body listed in Schedule 2 of the Regulations e.g. a Local Authority. All scheduled body employers are automatically admitted to the Fund and eligible employees entered in the Scheme.

***Community Admission Body:** A body admitted under an Admission Agreement which is a not-for-profit organisation and shares a community interest with a scheme employer. Requires an Admission Agreement between SYPA and the admission body plus a financial guarantor. Employees are nominated by the admission body for membership.

***Contractor (TAB):** A body admitted under an Admission Agreement which employs staff transferred from a scheme employer, undertaking an outsourcing service or asset of that scheme employer. Requires an Admission Agreement between SYPA, the Contractor and the Outsourcing Authority. The Contractor may be required to provide a bond to guarantee liabilities. Named employees are transferred from the outsourcing employer and retain their membership of the Scheme.

***Resolution Body:** These are bodies such as Parish and Town Councils which form part of local government but are able to choose through a resolution whether or not to participate in the Local Government Pension Scheme.

Date Admitted	Employer	Employer Type*
13/04/2019	Compass (Carrfield Primary)	Contractor (TAB)
23/04/2019	RM Education Ltd (Firth Park Academy)	Contractor (TAB)
01/05/2019	Optime Support Limited	Scheduled Body
01/05/2019	Chorus Education Trust - MAT HQ	Scheduled Body
01/05/2019	Nook Lane Junior School	Scheduled Body
01/05/2019	Loxley Primary School	Scheduled Body
01/05/2019	Oughtibridge Primary School	Scheduled Body
01/05/2019	Wharncliffe Side Primary	Scheduled Body
01/05/2019	Stannington Infant School	Scheduled Body
01/05/2019	Bradfield Dungworth Primary	Scheduled Body
15/05/2019	MAM (Doncaster) Ltd - Doncaster Markets	Contractor (TAB)
25/05/2019	Mellors (Hatfield Crookesbroom Primary)	Contractor (TAB)
25/05/2019	Mellors (Rowena Academy)	Contractor (TAB)
25/05/2019	Mellors (Pheasant Bank Academy)	Contractor (TAB)
25/05/2019	Mellors (Hatfield Woodhouse Primary)	Community Admission Body
25/05/2019	Mellors (Grange Lane Infants)	Contractor (TAB)
01/06/2019	Horizon Community College	Scheduled Body
01/06/2019	Askern Spa Primary	Scheduled Body
01/06/2019	Aspens Services Ltd (Astrea Woodfields Academy)	Contractor (TAB)
20/06/2019	Dalton Parish Council	Resolution Body
01/07/2019	Pye Bank C of E School	Scheduled Body
01/07/2019	Norton Junior School	Scheduled Body

4.2
OUR PENSION FUND
Employer admissions & contributions

Date Admitted	Employer	Employer Type*
01/07/2019	Norton Infant School	Scheduled Body
05/08/2019	CaterLeisure (Riverside House)	Contractor (TAB)
01/09/2019	Woodseats Primary Academy	Scheduled Body
01/09/2019	West Road Primary Academy	Scheduled Body
01/09/2019	Taylor Shaw (Flanderwell Primary school)	Contractor (TAB)
01/09/2019	Taylor Shaw (Canon Popham C of E Primary and Nursery)	Contractor (TAB)
01/09/2019	Taylor Shaw (Aston All Saints C of E Primary)	Contractor (TAB)
01/09/2019	Taylor Shaw (Wickersley St Albans C of E Primary)	Contractor (TAB)
01/09/2019	Taylor Shaw (Trinity Croft C of E Primary Academy)	Contractor (TAB)
01/09/2019	Taylor Shaw (Thrybergh Fullerton)	Contractor (TAB)
01/09/2019	Taylor Shaw (St Oswalds Finningley Academy)	Contractor (TAB)
01/09/2019	Taylor Shaw (Rossington St Michaels C of E Primary)	Contractor (TAB)
01/09/2019	Taylor Shaw (Kilnhurst St Thomas C of E Primary)	Contractor (TAB)
01/09/2019	Taylor Shaw (Treeton C of E Primary School)	Contractor (TAB)
01/09/2019	Taylor Shaw (Laughton All Saints Primary)	Contractor (TAB)
02/09/2019	Aspens Services Ltd (Astrea Academy Dearne)	Contractor (TAB)
01/10/2019	Crags Community School	Scheduled Body
01/10/2019	Laughton All Saints C of E Primary	Scheduled Body
01/11/2019	Lakeside Primary Academy	Scheduled Body
01/11/2019	Heatherwood Community Special School	Scheduled Body
01/12/2019	Coppice Community Special School	Scheduled Body
01/12/2019	Churchfield Primary School	Scheduled Body

Date Admitted	Employer	Employer Type*
01/12/2019	Worsbrough Common Primary	Scheduled Body
01/12/2019	Kiveton Park Meadows Junior School	Scheduled Body
01/12/2019	Brinsworth Howarth Primary	Scheduled Body
01/02/2020	Mapplewell Primary	Scheduled Body
01/02/2020	Happy Kids Childcare (Rotherham)	Contractor (TAB)

4.2
OUR PENSION FUND
Employer admissions & contributions

The following employers ceased to participate in the Fund during the year largely due to the end of service contract

Date Terminated	Employer	Admission Cease Reason	Employer Type
08/07/2019	ADS-Doncaster Substance Misuse Contract	Terminated	Contractor (TAB)
11/04/2019	Compass (Grange Lane Infants)	Terminated	Contractor (TAB)
24/05/2019	Compass (Hatfield Crookesbroom)	Terminated	Contractor (TAB)
24/05/2019	Compass (Hatfield Woodhouse)	Terminated	Contractor (TAB)
31/05/2019	Compass (Rowena)	Terminated	Contractor (TAB)
01/09/2019	Dolce Ltd (Aston All Saints)	Terminated	Contractor (TAB)
31/08/2019	Dolce Ltd (Flanderwell Primary)	Terminated	Contractor (TAB)
12/04/2019	Dolce Ltd (Intake Primary)	Terminated	Contractor (TAB)
31/08/2019	Dolce Ltd (Rossington St Michaels)	Terminated	Contractor (TAB)
20/09/2019	Dolce Ltd (St Josephs - Handsworth)	Terminated	Contractor (TAB)
31/08/2019	Dolce Ltd (Trinity Croft)	Terminated	Contractor (TAB)
31/08/2019	Dolce Ltd (Wickersley St Albans)	Terminated	Contractor (TAB)
31/03/2020	Fortem Solutions Ltd	Terminated	Contractor (TAB)
15/08/2019	Independent Cleaning Services Ltd (McAuley High)	Terminated	Contractor (TAB)
30/04/2019	KGB Cleaning (Doncaster College)	Terminated	Contractor (TAB)
31/07/2019	Leonard Cheshire Disability	Terminated	Community Admission Body
31/08/2019	Mellors (Thrybergh Fullerton)	Terminated	Contractor (TAB)
17/01/2020	RM Education Ltd (Dearne ALC)	Terminated	Contractor (TAB)

Employers within the Fund paid over the following amounts during the scheme year 2019/20. All figures shown are basic contribution payments and do not include any pre 2014 arrears or capital contributions that may have been paid by the employer; a nil employees figure indicates that there are no active employees; a nil employers figure indicates that no extra funding is required.

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Danum Drainage Commissioners	1,803.77	4,336.59	6,140.36
National Childrens Bureau	80,031.34	320,993.91	401,025.25
Action Housing & Support Ltd	50,286.84	231,489.61	281,776.45
National Horseracing College	12,692.03	61,250.41	73,942.44
Leonard Cheshire Disability	446.64	1,763.40	2,210.04
South Yorkshire Housing Association	10,726.50	63,768.39	74,494.89
Northern College	68,266.15	379,852.63	448,118.78
Dial a Ride	0.00	22,500.00	22,500.00
Barnsley Premier Leisure	108,542.18	330,405.35	438,947.53
Doncaster Community Transport	2,891.48	3,356.22	6,247.70
Roth Don and South Humber Mental Health NHS Foundation Trust	18,720.71	34,561.46	53,282.17
Sheffield Community Transport	9,205.27	15,692.94	24,898.21
Sheffield International Venues Ltd	0.00	288,900.00	288,900.00
Sheffield Students Union	6,449.88	13,463.40	19,913.28
Sheffield Health & Social Care NHS Foundation Trust	75,494.58	397,984.32	473,478.90
Great Places Housing Association	6,121.25	30,144.01	36,265.26
Sheffield City Trust	193,080.30	281,245.46	474,325.76
7 Hills Leisure Trust	0.00	-5,770.83	-5,770.83
Voluntary Action Barnsley	3,748.54	22,466.82	26,215.36
Barnsley BIC Ltd	5,865.04	13,797.07	19,662.11
Independent Training Services Ltd	5,450.82	30,145.83	35,596.65

4.2 OUR PENSION FUND

Employer admissions & contributions

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Priory Campus Ltd	2,085.96	21,199.77	23,285.73
Forge Community Partnership	3,407.68	23,453.71	26,861.39
Doncaster Deaf Trust	105,733.73	397,350.39	503,084.12
Shaw Trust	2,759.12	11,687.52	14,446.64
Doncaster Culture & Leisure Trust	23,263.22	219,647.02	242,910.24
Doncaster Childrens Services Trust Ltd	1,254,426.68	2,629,631.32	3,884,058.00
Voluntary Action Rotherham	1,748.58	6,652.19	8,400.77
Sheffield Mind Ltd	0.00	23,600.00	23,600.00
Community Action Halfway Home	1,041.36	17,491.28	18,532.64
Sheffield Industrial Museums Trust Ltd	19,902.19	62,902.27	82,804.46
Sheffield Galleries & Museums	7,586.40	68,315.40	75,901.80
Sheffcare Ltd	21,118.27	324,929.12	346,047.39
Sheffield Unison	5,484.15	16,800.68	22,284.83
Sheffield Futures	107,766.18	444,152.62	551,918.80
Learn Sheffield	21,416.58	37,782.05	59,198.63
Border to Coast Pensions Partnership Ltd	92,286.57	642,045.12	734,331.69
Mellors (Hatfield Woodhouse Primary)	964.96	3,836.34	4,801.30
Midshire Catering Ltd	708.60	2,834.64	3,543.24
KGB Cleaning (Doncaster College)	204.48	702.72	907.20
Compass (RCAT)	5,651.04	23,565.70	29,216.74
ADS-Doncaster Substance Misuse Contract	681.61	1,784.21	2,465.82

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Amey Community Ltd (Barnsley BSF Design & Building Schools)	6,489.27	24,945.53	31,434.80
Amey Community Ltd SPV1 (Barnsley BSF/PFI)	7,717.14	29,144.29	36,861.43
Amey Community Ltd SPV2 (Barnsley BSF/PFI)	4,174.22	15,129.61	19,303.83
Amey Community Ltd SPV3 (Barnsley BSF/PFI)	9,915.62	37,814.21	47,729.83
Kier (Barnsley Housing Stock Maintenance)	80,147.39	119,360.34	199,507.73
NPS Barnsley Ltd	103,378.47	217,660.99	321,039.46
Barnsley Norse Ltd	62,529.98	179,685.48	242,215.46
Trustclean Ltd (Athersley North)	765.26	2,319.00	3,084.26
Caterlink (Barnsley Academy)	3,274.29	10,507.25	13,781.54
RM Education Ltd (Dearne ALC)	936.12	3,144.10	4,080.22
Dimensions (UK) Ltd	28,864.20	101,946.23	130,810.43
Turning Point	31,126.64	103,451.86	134,578.50
Compass (Kirk Balk Academy)	5,860.02	22,364.17	28,224.19
ISS Mediclean Ltd	5,176.72	18,918.99	24,095.71
Engie Services Ltd (Barnsley Schools)	1,757.18	10,340.34	12,097.52
Caterlink (Hunningley Primary)	1,715.04	6,319.95	8,034.99
Sodexo (Oakhill Academy Wellspring)	1,492.19	4,395.43	5,887.62
Sodexo (Greenacre Academy Wellspring)	4,240.41	11,903.71	16,144.12
Sodexo (Springwell Special Academy Wellspring)	1,346.66	5,184.86	6,531.52
Crispin & Borst	3,766.34	7,192.62	10,958.96
Compass (Grange Lane Infants)	101.92	316.89	418.81
Compass (Hatfield Woodhouse)	170.41	599.99	770.40

4.2
OUR PENSION FUND
Employer admissions & contributions

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Compass (Pheasant Bank)	149.63	651.96	801.59
Compass (Rowena)	0.00	566.98	566.98
Compass (Hatfield Crookesbroom)	102.00	246.89	348.89
Independent Cleaning Services Ltd (Danum Academy)	1,319.93	4,871.73	6,191.66
Carroll Cleaning Company (De Warenne Academy)	2,700.71	10,017.55	12,718.26
Aspens Services Ltd (McAuley Academy)	8,575.19	31,905.06	40,480.25
Compass (Don Valley Academy)	2,760.55	8,870.34	11,630.89
Compass (Rossington All Saints Academy)	2,635.35	7,824.20	10,459.55
Compass (The Hayfield School)	1,433.26	5,752.60	7,185.86
Engie Services Ltd (Rotherham Schools)	8,546.17	40,611.44	49,157.61
Go Plant Fleet Services Ltd	3,736.72	5,780.23	9,516.95
Fortem Solutions Ltd	158,575.60	0.00	158,575.60
Morrison Facilities Service Ltd	176,617.35	0.00	176,617.35
Mellors (Rawmarsh Comprehensive)	1,051.09	4,357.22	5,408.31
Trustclean (Wath CE School)	237.89	1,042.57	1,280.46
Places for People (RMBC)	49,395.56	128,238.25	177,633.81
Trustclean (Wath Victoria Primary)	256.86	546.47	803.33
Mellors (Brinsworth)	4,208.56	14,099.44	18,308.00
Capita (Outstanding Sheffield Programme)	16,524.89	0.00	16,524.89
Taylor Shaw (Sheffield Catering)	1,378.64	2,668.65	4,047.29
Taylor Shaw (Sheff School Meals Central Contract)	35,465.97	130,267.77	165,733.74

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Mellors (Sheffield Schools)	439.16	1,251.77	1,690.93
Amey LG Limited (Sheffield Highways)	576,385.51	617,593.42	1,193,978.93
Interserve FM Ltd	1,352.37	34,357.13	35,709.50
Veolia Environmental Services PLC	115,366.91	295,386.66	410,753.57
Mitie Ltd	1,103.38	4,380.70	5,484.08
Kier Managed Services	2,744.00	0.00	2,744.00
Taylor Woodrow Construction (Sheffield Schools)	2,950.53	1,342.58	4,293.11
Vinci Construction UK Ltd (Bradfield FM)	838.38	2,555.22	3,393.60
Taylor Shaw (Bradfield School)	460.81	1,962.78	2,423.59
Mellors (Hinde House/King Ecgbert)	3,604.89	12,674.75	16,279.64
Caterlink (Sheffield Park Academy)	1,363.01	5,758.20	7,121.21
Places for People (SCC)	15,155.99	48,234.67	63,390.66
British Red Cross	1,021.20	4,630.68	5,651.88
Taylor Shaw (St John Fisher Academy)	948.80	3,208.68	4,157.48
Places for People (Wisewood Sports Centre)	2,358.42	6,792.97	9,151.39
Cordant Cleaning Ltd	28,182.31	106,648.23	134,830.54
Aspens Services Ltd (Parkwood Academy)	1,682.72	8,368.33	10,051.05
Aspens Services Ltd (E-ACT Pathways Academy)	608.47	2,677.23	3,285.70
Argent Catering Solutions Ltd	2,535.87	11,712.55	14,248.42
Edwards Commercial Cleaning (NORTH) Ltd	838.62	3,125.80	3,964.42
Wates Living Space Maintenance Ltd	22,619.00	75,746.94	98,365.94

4.2
OUR PENSION FUND
Employer admissions & contributions

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Dolce Ltd (Aston All Saints)	517.30	1,504.86	2,022.16
Dolce Ltd (Flanderwell Primary)	648.07	2,215.40	2,863.47
Dolce Ltd (Sitwell Juniors)	2,103.29	6,768.83	8,872.12
Dolce Ltd (Wickersley St Albans)	361.87	1,552.84	1,914.71
Dolce Ltd (Trinity Croft)	503.44	1,683.16	2,186.60
Dolce Ltd (Kilnhurst Junior & Infants)	1,363.21	4,411.93	5,775.14
Dolce Ltd (Swinton Fitzwilliam)	1,625.44	5,463.66	7,089.10
Dolce Ltd (Whiston Junior & Infants)	480.89	1,704.96	2,185.85
Dolce Ltd (Whiston Worrygoose)	1,234.18	4,667.66	5,901.84
Dolce Ltd (Wickersley Northfield)	2,284.02	8,429.96	10,713.98
Dolce Ltd (Woodsetts)	1,157.25	4,250.42	5,407.67
Dolce Ltd (Intake Primary)	31.23	97.12	128.35
Mellors (Aston Hall Junior & Infants)	1,563.11	5,342.91	6,906.02
Mellors (Aston Lodge Primary)	1,626.87	4,614.42	6,241.29
Mellors (Brinsworth Whitehill)	1,518.15	5,768.92	7,287.07
Mellors (Monkwood Primary)	1,395.46	4,769.96	6,165.42
Mellors (Rawmarsh Ashwood Primary)	665.66	2,444.89	3,110.55
Mellors (Sandhill Primary)	1,306.59	4,394.94	5,701.53
Mellors (Thrybergh Primary)	2,190.63	8,563.37	10,754.00
Dolce Ltd (Blackburn Primary)	725.35	2,400.27	3,125.62
Dolce Ltd (Kiveton Park)	833.15	2,408.49	3,241.64

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Dolce Ltd (Harthill Primary)	568.14	2,200.14	2,768.28
Dolce Ltd (Todwick)	687.80	3,245.29	3,933.09
Dolce Ltd (St Josephs - Handsworth)	268.28	1,170.60	1,438.88
Dolce Ltd (Dodworth St Johns)	1,221.52	5,655.96	6,877.48
Dolce Ltd (Rossington St Michaels)	818.73	2,989.52	3,808.25
Dolce Ltd (Elsecar Holy Trinity)	857.80	2,978.87	3,836.67
Dolce Ltd (Swinton Queen Primary)	1,602.47	5,186.16	6,788.63
Dolce Ltd (St Marys Maltby)	470.53	1,479.95	1,950.48
Premiserv (Blackburn Primary)	1,408.39	5,889.47	7,297.86
Sodexo (Oakwell Rise Academy Wellspring)	1,537.06	7,070.91	8,607.97
Sodexo (Forest Primary Academy Wellspring)	1,507.08	5,179.34	6,686.42
TnS (DeWarenne Academy)	1,774.96	6,873.92	8,648.88
Affinity Trust - NHS Transfer (SCC)	2,841.48	8,106.72	10,948.20
Compass (St Pius X Catholic High School)	2,300.08	8,588.24	10,888.32
Interserve - SCC Catering Contract	2,884.12	10,501.49	13,385.61
Aspens Services Ltd - Netherwood Catering Contract	3,614.50	14,442.80	18,057.30
Churchill Contract Services - Dinnington High School	5,427.34	21,795.23	27,222.57
Churchills Contract Services - Brinsworth Academy (01/09/18)	462.61	1,724.00	2,186.61
Dolce - Conisbrough Ivanhoe Primary Academy	1,022.86	3,844.51	4,867.37
MAM (Doncaster) Ltd - Doncaster Markets	15,655.05	40,366.02	56,021.07
Compass (Hatfield Primary)	4,014.06	13,227.20	17,241.26

4.2
OUR PENSION FUND
Employer admissions & contributions

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Compass (Atlas Academy)	1,742.25	6,552.06	8,294.31
Compass (Hexthorpe Primary)	2,491.60	7,935.41	10,427.01
Compass (Highgate Primary)	2,335.35	9,024.15	11,359.50
Compass (Hillside Academy)	447.63	1,929.25	2,376.88
Compass (Intake Primary)	1,135.56	3,820.07	4,955.63
Compass (Kingfisher Academy)	2,330.04	8,982.09	11,312.13
Compass (The Hill Primary)	3,346.65	11,343.00	14,689.65
Compass (Waverley Academy)	1,180.23	4,476.64	5,656.87
Compass (Carrfield Primary)	410.52	1,493.08	1,903.60
Compass (Castle Academy)	1,289.32	4,513.73	5,803.05
Compass (Denaby Main Academy)	1,710.84	7,526.09	9,236.93
Compass (Edenthorpe Hall Academy)	1,357.13	4,547.41	5,904.54
Compass (Gooseacre Primary)	2,027.88	7,363.87	9,391.75
Compass (Hartley Brook Primary)	3,823.80	12,176.56	16,000.36
CaterLeisure (Riverside House)	2,137.83	5,620.59	7,758.42
Mellors (Grange Lane Infants)	602.46	1,873.00	2,475.46
Aspens Services Ltd (Astrea Academy Dearne)	3,557.06	9,298.58	12,855.64
Mellors (Hatfield Crookesbroom Primary)	572.13	2,194.56	2,766.69
Mellors (Pheasant Bank Academy)	797.74	4,151.21	4,948.95
Mellors (Rowena Academy)	366.15	1,528.12	1,894.27
RM Education Ltd (Firth Park Academy)	1,069.26	2,654.76	3,724.02

COMMUNITY ADMISSION BODY Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Happy Kids Childcare (Rotherham)	206.28	647.42	853.70
Taylor Shaw (Aston All Saints C of E Primary)	721.58	2,077.60	2,799.18
Taylor Shaw (Canon Popham C of E Primary and Nursery)	849.61	2,496.03	3,345.64
Taylor Shaw (Flanderwell Primary school)	939.00	3,209.71	4,148.71
Taylor Shaw (Kilnhurst St Thomas C of E Primary)	30.81	202.92	233.73
Taylor Shaw (Laughton All Saints Primary)	606.76	1,974.72	2,581.48
Taylor Shaw (Rossington St Michaels C of E Primary)	1,148.23	4,227.22	5,375.45
Taylor Shaw (St Oswalds Finningley Academy)	1,365.32	4,245.14	5,610.46
Taylor Shaw (Thrybergh Fullerton)	99.70	627.36	727.06
Taylor Shaw (Treeton C of E Primary School)	217.30	707.22	924.52
Taylor Shaw (Trinity Croft C of E Primary Academy)	199.13	691.57	890.70
Taylor Shaw (Wickersley St Albans C of E Primary)	752.40	3,228.62	3,981.02
Aspens Services Ltd (Astrea Woodfields Academy)	4,304.45	11,641.28	15,945.73
Totals	**4,082,490.46**	**10,513,041.89**	**14,595,532.35**

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Brodsworth Parish Council	368.64	1,293.60	1,662.24
Penistone Town Council	3,620.06	14,303.08	17,923.14
Silkstone Parish Council	363.55	1,033.65	1,397.20
Askern Town Council	2,550.70	7,050.01	9,600.71
Barnby Dun with Kirk Sandall Parish Council	1,140.62	3,007.26	4,147.88
Edlington Town Council	5,981.26	16,017.36	21,998.62
Hatfield Town Council	3,511.73	15,059.13	18,570.86
Rossington Parish Council	3,294.84	13,194.98	16,489.82
Stainforth Town Council	1,318.62	14,651.10	15,969.72
Thorne Moorends Town Council	6,721.35	35,555.36	42,276.71
Sprotbrough & Cusworth Parish Council	1,877.93	8,300.79	10,178.72
Armthorpe Parish Council	4,072.29	11,138.56	15,210.85
Barnburgh & Harlington Parish Council	514.72	1,137.08	1,651.80
Anston Parish Council	8,013.02	25,709.43	33,722.45
Thrybergh Parish Council	1,255.01	6,180.00	7,435.01
Aston-cum-Aughton Parish Council	4,590.20	18,147.36	22,737.56
Wickersley Parish Council	3,501.29	5,603.07	9,104.36
Bradfield Parish Council	5,640.24	8,171.26	13,811.50
Ecclesfield Parish Council	1,199.49	5,517.33	6,716.82
Stocksbridge Town Council	1,561.68	6,136.84	7,698.52
Dalton Parish Council	19,806.21	5,558.80	25,365.01

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Barnsley College	480,602.30	1,399,691.78	1,880,294.08
DN Colleges Group	484,861.91	1,741,707.58	2,226,569.49
The Sheffield College	602,488.66	2,172,345.08	2,774,833.74
The Hayfield School	42,362.99	144,003.41	186,366.40
R N N Group	541,574.37	1,873,929.25	2,415,503.62
Thomas Rotherham College	65,141.25	198,785.28	263,926.53
Longley Park Sixth Form College	53,848.76	129,930.90	183,779.66
University Technology College (Sheffield)	44,601.78	94,926.27	139,528.05
Consilium Academies Trust	28,725.23	34,673.44	63,398.67
Berneslai Homes	862,796.18	1,929,453.91	2,792,250.09
Barnsley Academy	38,048.45	92,801.51	130,849.96
St Marys Academy Trust	27,037.73	79,401.89	106,439.62
Oakhill Primary Academy	15,338.38	77,095.99	92,434.37
The Hill Academy	39,988.16	131,549.16	171,537.32
Highgate Academy	18,118.82	79,634.19	97,753.01
Carrfield Academy	17,771.43	66,037.14	83,808.57
Gooseacre Academy	19,338.78	68,629.58	87,968.36
All Saints Academy (Darfield)	14,965.79	59,242.02	74,207.81
Upperwood Academy	19,361.52	75,582.71	94,944.23
Carlton Primary	20,089.40	70,178.75	90,268.15

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Royston Parkside Academy	23,747.65	89,785.03	113,532.68
Royston Summer Fields Primary	13,988.32	53,988.95	67,977.27
Shafton Primary Academy	7,599.53	42,078.28	49,677.81
St Helens Primary Academy	9,531.00	51,513.29	61,044.29
The Forest Academy	159,346.21	246,468.38	405,814.59
Meadstead Primary Academy	17,599.34	76,326.11	93,925.45
Heather Garth Primary School	23,243.50	100,556.05	123,799.55
Queens Road Academy	13,493.45	55,521.78	69,015.23
Littleworth Academy	25,447.13	113,200.10	138,647.23
Outwood Primary Academy Darfield	10,891.67	49,272.26	60,163.93
Hoyland Common Primary School	34,765.74	116,011.09	150,776.83
West Meadows Primary School	13,541.81	64,936.57	78,478.38
Dodworth St John the Baptist CE Primary Academy	10,419.74	52,773.05	63,192.79
Darton Primary School	13,345.41	61,473.42	74,818.83
The Mill Academy	18,378.05	78,244.57	96,622.62
Springwell Special Academy	37,507.25	143,157.83	180,665.08
Springwell Alternative Academy	44,436.87	155,626.52	200,063.39
Kirk Balk Community College	30,394.22	97,419.60	127,813.82
Outwood Academy Shafton	58,346.82	278,775.19	337,122.01
Sandhill Primary School	13,542.09	59,460.00	73,002.09
Greenacre Academy	175,726.11	686,431.08	862,157.19

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Laithes Primary School	22,267.08	75,216.72	97,483.80
Elsecar Holy Trinity CE Primary Academy	7,768.59	34,781.63	42,550.22
High View Primary Learning Centre	39,610.30	163,122.82	202,733.12
Wombwell Park Street Primary School	23,609.76	81,948.93	105,558.69
Hoyland Springwood Primary School	16,927.69	74,350.21	91,277.90
Outwood Academy Carlton	62,512.07	284,538.78	347,050.85
Royston St John the Baptist School	16,146.38	76,856.37	93,002.75
Ward Green Academy	24,904.94	104,974.57	129,879.51
Wellgate Primary School	23,446.25	101,026.85	124,473.10
Kexborough Primary School	12,166.67	64,316.73	76,483.40
Oakwell Rise Primary Academy	12,171.92	49,830.30	62,002.22
Netherwood ALC	32,900.67	178,069.28	210,969.95
Worsbrough Bank End	12,716.68	56,448.78	69,165.46
Hunningley Primary School	21,807.82	91,548.43	113,356.25
Trinity Academy	74,892.87	201,478.40	276,371.27
St Leger Homes of Doncaster	1,254,219.07	2,702,968.70	3,957,187.77
De Warenne Academy	54,111.84	103,679.71	157,791.55
Outwood Academy Adwick	70,889.42	174,622.64	245,512.06
Rossington All Saints Academy	47,723.82	258,133.71	305,857.53
Ash Hill Academy	46,159.33	203,346.85	249,506.18
Auckley Junior & Infant Academy	18,670.16	73,568.27	92,238.43

4.2

OUR PENSION FUND

Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Don Valley Academy & Performing Arts College	45,244.73	227,201.89	272,446.62
Grange Lane Infant Academy	16,661.10	61,626.38	78,287.48
Pheasant Bank Academy	18,887.75	71,895.42	90,783.17
Campsmount Academy	59,714.55	227,208.47	286,923.02
Outwood Academy Danum	56,366.54	294,990.37	351,356.91
Rowena Academy	14,948.42	61,962.92	76,911.34
The Academy at Ridgewood Trust	56,550.26	245,601.36	302,151.62
Conisbrough Ivanhoe Primary Academy	17,099.85	62,970.98	80,070.83
Highfields Primary Academy	8,437.67	33,446.24	41,883.91
Hall Cross Academy Trust	107,795.17	430,647.30	538,442.47
Hungerhill Academy Trust	66,954.43	261,450.34	328,404.77
Hatfield Woodhouse Primary	11,606.80	46,163.60	57,770.40
Crookesbroom Primary Academy	12,591.02	50,472.38	63,063.40
Willow Primary	19,394.28	67,936.31	87,330.59
Armthorpe Academy	31,416.66	144,833.09	176,249.75
Barnby Dun Primary Academy	15,815.43	65,748.60	81,564.03
Castle Academy	8,940.90	40,274.09	49,214.99
St Oswalds C of E Academy	13,245.00	44,286.36	57,531.36
Armthorpe Shaw Wood Academy	28,649.45	103,054.71	131,704.16
Kirk Sandall Infant School	20,568.02	70,941.80	91,509.82
Dunsville Primary School	23,725.47	77,734.89	101,460.36

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Sir Thomas Wharton Academy	40,544.57	182,912.95	223,457.52
Astrea Academy - Woodfields	65,151.76	330,765.43	395,917.19
St Josephs Catholic School (Rossington)	12,978.26	59,566.98	72,545.24
Richmond Hill Primary Academy	32,415.90	121,121.90	153,537.80
McAuley Catholic High School	66,396.30	286,644.19	353,040.49
Montagu Academy	24,656.83	114,511.57	139,168.40
Holy Family Catholic Primary	21,704.29	66,045.92	87,750.21
St Wilfrids Academy	22,037.27	58,249.32	80,286.59
The Laurel Academy	40,116.88	205,234.70	245,351.58
Kirk Sandall Junior School	19,889.82	77,230.04	97,119.86
XP School	24,974.45	42,963.26	67,937.71
Carr Lodge Academy	24,517.66	49,143.95	73,661.61
Waverley Academy	12,986.55	63,367.35	76,353.90
Morley Place Academy	14,738.10	60,100.80	74,838.90
Hillside Academy	6,317.14	34,187.31	40,504.45
Edenthorpe Hall Academy	8,652.76	32,342.67	40,995.43
Hexthorpe Primary Academy	25,097.36	94,704.89	119,802.25
Denaby Main Primary Academy	12,440.73	54,219.56	66,660.29
Woodfield Primary School	18,288.38	79,548.81	97,837.19
Mexborough St John The Baptist C of E Primary	15,800.43	67,936.07	83,736.50
Balby Central Primary School	20,548.16	86,596.78	107,144.94

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Kingfisher Primary School	25,158.74	117,777.23	142,935.97
Edlington Victoria Academy	17,216.31	84,970.28	102,186.59
Maltby Academy	66,631.73	107,222.77	173,854.50
Brinsworth Academy	82,706.54	209,728.88	292,435.42
Wales High School (Academy Trust)	103,348.70	253,387.51	356,736.21
Aston Academy	102,139.56	359,687.49	461,827.05
Thurcroft Junior Academy	15,922.20	57,553.50	73,475.70
St Bernards Catholic High School	45,511.34	182,817.05	228,328.39
Thrybergh Academy & Sports College	43,617.59	249,628.63	293,246.22
East Dene Primary	23,188.79	83,526.86	106,715.65
Coleridge Primary School	17,830.56	73,433.37	91,263.93
St Bedes Catholic Primary School	21,465.47	87,735.31	109,200.78
St Gerards Catholic Primary - Thrybergh	10,331.82	49,078.19	59,410.01
St Marys Catholic Primary School (Herringthorpe)	13,603.70	64,625.08	78,228.78
Wingfield Academy	54,474.13	206,536.55	261,010.68
St Marys Catholic Primary (Maltby)	12,464.77	53,426.24	65,891.01
Canklow Woods Primary Academy	25,640.69	95,057.24	120,697.93
Whiston Junior & Infant School	14,329.65	55,590.90	69,920.55
Whiston Worrygoose Junior & Infant School	27,738.80	97,039.74	124,778.54
Oakwood High School	65,939.24	244,828.10	310,767.34
Sandhill Primary Academy	15,091.46	50,148.41	65,239.87

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Sandhill Primary Academy	15,091.46	50,148.41	65,239.87
Brookfield Primary Academy	18,890.53	68,813.94	87,704.47
St Josephs Catholic Primary (Dinnington)	13,010.01	55,681.27	68,691.28
Maltby Redwood Academy	18,355.96	61,980.23	80,336.19
Wickersley School and Sports College	135,253.89	534,283.97	669,537.86
Rawmarsh Ashwood Primary School	10,545.63	58,276.78	68,822.41
Sitwell Junior School	17,217.28	68,688.38	85,905.66
Thrybergh Primary School	11,728.05	51,556.05	63,284.10
Rawmarsh Community School	63,881.50	251,833.98	315,715.48
Wickersley St Albans C of E Primary School	16,092.97	66,683.66	82,776.63
Bramley Grange Primary	10,943.65	48,844.97	59,788.62
Monkwood Primary Academy	23,458.55	95,989.46	119,448.01
Anston Greenlands Primary School	14,282.23	56,554.52	70,836.75
Aston All Saints C of E School	10,791.48	51,899.57	62,691.05
Dinnington High School	69,385.59	286,619.79	356,005.38
Trinity Croft C of E Primary Academy	11,880.99	33,641.56	45,522.55
Listerdale Primary School	14,634.79	69,018.15	83,652.94
Wickersley Northfield Primary	26,914.39	120,212.81	147,127.20
Thrybergh Fullerton Primary	9,738.36	37,432.95	47,171.31
Flanderwell Primary School	23,488.81	86,801.02	110,289.83
Maltby Manor Academy	27,959.84	108,990.19	136,950.03
Maltby Lilly Hall Academy	30,250.19	116,068.79	146,318.98

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Ravenfield Primary Academy	11,749.71	55,438.20	67,187.91
Winterhill School	77,372.28	177,538.02	254,910.30
Herringthorpe Junior Academy	29,178.98	91,033.34	120,212.32
Springwood Junior Academy	20,706.10	66,842.61	87,548.71
Greasbrough Academy	15,226.22	62,380.72	77,606.94
Eastwood Village Primary School	17,119.92	31,531.25	48,651.17
Dinnington Community Primary School	24,142.02	79,531.78	103,673.80
Abbey School	45,712.36	144,609.80	190,322.16
Maltby Hilltop School	95,568.93	296,536.59	392,105.52
High Greave Infant School	9,735.86	40,002.04	49,737.90
High Greave Junior School	16,634.31	50,106.56	66,740.87
Kelford School	60,033.51	208,114.62	268,148.13
Brinsworth Whitehill Academy	14,367.17	57,323.35	71,690.52
Aston Hall Junior & Infant School	10,151.45	38,979.12	49,130.57
Swinton Queen Primary School	19,621.22	77,716.87	97,338.09
Aston Lodge Primary School	9,527.75	42,391.22	51,918.97
Swinton Community School	71,573.14	248,206.44	319,779.58
Notre Dame High School	78,352.43	229,800.75	308,153.18
St John Fisher Primary - A Catholic Voluntary Academy	13,457.34	47,529.40	60,986.74
All Saints Catholic High School	57,187.92	171,123.21	228,311.13
St Anns RC Primary School	6,847.67	19,515.85	26,363.52

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
St Josephs Primary School	13,395.67	48,652.58	62,048.25
Clifford All Saints C of E School	10,228.82	29,735.83	39,964.65
St Theresas RC School	15,869.61	42,242.38	58,111.99
St Patricks Catholic Academy Trust	21,638.94	84,840.93	106,479.87
Totley All Saints C of E School	11,093.66	39,173.91	50,267.57
Broomhill Infant School	8,921.84	29,779.35	38,701.19
Parkwood Academy	53,451.10	105,647.47	159,098.57
Tapton School	82,654.75	270,889.88	353,544.63
Yewlands Academy	48,394.56	223,255.07	271,649.63
Hartley Brook Academy	43,224.07	144,310.39	187,534.46
Hatfield Academy	19,551.30	66,939.32	86,490.62
Meadowhead School Academy Trust	78,885.87	172,098.70	250,984.57
Chaucer School	69,497.62	275,885.50	345,383.12
St Thomas of Canterbury Trust	17,762.84	72,350.39	90,113.23
King Ecgbert School	58,870.07	217,060.12	275,930.19
St Maries School Catholic Voluntary Academy	18,592.20	73,943.41	92,535.61
Sheffield Springs Academy	38,000.80	106,930.67	144,931.47
Sheffield Park Academy	60,153.43	153,105.38	213,258.81
St Wilfrids Catholic Primary School	14,421.11	67,103.45	81,524.56
Fir Vale School Academy Trust	55,755.16	196,506.51	252,261.67
Bradfield School	35,788.12	134,135.50	169,923.62

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Southey Green Primary School & Nurseries	66,342.56	194,996.93	261,339.49
Silverdale School	52,686.45	191,210.18	243,896.63
Greengate Lane Academy	8,582.23	34,032.94	42,615.17
Meynell Primary School	38,985.55	139,720.56	178,706.11
Mansel Primary School	35,841.31	124,507.10	160,348.41
Monteney Primary School	48,794.06	162,707.01	211,501.07
Fox Hill Primary School	36,165.64	132,820.59	168,986.23
Hinde House 3-16 School	63,705.25	279,425.80	343,131.05
Lound Infant School	10,715.20	53,788.21	64,503.41
Lound Junior School	17,291.23	79,309.23	96,600.46
Firth Park Academy	61,092.47	289,541.82	350,634.29
Porter Croft C of E Primary Academy	17,105.35	67,847.37	84,952.72
E-ACT Pathways Academy	29,253.55	107,820.41	137,073.96
Hillsborough Primary School	24,389.15	109,588.12	133,977.27
St Marys Primary School (High Green)	11,378.95	51,474.47	62,853.42
Sacred Heart School A Voluntary Academy	13,026.83	58,010.66	71,037.49
Outwood Academy City	65,770.57	246,567.01	312,337.58
Totley Primary School	17,558.86	76,341.44	93,900.30
St Catherines Catholic Primary School	36,540.88	134,909.05	171,449.93
Concord Junior School	8,261.70	41,960.34	50,222.04
Ecclesfield School	63,754.48	278,698.76	342,453.24

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Wincobank Nursery & Infant School	15,156.25	63,201.04	78,357.29
Newfield Secondary School	48,613.67	212,250.65	260,864.32
Emmaus Catholic & C of E Voluntary Academy	20,845.01	88,788.10	109,633.11
Forge Valley School	75,210.16	355,497.50	430,707.66
St Marys C of E Academy (Walkley)	15,192.61	66,532.28	81,724.89
Lowedges Junior Academy	15,685.32	59,858.32	75,543.64
Oasis Academy (Firvale)	19,329.09	36,517.34	55,846.43
Oasis Academy (Watermead)	23,101.87	44,631.56	67,733.43
Chapeltown Academy	5,997.12	16,299.25	22,296.37
Handsworth Grange Community Sports College	55,471.25	243,938.07	299,409.32
Emmanuel Junior School	9,559.46	53,263.90	62,823.36
High Hazels Junior Academy	20,450.92	91,685.78	112,136.70
Valley Park Community Primary	33,316.84	149,574.44	182,891.28
High Hazels Nursery Infants Academy	20,889.91	95,722.12	116,612.03
Nether Edge Primary Academy	23,032.75	102,388.72	125,421.47
Wisewood Community Primary	13,545.96	62,436.45	75,982.41
Hallam Primary Academy	26,447.49	95,816.37	122,263.86
Oasis Academy (Don Valley)	30,465.36	50,690.03	81,155.39
Beck Primary School	54,108.26	218,719.94	272,828.20
St Thomas More Catholic Primary Academy	12,948.32	53,390.56	66,338.88
Hucklow Primary School	32,215.59	102,394.97	134,610.56

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Tinsley Meadows Primary School	54,387.95	158,394.15	212,782.10
Lower Meadow Primary Academy	18,812.52	68,391.29	87,203.81
Astrea Academy Trust	98,110.67	127,995.40	226,106.07
Byron Wood Academy	36,100.73	164,430.86	200,531.59
Abbeyfield Primary Academy	30,148.67	112,802.95	142,951.62
Manor Lodge Primary School	26,011.15	97,623.21	123,634.36
Acres Hill Community Primary Academy	18,960.28	94,646.91	113,607.19
Phillimore Community Academy	29,858.75	128,808.03	158,666.78
Wybourn Community Primary Academy	42,366.56	177,928.06	220,294.62
Birley Academy	58,255.19	307,862.45	366,117.64
Birley Primary Academy	31,202.84	138,607.17	169,810.01
Rainbow Forge Primary School	21,928.89	59,725.30	81,654.19
Charnock Hall Primary Academy	16,333.35	82,090.04	98,423.39
Birley Spa Primary Academy	26,250.75	146,166.64	172,417.39
Catcliffe Primary School	23,985.14	76,469.31	100,454.45
Aughton Junior Academy	10,271.53	39,062.00	49,333.53
Swinton Fitzwilliam Primary Academy	19,156.00	72,118.51	91,274.51
Wath C of E Primary School	25,720.45	90,402.86	116,123.31
Hilltop Academy	30,124.03	113,517.53	143,641.56
Wath Central Primary School	25,750.97	106,951.37	132,702.34
Southfield Primary School	24,073.82	95,498.57	119,572.39

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Bentley High Street Primary School	43,904.56	193,319.85	237,224.41
Scawsby Rosedale Primary School	15,378.93	65,445.41	80,824.34
Brampton Ellis C of E Primary	37,066.12	134,734.94	171,801.06
Armthorpe Tranmoor Primary School	26,590.14	128,946.10	155,536.24
Pennine View School	36,911.28	153,207.95	190,119.23
Our Lady of Sorrows Catholic Academy	11,287.76	54,361.66	65,649.42
Bessacarr Primary School	24,647.75	97,661.93	122,309.68
Highwoods Academy	17,246.37	67,721.62	84,967.99
Rossington St Michaels C of E Primary School	16,595.28	74,176.47	90,771.75
Wath Victoria Primary School	27,581.76	93,713.65	121,295.41
Brampton Cortonwood Infant School	14,773.44	50,497.53	65,270.97
National College of Advanced Transport & Infrastructure	61,107.86	60,220.91	121,328.77
Anston Brook Primary School	9,243.64	32,180.46	41,424.10
Woodsetts Primary School	11,446.38	48,330.47	59,776.85
Green Top Academy	26,430.77	103,337.49	129,768.26
Hatchell Wood Primary Academy	21,131.50	95,258.03	116,389.53
Treeton C of E Primary Academy	16,488.24	67,636.41	84,124.65
Intake Primary Academy	16,890.62	70,286.46	87,177.08
Atlas Academy	15,604.48	65,106.87	80,711.35
Roughwood Primary School	19,898.06	74,808.78	94,706.84
Kilnhurst St Thomas C of E Primary Academy	13,437.20	52,105.50	65,542.70

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Stocksbridge High School	36,689.69	130,800.84	167,490.53
Clifton Community School	63,533.48	224,719.40	288,252.88
Diocese of Sheffield Academies Trust	8,348.53	10,364.06	18,712.59
Windmill Hill School Academy	21,885.01	98,651.12	120,536.13
Anston Park Infants School	13,761.66	57,560.59	71,322.25
Norfolk Community Primary School	36,106.92	159,419.53	195,526.45
Milton School Swinton	32,743.58	125,095.43	157,839.01
Greenhill Primary School	30,290.33	146,312.36	176,602.69
High Storrs School	56,522.84	238,502.79	295,025.63
Hooton Pagnell All Saints School	4,474.30	22,360.14	26,834.44
Holy Trinity Academy	77,474.58	327,279.33	404,753.91
Brinsworth Manor Juniors	13,848.71	51,335.63	65,184.34
Kilnhurst Primary School	12,689.08	57,633.39	70,322.47
Rockingham Junior & Infant School	23,889.27	83,894.91	107,784.18
Canon Popham C of E Primary & Nursery School	14,225.89	67,801.17	82,027.06
James Montgomery Trust	19,916.52	45,537.35	65,453.87
Wentworth CoE Junior & Infant School	4,935.96	13,726.70	18,662.66
Darton Academy	53,265.29	243,803.05	297,068.34
Laughton J & I School	14,187.31	50,090.55	64,277.86
Kiveton Park Infant School	12,752.87	48,298.63	61,051.50
Westfield School	44,246.55	204,077.92	248,324.47

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Sandringham Primary School	24,066.93	110,733.54	134,800.47
Owston Park Primary School	28,123.61	127,807.27	155,930.88
Wickersley Partnership Trust	49,892.67	87,976.36	137,869.03
Askern Moss Road Infant Academy	6,285.14	31,246.74	37,531.88
Astrea Academy Dearne	60,358.07	264,401.44	324,759.51
Mercia School	8,333.79	19,691.57	28,025.36
Astrea Academy-Sheffield	13,882.96	24,942.66	38,825.62
Askern Littlemoor Infant Academy	13,269.52	64,648.40	77,917.92
Maltby Learning Trust MAT HQ	21,839.60	51,436.48	73,276.08
Wath Comprehensive School	94,796.44	326,845.19	421,641.63
Sheffield City Region - Combined Authority	227,207.92	450,564.22	677,772.14
Marshland Primary	7,369.07	37,175.77	44,544.84
Thorne Brooke Primary	25,623.50	118,410.73	144,034.23
Oughitbridge Primary School	19,909.78	82,840.98	102,750.76
Chorus Education Trust - MAT HQ	15,249.41	29,433.49	44,682.90
Bradfield Dungworth Primary	6,538.06	34,278.19	40,816.25
Nook Lane Junior School	10,596.16	47,430.07	58,026.23
Loxley Primary School	8,025.33	39,267.96	47,293.29
Stannington Infant School	7,243.11	36,982.22	44,225.33
Wharncliffe Side Primary	19,194.07	89,830.73	109,024.80
Askern Spa Primary	18,906.94	84,525.51	103,432.45

4.2
OUR PENSION FUND
Employer admissions & contributions

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
Minerva Learning Trust - MAT HQ	25,823.88	45,820.72	71,644.60
Mercia Learning Trust MAT HQ	28,762.64	47,407.23	76,169.87
Horizon Community College	117,482.07	464,425.10	581,907.17
Pye Bank C of E School	30,266.32	122,219.06	152,485.38
Optime Support Limited	2,236.89	7,540.95	9,777.84
Lakeside Primary Academy	10,408.94	31,839.99	42,248.93
Laughton All Saints C of E Primary	4,719.02	14,795.96	19,514.98
West Road Primary Academy	14,602.34	44,883.31	59,485.65
Woodseats Primary Academy	15,673.14	51,597.21	67,270.35
Heatherwood Community Special School	14,339.04	44,701.35	59,040.39
Norton Junior School	14,095.95	65,414.82	79,510.77
Norton Infant School	6,976.90	38,453.89	45,430.79
Crags Community School	17,469.38	50,467.97	67,937.35
Brinsworth Howarth Primary	4,153.85	13,212.73	17,366.58
Churchfield Primary School	10,143.27	30,283.27	40,426.54
Coppice Community Special School	16,618.15	45,063.99	61,682.14
Kiveton Park Meadows Junior School	4,322.26	13,881.55	18,203.81
Worsbrough Common Primary	12,000.43	35,038.03	47,038.46
Mapplewell Primary	3,014.10	8,837.48	11,851.58
South Yorkshire Passenger Transport Executive	354,460.58	725,680.89	1,080,141.47
Sheffield Hallam University	3,731,684.28	10,841,538.09	14,573,222.37

SCHEDULED/RESOLUTION BODIES Employer	Employees Total (£)	Employers Total (£)	Total Contributions (£)
The Chief Constable	3,931,118.35	11,416,859.38	15,347,977.73
South Yorkshire Fire Authority	439,143.97	953,732.42	1,392,876.39
The Police and Crime Commissioner	82,359.34	187,145.14	269,504.48
	22,841,895.39	**72,562,566.95**	**95,404,462.34**
South Yorkshire Pensions Authority	156,133.76	556,952.31	713,086.07
Barnsley MBC	5,733,153.73	12,889,175.53	18,622,329.26
Doncaster MBC	6,268,571.48	4,994,484.19	11,263,055.67
Rotherham MBC	7,259,471.61	16,621,008.03	23,880,479.64
Sheffield City Council	13,925,753.33	123,028,295.74	136,954,049.07
	33,343,083.91	**158,089,915.80**	**191,432,999.71**
	60,267,469.76	**241,165,524.64**	**301,432,994.40**

4.3
OUR PENSION FUND
Local Pension Board Annual Report

This section presents the Annual Report of the South Yorkshire Local Pension Board which exists to assist the Pensions Authority to maintain the effective and efficient administration of the scheme.

Foreword

Welcome to the 5th annual report of the South Yorkshire Local Pension Board (LPB).

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. The LPB comprises in equal numbers, scheme members, which includes the three recognised trade unions, and employer representatives.

We have seen a number of changes this year with Jill Thompson, a founder member and former Chair, resigning and the district council members rotating which meant the loss of Cllr Phillip Lofts. I would like to thank them for their commitment and service on our Board which has contributed to its evolvement within the governance structure of the Authority as it stands today. We also filled all the vacancies on the Board and welcomed employee representatives Andrew Gregory and David Webster and employer representatives Cllr Tony Damms, Cllr Tosh McDonald and Steve Loach.

The Board has also appointed an Independent Advisor, Clare Scott, who will work closely with myself in framing the agenda and work programme for the Board and act as a mechanism for providing the Pensions Authority with assurance that the Board is operating effectively.

Finally, without the commitment of all the members of our Board we would not be where we are today so a huge thank you to you all for your continued diligence and support.

Garry Warwick, Chair

Membership

Employee Representatives

Garry Warwick (GMB)
Trades Union (Chair)

Kevin Morgan (UNITE)
Trades Union

Nicola Doolan (Unison)
Trades Union

Andrew Gregory
LGPS Member

David Webster
LGPS Member

Employer Representatives

Rob Fennessey (South Yorkshire Police) *'Other Large Employer'*

Nicola Gregory
(Academy)

Councillor Tony Damms
Local Authority Member (Sheffield)

Councillor Tosh McDonald
Local Authority Member (Doncaster)

Steve Loach
Local Authority Senior Manager

Member attendance

Attendance at the LPB meetings has been positive with members and employer representatives freely giving their time and commitment.

	25 July 2019	17 Oct 2019	11 Dec 2019	13 Apr 2020
Cllr Tony Damms	✓	✓	✓	✓
N Doolan-Hamer	✓	✓	x	✓
Rob Fennessy	✓	✓	x	✓
Andrew Gregory	x	✓	✓	✓
Nicola Gregory	✓	✓	✓	✓
Steve Loach		✓	✓	x
Cllr Tosh McDonald	x	x	x	x
Kevin Morgan	x	✓	✓	x
Garry Warwick	✓	✓	✓	✓
David Webster		✓	✓	✓

4.3 OUR PENSION FUND

Local Pension Board Annual Report

Role of the LPB

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

- Secure the effective and efficient governance and administration of the LGPS for the South Yorkshire Pension Fund;
- Provide the Scheme Manager with such information as it requires to ensure that any member of the Local Pension Board or person to be appointed to the Local Pension Board does not have a conflict of interest;
- Ensure the South Yorkshire Pension Fund effectively complies with the Code of Practice on the Governance and Administration of Public Service Pensions Schemes issued by the Pensions Regulator and is effectively managed and administered in compliance with the Code.

Work of the Board 2019/20

The Board continued to develop their Work Programme. This is a fluid document and one which evolves as Members' knowledge and understanding of their roles evolve and also as situations arise within the Authority that require the Board's attention/ consideration. Members of the Board receive all agenda papers issued to Members of the Pensions Authority.

During the year the Board has considered the following matters:

- **Annual Fund Member Event** - Members of the Board were invited to the Annual Fund Member Event in Sheffield.
- **Guaranteed Minimum Pension Reconciliation** - The Board have been kept informed on the progress of this exercise.
- **Pensions Administration** - The Board received quarterly Administration performance reports.
- **Investment Pooling** - Considered the accountability arrangements in place within SYPA in relation to the Border to Coast Pensions Partnership.
- **Conflicts of Interest** - The Board reviewed their Conflicts of Interest Policy.
- **Breaches Complaints and Appeals** - The Board received quarterly reports on breaches, complaints and appeals.
- **Board Membership** - Board membership was formalised and the Constitution revised to reflect this.
- **Contribution Payments** - Received an update on the procedures for monitoring contributions payments.
- **Funding Strategy Statement** - Reviewed the draft Funding Strategy Statement.
- **Data Quality Improvement** - The Board monitored the Data Quality Improvement Plan.
- **Benchmarking** - Considered the outcomes of two administration benchmarking exercises.
- **The Pensions Regulator** - Received updates on the submission of TPR's Annual Scheme Return and the Public Service Governance and Administration survey.

4.3 OUR PENSION FUND

Local Pension Board Annual Report

Training and Development

The Board has in place a Training and Development Strategy similar to that of the Authority and both bodies have acknowledged the requirement to undertake training and development in tandem for mutual benefit and to provide value for money in training delivery.

The Board has recently undertaken a Learning and Development needs analysis exercise, the results of which will be evaluated and used to inform the 2020/21 Training and Development Strategy.

During the year, Board Members have been offered the following training/development support:

- LGA Fundamentals Training
- Induction/Refresher Session
- BCPP Conference
- CIPFA LPB Members Annual Event
- Authority Seminar - Border to Coast Pensions Partnership
- Authority Seminar - Valuation
- CIPFA LPB Members' Seminar
- Investment Strategy Seminar
- Corporate Strategy and Budget Seminar
- Understanding Local Pension Board Responsibilities
- CIPFA/Barnett Waddingham Seminar

Member attendance at training/development events was as follows: (it should be noted that some members were appointed later in the year and places at some events were limited).

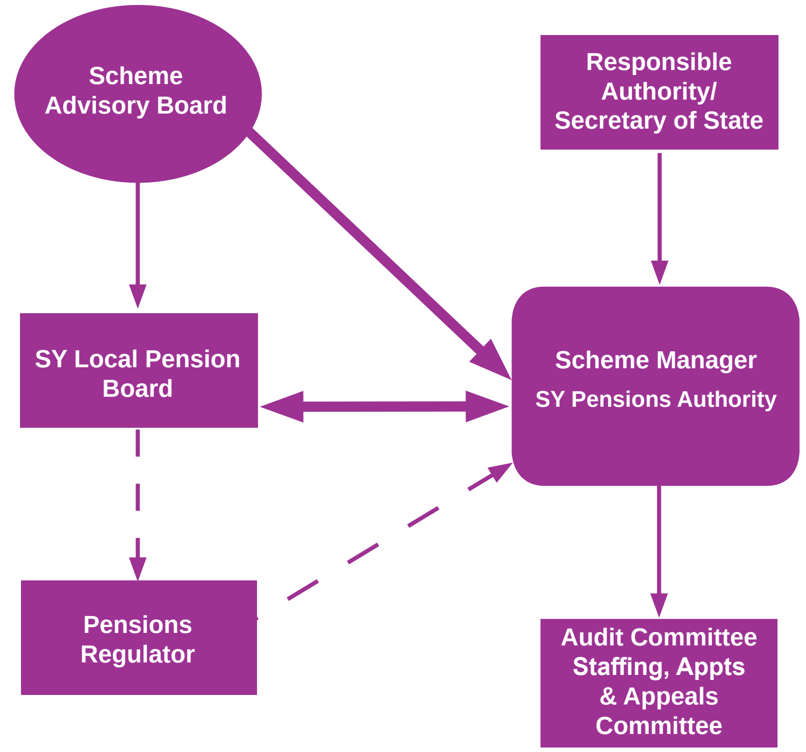
	Cllr Tony Damns	N Doolan-Hamer	Rob Fennessy	Nicola Gregory	Andrew Gregory	Steve Loach	Cllr Tosh McDonald	Kevin Morgan	Garry Warwick	David Webster
BCPP Seminar	✓	✓							✓	
SYLPB Induction/ Refresher	✓	✓	✓	✓			✓	✓		✓
Valuation Seminar	✓	✓	✓		✓				✓	✓
Investment Strategy Seminar	✓				✓				✓	
Corporate Strategy & Budget Seminar		✓							✓	✓
Local Pension Board Responsibilities		✓		✓	✓	✓		✓	✓	✓
CIPFA Spring Seminar				✓					✓	✓

Future Plans

We aim to:

- Review the Authority's compliance with the Pensions Regulator's Code of Practice.
- Review the Authority's risk management approach.
- Communications - increased focus on the quality and frequency of the Authority's communications with scheme members and employers.
- Monitor governance arrangements both within the Authority and the Border to Coast Pensions Partnership.
- Receive and make recommendations on data improvements through the newly designed data scoring model.
- Introduce mandatory training for all members of the LPB.
- Work closely with the other Local Pension Boards within our Pensions Partnership to share best practice.

Governance Structure

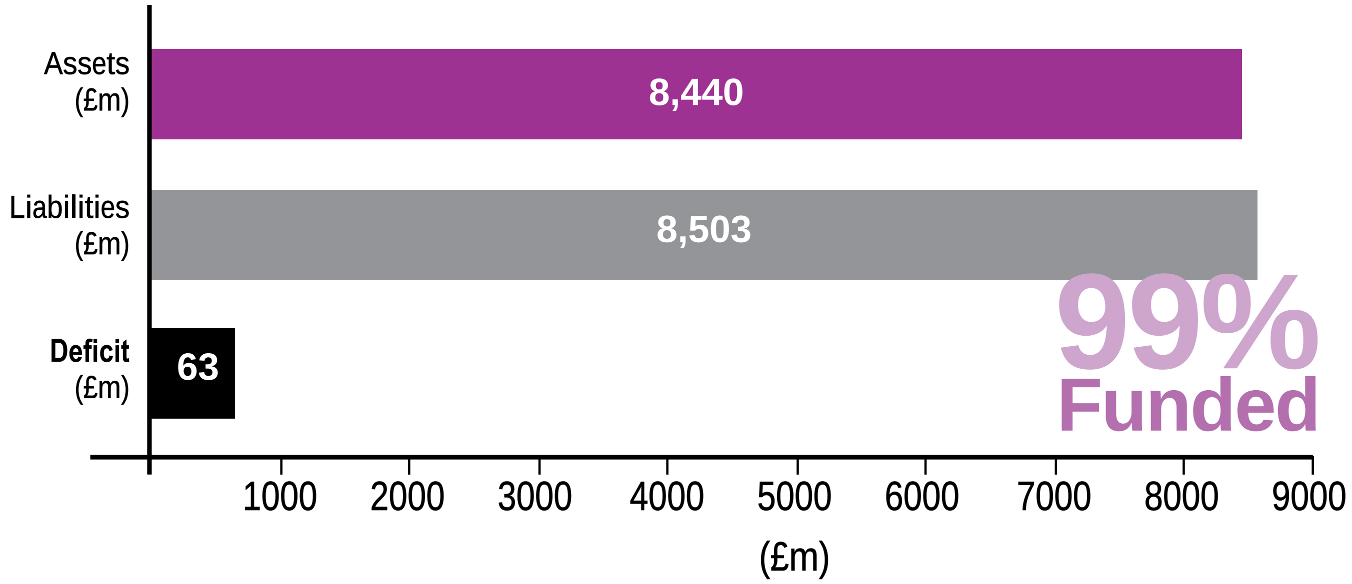


Local Pension Board spending for 2019/20

Local Pension Board	2019/20 Budget £	2019/20 Outturn £	2019/20 Outturn Variance £	2019/20 Outturn Variance %
Independent advisor	3,500	3,398	(102)	(2.91%)
Room hire & catering	1,000	241	(759)	(75.90%)
Printing and postage Agendas etc.	1,000	258	(742)	(74.24%)
Member Travel expenses (meetings)	1,000	234	(766)	(76.59%)
Insurance	2,500	0	(2,500)	(100.00%)
Training and associated travel and subsistence	6,000	3,049	(2,951)	(49.18%)
Totals	**15,000**	**7,180**	**(7,820)**	**(52.13%)**

4.4 OUR PENSION FUND

Actuarial Report



Accounts for the year ended 31 March 2020 - Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £8,440 million represented 99% of the Fund's past service liabilities of £8,503 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £63 million.

The valuation also showed that a Primary contribution rate of 16.1% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 15 years, and the total initial recovery payment (the "Secondary rate" for 2020-2023) is an addition of approximately £19.5m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers

under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary Rate of Contribution)
Rate of return on investments (discount rate)	3.90% per annum	4.75% per annum
Rate of pay increases (long term)*	3.65% per annum	3.65% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.40% per annum	2.40% per annum

*** allowance was also made for short-term public sector pay restraint over a 4 year period.**

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

4.4 OUR PENSION FUND

Actuarial Report

The McCloud Judgment

The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all public sector schemes including the LGPS. This is likely to result in increased costs for some employers. This remedy is not yet agreed but guidance issued requires that each Fund sets out its policy on addressing the implications.

In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment. However, at the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £74 million and an increase in the Primary Contribution rate of 0.7% of Pensionable Pay per annum. To the extent that employers have opted to pay additional contributions over 2020/23 in relation to the McCloud judgement, these emerge in the secondary contribution rate figures quoted above.

Impact of Covid 19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Our view is that employer contributions should not be revisited but the position should be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2020 (the 31 March 2019 assumptions are included for comparison):

	31 March 2019	31 March 2020
Rate of return on investments (discount rate)	2.40% per annum	2.40% per annum
Rate of CPI inflation / CARE benefit revaluation	2.20% per annum	2.10% per annum
Rate of pay increases*	3.45% per annum	3.35% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension) /deferred revaluation	2.30% per annum	2.20% per annum

*** includes a corresponding allowance to that made in the actuarial valuation for short-term public sector pay restraint.**

The demographic assumptions are the same as those used for funding purposes, with the 31 March 2020 assumptions being updated to reflect the assumptions adopted for the 2019 actuarial valuation. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

Corporate bond yields were similar at the start and end of year resulting in the same discount rate of 2.4% p.a. being used for IAS 26 purposes at the year-end as for last year. The expected long-term rate of CPI inflation decreased during the year, from 2.2% p.a. to 2.1%, which served to decrease the liabilities slightly over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2019 was estimated as £11,499 million excluding the potential impact of the McCloud Judgment.

4.4 OUR PENSION FUND

Actuarial Report

Interest over the year increased the liabilities by c£279 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£113 million (this includes any increase in liabilities arising as a result of early retirements and GMP indexation – see comments elsewhere in this statement). There was also a decrease in liabilities of £660 million due to "actuarial gains" (i.e the effects of the changes in the actuarial assumptions used, referred to above, and the incorporation of the 31 March 2019 actuarial valuation results into the IAS26 figures). Allowing for the potential impact of the McCloud judgment increased the liabilities by £105 million.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2020 is therefore £11,336 million.

GMP Equalisation

At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards, which would give rise to a further cost to the LGPS and its employers. If the Fund were required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021, then this would increase the Fund liabilities by about £28 million on IAS26 assumptions, and we have included this amount within the final IAS26 liability figure above.

Paul Middleman
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2020

Clive Lewis
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
June 2020

5

ADMINISTERING THE PENSION FUND

5.1 ADMINISTERING THE PENSION FUND

Administration performance

In the 2018-19 Annual Report we referenced the importance of providing a high quality but cost effective administration service and developing our support for our scheme members and employers and indicated that these were two areas of focus for 2019-20.

In this context, the most significant event for the administration service was the wide scale reorganisation of the administration service which was approved by Members in June 2019 and implemented in full by the end of December 2019. The main principles behind the reorganisation and the expected longer term outcomes are outlined below but it is worth noting that the reorganisation itself was broadly cost neutral.

Throughout 2018-19 the administration service had been continually reporting a recovery in performance following the years of difficulties experienced by a combination of the change in administration system and the introduction of a new pension scheme. It was reasonable to conclude that the service was no longer 'in recovery' and 2019-20 was therefore an opportune time to review the effectiveness of the service and whether it was properly set up to meet the challenges which will arise over the coming years.

One of the difficulties in managing the needs of our scheme members is that we did not have sufficiently detailed or robust management information to assess how effectively we were handling enquiries. All calls and emails were handled directly by individual members of the various teams. Anecdotally we knew that team members were professional in their handling of customer queries but this approach does not lend itself to continuous improvement because it is not possible easily to identify common issues or to ensure our customers receive as consistent a response as possible. Therefore, the reorganisation included the creation of a customer centre to handle the majority of first point enquiries as a logical step in the evolution of our service to scheme members. The customer centre was launched informally on 1 January 2020 and the early signs are extremely positive. From 2020-21 it should be possible to provide much more in the way of qualitative evidence of the level of customer service being provided by the administration teams.

An Employer Survey carried out in 2018-19 made it very clear that employers in the Fund would value an increased volume and variety of training and support to enable them to meet their statutory requirements and the reorganisation included the creation of two additional full-time posts dedicated solely to engagement with employers and with scheme members. This is an area where other LGPS funds have been devoting an increasing amount of resource and it was important that SYPA took steps to address this historical imbalance, as well as acknowledging the efficiency benefits of ensuring that employers understand what is required of them.

As membership of the Fund and the number of participating employers increases, the administration service faces an ever increasing volume of casework transactions to handle in relation to the numbers of members joining and leaving the scheme. Currently, much of the burden of managing the high volume transactions falls on staff members who are using an administration system and set of processes with high levels of user intervention required.

Over the last few years, technologies have been (and continue to be) developed which allow automation of some of these 'manual' processes and free up staff resource time to concentrate on more complex areas where they can add value. A key part of the Corporate Strategy is also to move towards allowing scheme members to interact with the organisation online and to complete routine transactions without the need to involve paper form filling and printing and postage. The move to adoption of automation and the enhancement of online services requires a front loaded increase in resourcing within the ICT and administration systems support areas to develop services fit for the future and the reorganisation included an increase in staffing in these two key areas.

It is likely to take some time to measure the true impact of the reorganisation in 2019-20, given that there was an overall reduction in senior roles and some of the new roles will not be filled until 2020-21, but the changes were designed to place the service in the best possible shape for the long term. In the meantime, business as usual was maintained throughout 2019-20 of course (at least until lockdown) and the service continued to build on many of the improvements that had been started in 2018-19, including the ongoing clearance of the significant numbers of 'aggregation' cases (members leaving and rejoining the LGPS) that had previously built up since the new CARE scheme was introduced in 2014. Annual Benefit Statements were made available to over 99.5% of all scheme members (both active and deferred) by the deadline of 31 August 2019 which is the most successful rate for many years and the team maintained an existing level of case work provision, despite the personal challenges of facing an internal reorganisation.

In line with the outcomes referred to above, key areas of focus for the forthcoming year will be to increase the number of scheme members who interact with us online as well as the application of the technologies which will facilitate improvements in the efficiency of the service we provide to our customers. We will also be looking to improve our 'offer' to our scheme employers to support them in completing their responsibilities in what is set to be challenging circumstances.

5.1

ADMINISTERING THE PENSION FUND

Administration performance

Retirement Analysis

During 2019-20 we processed and paid 3,584 retirements. A breakdown showing the types of retirements processed are listed below. The retirement figures include members with deferred benefits coming into payment (either voluntarily or on health grounds) as well as retirements from active membership.

Type of Retirement	2019/20	2018/19
Early Retirement (with reductions)	2120	2244
Normal Pension Age	765	682
Late Retirement	226	255
Redundancy/efficiency retirement	251	296
Flexible Retirement	154	147
Ill Health Retirement	68	52
Total	**3584**	**3676**

Pensions Increase

Cost of living increases from Pension Increase Orders, applied to pension benefits (deferred and in payment) from the first Monday following 5 April.

	%
April **2020**	1.7
April **2019**	2.4
April **2018**	3.0
April **2017**	1.0
April **2016**	0
April **2015**	1.2
April **2014**	2.7
April **2013**	2.2
April **2012**	5.2

5.1 ADMINISTERING THE PENSION FUND

Administration performance

Service Delivery

Our performance in terms of meeting our published service standards over the year ending 31 March 2020 are given in the table on page 111. As indicated in the table, our performance response times have improved in a number of areas and decreased in others, providing a broadly neutral outcome overall. This should be seen in the context that our own research has confirmed that the service standards that SYPA sets itself are stringent compared with LGPS funds more widely, accepting that there is no nationally agreed benchmark target set for individual case work. It should also be recognised that there had previously been improvements in response times in 2018-19 in nine of the twelve key performance targets and this included an improvement in all areas involving the payment of benefits to members. In that context, sustaining the overall level of performance in a year in which the service underwent a wide ranging restructure is not an unfavourable outcome, recognising that there is still work to be done if we are to move towards the 100% compliance target.

With regard to the performance level for processing transfers in reporting at 20.41%, it should be noted that this reflects the processing of a number of cases that had previously been stockpiled following a legislative change which required a systems upgrade. This explains why the number of cases processed in the year rose three-fold compared with 2018-19. The SYPA service standard for this case type is set for 7 days, compared with the statutory timescale of three months.

In addition to the key service standards, shown on the next page, we have processed around 38,000 other items of casework during the year. These include changes to key membership data when scheme members have variations to their contracts of employment or leave to work with other scheme employers within the Fund. Aside from the performance standards we continue to provide regular newsletters to our members as well as information booklets and other web based content. Annual Forecasts were issued to active and deferred members during the year and we held our Annual Fund Meeting in October which was well supported and appreciated by those who attended. We also have Facebook and Twitter accounts to encourage members of all ages to engage with the Fund. Paying our 50,000 plus pensioners remains our top priority and we continue to do so without fail.

Service Delivery continued

Key Service Standard	Target Days	Number Processed 2018 - 2019	Number Processed 2019 - 2020		Previous Year Performance 2018 - 2019	Performance 2019 - 2020 (%)	
Retirement Benefits	**5**	**3543**	**3570**	▲	**89.73**	**91.4**	▲
Death Benefits	**4**	**1528**	**1641**	▲	**89.79**	**84.22**	▼
Retirement Estimates	5	1146	1671	▲	79.76	86.95	▲
Pension Rights on Divorce	5	330	347	▲	82.73	74.35	▼
Preserved Benefits	20	6399	6398	◀▶	76.93	66.05	▼
Transfers Out	5	326	394	▲	54.6	53.81	◀▶
Refund of Contributions	9	620	554	▼	93.06	86.28	▼
Transfers In	7	356	1161	▲	31.46	20.41	▼
Additional Benefits	12	682	465	▼	90.03	80.86	▼
General Enquiries	5	2820	2289	▼	89.15	92.44	▲
Setting Up a Record	5	8751	7261	▼	77.63	87.66	▲
Totals	-	**26,501**	**25,751**				

5.1 ADMINISTERING THE PENSION FUND

Administration performance

Service Delivery continued

Our performance rating against satisfaction levels given by employers and members for 2018/2019 and 2019/2020

The ratings shown are derived from responses to our consultation questionnaires. Each questionnaire ends with a specific question about overall satisfaction with SYPA.

Whilst we can see a welcome increase in the number of members who are very satisfied with our overall performance in 2019/2020 we are disappointed that 4% of employers were dissatisfied/very dissatisfied with our performance. Following feedback from previous employer surveys, we now have a Support and Engagement Team dedicated to providing help to our employers. The team will look to address any issues going forward.

	VERY SATISFIED		SATISFIED	
	2018/2019	2019/2020	2018/2019	2019/2020
EMPLOYERS	33%	**26%**	65%	**70%**
MEMBERS	49%	**67%**	41%	**26%**

	DISSATISFIED		VERY DISSATISFIED	
	2018/2019	2019/2020	2018/2019	2019/2020
EMPLOYERS	2%	**2%**	0%	**2%**
MEMBERS	5%	**5%**	5%	**2%**

National Benchmarking

The CIPFA benchmarking results show that the cost per member remained roughly at the same level as 2018, noting that these costs are measured retrospectively so the per member figures shown as 2019 actually relate to the 2018-19 financial year. Unfortunately there was a slight drop in the number of LGPS funds participating in the CIPFA exercise but the production of benchmarking comparisons is an area of focus for the Scheme Advisory Board in its Good Governance project and we may expect to see some new comparators emerge in future as one of the outcomes of that ongoing project.

SYPA has always been conscious that the figures provided by CIPFA are helpful in providing a summary of the overall financial costs but they do not provide a real measure of the quality of service that members can expect to receive from us. Historically we have relied on external verification through the Customer Service Excellence programme and surveys of scheme members we have carried out to provide these sorts of measures.

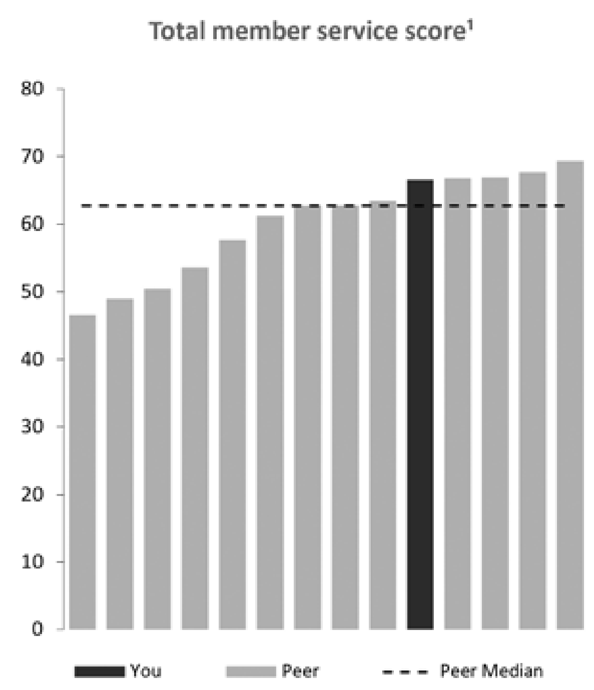
For 2019, a number of the larger LGPS funds signed up to a new benchmarking project run by CEM (an independent benchmarking organisation operating in the pensions environment). CEM benchmark the overall cost effectiveness of pension schemes in both the private and public sector by looking at a number of measures which are designed to measure customer service as well as administration costs.

contínies overleaf >>

5.1
ADMINISTERING THE PENSION FUND
Administration performance

National Benchmarking continued

The summary below shows that we have a reasonable 'member service' score of 67 out of 100 compared with our peer group which is made up of large pension funds with members between 86k and 571k, compared with 147k for SYPA. As a fund, we also positioned as a high member service, low cost operation as shown by the table(s) opposite.



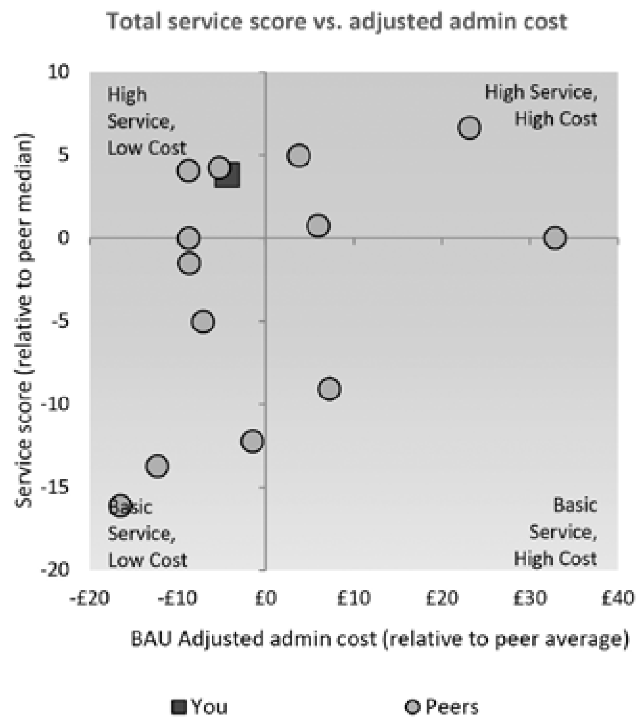
Looking at cost in isolation is unhelpful. Context is required, as is a means to measure value for money. CEM believes the right measure is member service, hence the service score.

Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

The total service score is equal to your service scores for active members, deferred members and pensioners, weighted by your membership mix. Your membership mix is also used to weight the total scores for your peers.

	Weight	2019 score	2018 score	1 year change
Active	33%	59	-	-
Deferred	35%	66	-	-
Pensioner	31%	75	-	-
Total	100%	67	-	-



CIPFA benchmarking results

Year	Cost per member		
	SYPA	LGPS Funds Average	Participating Funds
2019	£18.71	£21.34	27
2018	£18.67	£21.16	32
2017	£15.40	£20.14	32
2016	£15.87	£18.58	34
2015	£17.86	£19.17	42
2014	£19.62	£20.75	49
2013	£20.03	£21.42	52

5.1 ADMINISTERING THE PENSION FUND

Administration performance

Employer Performance

One of the key factors influencing the level of service we are able to provide to our scheme members is of course the timeliness and accuracy of the data we require from employers to allow us to complete our statutory duties.

In the 2018-19 Annual Report we referenced the fact that we had moved to monthly collection of data from employers on 1 April 2018 and that we had really strong buy-in from our various employers and monthly submission rates were around 98-99% on time for 2018/19.

For the 2019/20 year, we continued to receive good co-operation from employers with regard to the submission of monthly data and reported on a quarterly basis to the Local Pension Board on the levels of compliance. These are set out below for ease of reference.

Period Reported to Local Pension Board	Percentage of Submissions on Time
Quarter 1	**99%**
Quarter 2	**95.5%**
Quarter 3	**98.5%**
Quarter 4	**99.5%**

The slight dip in performance for Quarter 2 was caused by a single payroll provider to a number of employers migrating HR/payroll system in July 2019 which had a temporary impact on the submission of monthly data. This was remedied through informal engagement and it was not necessary for SYPA to use the administration strategy to fine any employers or their payroll providers for non-compliance in 2019/20.

Although no fines were issued in 2019/20, during the year 5 employers were charged a total of £902.48 in interest for the delayed receipt of contributions.

As the Monthly Data Collection (MDC) has now been successfully embedded into employer processes and routines, the next step is to move to the MDC process driving the collection of contributions from employers on a monthly basis via direct debit. This has the obvious advantage of reconciling the individual scheme member data against the contributions paid by the employer at source rather than relying on a separate reconciliation between the MDC file and the direct payment of contributions from employers.

The existing Administration Strategy was updated, following consultation with employers, to reflect the planned change in process (from 1 April 2020) and a copy of the updated Strategy is enclosed as an Appendix to this report. As the document itself makes clear in the introduction, the strategy was designed in a spirit of partnership working with employers and every assistance, tool, facility, system, support, training and guidance will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy.

The provision of a monthly data file is a significant part of the employer's responsibilities but there are routine member transactions where we also require timely data from the employer. Although we have been able anecdotally to target and support specific employers who have been experiencing difficulties with meeting their statutory requirements, we recognise that we have not had a consistent and efficient process for measuring the timeliness of individual member data from all employers in the fund. During the latter part of 2019/20 we developed a new automated reporting mechanism using our employer online portal to measure the effectiveness of employer response times and this will allow us in future years to identify any individual employers who may require support to complete their statutory responsibilities.

6
MANAGING THE PENSION FUND'S INVESTMENTS

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Equity markets continued to reach new highs during the financial year until the first quarter of 2020 saw the spread of Coronavirus globally and as economies were locked down it resulted in the fastest decline in equity markets that we have ever seen. The market for riskier bonds also became more illiquid as the fear of higher defaults rose.

The global spreading of the COVID-19 virus has caused severe economic disruptions. The measures put in place to try to contain the virus have had an unprecedented impact on the global economy. Financial markets suffered significant losses starting in late February and for the final quarter of the financial year no asset class had a positive return. Volatility as measured by the VIX index spiked to record levels.

Central banks acted quickly to shore up the global financial system and also provided funding directly to the real economy, with governments pledging to do 'whatever it takes' to stabilise economies. Where possible interest rates were cut to their lower bounds and asset purchase programmes were either restarted or expanded. This led to some stabilisation of financial markets during the last week of March. In fact the 3 day rally in the S&P Index was the biggest 3-day rally since 1933.

In the US the Federal Reserve cut interest rates twice in March for the first time since the global financial crisis (GFC) in 2008. US interest rates now stand at the range 0-0.25%. Congress agreed a $2trn fiscal stimulus package which is more than double the size of the measures taken in the GFC. It will be funded by the Federal Reserve's implementation of 'QE Infinity'. The government can basically spend what it likes to protect businesses and individuals because the Federal Reserve has promised to buy any bonds it issues which will keep yields contained. The package includes $250 billion worth of direct payments to households, $500 billion for loans to distressed companies and $350 billion for small business loans. It also provides government backing for credit to be provided by the Federal Reserve to investment grade companies. This should ensure that large investment grade companies don't fail in the near term because of a lack of cash-flow. Unemployment will be an issue in the short term as at the end of the quarter there had been over ten million new unemployment claims in the US.

During most of 2019 UK equities underperformed global equities due to domestic politics and the issue of Brexit. 2020 began with hope that the worst of the Brexit concerns were behind us given that the landslide election victory for the Conservative Party in December settled the issue of Brexit and we came out of the EU on the 31st January. This led to a rise in the UK equity market but we were then hit like every other developed market as the Coronavirus moved from the epicentre in China to other countries globally. The Brexit negotiations have taken a back seat to the COVID-19 situation.

The UK took bold action with Chancellor Rishi Sunak agreeing to pay a significant proportion of workers' wages during the shutdown to enable companies not to lay off staff despite the hit to sales. This will hopefully give the economy the best chance of rebounding sharply once the health situation is under control. Government backed loans should also help many companies to avoid inevitable cash-flow induced bankruptcies. In line with other central banks, the Bank of England cut interest rates by 0.65% to 0.1%. The UK market appears to have been particularly hard hit but this is partly due to sterling weakness increasing non UK returns and also due to the significant exposure to resource companies which have been affected by the sharp fall in commodity prices. In terms of unemployment there had been around a million Universal Credit claims in the UK in the last two weeks of March.

In the Eurozone Italy and Spain have been among the worst affected countries. Countries across Europe took steps to restrict the movement of people to slow the spread of the virus. Growth in Europe had been almost flat with growth of only 0.1% in Q4 2019 (with Germany actually showing zero growth) and growth is expected to show a sharp downturn.

Japanese growth was weaker towards the end of 2019 due to a consumption tax increase and a major typhoon which hit Japan in October but in terms of the actual virus they have had a slower spread and lower mortality rate than most other developed countries. The most significant impact for Japan has been the postponement of the Tokyo Olympics for one year to July 2021. This led to Japan being the best performing developed market over the year in sterling terms.

Asia ex Japan was the worst performing region over the year and this was all down to performance in the final quarter. These markets are heavily dependent on their export markets and because of the weaker outlook for global trade they underperformed.

Emerging markets benefited early in the year on the easing in geopolitical concerns as an agreement between the US and China regarding trade was announced. As lockdowns were announced globally these markets which are highly correlated to economic activity fell sharply. A stronger US dollar also proved to be a headwind for them. China actually outperformed during the final quarter because they had gone into lockdown before everyone else and they were already seeing the number of COVID-19 cases declining and were beginning to ease the restrictions that they had put in place. A mixture of interest rate cuts and fiscal measures had also helped. Brazil was the weakest performing market with currency weakness amplifying the negative returns.

The final manufacturing PMI's for March actually showed a small rise and was entirely due to a rebound in China as they were coming out of their lockdown, because headline indices fell across most of the world. These numbers will not fully reflect the effects of the containment measures put in place by governments as these really only began towards the end of March. However, global trade was showing the impact as the new export orders index fell to its lowest level since the GFC.

Commodity prices, other than gold, fell sharply as demand for most commodities declined. Crude oil prices collapsed during the first quarter of 2020 and reached 17 year lows. This was as a direct consequence of the measures put in place to contain the Coronavirus but was

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

exacerbated by an agreement between OPEC and Russia to constrain supply breaking down just as the outlook for consumption fell.

The debate at the end of the quarter was not as to whether there will be a recession this year but how long and deep it will be. Inflation is likely to remain low in the short term because although there has been some input price inflation where supply chain pressures have materialised there has been an offset caused by the sharp decrease in demand and the substantial fall in commodity prices.

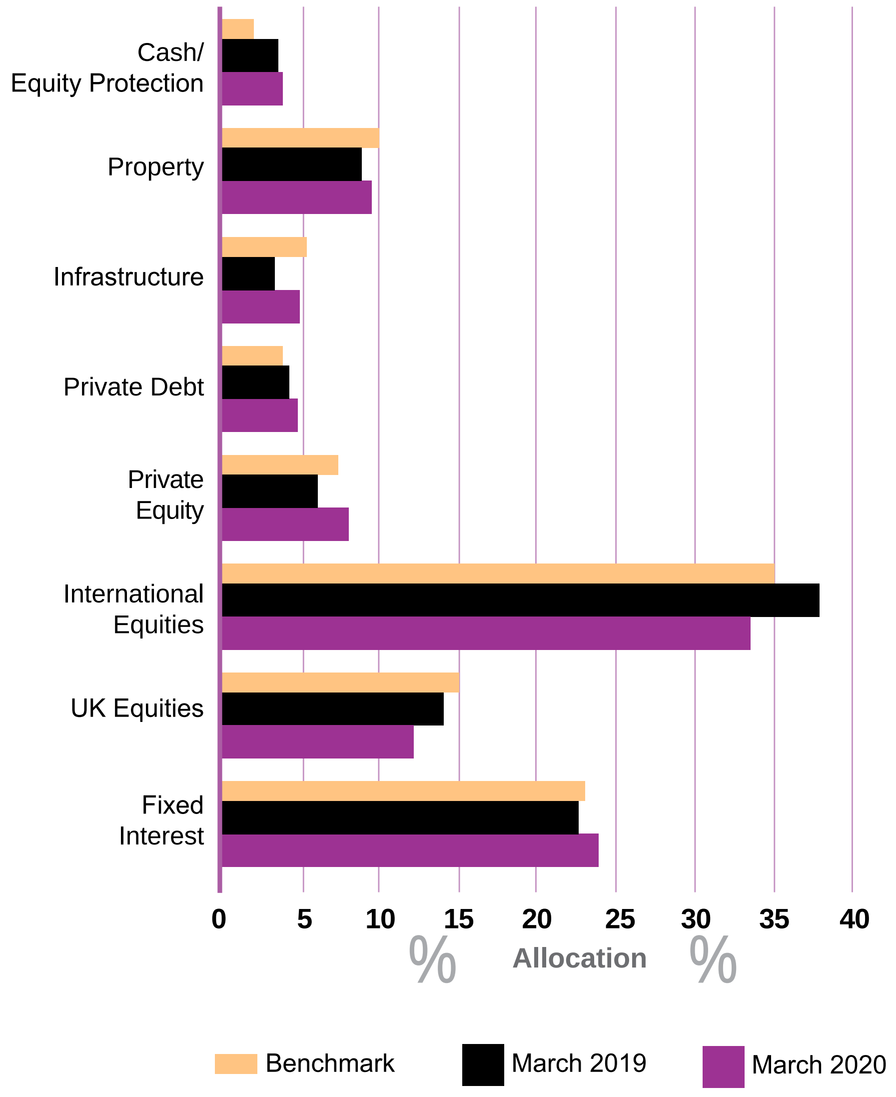
Investment Strategy

The investment strategy of the Fund is carried out in accordance with the Investment Strategy Statement 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 continued to reduce its exposure to listed equities and has been increasing the allocations to the alternative asset classes in line with its stated strategy with the aim of improving diversification and the risk-adjusted return.

The following table shows how the asset allocation has changed over the year versus the benchmark.

Asset Category

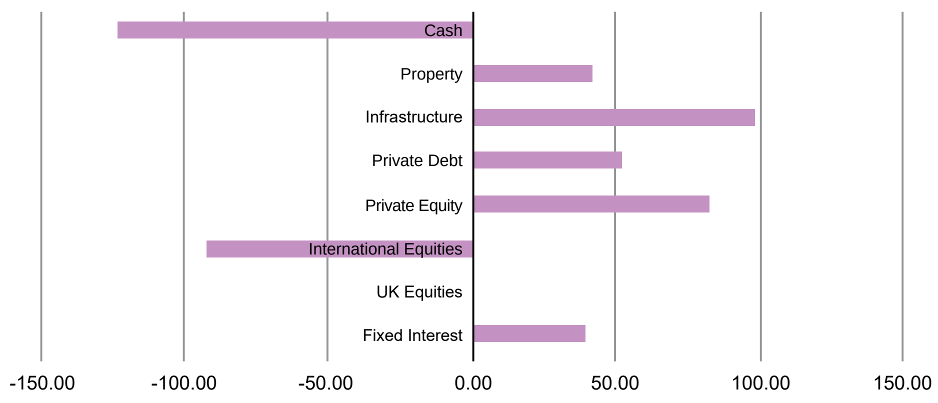


The change in distribution is a result of investment transactions and the performance achieved within each investment category.

The notable changes in the Fund's asset allocation compared to the previous year can be seen below. It includes a reduction in the overall cash exposure and international equities to fund new investments within our alternative asset classes of private equity, private debt and infrastructure. This has brought these allocations closer to their strategic targets.

At the Authority meeting in March a further refinement of the Investment Strategy was agreed. This was based on a review of the strategy by Hymans Robertson following the 2019 valuation. An improved funding level and a change in the balance of the membership within the Fund over time from active members towards deferred and pensioners means that the income from contributions is now less than payments of pensions. Thus it is more important for the Authority to use a portion of its investment income to pay pensions and thus it was agreed for some movement of assets away from growth assets towards income generating assets. This actually continues the movement seen since the previous review following the 2016 valuation.

Net investment over the year to 31 March 2020 £m



Over time we will further reduce the allocation to UK listed equities to increase the allocation to Infrastructure funds which should generate strong, mainly index-linked cash-flows. It was also agreed to cut the allocation to index-linked gilts to fund an increase to private debt funds which also produces strong income returns.

The logic of making the movement out of equities by reducing the allocation to the UK is that the Fund is over-exposed to the UK relative to the scale of its economy within the global economy. This will remain the case even after the change, although to a lesser extent.

It is usual for pension Funds to be over exposed to their home economy but this does present something of a risk in terms of concentration. This is somewhat exacerbated in the UK given the predominance in the index of a small number of very large companies (including a high proportion of carbon intensive stocks). Thus as well as increasing the opportunity set by moving to a more global focus, a reduction in exposure to the UK index will have some benefit in reducing exposure to carbon intensive industries.

The move to reduce index-linked gilts reflects that the dynamics of the gilt market are currently skewed resulting in assets which are extremely expensive while the Fund needs to increase its access to income.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Investment Pooling

SYPA is one of twelve partner funds within the Border to Coast Pensions Partnership which was created as an FCA regulated investment company. Over time Border to Coast will manage the majority 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.

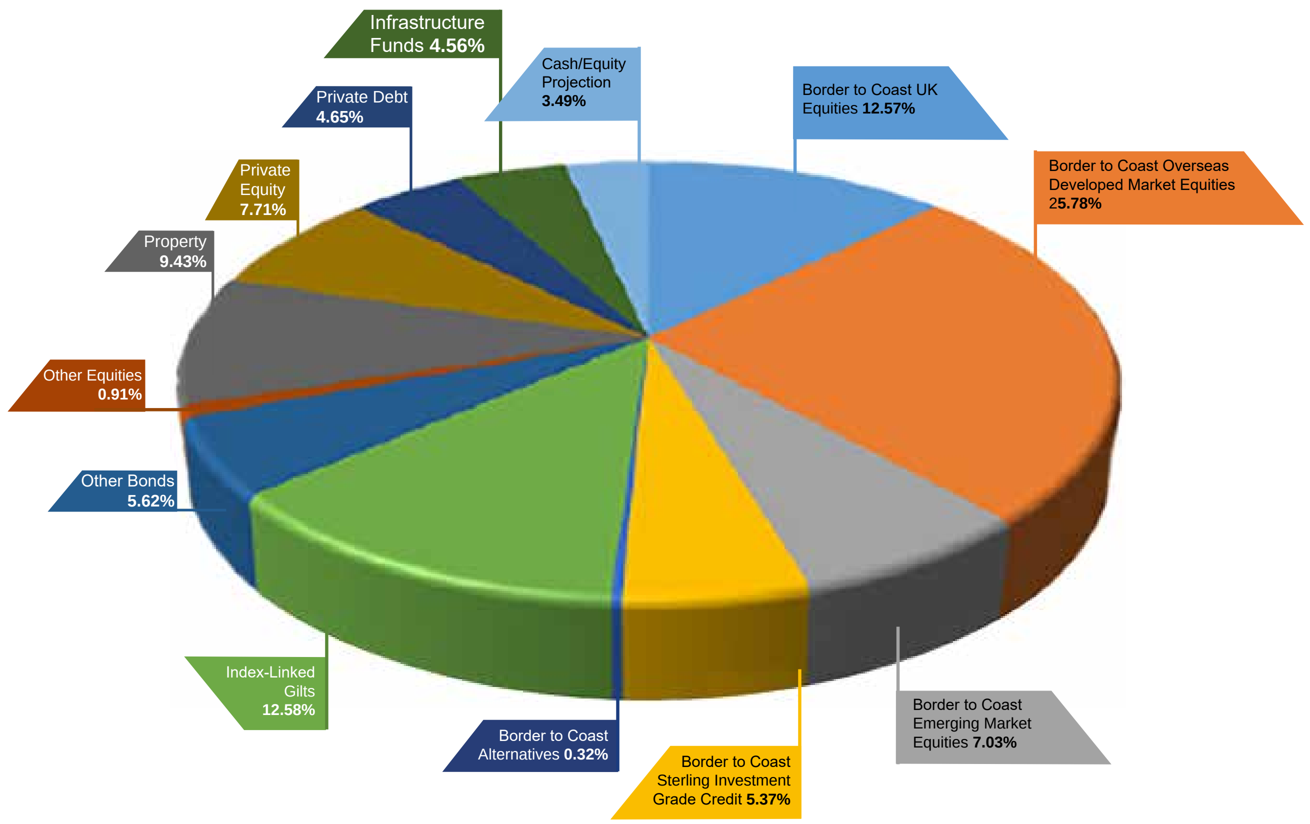
As at 31 March 2020 Border to Coast had launched five equity sub-funds and one bond fund. SYPA have investments in four of these funds. The equity products broadly mirror the mandates that were previously run internally by SYPA. During this year SYPA was involved in one transition to Border to Coast which was the Investment Grade Credit assets previously managed by Royal London. The performance achieved includes the cost of the transition of these assets. The Fund's existing investments in closed ended funds for private assets sit outside the Pool but all new investments in this area during the year were made by Border to Coast. They committed £250m to private equity and infrastructure funds for SYPA and these investments started to draw down during the year.

Five largest holdings in externally managed investments by market value as at 31 March 2020

Holding	£m
Border To Coast - Overseas Developed Markets Equity	2,111.63
Border To Coast - UK Listed Equity	1,028.79
Schroders Equity Protection Fund	984.80
Border To Coast Emerging Markets Equity	575.54
Border To Coast - Sterling Investment Grade Credit	439.64

BORDER TO COAST PENSIONS PARTNERSHIP

Assets under management



At 31 March 2020 Border to Coast managed 52% of the Fund's assets and this will grow as Border to Coast develop more products and further assets are transitioned to them.

Note – Other equities are a small number of relatively illiquid residual holdings which could not transition to Border to Coast funds and which are being sold down as opportunities arise.

During the year £91m was sold from these holdings. Although savings from pooling are expected over the long term there are costs associated with setting up and running Border to Coast and transferring assets to the company. The following charts show the costs of Pooling for SYPA from inception and the costs 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.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

The table below shows the costs since the inception of Border to Coast in 2018

Costs of Pooling	2017/18 £m	2018/19 £m	2019/20 £m
Internal costs		(0.3)	(0.4)
Fees on funds held directly		(2.4)	(3.7)
Pooling implementation	0.4	1.9	2.1
BCPP management fees		2.0	1.5
Transition costs		2.4	0.1
Other support costs		0.3	0.3
Net costs	**0.4**	**3.9**	**(0.1)**

The chart below shows the ongoing management expenses during 2019/20

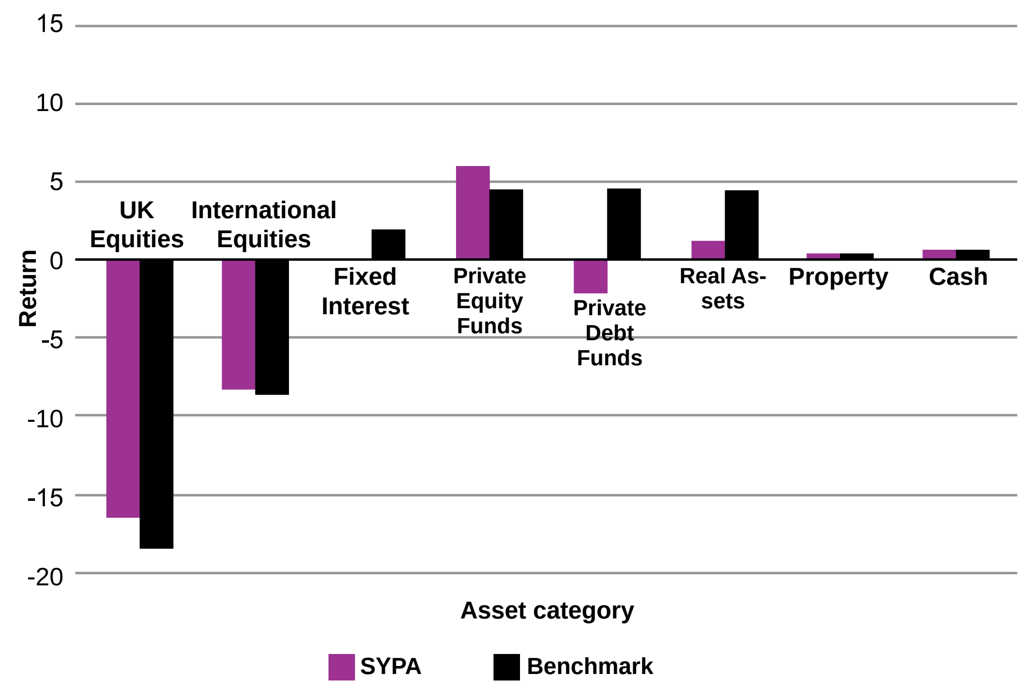
	Investments held within Border to Coast Costs £m	Investments held outside Border to Coast Costs £m	Total £m
Fund value base fees	2.8	28.2	31.0
Performance fees		12.1	12.1
Transaction costs	1.2	0.1	1.3
Transition fees	0.1		0.1
Total	**4.1**	**40.4**	**44.5**

Performance

Over the year to March 2020, the Fund delivered a return of -3.6% outperforming SYPA's strategic benchmark by 0.9%. This return was below the triennial discount rate assumption set by the Scheme's actuary at the 2019 actuarial valuation. This is an inflation-linked measure, CPI+1.75% p.a. which at the current time is 3.25%. The value of the Fund's investment assets at 31 March 2020 was £8,150.2m, down from £8,414.4m at 31 March 2019.

Over longer time periods the Fund has comfortably outperformed the actuarial assumptions.

The graph below compares the return achieved by the Fund in each of the main investment categories during the year.



The Fund outperformed the benchmark index in the equity categories with the performance of Private Equity being the most significant asset class performance. Infrastructure funds was the most significant underperforming category and was impacted by the write down of assets at the year-end due to the short term impact of Covid-19 and the benchmark used being an absolute return of CPI+3%.

The portfolios together would have given an under-performance of the benchmark of 0.1% but we had an equity protection strategy in place which has a key objective to reduce equity downside risks. The protection is a "nil-premium put-spread collar" structure which means that the downside protection is fully funded by selling equity upside. The Fund put in place protection against two thirds of its equity exposure and insured against losses between 5 and 30% in the relevant markets by giving up returns on average above 14.3%. This was implemented two years ago at a time when the Fund was estimated to have a surplus against its liabilities and was a measure taken to protect this position. The value of the strategy has fluctuated over the year with the movement in the underlying markets but has fulfilled expectations. At the year end with equity markets having fallen sharply the value of the options added significantly to the Fund's overall value.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

The funding level at the last actuarial valuation as at March 2019 was 99.3% and at 31 March 2020 was 92.28%.

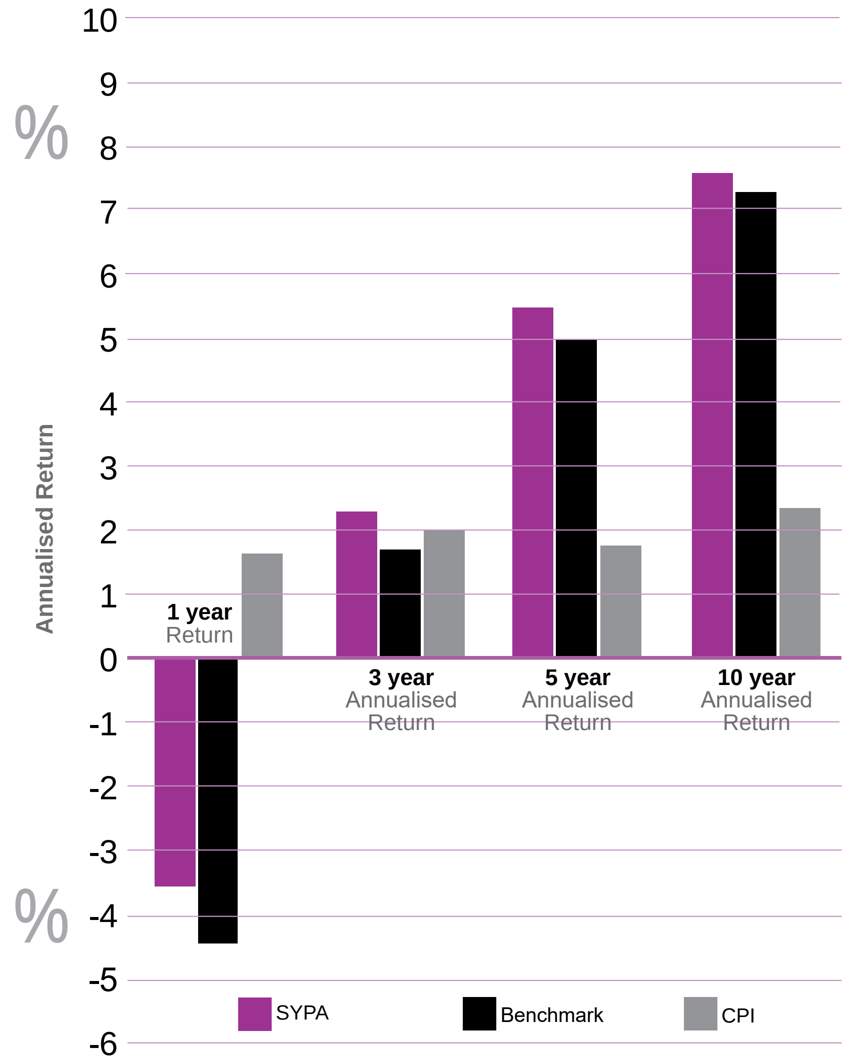
Index-Linked Gilts

The Fund has a significant exposure to index-linked gilts which, although not managed passively, is very much a buy and hold for the long term strategy. We hold corporate index-linked bonds within this portfolio as a means of adding value. Transactions tend to be concentrated around duration matching. These assets play a valuable role in relation to providing inflation linked income. The portfolio slightly underperformed its benchmark over the year.

Corporate Bonds

SYPA has three separate portfolios within this category, an investment grade credit portfolio, an emerging market bond portfolio and a high yield for the stable cash flows and the bond portfolio. These are held credit spread above gilts. The investment grade credit portfolio managed by Royal London transitioned to Border to Coast management in February. (The Border to Coast portfolio is managed equally by three external bond managers, Royal London, M&G and Insight). The portfolio outperformed up to the point of transition and even with the cost of the transition, further value was added to the end of March. The other two asset categories are higher risk bond portfolios and both underperformed their strategic benchmarks due to underperformance in the final quarter.

Fund Performance



Comparison with Benchmark (Annualised Figures)

CATEGORY	1 Year Return % Fund	1 Year Return % Benchmark	3 Year Annualised Return % Fund	3 Year Annualised Return % Benchmark	5 Year Annualised Return % Fund	5 Year Annualised Return % Benchmark	10 Year Annualised Return % Fund	10 Year Annualised Return % Benchmark
UK EQUITIES	-16.5	-18.5	-3	-4.2	1.4	0.6	5.1	4.4
OVERSEAS EQUITIES	-8.3	-8.6	1.5	0.8	6.3	6.0	7.6	7.2
FIXED INTEREST								
Index-Linked Gilts	1.8	2.0	3.0	2.9	6.8	7.1	9.5	9.5
Corporate Bonds	8.0	7.6	4.9	4.3	5.2	4.5	n/a	
High Yield Bonds	-3.1	1.4	1.5	2.1	3.9	3.2	n/a	
Emerging Market Bonds	-10.6	-7.2	-1.7	-0.7	2.2	1.0	n/a	
PRIVATE EQUITY	6.1	4.5	8.7	4.9	11.1	4.9	10.5	6.2
ALTERNATIVE INCOME	-2.2	4.5	0.7	4.9	4.4	4.9		
INFRASTRUCTURE	1.2	4.5						
PROPERTY	-0.2	0.2	3.9	5.2	4.3	6.2	8.2	8.3
CASH	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
EQUITY PROTECTION	1.6							
TOTAL RETURN	-3.6	-4.5	2.2	1.7	5.6	5.3	7.6	7.4

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Ten largest publicly quoted bond holdings by market value at 31 March 2020

Network Rail
Index Linked 2037
£58.85m

Artesian Finance
Index Linked 2032
£13.45m

Tesco
Index Linked 2036
£11.55m

Aberdeen
Index Linked 2054
£9.83m

BT
Index Linked 2025
£8.68m

Road Management
Index Linked 2035
£7.35m

Western Power Distribution
Index Linked 2043
£7.35m

Anglian Water
Index Linked 2032
£6.54m

Dŵr Cymru Welsh Water
Index Linked 2030
£6.50m

Northumbrian Water
Index Linked 2036
£6.04m

UK Equities

SYPA has an investment in the Border to Coast UK Listed Equity fund which is an internally managed UK portfolio which has a moderate target to provide a total return which outperforms the total return of the FTSE All Share Index by at least 1% per annum over rolling 3 year periods. The performance of the portfolio achieved a 2% outperformance of its target during 2019/20. The index return of -18.5% was the weakest asset class return over the year but this is partly due to sterling weakness increasing non UK equity returns.

Global Equities

SYPA has holdings in the Border to Coast Developed Markets Equity Fund and the Border to Coast Emerging Markets Equity Fund. These are both internally managed funds. The benchmark for the overseas developed markets fund is a composite of 40% S&P 500 Index: 30% FTSE Developed Europe ex-UK: 20% FTSE Developed Asia pacific ex-Japan: 10% FTSE Japan. The performance of the developed market portfolio outperformed the benchmark index by 0.8% over 2019/20 whilst the emerging market portfolio performed in line with its benchmark. The performance of global equities overall fell with the index down 8.6%. This was greatly influenced by the relative outperformance of the US market which only fell 2.3% in sterling terms and by emerging markets falling 14%.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Ten largest publicly quoted equity holdings by market value held via Border to Coast Equity ACS at 31 March 2020

AstraZeneca £58.7m

Microsoft £57.2m

MFC VANGUARD MID-CAP ETF £56.8m

HSBC £51.0m

SAMSUNG £45.4m

gsk GlaxoSmithKline £45.1m

£44.9m

Tencent 腾讯 £41.0m

Alibaba Group 阿里巴巴集团 £40.6m

Nestlé £39.6m

Alternative Portfolios

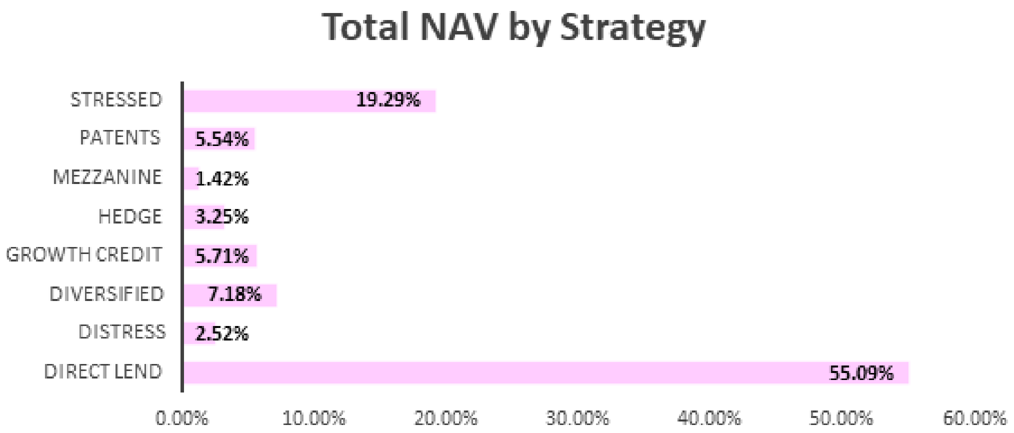
The Fund has three alternative portfolios which are intended to access different parts of companies' capital structure. The following sections details these areas.

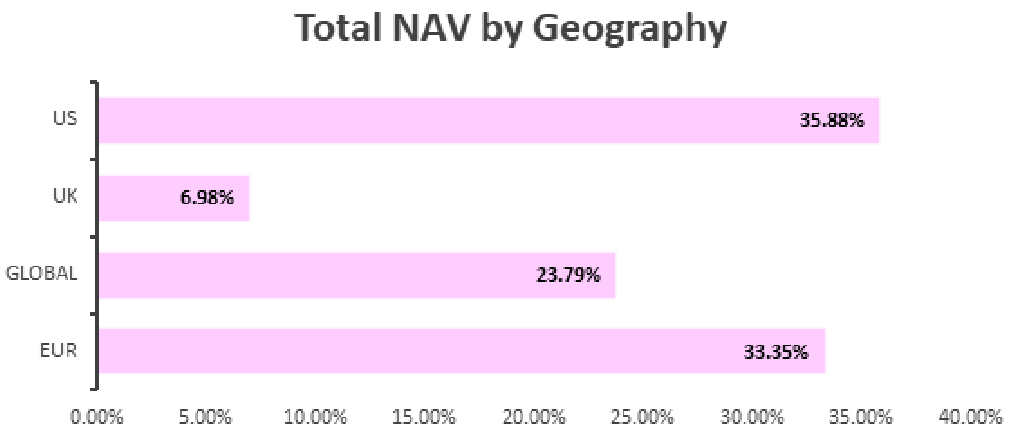
Private Debt

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 including direct lending, mezzanine, unitranche, distressed debt and special situations. The income generated from these funds is a useful source of cash to meet liability payments. The legacy portfolio of 40 funds is diversified by strategy and geographic location and the current value of assets in this category is £364m. The breakdown of the portfolio is shown in the graphs below. In September a new subscription of £90m was made to the newly launched Border to Coast limited partnership which will be committed over the eighteen month period to March 2021. The performance of the overall portfolio was behind its benchmark due to the performance in the final quarter of the year when the financial markets fell sharply due to the fear generated by the lock downs of economies globally. These credit assets rank senior in the corporate capital structure so they have not sold off as much as listed equities.

6.1
MANAGING THE PENSION FUND'S INVESTMENTS
Investment review

Private Debt





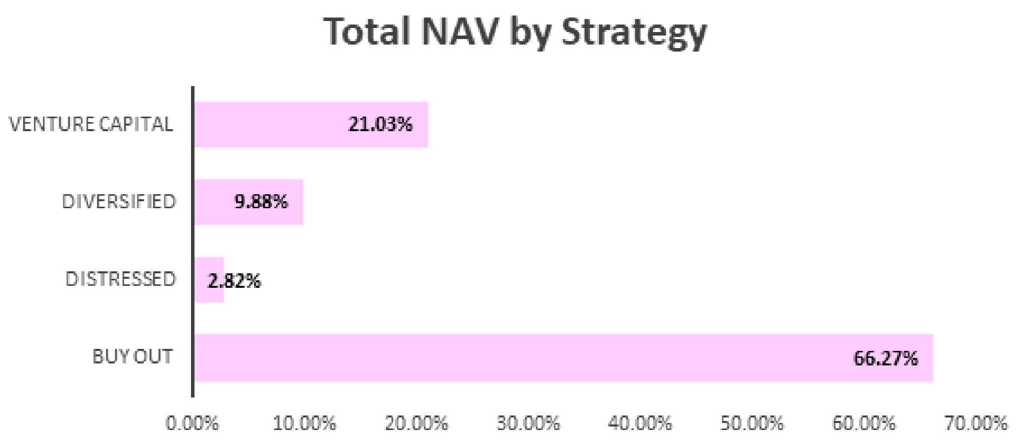
Private Equity

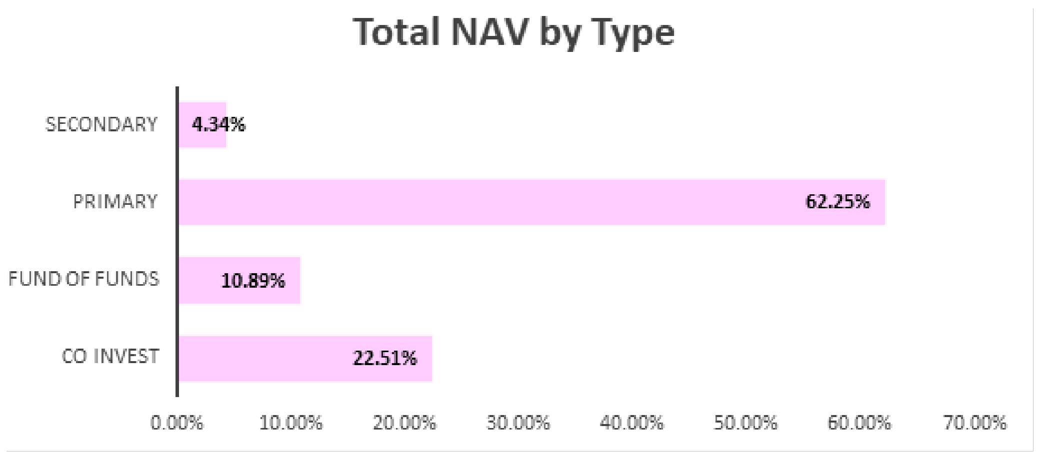
Since 2004 SYPA has invested in private companies through a variety of closed-ended limited partnerships managed by specialist management teams. Private equity investments provide returns linked to quoted equities but with the expectation of better long term returns because of the higher risk profile 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. The portfolio of 108 funds is diversified by investment type, strategy and geographic location and the breakdown can be seen in the graphs below. The value of assets currently invested in private equity is £617m. The performance of the portfolio showed outperformance over the year as significant uplift of valuation was seen from existing investments. New investment into this area is now via a Border to Coast limited partnership. A commitment of £150m was made by SYPA during 2019/20. This commitment is lower than over the last few years but this is because we are now at an optimum weighting against our strategy and only want to maintain the exposure and not to increase it.

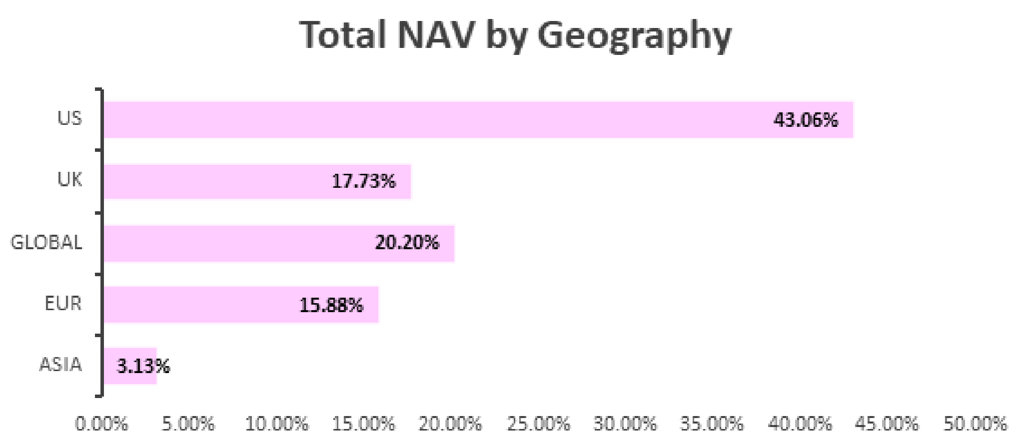
6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Private Equity



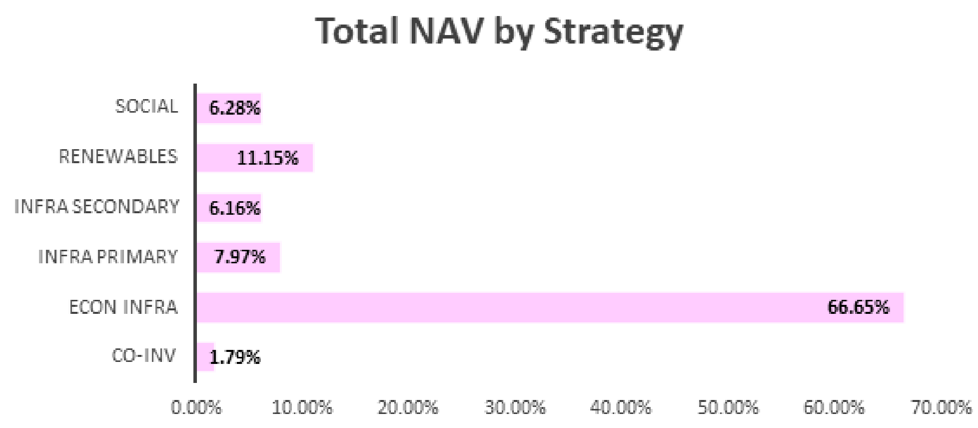


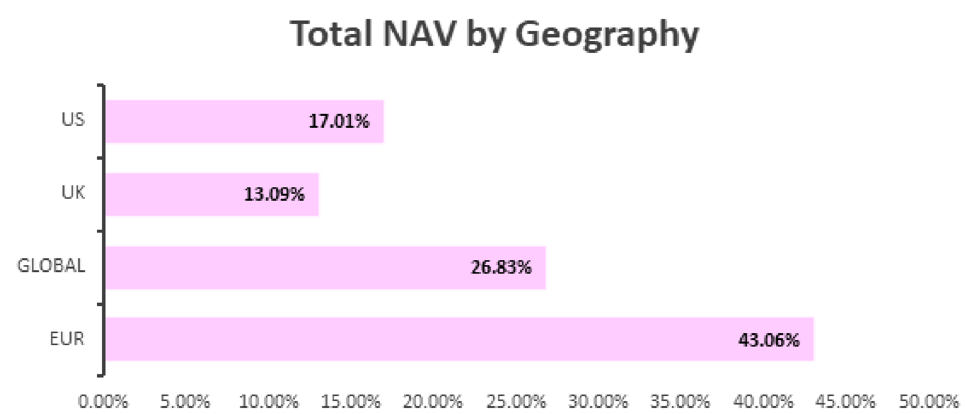


Infrastructure

Infrastructure investments offer long-term returns which have a close match to the objectives of the Fund, preservation of value over the long term, inflation linkage and they have a cash flow focus as well as providing a good means of diversification for the Fund. The allocation to infrastructure has been made via a number of global and regional investment funds but the portfolio is still immature and it will take a number of years to achieve the new target allocation of 10% of Fund assets. The exposure includes investments in renewable projects and UK Social Housing. The portfolio has 30 legacy investment funds and this year made a £100m commitment to the newly launched Border to Coast limited partnership. The current value of these investments is £388m but the value should increase as commitments are drawn down. The exposure is well diversified and is shown below. The performance during 2019/20 was behind the targeted return but as this is an immature portfolio, it is expected that initial costs will impact performance in the short-term.

Infrastructure





In both the above portfolios 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. This aligns with our views that businesses that incorporate ESG as part of their mission statement and overall ethos, tend to achieve better returns as well as are able to manage risk sensibly, especially over the long term.

Our investments are made by limited partnerships managed by various managers. Below are a few examples of the underlying investments that showcase this.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

1. SYPA has investments in the Quinbrook Low Carbon Power Fund (global exposure) and the Quinbrook UK Gas Co-Investment Fund. The percentage share of commitments made by SYPA gave the following quantifiable ESG impacts.

US$ 55m *
of capital dedicated to infrastructure & business mitigating climate change or supporting the clean energy transition as at 31 March 2020

>41,000 tons
of CO_2 emissions dissplaced from 1 January 2019 to 31 March 2020. Equivalent to $C0_2$ emissions from burning ~46 milliion pounds of coal

US$ 40 million
of economic development to regional or economically depressed communities expected from Quinbrook projects

211
regional jobs expected to be supported by projects in construction or under development

>7,000 homes'
electricity use for one year generated from 1 January 2019 - 31 March 2020

687,750 trees
planted for 10 years required to provide equivalent carbon sequestration to MWh produced 1 January 2019 - 31 March 2020

2. SYPA has a holding in the listed Vehicle, Triple Point Social Housing REIT which provides specialised accommodation for individuals into the social housing sector. Properties are developed to respond to identified local authority need. Homes are adapted to reflect the specific care needs of vulnerable individuals. Rent is funded by central government through housing benefit. 100% of income comes from long-term inflation linked leases. This addresses the housing crisis and delivers both savings for government and better resident outcomes.

3. EAG is a utility infrastructure company that installs, owns and manages Industrial and Commercial gas and electricity meters in the UK. The Company is also involved in building last-mile gas, electricity, fibre and water connections for residential, industrial and commercial clients in the UK. The Smart meters allow customers to monitor energy consumption and therefore improve energy efficiency.

4. The UK has seen a move towards healthier snacking, to combat rising obesity and food allergies. Wholebake, a manufacturer of gluten-free snacks, has been able to create a healthy snack bar but also been able to provide employment and skills in one of the most underserved communities in the UK, where unemployment remains relatively high. The recent pandemic initially saw a surge in demand for Wholebake products, which then subsequently subsided. The company has introduced additional cleaning procedures safeguarding employees.

6.1 MANAGING THE PENSION FUND'S INVESTMENTS

Investment review

Property

SYPA has a 10% allocation to property as an asset class. SYPA has three elements to its property exposure. At 31 March 2020 it comprised 40 directly held commercial properties valued at £525m, an agricultural portfolio valued at £172m and eight indirectly held specialist holdings valued at £74m. The performance overall was below that of the benchmark index primarily due to the indirect retail funds whose values were impacted by the stress within the sector as rents generally continue to be under pressure.

1. Stockbridge Road, Chichester. *Student accommodation* £35.80m

2. Hartwell House, Bristol. *Offices* £29.33m

3. Fradley Park, Lichfield. *Industrial Estate* £26.75m

4. Oxgate Centre, London NW2. *Industrial estate* £26.75m

5. Langley Park, Slough. *Industrial estate* £24.30m

During the year, within the specialist holdings we have set up a portfolio of regional development debt which has CBRE as an advisor to invest c£80m in local (Sheffield City Region/South Yorkshire) development projects. The portfolio has the aim of generating a commercial return whilst delivering a positive local impact. It is too early to judge investment performance as although there are a number of projects under appraisal only two transactions have reached financial close.

The two loans finalised were to fund the residential development at Little Kelham in Sheffield. Little Kelham is a low carbon residential led development to the north of Sheffield city centre, regenerating the former Green Lane Works site. All the homes in Little Kelham are heated by carbon neutral renewable energy: biomass in restored properties and renewably sourced electricity in new homes. Sustainability sits at the heart of the development with over 70% of the materials sourced from local suppliers to reduce transport-related emissions and also to help support local businesses. The Phase 2 loan will fund 52 new residential units in the regeneration area.

At the end of the year three further loans were in various stages of the due diligence process, although final completion of the legal processes may be delayed by COVID-19.

Cash

Cash is only held pending investment and during the year money has been drawn down to the alternative sectors and at 31 March 2020 was at £159m, down from the previous year's level of £282m. £30m of this was held within a sterling liquidity fund, £52m held with three F1 rated banks and £77m held as short term deposits with ten different local authorities.

6.9

MANAGING THE PENSION FUND'S INVESTMENTS

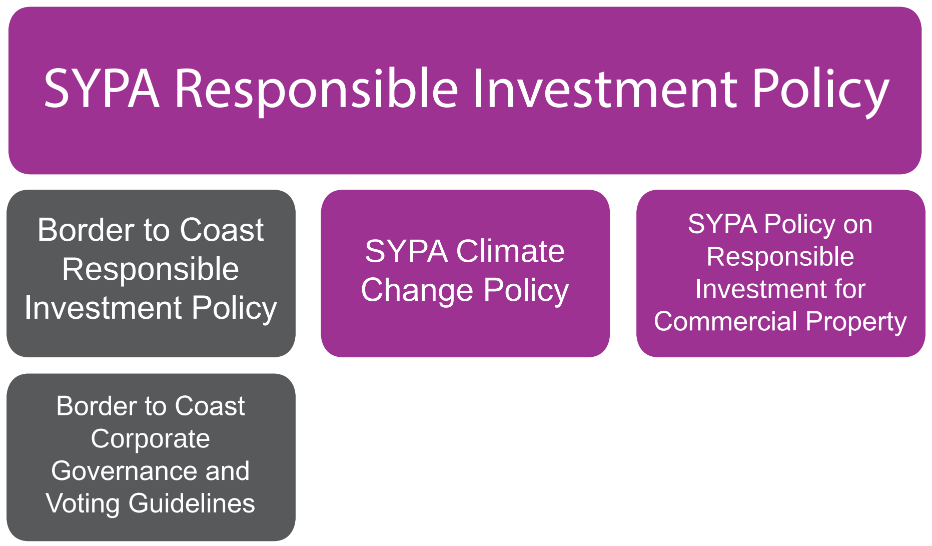
Responsible investment

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 its members and protect and enhance the value of the companies in which it invests on their behalf. Responsible Investment is an approach which considers how environmental social and governance (ESG) factors may pose a financial risk to a company and subsequently to the Pension Fund as an investor. This approach takes into account both an investor's financial needs and the impact an investment has on society and the environment. It is driven by financial not ethical or moral implications, with its main purpose being to reduce risk and improve returns. ESG factors can affect the performance of companies and therefore of investment portfolios.

The Authority believes that incorporating ESG considerations into the investment decision making process along with encouraging companies to improve their practices in these areas should enhance long term profitability, leading to superior returns.

As a shareholder the Fund is also a "share owner" and must assume the responsibilities that go along with ownership; this involves stewardship and being an active rather than a passive holder of any investment. Therefore along with integrating ESG factors into investment decision making, the Authority also looks to its investment managers to engage with companies and works with others to do so in relation to specific issues while also exercising its voting rights in order to use its influence as an investor to promote and support good ESG practices.

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. However, the Authority retains very significant responsibilities in relation to Responsible Investment which are exercised through a framework of shared (grey) and SYPA only (purple) policies which link together as shown in the diagram below:



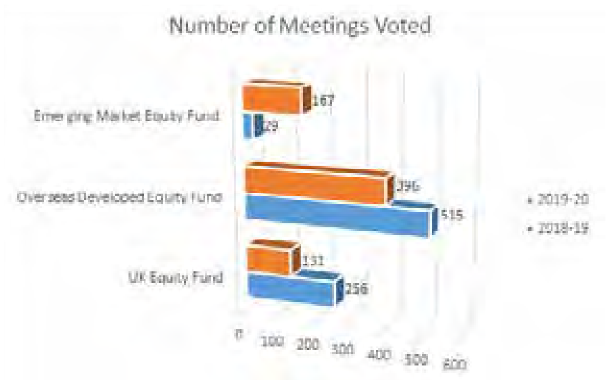
SYPA's own policies are reflected in the Border to Coast policies, but also apply to assets which have not yet transferred into the pool. In addition, SYPA's policies set out the direction in which the Authority will seek to influence the other partner funds within Border to Coast to move over the coming years.

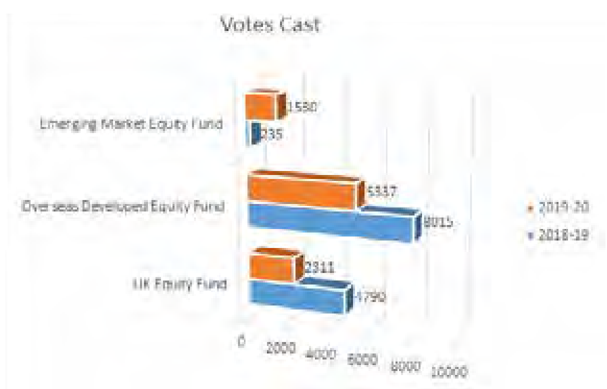
The Authority believes in being transparent about its stewardship and ESG activities. It reports quarterly to elected members in respect of activities undertaken on its behalf by Border to Coast and their engagement partner Robeco and on collaborative activity undertaken by the Local Authority Pension Fund Forum.

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 uses them carefully. Voting in the Border to Coast pooled vehicles in which the Authority is invested is undertaken in all markets through Robeco who are the Border to Coast's proxy voting adviser.

We will aim to support management where possible. During the year, as shown below, votes were cast at nearly 700 company meetings on over 9,000 different issues. This does show a reduction from the previous year as portfolios have become a little more concentrated, although there is a significant increase in the number of meetings and votes in the Emerging Markets as a result of the improved global coverage provided by Robeco. This is significant, as activity in these markets provides an opportunity to engage with companies relatively early in their life and help them get into "good habits" early.



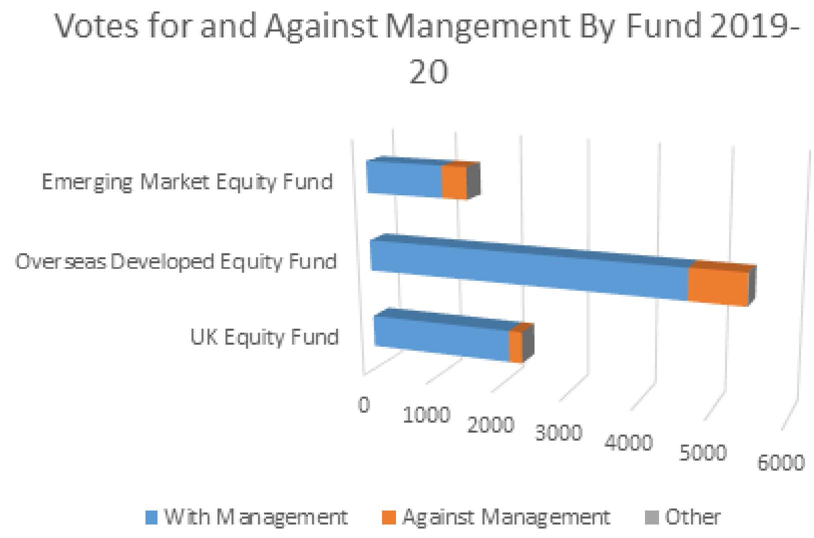


6.9

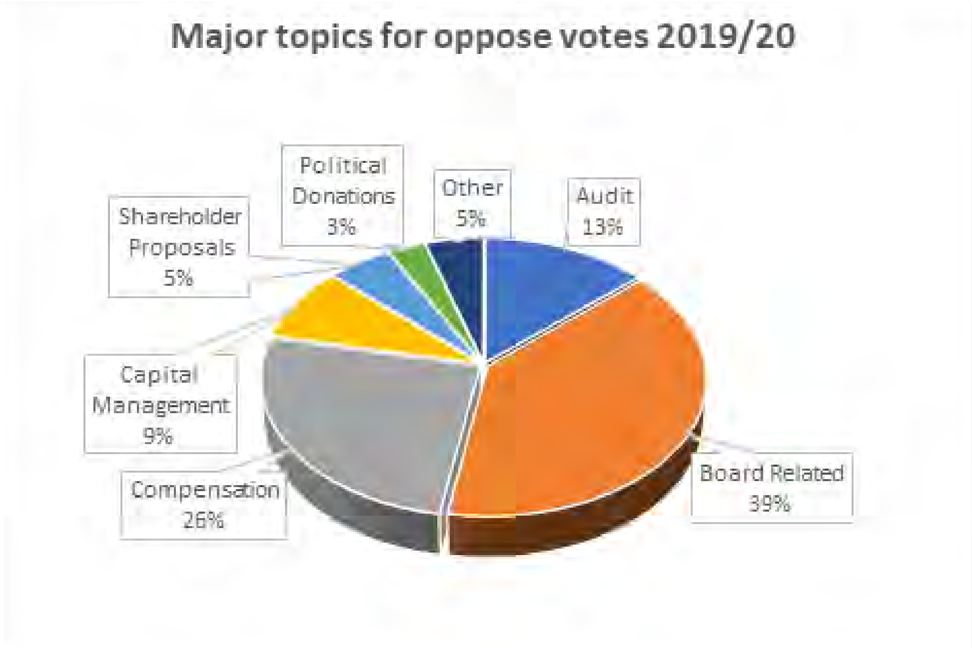
MANAGING THE PENSION FUND'S INVESTMENTS

Responsible investment

This year 86% (61% in 2018/19) of resolutions at shareholder meetings were supported and 13% opposed (25% in 2018/19). This reflects to some degree the nature of the resolutions being voted on in the year and also the way in which companies are in some cases beginning to constructively engage with shareholder proposals allowing us to support the management position. This breaks down between markets as shown.



The main reasons we voted against management are illustrated in the graph below



The key reasons we voted against in relation to the composition of Boards were:

- A combination of the Chair and Chief Executive roles
- Individual Non-Executive Directors being in place for more than 9 years; a length of tenure which is viewed as compromising their independence
- Concern over the potential time commitment for Non-Executive Directors with multiple roles
- Concerns over the gender balance and skill mix within the Board

We voted against proposals to change the capital structure of companies where we felt that this was detrimental to the interests of existing shareholders such as:

- Cases where there was no rational or compelling case demonstrating that share buybacks are in the best interests of the investor
- Cases where approval is being sought to issue additional share capital in addition to already approved limits to fund acquisitions.

We voted against the reappointment of auditors in cases where we feel the length of their tenure has compromised their independence in the same way as for Non-Executive Directors and where accounting issues have emerged which should have been identified in the audit process.

We have voted against pay proposals which:

- Deliver excessive increases or a pay quantum that is excessive.
- Where the ratio between the pay of the Chief Executive and the workforce is excessive.
- Where there is a weak relationship between pay and the underlying economic performance of the business.

During the year, working through Border to Coast we supported resolutions at the annual meetings of a number of companies. These particularly focussed on climate change and the need for businesses to adapt themselves for a low carbon economy, but also governance issues such as the separation of the Chair and Chief Executive Roles and membership of industry associations and lobby groups which in some cases advocate positions diametrically opposed to the company's public position. We also supported resolutions at the AGM of Apple in relation to the company's practices in relation to human rights and freedom of expression in China.

6.9

MANAGING THE PENSION FUND'S INVESTMENTS

Responsible investment

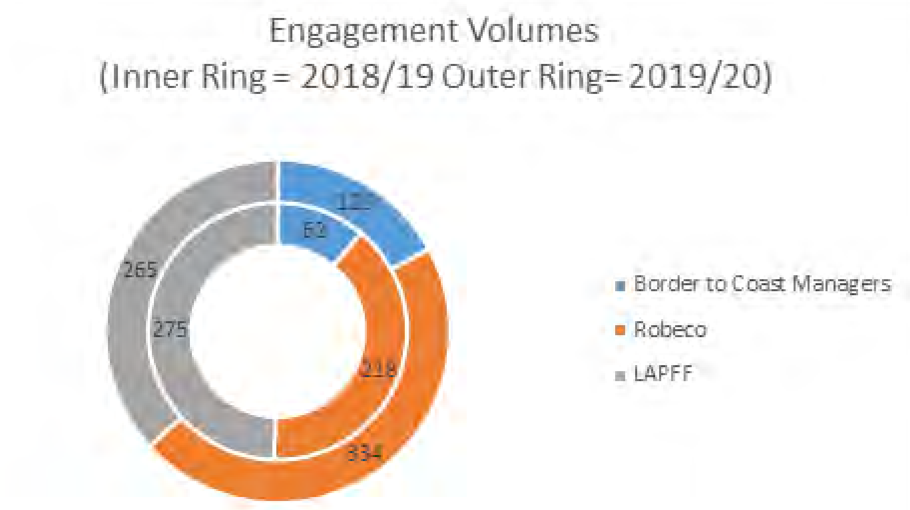
Engagement

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' financial performance. Following the pooling of our equity assets, the Authority now engages with companies in relation to these issues in three ways:

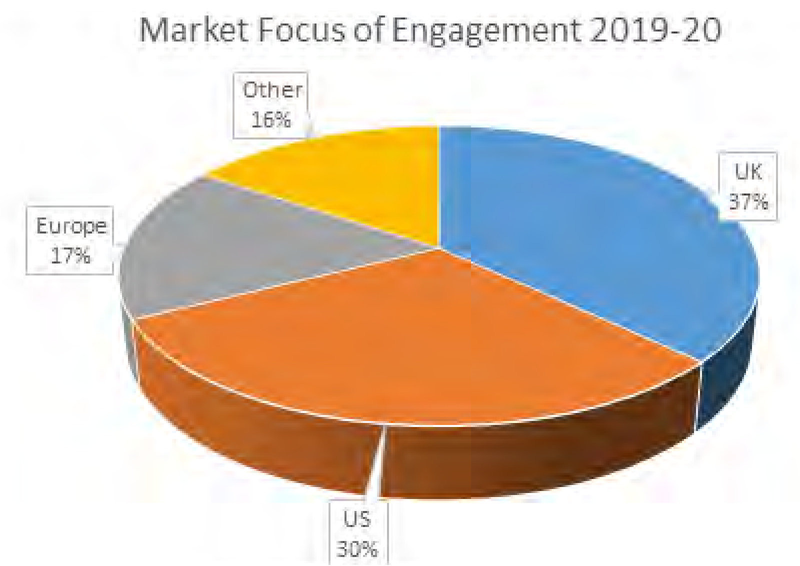
- Direct engagement with companies by Fund Managers at Border to Coast Pensions Partnership, which for practical reasons tends to be UK biased.
- Engagement with companies by Robeco, Border to Coast's voting and engagement partner
- Engagement through the work of the Local Authority Pension Fund Forum (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.

Engagement can take many forms ranging from writing to a company, to formal meetings with the Company including with Board Members.

As the graph below shows, an increasing proportion of engagement activity is being undertaken by Robeco specifically addressing priorities identified by the Border to Coast partner funds, while LAPFF continues to deliver a significant amount of activity across a very wide range of topics.



The graph below shows the markets within which the companies engaged with are based.



This pattern would be expected as it is much more difficult to directly engage with companies in emerging markets, and it is also the case that many of the larger companies on which engagement tends to be focussed as it is likely to be more impactful are based in the developed markets.

Through Robeco and LAPFF we talked to companies about a very wide range of issues, as shown in the graph below, fuller details are available in the various quarterly reports which are available at:

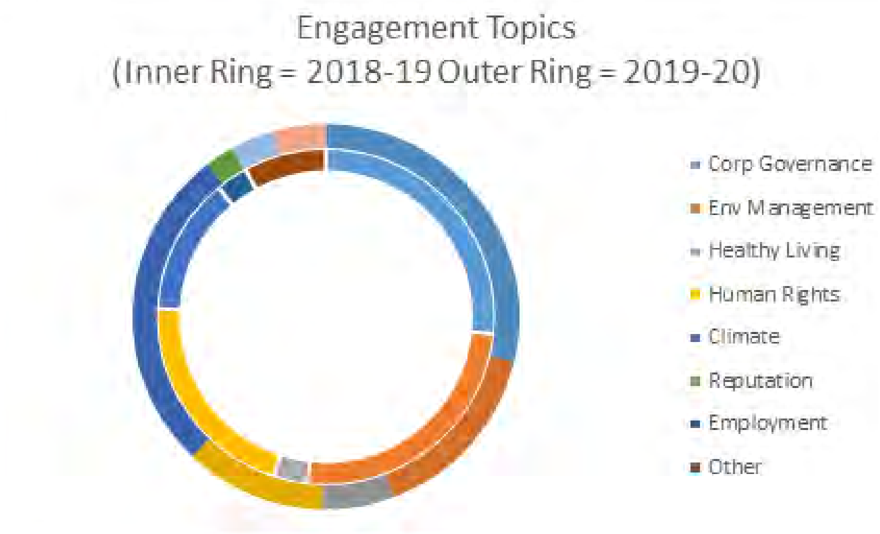
Robeco https://www.bordertocoast.org.uk/?dlm_download_category=engagement

LAPFF http://www.lapfforum.org/publications/qrtly-engagement-reports/

6.9

MANAGING THE PENSION FUND'S INVESTMENTS

Responsible investment



This shows an increasing focus on climate change and environmental issues, with a continuing focus on corporate governance issues such as Board composition and independence. Given concerns in wider society about climate and other environmental issues and the focus of shareholder resolutions in this area, this is not a surprising allocation of effort. The Covid-19 pandemic and the Black Lives Matter movement which both had an impact after the year-end, indicate a likely increase in engagement around social and human capital issues in the coming year.

The Authority and Border to Coast also support a number of specific investor groups aiming to deliver change in company practices in specific areas. These are:

The Investor Mining and Tailings Safety Initiative

Impact

The cumulative impact of engagement activity through all these routes has been seen over the last year in a number of ways.

The work of the Investor Mining and Tailings Safety Initiative created after the tragic collapse of a dam in Brazil in 2019 has led to disclosure of the number of tailings dams and other structures associated with mining which are potentially dangerous by 271 companies covering 1,938 tailings facilities. The information disclosed has been made public so that communities potentially affected by these facilities if they fail can understand the risks they face and companies can be held to account for improving their safety. This disclosure covers all 23 members of the international trade association for the mining industry and 84% of the global industry by market capitalisation. The initiative is continuing its work to promote constructive engagement between companies and local (particularly indigenous) communities. The aim of improving disclosure in this way is to make it easier to put pressure on companies to address the risks to communities that are created by the existence of these structures.

6.9 MANAGING THE PENSION FUND’S INVESTMENTS

Responsible investment

Working through Climate Action 100+ and more directly, progress has been made in moving a significant number of companies in a positive direction in terms of their plans to adapt to the requirements of a low or no carbon economy and to achieve net zero emissions. Particular items of note in the past year include:

- BP’s Board supported a shareholder resolution that requires the company to disclose how its business strategy is consistent with the Paris Agreement, including: capital expenditure alignment on a project by project basis; remuneration alignment; targets for scope 1 and 2 and projections for scope 3 emissions.
- ArcelorMittal stated its ambition to be carbon neutral in its European operations by 2050 and has set out low emission technology pathways for each line of business and is working on science based targets to support progress.
- Volkswagen announced a goal of making its fleet completely carbon neutral by 2050 in its sustainability report, requiring the launch of nearly 70 electric models by 2028. The Company has also agreed to voluntarily comply with California’s higher fuel efficiency standards which make a significant commitment to reducing emissions.
- In September 2019 Nestle announced a significant target of net zero emissions by 2050 that had aspects consistent with many investor asks, including covering scope 3 emissions and setting interim targets for reaching the long-term goal.

Engagement activities through Border to Coast and Robeco and LAPFF have also made progress in a number of other areas over the course of the year including notably:

- Seeing the final success of a long campaign for the Financial Reporting Council to be replaced with a more effective and genuinely independent regulator for the audit profession.
- Improved the disclosure by major companies of their labour standards through supporting the work of the Workforce Disclosure Initiative and encouraging companies to provide the information needed to meet the WDI disclosure standards. Through companies doing this, investors are better able to understand companies’ approach to managing human capital which can have a material impact on long term shareholder value and the sustainability of the business.
- Border to Coast is now a very significant shareholder in a number of companies particularly in the UK and a number of these companies have proactively engaged with Border to Coast in relation to their remuneration policies before putting proposals to company meetings. This is one of the clear benefits of the increased investment scale available through the pooling process.

Through access to a greater level of data provided by MSCI, Border to Coast are able to assign “ESG scores” to each holding. These then form part of the process of assessing the quality of companies when making decisions to invest. It is possible to compare the total score for a portfolio against the total score for the relevant benchmark index. When this is done the current equity portfolios exhibit scores broadly in line with the benchmarks which would be expected given the fact that these are broad active portfolios which are managed in an index aware way. While scores of this sort are helpful as part of an investment process at individual stock level, there are issues with the completeness of the data for individual companies and they should only be considered as providing a broad indication of direction of travel at a more macro level. We will be looking to discuss with Border to Coast how best to present information of this sort in future annual reports.

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 reviewed both its Investment Strategy Statement and its compliance with the principles during the year and details are available on our website.

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. Following the transfer of assets to Border to Coast, the Authority submitted a Stewardship Code compliance statement to the Financial Reporting Council (FRC) and has been granted Tier 1 Signatory status (as has Border to Coast). Tiering distinguishes between signatories who report well and demonstrate their commitment to stewardship, and those where reporting improvements are necessary, with Tier 1 being the highest status. The Fund’s Stewardship Code Statement can be found on the Authority’s website.

A new version of the Stewardship Code has now been adopted by the FRC and in line with the process of transition to this new code, the Authority is working toward producing its first compliance report for the year ended 31 March 2021.

6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

Source – TCFD Final Report June 2017

Governance
The organisation's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Risk Management
The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The Authority is supportive of the TCFD recommendations and this section of the Annual Report aims to fulfil its commitments to reporting on progress in line with the recommendations using the four pillars. This report specifically looks at the Authority from the point of view of its activities as a financial institution. The equally important but quantitatively far less significant issues arising from the Authority's own operations are not directly addressed.

Governance

The Authority as a whole determines the attitude to and appetite for all risks and also sets the policy framework within which management are required to address risks and opportunities. The policy framework includes the Authority's own Responsible Investment Policy which sits above the policy agreed with the other Border to Coast Partner Funds and its own Climate Change Policy and Policy on Responsible Investment in Commercial Property. The Climate Change Policy was originally approved in 2016 and substantially rewritten in 2018 to reflect the TCFD recommendations, and a further revision is due to be undertaken during 2020. The policy on Responsible Investment in Commercial Property which addresses climate risk was comprehensively reviewed during the 2019/20 financial year.

The Authority receives a quarterly update on Responsible Investment activities which includes activities related to climate change carried out directly and through collaborative arrangements such as Border to Coast and the Local Authority Pension Fund Forum. The Authority usually meets formally 5 times per year with a number of informal seminars and training sessions which may cover climate risk issues, although in 2019/20 the Authority only met 4 times due to the timing of the 2019 General Election.

This report forms part of the Authority's Annual Report and Accounts which is approved by the Audit Committee on behalf of the Authority as a whole.

The Director and the Head of Investment Strategy are responsible for the implementation of the Investment Strategy and the Responsible Investment and Climate Change Policies with oversight provided by the Authority. They are also responsible for the contribution made by the Authority to collaborative and partnership activity in this area, including seeking to influence the behaviour of partners within the Border to Coast Pensions Partnership.

As the Authority no longer directly manages assets through its own team, the Policy Framework sets out clear expectations of those that manage money on our behalf in a wide range of areas including the way in which they seek to address climate risk. We expect those managing our money to actively consider and give considerable weight to climate risk in making individual investment decisions. This includes making use of emissions data and other metrics (where available) within their decision making processes. We also expect those managing our money to actively engage with investee companies in order to ensure that they address specific risks and issues and as indicated in the previous section, addressing climate risk and associated issues forms a very significant proportion of this activity.

The Authority's management maintains an ongoing dialogue with those managing money on the Authority's behalf (and in the case of Border to Coast with the other partners in the enterprise) in order to monitor whether our expectations are being met. Where this is not the case, a process of escalation will be undertaken which could, once all other options are exhausted, result in the moving of assets to another product and/or not making further investments with the specific fund manager if their approach to responsible investment in the round does not meet the Authority's requirements. It would be unlikely that a decision of this sort would be solely made on climate related grounds.

6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

Strategy

The Authority's Climate Change Policy recognises the following specific risks arising from Climate Change.

- Physical impacts – damage to land, infrastructure and property due to extreme weather events, rising sea levels and flooding.
- Technological changes - innovations such as battery storage, energy efficiency, and carbon capture and storage will displace old technologies with winners and losers emerging.
- Regulatory and policy impact - financial impairment due to policy and regulation changes such as carbon pricing or levies, capping emissions or withdrawal of subsidies.
- Transitional risk - financial risk associated with the transition to a low-carbon economy. This may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change, creating investment opportunities as well as risks.
- Litigation risk - litigation is primarily aimed at companies failing to mitigate, adapt or disclose.

The strategies used to address these risks necessarily vary:

- Between asset classes where for example different levels of information are available about these different risks within listed equity investments as opposed to fixed income and as between public and private markets.
- Between markets where for example different levels of information and preparedness of investee companies to engage on these issues can exist between, say, the UK and emerging and frontier markets.

We expect those managing money on our behalf to start from our perspective as a long term investor who wants to support companies that are sustainable in the long term. This is a view that applies across asset classes and means that managers should give weight in their stock selection to companies which are either:

- Positively contributing to the transition to a lower carbon economy; or
- Recognised the risks to their business model from the transition and put plans in place to manage the process, thereby sustaining the business through the transition.

This means that we want those managing our money to be conscious of the risks that climate change and the transition to a low carbon economy pose to businesses, and use data within their stock selection processes to fully understand how businesses are addressing these risks.

The way in which society as a whole (including the Authority) addresses climate change will impact on the path of future economic growth and the level of potential investment returns. Therefore the degree to which the climate changes has the potential to fundamentally alter the Authority's strategy and therefore the call that it has to make on employers for contributions to the Pension Fund. Given the need to achieve consistent and affordable contribution rates, we need to understand how our strategy will behave in the event of differing climate outcomes in order to be able to adjust it in the light of events.

Scenario analysis is still very much a developing field, and there are limitations to its usefulness created both by data and the ability to forecast the impact of potential actions. The Authority looks to consider

climate change and how this will impact future asset allocation decisions when reviewing investment strategy, and undertook a scenario analysis as part of the review of the Investment Strategy carried out during 2019/20. This analysis considered the likely impact on the value of the Fund's portfolio and liabilities in the context of differing scenarios in terms of society's changes in behaviour in response to climate change. While such an analysis can only give an indication of what might happen if a large number of assumptions are borne out in reality, it does give an indication of how robust the strategy is against particular types of shock. It must be borne in mind that none of these scenarios are a prediction of what will actually happen they are simply constructs of a mathematical modelling process designed to examine the inter-relationship of a wide range of factors such as economic growth and longevity, and consequently contain a large number of subjective views. The position in relation to the three scenarios identified in this analysis is shown opposite.

Head in the Sand	Challenging Times	Green Revolution
A total lack of response to climate risk resulting in global crop failures, an influx of new diseases, temperature fluctuations resulting in flu epidemics. Anti-biotic resistance rises as new discoveries are limited.	Some adaptation achieved, "peak oil flow" is reached constraining economies of the future. Increasing fuel prices, constrained government finances, difficulty obtaining access to imported foods. More / less severe for lower / higher socio -economic groups.	Rapid technological advances leading to positive adaptation to climate change. Healthier lifestyles prevail (walking, cycling etc.), diets improve with less processed food consumption, homes protected against extreme temperatures.
12% reduction in liabilities very poor funding outcomes	4% reduction in liabilities very few scenarios where full funding is achieved in most cases a worsening funding position	5% increase in liabilities with the impact of the steps taken to address climate change having a positive impact on markets and funding levels

6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

Broadly the conclusion that can be drawn from this analysis is that it is in the Fund's financial interest to see faster progress towards climate goals such as net zero carbon emissions. Consequently the way in which the investment strategy is implemented should seek to support the transition to a low carbon economy in line with the goals of the Paris Agreement.

The latest iteration of the Investment Strategy and its predecessor move a significant weight of assets out of public listed markets and into private market assets, or "alternatives". To some extent this has increased exposure to assets that may be less sensitive to climate change risks, as well as moving into areas more exposed to climate related investment opportunities such as renewable energy and other low or no carbon technologies as these types of business tend to raise capital through the private markets.

While the Authority does not actively disinvest on ESG grounds in light of the significant potential financial impacts of climate change, carbon risk and stranded assets, it has made the decision not to invest in pure coal and tar sand companies. Over the coming year we will also be looking to discuss with other investors in Border to Coast's internally managed equity strategies ways in which these portfolios can become more climate aware and supportive of the move to a lower carbon economy.

Risk Management

The Authority has a clearly defined Risk Management Framework which allocates key responsibilities to individuals and teams within the organisation. The responsibility for the ongoing process of monitoring and assessment of risk (including climate risk) at corporate level lies with the Senior Management Team. Risk can be identified via a number of drivers including, process, strategy, horizon scanning, and scenario analysis. Identified risks are included in the Corporate Risk Register. These risks are reviewed by the Senior Management Team monthly and reported to the Authority on a quarterly basis. The Audit Committee and Local Pension Board have a shared responsibility for oversight of the effectiveness of this process.

We expect those managing money on our behalf to recognise and address climate risk in their investment process and review these arrangements through our oversight processes.

We seek to manage climate-related risks in a number of different ways:

- We work with those managing money on our behalf to ensure that they have firstly understood the scale of the risk and are committed to addressing it;
- We seek to ensure that Border to Coast acting on our behalf gives weight to arrangements for the management of climate related risk in appointing external fund managers and in the ongoing monitoring of their performance, and also that climate risk is covered during the due diligence process on private market investments.
- We require those managing money on our behalf to engage with portfolio companies in relation to:
  - business sustainability,
  - disclosure of climate risk in line with the TCFD recommendations and
  - adaptation of their business strategy in alignment with a low carbon economy.

We expect companies to publish targets and report on steps taken to reduce greenhouse gas emissions. Engagement is conducted by Border to Coast, their engagement partner Robeco and external managers appointed to their fixed income funds; and through our support of collaborations such as the Climate Action 100+ and the Local Authority Pension Fund Forum (LAPFF).

Climate risk is, as described above, managed in the same way as other risks through a standardised corporate process which is led by the Authority's Senior Management Team.

The Risk Management Framework, which is subject to approval and review by the Audit Committee, allows us to identify, assess and manage risks. The effectiveness of the process is overseen by the Audit Committee and the Local Pension Board.

Climate risk is specifically included within the Corporate Risk Register.

Metrics and Targets

The Authority has previously conducted two audits (in 2015 and 2017) of the carbon intensity of its equity portfolios presenting results in terms of tonnes of CO2e/$m Revenue.

With the transition of these portfolios to Border to Coast pooled products, it is not possible to compare these previous results with results for the new products.

In future the Authority will produce measures of the carbon intensity of its listed equity investments and fixed income investments (from 2020/21) made through Border to Coast.

It is important to recognise that these are backward looking and static metrics that measure only one aspect of a portfolio's exposure to climate-related transition risk. The data is produced using MSCI's carbon portfolio analytics. Although the coverage of emissions data is not as complete for fixed income as an asset class, this will be included when the relevant assets have transitioned to Border to Coast pooled vehicles. In terms of private market assets (alternatives) few private companies measure and report emissions data making this a

6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

challenging area, and we will be examining the types of metrics that can be produced for these portfolios and for the commercial property portfolio which is annually assessed against the GRESB (Global Real Estate Sustainability Benchmark) standard.

We expect those managing money on our behalf to use this data together with data from the Transition Pathway Initiative, which indicates how well a company is prepared for the move to a lower carbon economy as part of their investment decision making process and in deciding which companies to engage with on climate issues.

The Authority currently invests in a wide range of listed and private market assets. Data in relation to emissions for private market assets is at best sketchy and difficult to gather therefore we concentrate on areas where there is a wide range of data available for those managing money on our behalf, particularly Border to Coast, to analyse. This year that means we have concentrated on the listed equity portfolios and next year the fixed income portfolios will begin to be added. We previously carried out emission measurement exercises on the equity portfolios when we managed them directly in 2015 and 2017. Because the portfolios are now structured in a different way it is not possible to compare the results of these exercises with the current position. This is the first year, as a result of participation in the Border to Coast Partnership with the additional resources that it brings, that the Authority has been able to have a comprehensive picture of the carbon intensity of its portfolios. Now that we are much clearer on the position we can begin to look to those managing our money and our partners within Border to Coast to identify a range of specific actions which will result in a reduction in the carbon intensity of portfolios.

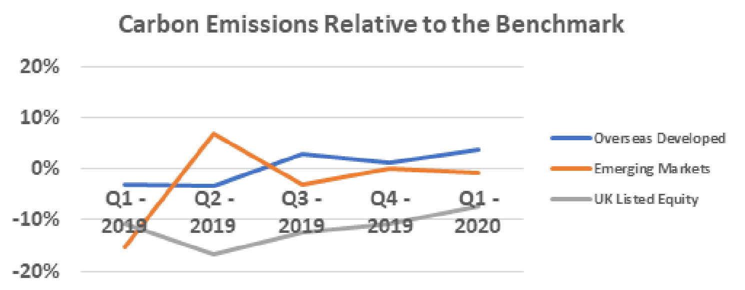
Border to Coast analyse emissions data on a quarterly basis to assist in understanding both how companies are progressing in reducing emissions and to understand better how this data is being reflected in decisions by portfolio managers.

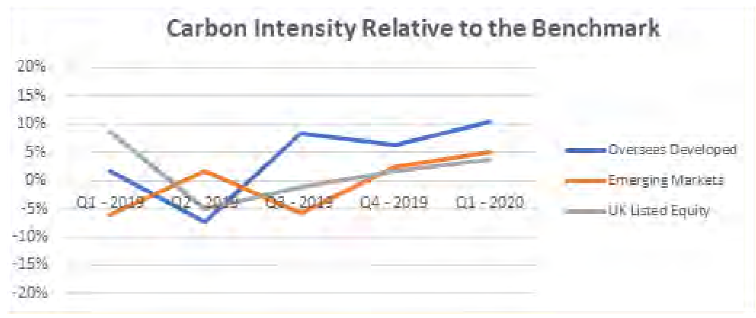
Equity Portfolios - Carbon Footprint

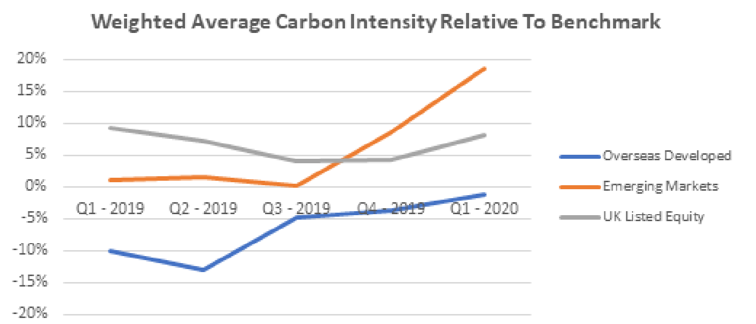
Carbon footprint data is an evaluation of emissions at company, sector and portfolio level at a point-in-time. It is widely acknowledged that carbon footprints continue to have limitations and are backward looking. Data cannot be used in isolation to measure risk to an investor's portfolio. Although data is improving as companies provide better climate-related financial disclosures, the quality of corporate reporting remains inconsistent. Some estimations must be made for companies that do not disclose data. As carbon footprint captures a snapshot in time, we need to identify trends developing as the data we have increases. It should therefore be used in conjunction with other metrics whilst remaining aware of its limitations.

Data covering carbon emissions, carbon intensity and weighted average carbon intensity are considered in assessing risks when conducting carbon footprints. In the following section we are providing for the first time data for all three metrics as at 31st March 2020 for the listed equity portfolios. This is the first full year reporting on carbon metrics as the inception dates for these portfolios were during the 2018/19 financial year.

Portfolio	Weighted Average Carbon Intensity (t CO2e / $M Sales)		Carbon Intensity (t CO2e/$M Sales)		Carbon Emissions (per $M Invested)	
	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
Overseas Developed	166	168	237	214	184	178
Emerging Markets	379	319	467	445	378	381
UK Listed Equity	136	126	165	159	180	194







The funds in which we currently invest with Border to Coast are actively managed, and carbon footprints will differ from the index due to investment decisions made. Carbon footprints can increase at the same time as the carbon intensity decreases in a portfolio, and vice versa, and without the full picture it is impossible to understand the reasons behind this.

Some companies with a high carbon footprint may be important actors in the move to renewable energy and the transition to a low carbon economy. Portfolio Managers are required to document the investment rationale for the inclusion in the portfolio of companies with high carbon footprints to enable challenge and ongoing review.

6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

The differing investment styles, risk/return parameters and varying degrees of portfolio concentration versus benchmarks all have an impact on carbon metrics. In particular the funds in which the Authority is invested have less concentrated portfolios than the other Border to Coast funds, which means that they are more likely to exhibit a carbon footprint that is closer to that of the benchmark.

Towards the end of the reporting year, there were some significant movements away from trend in the carbon footprinting data by some portfolios, as can be seen in the charts above. There are a number of reasons for this movement, and portfolio managers are continuing to keep this under review. COVID-19 has impacted stock markets and company valuations, leading to considerable falls in benchmarks' total market capitalisation in Q1 2020, affecting some sectors more than others. This latter point resulted in a higher allocation to, and ownership of, companies with higher emissions. MSCI (who are the data provider) observed this across many benchmarks.

The carbon data allows fund managers to identify the largest emitters and contributors to the overall carbon footprint by portfolio. This is used alongside other data and tools at our disposal to further analyse the potential risks and opportunities within portfolios. These include exposure to fossil fuel reserves, strength of carbon risk management and clean technology exposure.

The Transition Pathway Initiative (TPI)

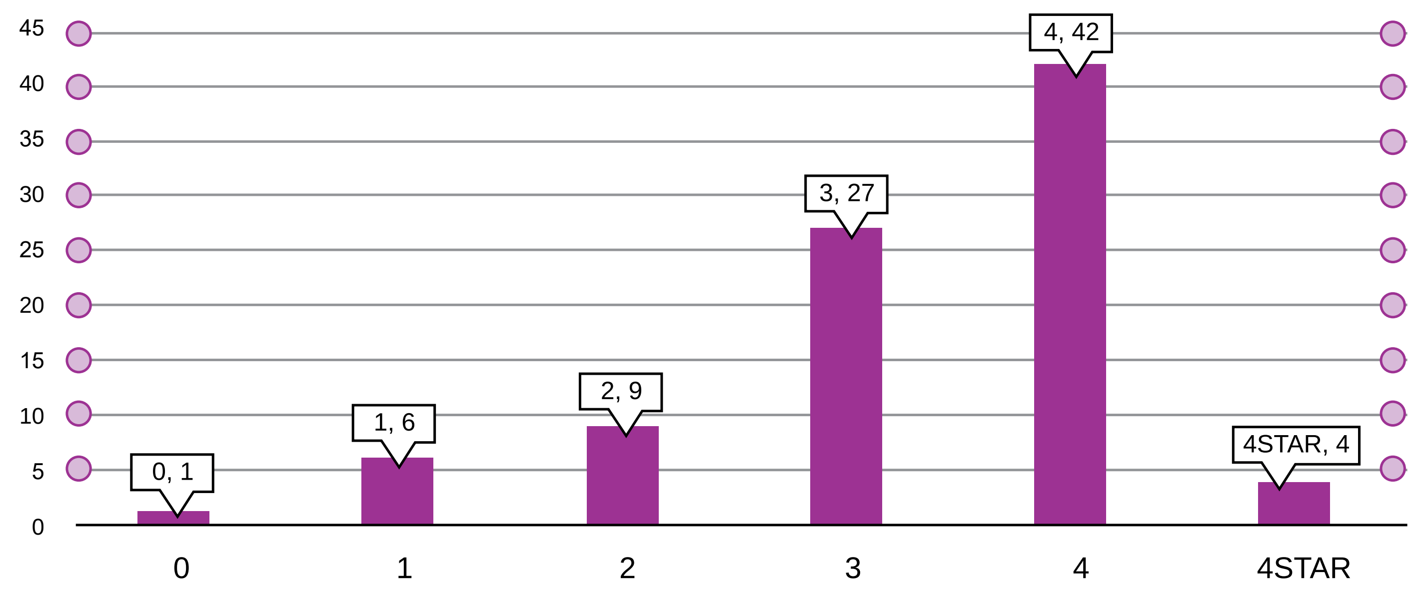
As carbon footprinting is backward looking, other tools are also used when considering climate risk within portfolios. The Transition Pathway Initiative (TPI) is a global initiative led by asset owners and supported by asset managers. The TPI uses a framework to evaluate the quality of companies' management of greenhouse gas emissions associated with their business. It also assesses companies' planned or expected future carbon performance and how this compares to international targets and national pledges made as part of the Paris Agreement. The TPI currently covers around 300 publicly listed companies but is expanding coverage to over 800 in the coming year. Companies' management quality is assessed against a series of indicators, covering issues such as company policy, emissions reporting and verification, targets, strategic risk assessment and executive remuneration. Based on their performance against the indicators, companies are placed on one of six levels:

- Level 0 - Unaware of (or not Acknowledging) Climate Change as a Business Issue
- Level 1 - Acknowledging Climate Change as a Business Issue
- Level 2 - Building Capacity
- Level 3 - Integrated into Operational Decision-making
- Level 4 - Strategic Assessment
- Level 4* - Satisfies all management quality criteria

Investment managers use the TPI tool and company scores to assess portfolio companies in terms of how they are managing climate risk and demonstrating improving company practices. The TPI tool currently covers 89 of the companies in the funds in which SYPA is invested.

The chart below shows the number of portfolio companies covered by the TPI and how they are scored.

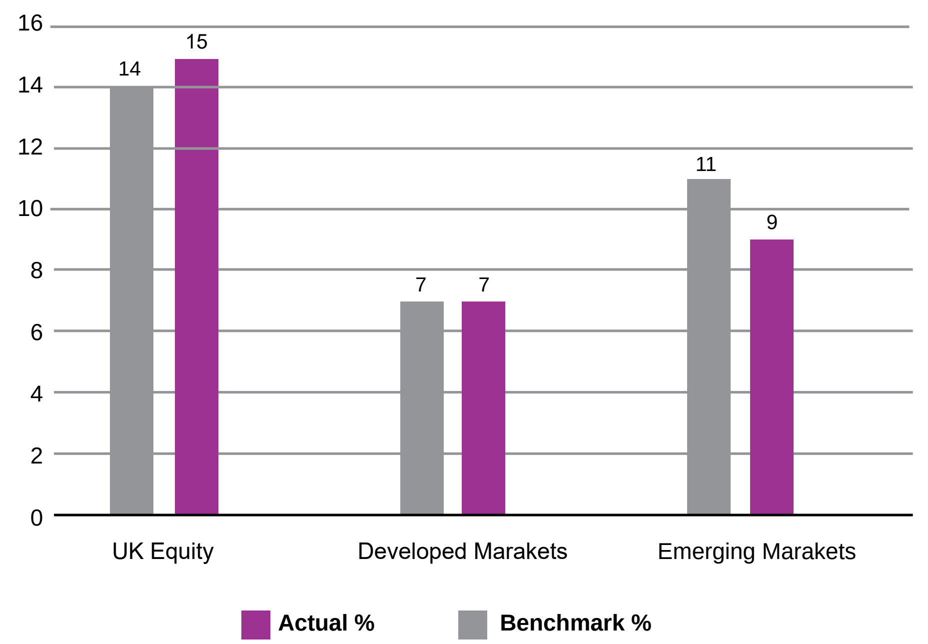
TPI Levels - SYPA Equity Portfolios



Weight of Fossil Fuel Holdings in the Portfolio

We can also consider the weight of companies holding fossil fuel reserves within both the portfolio and the benchmark in order to consider the scale of risk around "stranded assets" and also the degree of tilting away from carbon intensive companies which portfolio managers are undertaking. In this context it needs to be borne in mind that while SYPA is invested in actively managed products these are not high risk concentrated portfolios and therefore the expected base position will be relatively close to the benchmark. The data is illustrated in the graph:

Weight of companies owning fossil fuel reserves 31 March 2020



6.10

MANAGING THE PENSION FUND'S INVESTMENTS

Climate change

The position in the Emerging Market portfolio is a result of some of the challenges faced in the large number of companies within the investable universe which will tend to result in positions being taken in bigger companies with those holding fossil fuel reserves being amongst some of the bigger companies. It is hoped that a change in the structure of this fund in the coming year will help to address this issue.

Clearly there are technical reasons associated with the large movements in markets in the last quarter of the financial year which have resulted in a position at the end of the year which is somewhat different to what would have been expected given the previous trend, although the fact that there are no oil and gas companies in the top ten equity holdings for the first time is indicative of some progress. The relatively low risk approach to these portfolios means that managers will be limited in the degree to which they can depart from the benchmark particularly at the sector level. The ways in which this can be addressed to achieve less carbon intensive portfolios while maintaining the other key dynamics in these funds is not necessarily obvious or something we can dictate on our own. We will therefore begin a more focussed dialogue both with Border to Coast and the other investors in these funds in order to identify ways in which we can accelerate progress towards a more climate positive position in these portfolios.

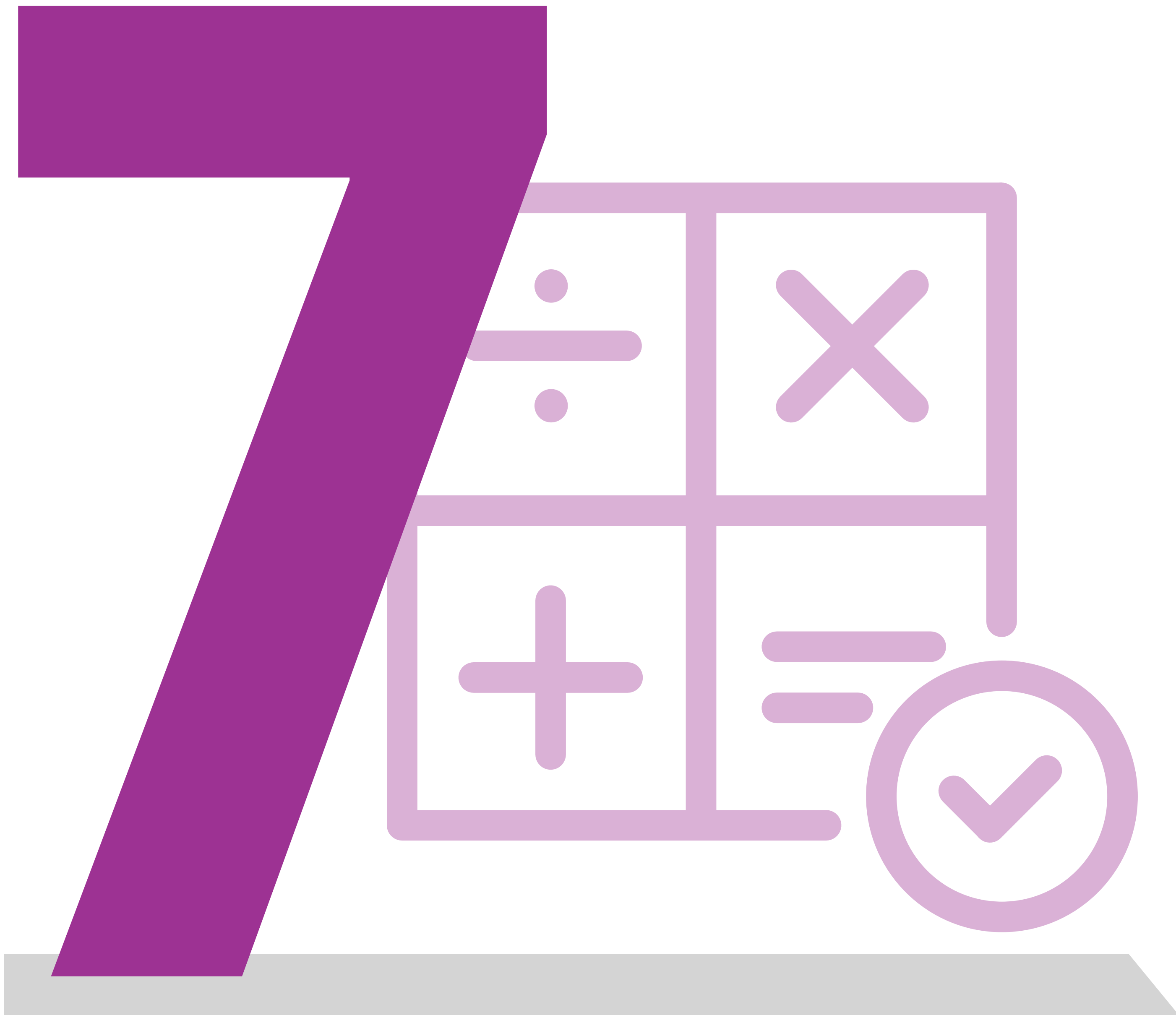
Commercial Property

The other major area of emissions relates to the Authority's commercial property portfolio. This is assessed using the Global Real Estate Sustainability Benchmark (GRESB). At the last measurement in 2019 the overall score for the portfolio was 69 (compared to 72 in 2018) which placed the Authority 15th in its peer group. Currently we are unable to provide comprehensive energy consumption data on the whole portfolio and therefore this cannot be scored within the GRESB assessment which is reflected in the score. We are in the process of changing elements of the arrangements for the operational management of the portfolio to enable the data to be collected comprehensively, given the timing of this exercise they should be available for the 2021 GRESB report.

Currently the Authority does not set targets in relation to the various metrics used to assess the scale of climate-related risk within its investment portfolios, and some of the metrics are subject to external factors which may make target setting inappropriate. However, the Authority's strong belief is that "what gets measured gets done" and it would therefore wish to see appropriate targets implemented as it believes that this is something that will spur those managing money on its behalf to more actively address climate risk, and in particular direct our investments more towards supporting the transition to a lower carbon economy.

However, it will be important to set targets that do not incentivise short term behaviour on the part of portfolio managers and thus considerable development work will be required to achieve this. It is also the case that given the way in which our money is now invested in pooled products provided by Border to Coast, we will need to secure the agreement of the other partner funds before being able to implement this. As indicated above we intend to raise the profile and, hopefully, the pace of progress on this issue during 2020/21.

7
FINANCIAL STATEMENTS



7.1 FINANCIAL STATEMENTS

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- Manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Approval of the Statement of Accounts
These accounts were approved, in accordance with Regulation 9 of the Accounts and Audit Regulations 2015, by the Audit Committee of South Yorkshire Pensions Authority.

Councillor John Mounsey
Chair, Audit Committee

Date: 26 November 2020

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- • complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which were kept up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Treasurer’s Certificate
I certify that the accounts give a true and fair view of the financial position of South Yorkshire Pensions Authority at 31 March 2020 and its income and expenditure for the year then ended.

N. Copley BA (Hons) CPFA
Treasurer

Date: 26 November 2020

7.1 FINANCIAL STATEMENTS

Fund Account

2018/19 £'000		2019/20 £'000	£'000	Note
	Dealings with members, employers and others directly involved in the Fund			
(206,446)	Contributions	(308,108)		7
(61,767)	Transfers in from other pension funds	(37,063)		8
(268,213)			(345,171)	
293,301	Benefits	308,182		9
17,329	Payments to and on account of leavers	29,618		10
310,630			337,800	
42,417	**Net (Additions)/withdrawals from dealings with members**		**(7,371)**	
53,237	Management expenses		49,419	11
95,654	**Net (Additions)/withdrawals including fund management expenses**		**42,048**	
	Returns on investments			
(132,099)	Investment income	(73,456)		12
(375,784)	Profit and losses on disposal of investments and changes in value of investments	300,971		14b
2,617	Taxes on income	1		12
(505,266)	**Net return on investments**		**227,516**	
(409,612)	**Net (increase) / decrease in the net assets available for benefits during the year**		**269,564**	
(8,030,353)	**Opening Net Assets of the Scheme**		**(8,439,965)**	
(8,439,965)	**Closing Net Assets of the Scheme**		**(8,170,401)**	

Net Assets Statement

31/3/2019 £'000		31/3/2020 £'000	£'000	Note
	Long-term investments			
833	Equities	833		
	Investment assets			
826,373	Fixed Interest Securities	390,990		
176,008	Equities	74,649		
267,475	Index-Linked Securities	170,737		
6,131,698	Pooled Investment Vehicles	6,656,270		
687,245	Direct Property	697,748		14a
184	Derivative Contracts	0		15
42,298	Cash - Foreign currency	11,049		
283,476	Cash - Sterling	159,720		
15,161	Other investment assets	8,950		
	Investment liabilities			
(665)	Derivative Contracts	(11,995)		15
(94)	Other investment liabilities	0		
8,429,992	**Total net investments**		**8,158,951**	**14a**
19,715	Current assets		23,739	21a
1,014	Long Term Debtors		604	21b
8,450,721			**8,183,294**	
(10,756)	Current liabilities		(12,893)	22
8,439,965	**Net assets of the Fund available to fund benefits at the end of the reporting period**		**8,170,401**	

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

7.1 FINANCIAL STATEMENTS

Notes to the South Yorkshire Pension Fund for the year ended 31 March 2020

1. Description of the Fund

The South Yorkshire Pension Fund ('the Fund') is part of the LGPS and is administered by South Yorkshire Pensions Authority

a) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following scheme legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by South Yorkshire Pensions Authority (the Authority) to provide pensions and other benefits for pensionable employees of South Yorkshire Pensions Authority, the four district councils in South Yorkshire and a range of other scheduled and admitted bodies. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pensions Authority, which consists of 12 councillors appointed by the District Councils roughly in proportion to population. In addition 3 representatives of the recognised Trades Unions act as observers to represent the interests of scheme members. In accordance with the requirements of the Public Services Pensions Act 2013, the Authority has established a Local Pension Board. The Board holds regular meetings and provides oversight, challenge and scrutiny over how the administering authority exercises its responsibilities. It publishes its own annual report which is available on the Authority's website and within the Annual Report.

The Border to Coast Pensions Partnership (Border to Coast) was created in response to Government policy on the pooling of investments. South Yorkshire Pension Fund, along with 11 other partner funds, are equal shareholders in the company. Most of the Fund's equity investments have been managed by Border to Coast since July 2018 and transition of the Fund's assets from internal management to Border to Coast is a continuing process that is expected to take a number of years to complete fully. At 31 March 2020, approximately 51% of the Fund's assets were being managed in pooled structures provided by Border to Coast.

Asset allocation remains the responsibility of the Authority.

Other investments are managed internally, with the assistance of advisors on real estate matters, in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. The Authority has a retained actuary, Mercer Limited, and has appointed an independent investment advisory panel.

Further information is available in the Annual Report available from the Fund's website at **www.sypensions.org.uk**

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the South Yorkshire Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other 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.

Membership details are set out below:

South Yorkshire Pension Fund	31 March 2019	31 March 2020
Number of employers with active members	490	526
Number of employees (active contributors)	49,415	49,866
Number of pensioners	52,582	55,189
Number of deferred pensioners *	58,052	56,422
Total number of members in the pension scheme	**160,049**	**161,477**

* Includes 5,483 unprocessed leavers at 31 March 2020 (6,175 at 31 March 2019).

c) Funding

Benefits are funded by contributions and investment earnings. 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 2020. Employer contributions are set based on triennial actuarial funding valuations. The employer contribution rates in respect of 2019/20 were determined based on the results of the 31 March 2016 valuation. These rates ranged from 9.2% to 28.2% of pensionable pay in 2019/20.

A new triennial valuation was undertaken as at 31 March 2019 and that has determined the employer contribution rates payable from April 2020 to March 2023. These will range from 12.5% to 30.8% in 2020/21.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided under the scheme including early retirement, disability pensions and death benefits, as explained on the LGPS website at **www.lgpsmember.org.**

e) Investment Performance

Equity markets continued to reach new highs during the financial year until the first quarter of 2020 saw the spread of coronavirus globally and as economies were locked down it resulted in the fastest decline in equity markets that we have ever seen. The UK market appears to have been particularly hard hit but this is partly due to sterling weakness increasing non UK returns. The market for riskier bonds also

7.1 FINANCIAL STATEMENTS

became more illiquid as the fear of higher defaults rose. Government bonds were the best performing asset class over the year. The oil price reached 17 year lows and property companies were confronted with falling revenues as some tenants defaulted on paying rent. Governments and central banks quickly launched monetary and budgetary measures to protect companies and employees and this led to some stabilisation during the last two weeks of March.

Direct property transactions have slowed during the year and the performance figures are yet to reflect the significant impact of the Covid-19 pandemic and the economic disruption from containment measures put in place by the Government. It is expected that there will be significant dispersion across the sectors. Industrials are forecast to see stable capital values but retail values are expected to fall substantially, with the exception of supermarkets and hotels and the leisure sector are also expected to be severely impacted. Although the Fund will be impacted, our longer term stance has been to be overweight the south-east industrial sector which should be comparatively robust and to be underweight in the retail sector.

In terms of asset allocation for the Fund, there continued to be a reduction in the overall cash exposure to fund new investments within the alternative asset classes of private equity, private debt and infrastructure.

The Fund had an equity protection strategy in place against two thirds of its equity exposure and as equity markets fell during the last quarter there was a positive benefit to the Fund from the strategy. At the end of March 2020 the strategy had a positive value of £125.7m. This helped mitigate losses and the Fund delivered a return of -3.6% over the year (+5.9% in 2018/19) and it had a market value (net investment assets only) of £8,159m at 31 March 2020 (£8,430m in 2018/19).

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for 2019/20 and its financial position at 31 March 2020. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code for the relevant financial year. There are no such accounting changes to be disclosed in this respect for 2019/20.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Assets Statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information in Note 20.

The accounts have been prepared on a going concern basis.

3. Summary of significant accounting policies

The following accounting policies have been applied consistently during the financial year and the previous financial year.

Fund account – revenue recognition

a) Contributions income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they related.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body or on receipt if received earlier than the due date. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment Income

i. Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iii. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as an investment asset.

iv. Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straightline basis over the term of the lease. Rental income is recognised in the Fund Account as it accrues and any amounts received in respect of the future year are disclosed in the Net Assets Statement as current liabilities.

7.1 FINANCIAL STATEMENTS

v. Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance, Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses
All costs incurred by South Yorkshire Pensions Authority in respect of pensions administration are accounted for on an accruals basis and charged to the Fund.

Oversight and governance costs
All costs incurred by South Yorkshire Pensions Authority in respect of Oversight and Governance are accounted for on an accruals basis and are charged to the Fund.

Investment management expenses
Investment management expenses are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11a and grossed up to increase the change in value of investments.

Fees of the external investment managers, property advisor and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

All costs incurred by South Yorkshire Pensions Authority internally in respect of investment management expenses are accounted for on an accruals basis and are also charged to the Fund.

Net assets statement

g) Financial assets

The shares held as an unquoted equity investment in Border to Coast Pensions Partnership Ltd, are valued at cost, i.e. transaction price, as an appropriate estimate of fair value. At 31 March 2019, a fair value could not be otherwise established as the pool had been operating for less than a year at that stage. This has been reviewed at 31 March 2020 and taking consideration of audited accounts for the company at year at that stage. This has been reviewed at 31 March 2020 and taking consideration of audited accounts for the company at 31 December 2019, there is no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2020. There is no market in the shares held and cost is a reasonable estimate of fair value.

All other financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of the fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Freehold and leasehold properties

Properties are valued quarterly by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards, see Note 16 for more details.

i) Foreign Currency transactions

Dividends, interest, and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

j) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

k) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

l)Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at amortised cost, i.e. the outstanding principle receivable as at the year-end date plus accrued interest.

m) Financial liabilities

A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from the changes in the fair value of the liability between contract date, the year-end and the eventual settlement date are recognised in the Fund Account as part of the change in market value of the investments.

7.1 FINANCIAL STATEMENTS

Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the Net Assets Statement is the outstanding principal repayable plus any accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standards (IAS) 19 and relevant accounting standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

o) Additional Voluntary Contributions

The South Yorkshire Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 23.

p) Contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.
Contingent liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

Pension Fund liability

The net pension fund liability is re-calculated every three years by the appointed actuary, Mercer Limited, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Notes 19 and 20. Actuarial re-valuations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Investment in Border to Coast

This investment has been valued at cost, i.e. transaction price, as an appropriate estimate of fair value. Management have made this judgement at 31 March 2020 on the basis that fair value cannot be otherwise established and taking consideration of the first set of audited accounts for the company at 31 December 2019, there is no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2020. There is no market in the shares held and cost is a reasonable estimate of fair value.

Directly Held Property

The Fund's property portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods between three months and ten years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by IAS 17 and the Code, therefore the properties are retained on the Net Assets Statement at fair value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease.

Private Equity

It is important to recognise the highly subjective nature of determining the fair value of unquoted private equity investments. They are inherently based on forward looking estimates and it is necessary to apply judgement to the valuation. Unquoted private equities and infrastructure investments are valued by the investment managers in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparations of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment for the following year are as follows:

7.1 FINANCIAL STATEMENTS

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The funding position as at the 31 March 2019 triennial valuation was a deficit of £63 million. The following examples illustrate the sensitivity of this figure to changes in the key assumptions: • a 0.25% reduction in the real investment return would increase the deficit by £379m • a 0.25% increase in salary growth would increase the deficit by £32m • a 0.25% per annum reduction in the long term improvement rate of life expectancy would reduce the deficit by £64m • a 25% fall in assets would increase the deficit by £2,110m
Private equity investments (Note 16)	Private equity instruments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines (2012). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £1,231 million in the financial statements. Based on the assessed level of volatility using the same methodology as outlined in the sensitivity analysis shown in Note 18, if prices fell by 7% this would reduce the values of these assets by £86 million.
Private equity	Investments in private equity funds are normally valued based on the Fund's share of the net assets in the private equity fund using the latest financial statements published by the respective fund managers. The 31 December 2019 valuations are normally used, and rolled forward for known cash flows to derive the valuation at 31 March 2020, on the basis that any changes in market value from 31 December to 31 March would be unlikely to be material. However, in light of the market impact of COVID-19 during the final quarter of 2019/20, there is less certainty in this respect than would normally be the case. Therefore the valuations for these investments have been measured on the basis of the fund manager reports as at 31 March 2020 in order to take into account market movement from January to March 2020. The values at which these are carried in the Net Assets Statement on this basis is £39.2 million lower than if the valuations had been based on the 31 December 2019 financial statements.	
Freehold, leasehold property and pooled property funds (Note 16)	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could all affect the fair value of property-based investments. The total value of property investments in the Net Assets Statement is £773m including both directly held property and property held in pooled investment vehicles. At 31 March 2020 it is difficult to quantify the potential range of possible outcomes but for illustrative purposes, a fall of 10% would resultin a reduction to the values in the Net Assets Statement of £77.3m.

Property Valuations - COVID-19 Uncertainty
There is additional uncertainty over the valuations of property investments. The professional valuers commissioned by the Fund to value the directly held property as at 31 March 2020 have provided the following commentary.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. The response to the pandemic has meant that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a higher degree of caution - should be attached to these valuations than would normally be the case.

There is therefore a risk that the values of these asssets in the accounts will require material adjustment in the next year. The effects and impact that COVID-19 might have on the real estate market is not yet possible to predict. The valuations of the properties will be kept under review.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue on 26 November 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Non-Adjusting Event

The financial statements and notes have not been adjusted for the following events taking place after 31 March 2020 as they provide information that is relevant to an understanding of the Pension Fund's financial position but do not relate to conditions at that date.

Merger of Northumberland and Tyne & Wear Pension Fund

The Fund is one of 12 partner funds with equal shareholdings in Border to Coast Pensions Partnership Ltd.

On 3 June 2020 an order came into force giving effect to the merger of the Northumberland and Tyne and Wear Pension Fund from 1 April 2020. This reduces the number of funds within Border to Coast from 12 to 11. The shares owned by the Northumberland Pension Fund will during 2020/21 be bought back by the company (Border to Coast Pensions Partnership Ltd) and replaced by new shares issued to the remaining 11 funds in order to maintain equality of shareholding and a sufficient level of equity for regulatory capital purposes.

The financial effect of this in the Fund's financial statements for 2020/21 will be an increase of £76k to the book cost value of the long term investment carried on the Net Assets Statement; from £833k to £909k.

COVID-19 (Coronavirus) Global Pandemic

The COVID-19 pandemic took hold towards the end of the 2019/20 financial year and any material impact on the financial position and performance of the Fund up to 31 March is reflected in the statements and notes. However, it is likely that the main impact will take effect in 2020/21 and later years based on events taking place from 1 April 2020 onwards. The effects of these on-going and unprecedented events will need to be assessed throughout the coming period for potential impact on the values of assets and liabilities of the Fund.

The Authority, as administering authority of the Fund, continues to monitor closely events in the financial markets and the implications for the investments of the Fund. There has been a fragile recovery in the listed markets in the early part of the year that has benefited the Fund and the figures so far in 2020/21 showed a recouping of the losses from 2019/20 in the first two months and continued growth to September 2020. It remains too early to determine the full effects on the Fund likely to take place by 31 March 2021.

Similarly, the Authority will continue to keep the overall funding and risk position under close review and will engage with the Fund's appointed independent professional experts (actuaries, investment advisers etc.) as well as all our stakeholders, in taking stock of developments and potential implications with the aim of managing outcomes effectively.

7.1 FINANCIAL STATEMENTS

7. Contributions receivable

By category	2018/19 £'000	2019/20 £'000
Employees' contributions	**57,586**	**60,269**
Employers' contributions		
Normal Contributions*	121,593	217,118
Deficit Recovery Contributions *	19,100	24,047
Augmentation Contributions	8,167	6,674
Total Employers' Contributions	**148,860**	**247,839**
Total Contributions	**206,446**	**308,108**

By employer type	2018/19 £'000	2019/20 £'000
Administering Authority	796	716
Scheduled Bodies		
Barnsley MBC	21,683	20,981
Doncaster MBC	12,005	12,565
Rotherham MBC	23,646	24,523
Sheffield CC*	45,135	138,012
Other Scheduled Bodies	87,884	96,323
Admitted Bodies	15,297	14,988
Totals	**206,446**	**308,108**

* On 31 January and 3 February 2020, Sheffield City Council made a prepayment in relation to their employer contributions due for the period April 2020 to March 2023. By making this payment early, the cash amounts payable over the period are reduced. The amount of the prepayment and the discount applied were calculated by the Fund's actuary based on an estimate of the pensionable pay for this employer over the 3 year period. The prepayment amounted to £87.551m in respect of normal contributions and £3.169m in respect of deficit recovery contributions. These amounts have been accounted for in the period received and are included in the figures shown above for 2019/20.

8. Transfers In from other pension funds

	2018/19 £'000	2019/20 £'000
Group transfers	47,027	0
Individual transfers	14,740	37,063
Totals	**61,767**	**37,063**

9. Benefits payable

By category	2018/19 £'000	2019/20 £'000
Pensions	226,681	239,618
Commutation and lump sum retirement benefits	60,477	63,216
Lump sum death benefits	6,143	5,348
Totals	**293,301**	**308,182**

By employer type	2018/19 £'000	2019/20 £'000
Administering Authority	677	1,009
Scheduled Bodies		
Barnsley MBC	39,288	41,771
Doncaster MBC	43,593	44,740
Rotherham MBC	41,455	43,883
Sheffield CC	89,572	93,030
Other Scheduled Bodies	51,513	57,584
Admitted Bodies	27,203	26,165
Totals	**293,301**	**308,182**

10. Payments to and on account of leavers

	2018/19 £'000	2019/20 £'000
Refunds to members leaving service	491	439
Group transfers	0	7,981
Individual transfers	16,844	21,286
Payments for members joining state scheme	(6)	(88)
Totals	**17,329**	**29,618**

11. Management expenses

	2018/19 £'000	2019/20 £'000
Administrative costs	3,358	3,025
Investment management expenses (Note 11a)	48,712	44,478
Oversight and governance costs	1,167	1,916
Totals	**53,237**	**49,419**

11a. Investment management expenses

	2018/19 £'000	2019/20 £'000
Internal management costs	672	596
External Management Costs - Border To Coast	1,935	2,066
Bond manager	494	451
Property advisor fees	1,196	1,169
Equity Protection manager	470	469
Custody	159	79
Research fees	156	30
Transaction costs	2,860	1,331
Management fees deducted at source	40,254	37,790
Irrecoverable VAT	516	497
Totals	**48,712**	**44,478**

In accordance with CIPFA guidance management fees deducted at source and transaction costs are now shown gross. Wherever possible these figures are based on actual costs disclosed by the manager; where this is not available, best estimates have been made using other available information.
In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments.

7.1 FINANCIAL STATEMENTS

12. Investment income

	2018/19 £'000	2019/20 £'000
Income from equities	55,485	2,636
Income from fixed interest securities	36,624	30,167
Income from index linked securities	3,249	2,623
Income from pooled investment vehicles	6,900	8,004
Net property income (Note 12a)	26,100	27,308
Interest on cash deposits	2,923	2,232
Stock lending	724	174
Other	94	312
Total Before Taxes	**132,099**	**73,456**
Irrecoverable withholding tax on equities	(2,617)	(1)
Net Investment income	**129,482**	**73,455**

As most of both UK and overseas equities are now managed within the Border to Coast pooled funds, there is no direct income from those funds and the value of that income is instead reflected within the valuation of the Fund holdings. The income is accumulated and reinvested; therefore the value of the income is reflected in the price of the units held and would only be realisable by the Fund by selling the units. The value of this re-invested income is reported on a monthly basis; the total for 2019/20 was £128.4million (2018/19: £69.7million; following transition of the assets into these funds part way through the year). Direct stock lending income decreased during the year as assets were transferred to the pool and the direct stock lending activity was reduced to just bonds (see note 14d).

12a. Property income

	2018/19 £'000	2019/20 £'000
Rental income	26,702	28,189
Other dividends and interest	56	210
Direct operating expenses	(658)	(1,091)
Net income	**26,100**	**27,308**

No contingent rents have been recognised as income during the period.

13a. Other fund account disclosures - External audit costs

	2018/19 £'000	2019/20 £'000
Fees payable in respect of external audit	32	32
	32	**32**

The external audit costs total above is included within the Oversight and Governance costs shown in Note 11.

13b. Other fund account disclosures - Irrecoverable VAT

	2018/19 £'000	2019/20 £'000
Irrecoverable VAT included in administration cost	44	75
Irrecoverable VAT included in investment management expense	516	497
Irrecoverable VAT included in Oversight & Governance cost	55	49
	615	**621**

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. This irrecoverable proportion is approximately 65% of the total VAT expense incurred. The amounts shown here are included in the respective totals shown in Note 11.

7.1
FINANCIAL STATEMENTS

14a. Investments

		2019/20 £'000	2019/20 £'000
	Long Term Investments		
833	Equities	833	833
	Investment Assets		
	Equities		
176,008	Overseas quoted	74,649	
176,008			74,649
	Fixed Interest Securities		
398,042	UK Corporate bonds	79,071	
138,945	Overseas public sector quoted	140,137	
289,386	Overseas other quoted	171,782	
826,373			390,990
	Index Linked Securities		
166,140	UK public sector quoted	68,685	
101,335	UK corporate bonds	102,052	
267,475			170,737
	Pooled Investment		
	UK		
1,231,466	Equities	1,028,787	
79,781	Private Equity	95,810	
43,524	Credit	47,050	
76,688	Infrastructure	83,805	
874,954	Other managed funds	1,480,613	
	Overseas		
2,921,807	Equities	2,687,165	
374,864	Private Equity	476,469	
247,376	Credit	292,792	
130,480	Infrastructure	235,313	
5,940	Hedge fund of funds	99	
71,191	Other managed funds	152,001	
	Indirect Property		
60,165	UK Property	62,402	
13,462	Overseas Property	13,964	
6,131,698			*6,656,270*
	Direct Property		
563,262	UK Freehold	575,552	
112,230	UK Leasehold	108,495	
11,753	UK Other	13,701	
687,245			*697,748*
	Derivative Contracts		
184	Forward currency contracts	0	
	Cash Deposits		
283,476	Sterling	159,720	
42,298	Foreign Currency	11,049	
	Receivables		
14,754	Investment income due	8,752	
407	Amounts Receivable - Sales	198	
8,430,751	**Total Investment Assets**		**8,170,946**
	Investment liabilities		
	Derivative Contracts		
(665)	Forward currency contracts	(11,995)	
(94)	Amounts payable for purchases	0	
(759)	**Total Investment liabilities**		**(11,995)**
8,429,992	**Net Investment Assets**		**8,158,951**

7.1 FINANCIAL STATEMENTS

14b. Reconciliation of movements in investments and derivatives

Period 2019/20	Market value 1 April 2019	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market value 31 March 2020
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	176,842	841	(92,063)	(10,138)	75,482
Fixed Interest Securities	826,372	661,153	(538,153)	(558,382)	390,990
Index Linked Securities	267,475	53,139	(125,491)	(24,386)	170,737
Pooled Investments	6,131,698	383,236	(186,194)	327,530	6,656,270
Property	687,245	39,679	(6,349)	(22,827)	697,748
	8,089,632	**1,138,048**	**(948,250)**	**(288,203)**	**7,991,227**
Derivative Contracts:					
Forward Currency Contracts	(481)	25,001	(18,777)	(17,738)	(11,995)
	8,089,151	**1,163,049**	**(967,027)**	**(305,941)**	**7,979,232**
Other Investment Balances:					
Cash Deposits	325,774			4,970	170,769
Other Investment Assets	15,161				8,950
Other Investment Liabilities	(94)				0
NET INVESTMENT ASSETS	**8,429,992**			**(300,971)**	**8,158,951**

Period 2018/19	Market value 1 April 2018	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in value during the year	Market value 31 March 2019
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Equities	4,153,447	271,044	(4,455,374)	207,725	176,842
Fixed Interest Securities	789,113	106,454	(84,986)	15,791	826,372
Index Linked Securities	220,964	74,646	(42,329)	14,194	267,475
Pooled Investments	1,657,903	4,513,481	(200,315)	160,629	6,131,698
Property	657,110	63,814	(29,699)	(3,980)	687,245
	7,478,537	**5,029,439**	**(4,812,703)**	**394,359**	**8,089,632**
Derivative Contracts:					
Forward Currency Contracts	9,153	36,614	(22,662)	(23,586)	(481)
	7,487,690	**5,066,053**	**(4,835,365)**	**370,773**	**8,089,151**
Other Investment Balances:					
Cash Deposits	506,279			5,011	325,774
Other Investment Assets	28,917				15,161
Other Investment Liabilities	(1,000)				(94)
NET INVESTMENT ASSETS	**8,021,886**			**375,784**	**8,429,992**

7.1 FINANCIAL STATEMENTS

14c. Investments analysed by Fund Manager

Market value 31 March 2019			Market value 31 March 2020	
Investments managed by Border to Coast Pensions Partnership:				
%	£'000		£'000	%
14.6%	1,231,466	BCPP UK	1,028,787	12.6%
26.7%	2,251,573	BCPP Developed Overseas	2,111,628	25.9%
8.0%	670,234	BCPP Emerging Markets	575,537	7.1%
0.0%	0	BCPP Investment Grade Credit	439,639	5.4%
0.0%	0	BCPP Private Equity Series 1A	13,791	0.2%
0.0%	0	BCPP Infratructure Series 1A	12,446	0.1%
49.3%	**4,153,273**		**4,181,828**	**51.3%**
Investments managed outside of Border to Coast Pensions Partnership:				
46.0%	3,874,998	South Yorkshire Pensions Authority	3,977,123	48.7%
4.7%	401,721	Royal London (Corporate Bonds)	0	0.0%
50.7%	4,276,719		3,977,123	48.7%
100.0%	**8,429,992**	**Total Net Investment Assets**	**8,158,951**	**100.0%**

The following investments each represent over 5% of the net assets of the Fund.

		Security		
9.6%	811,497	Schroder Matching Plus (Equity Protection)	984,803	12.1%
14.6%	1,231,466	BCPP UK	1,028,787	12.6%
26.7%	2,251,573	BCPP Developed Overseas	2,111,628	25.9%
8.0%	670,234	BCPP Emerging Markets	575,537	7.1%
0.0%	0	BCPP Investment Grade Credit	439,639	5.4%
	4,964,770		**5,140,394**	

14d. Stock lending

The Fund's investment strategy sets the parameters for its stock lending programme. At the year end, the value of assets on loan was as shown below. These assets continue to be recognised in the Fund's financial statements. No liabilities are associated with the loaned assets. Counterparty risk is managed through holding collateral at the Fund's custodian bank; the value of collateral held at year end is also shown below.

	31/03/19	**31/0320**
	£'000	*£'000*
Assets on loan		
UK corporate bonds	18,476	9,050
Overseas corporate bonds	20,104	11,318
Overseas government bonds	27,096	20,301
Total value of stock on loan	**65,676**	**40,669**

Collateral held		
Gilts DBVs	6,542	3,286
Overseas bonds	63,771	42,217
	70,313	**45,503**

Income generated from stock lending in the year was £0.174m (2018/19: £0.724) as shown in note 12. The reduction in stock lending activity and the income generated from this is due to the transition of UK and overseas equities into the Border to Coast Pensions Partnership pool.

14e. Property holdings

The Fund's investment property portfolio comprises investments in pooled property funds and a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows.

	2018/19	**2017/20**
	£'000	*£'000*
Opening balance	**644,103**	**675,492**
Additions:		
Purchases	57,040	29,750
New construction	2,015	6,023
Subsequent expenditure	3,759	1,906
Disposals	(28,699)	(6,350)
Net reduction in market value	(2,726)	(22,774)
Closing balance	**675,492**	**684,047**

As explained in Note 5, our property valuers Jones Lang LaSalle have reported their valuation on the basis of 'material valuation uncertainty' due to the COVID-19 pandemic and its impact in causing extensive disruption to businesses and economic activities on a global level in all sectors. This does not mean that the valuation cannot be relied upon, but it does mean that less certainty, and a higher degree of caution, should be attached to the valuation of the property than would normally be the case.

In order to give a clearer picture of the impact on the Fund's results or financial position of

7.1 FINANCIAL STATEMENTS

potential changes in significant estimates and assumptions, a sensitivity to assess the impact of a change of 10% in the value of directly held properties determined that the valuation could change by £68.4 million. This sensitivity is based on assumptions and conditions prevailing at the year-end and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because the Fund's actual exposures are constantly changing.

The Fund holds a number of buildings in prime locations. There are no legal restrictions on the ability to realise these properties or on the remittance of income or disposal proceeds, although the Fund recognises that it could take six months to achieve disposal on favourable terms.

As at 31 March 2020, there were no vacant properties; however, there were nine vacant units across the property portfolio. Repairs and maintenance of the properties are either directly with the occupant of the property or via a service charge. Each lease sets out the condition in which a property should be left at the end of the tenancy and states that any cost to restore it to this condition is the responsibility of the tenant.

15. Analysis of derivatives

The Fund uses currency hedging to manage risk, its foreign currency exposure and volatility in the bond and property fund portfolio. The exposure is in US Dollar and Euro denominated assets and has been transacted by forward currency contracts with the custodian bank, whereby the parties agree to exchange two currencies on a specified future date at an agreed rate of exchange.

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		£'000		*£'000*	*£'000*	*£'000*
Up to three months	GBP	15,844	EUR	18,000	0	(110)
Up to three months	GBP	216,528	USD	280,000	0	(8,999)
Up to three months	GBP	4,401	EUR	5,000	0	(30)
Up to three months	GBP	66,505	USD	86,000	0	(2,764)
Up to three months	GBP	13,203	EUR	15,000	0	(92)
Open forward currency contracts at 31 March 2020					**0**	**(11,995)**
Net forward currency contracts at 31 March 2020						**(11,995)**
Open forward currency contracts at 31 March 2019					**184**	**(665)**
Net forward currency contracts at 31 March 2019						**(481)**

7.1 FINANCIAL STATEMENTS

16. Fair Value - basis of valuation

The shares held as unquoted equities in our pool, Border to Coast Pensions Partnership Ltd, are valued at cost, i.e. transaction price, as an appropriate estimate of fair value. At 31 March 2019, a fair value could not be otherwise established as the pool had been operating for less than a year at that stage. This has been reviewed at 31 March 2020 and taking consideration of audited accounts for the company at 31 December 2019, there is no evidence of any impairment in the value of shares held. It has therefore been determined that cost remains an appropriate proxy for fair value at 31 March 2020. There is no market in the shares held and cost is a reasonable estimate of fair value.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of Asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Exchange traded pooled investments and property funds	Level 1	Closing bid value on published exchanges	Not required	Not required
Bonds	Level 2	Average of broker prices (Valued on a "clean basis" i.e. not including accrued interest)	Evaluated price feeds/ Composite prices	Not required
Pooled investments - listed debt funds and property funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis or a single price advised by the fund manager	Not required
Pooled investments - Limited partnerships, hedge fund of funds, other funds and property funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by post balance sheet events, changes to expected cash flows, or by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by Jones Lang LaSalle for the commercial portfolio and Fisher German for the agricultural portfolio in accordance with the RICS Valuation – Professional Standards January 2014	• Existing lease terms and rentals • Independent market research • Vacancy levels • Estimated rental growth • Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices. See also Note 5 and Note 14 e regarding uncertainty arising from impact of COVID-19.

7.1 FINANCIAL STATEMENTS

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2020.

Asset type	Assessed valuation range (+/-)	Value as at 31 March 2020	Value on increase	Value on decrease
2020		£'000	£'000	£'000
UK Unquoted Equities	0%	833	833	833
Overseas	12%	1,533	1,717	1,349
Pooled investment vehicles	7%	1,234,384	1,320,791	1,147,977
Pooled property funds	10%	60,256	66,282	54,230
Freehold and leasehold property	10%	684,047	752,452	615,642
Other property (wholly owned subsidiaries)	10%	13,701	15,071	12,331
Total		**1,994,754**	**2,157,146**	**1,832,362**

16a. Valuation of financial instruments carried at fair value

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3

Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.Such instruments include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

The table that follows provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

A correction has been made by transferring the assets held in pooled investment vehicles with Border to Coast from Level 1 to Level 2. The total transferred at 31 March 2020 is £3,715 million (31 March 2019: £2,922 million).

Whilst the underlying investments are quoted investments which would be in Level 1 of the hierarchy, the pooled investment vehicle is an open-ended fund, which is not quoted on a recognised stock exchange and is traded on a weekly basis and therefore falls into Level 2 on the hierarchy as defined above.

7.1 FINANCIAL STATEMENTS

2020	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 31 March 2020	**Level 1** *£'000*	**Level 2** *£'000*	**Level 3** *£'000*	**Total** *£'000*
Financial assets				
Financial assets at fair value through profit and loss	191,887	5,801,541	1,309,874	7,303,302
Non-financial assets at fair value through profit and loss (see Note 14e)	0	0	684,047	684,047
Net investment assets	**191,887**	**5,801,541**	**1,993,921**	**7,987,349**

The following assets were carried at cost:	**Total**
Value at 31 March 2020	*£'000*
Investments in Border to Coast Pensions Partnership Pool	833
Investments held at cost	**833**

Reconciliation to net assets statement	
Total analysed above	7,988,182
Plus Cash - Sterling	159,720
Plus Cash - Foreign Currency	11,049
Total net investments per net assets statement	**8,158,951**

2019	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 31 March 2019	**Level 1** *£'000*	**Level 2** *£'000*	**Level 3** *£'000*	**Total** *£'000*
Financial assets				
Financial assets at fair value through profit and loss	1,545,081	4,849,053	1,033,853	7,427,987
Non-financial assets at fair value through profit and loss (see Note 14e)	0	0	675,492	675,492
Financial liabilities at fair value through profit and loss	(94)	0	0	(94)
Net investment assets	**1,544,987**	**4,849,053**	**1,709,345**	**8,103,385**

The following assets were carried at cost:				**Total**
Value at 31 March 2019				*£'000*
Investments in Border to Coast Pensions Partnership Pool				833
Investments held at cost	**0**	**0**	**0**	**833**

Reconciliation to net assets statement	
Total analysed above	8,104,218
Plus Cash - Sterling	283,476
Plus Cash - Foreign Currency	42,298
Total net investments per net assets statement	**8,429,992**

17a. Classification Of Financial Instruments

The financial instruments of the Fund comprises its investment assets, debtors and creditors as shown in the Net Assets Statement. Property held is classified as investment property and is not a financial instrument so is not included in the classification below.

31 March 2019				31 March 2020		
Fair value through profit and loss	**Asset at amortised cost**	**Liabilities at amortised cost**		**Fair value through profit and loss**	**Asset at amortised cost**	**Liabilities at amortised cost**
£'000	*£'000*	*£'000*		*£'000*	*£'000*	*£'000*
			Financial Assets			
176,841			Equities	75,482		
826,373			Fixed Interest Securities	390,990		
267,475			Index Linked Securities	170,737		
6,131,698			Pooled Investments	6,656,270		
11,753			Other Property (Wholly Owned Subsidiaries)	13,701		
184			Forward Currency Contracts	0		
15,161			Other Investment Balances	8,950		
	283,476		Cash - Sterling		159,720	
	42,298		Cash - Foreign Currency		11,049	
	20,729		Sundry Debtors and Prepayments		24,343	
7,429,485	**346,503**	**0**		**7,316,130**	**195,112**	**0**
			Financial Liabilities			
(665)			Forward Currency Contracts	(11,995)		
(94)		(10,756)	Sundry Creditors	0		(12,893)
7,428,726	**346,503**	**(10,756)**	**Total**	**7,304,135**	**195,112**	**(12,893)**

17b. Net Gains And Losses On Financial Instruments

	2018/19 *£'000*	**2019/20** *£'000*
Financial assets		
Gain / (Loss) on assets at fair value through profit and loss	398,339	(265,376)
Gain on assets at amortised cost	5,011	4,970
Financial liabilities		
Fair value through profit and loss	(23,586)	(17,738)
Net Gain / (Loss) on financial instruments	**379,764**	**(278,144)**

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

18. Nature and extent of risks arising from financial instruments

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members).

Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The management of risk is described within the Fund's Investment Strategy Statement (ISS) which is included in the published annual report and accounts and is also available in the 'Investments' area of the Fund's website (https://www.sypensions.org.uk). It centres upon the adoption of an investment strategy, as represented by the Fund's customised benchmark, which is appropriate to meet the objectives of the Funding Strategy Statement. It focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

7.1 FINANCIAL STATEMENTS

The cash balances of the Fund are managed by the Administering Authority. The Authority's treasury management activities are governed by the Local Government Act 2003 and the Fund has broadly adopted CIPFA's Treasury Management Code of Practice. The annual Treasury Management Strategy was approved by the Authority in March 2020.

a. Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis, any identified risk is monitored and reviewed.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter (OTC) equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund's ISS sets out the details of how the risk of negative returns due to price fluctuations is managed. Different asset classes have different risk and return characteristics and will therefore react differently to external events and will not necessarily do so in a correlated or pre-determined manner. No single asset class or market acts in isolation from other assets or markets. It is, therefore, extremely difficult to meaningfully estimate the consequences of a particular event in a particular asset on other asset classes.
It is important to recognise that returns, volatility and risks vary over time.In order to minimise the risks associated with market movements the Fund is well diversified across asset classes and within individual portfolios and constantly monitored and reviewed.

Price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on the Fund's' asset allocations. Based on this, the Fund has determined that the following movements in market price risk are reasonably possible for 2019/20, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2020	Potential market movements	Potential value on increase	Potential value on decrease
2020	£'000	(+/-)	£'000	£'000
UK Equities	1,028,787	13.74%	1,170,142	887,432
Overseas equities	2,761,814	11.52%	3,079,975	2,443,653
Fixed interest securities	390,990	6.19%	415,192	366,788
Index linked securities	170,737	12.72%	192,455	149,019
Private equity	572,279	6.45%	609,191	535,367
Credit	339,842	5.60%	358,873	320,811
Infrastructure	319,118	8.36%	345,796	292,440
Property (unit trusts)	76,366	4.74%	79,986	72,746
Other Pooled Investment Vehicles	1,632,713	0.00%	1,632,713	1,632,713
UK Unquoted Equities	833	0.00%	833	833
Total	**7,293,479**		**7,885,156**	**6,701,802**

Asset type	Value as at 31 March 2019	Potential market movements	Potential value on increase	Potential value on decrease
2019	£'000	(+/-)	£'000	£'000
UK Equities	1,231,466	9.23%	1,345,130	1,117,802
Overseas equities	3,097,815	10.07%	3,409,765	2,785,865
Fixed interest securities	826,373	4.45%	863,147	789,599
Index linked securities	267,475	14.43%	306,072	228,878
Private equity	454,645	6.69%	485,061	424,229
Credit	290,900	6.57%	310,012	271,788
Infrastructure	207,168	6.36%	220,344	193,992
Property (unit trusts)	73,627	3.70%	76,351	70,903
Other Pooled Investment Vehicles	952,085	0.00%	952,085	952,085
UK Unquoted Equities	833	0.00%	833	833
Total	**7,402,387**		**7,968,800**	**6,835,974**

7.1 FINANCIAL STATEMENTS

Exposure to interest rate risk	Value as at 31 March 2020	Potential interest rate movement	Potential value on increase	Potential value on decrease
2020	£'000	(+/-)	£'000	£'000
Cash - Sterling	159,720	0.72%	160,870	158,570

Exposure to interest rate risk	Value as at 31 March 2019	Potential interest rate movement	Potential value on increase	Potential value on decrease
2019	£'000	(+/-)	£'000	£'000
Cash - Sterling	283,476	0.73%	285,545	281,407

Interest Rate Risk – The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Different classes of asset have different risk and return characteristics and sensitivities to changes in financial factors, in particular to inflation and interest rates. The Fund's investment strategy takes into account these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.

The Fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of Fund assets, both of which affect the value of the net assets available to pay benefits. The sensitivity analysis shown below is based on the Fund's methodology for this risk and shows the potential impact of a 0.72% change in interest rates.

This percentage is equal to 1 standard deviation of the 10 year government bond yield (annualised).

The analysis assumes that all other variables, in particular exchange rates, remain constant.

Currency risk- represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The Fund's customised benchmark regulates such exposure: part of that approach involves the Authority passively hedgıng its overseas property portfolio's currency risk.Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10.21%. A strengthening/weakening of the pound by 10.21% against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

7.1 FINANCIAL STATEMENTS

Assets exposed to currency risk	Asset value as at 31 March 2020	Potential market movement	Value on increase	Value on decrease
2020	£'000	£'000	£'000	£'000
Overseas quoted equities	2,761,814	281,982	3,043,796	2,479,832
Overseas fixed interest securities	311,919	31,847	343,766	280,072
Overseas private equity	476,469	48,647	525,116	427,822
Overseas credit	292,792	29,894	322,686	262,898
Overseas infrastructure	235,313	24,025	259,338	211,288
Overseas hedge fund of funds	99	10	109	89
Overseas other managed funds	152,001	15,520	167,521	136,481
Overseas property funds	13,964	1,426	15,390	12,538
Forward currency contracts	(11,995)	(1,225)	(13,220)	(10,770)
Cash - Foreign currency	11,049	1,128	12,177	9,921
Total change in assets available to pay benefits	**4,243,425**	**433,254**	**4,676,679**	**3,810,171**

Assets exposed to currency risk	Asset value as at 31 March 2019	Potential market movement	Value on increase	Value on decrease
2019	£'000	£'000	£'000	£'000
Overseas quoted equities	3,097,815	316,287	3,414,102	2,781,528
Overseas fixed interest securities	428,331	43,733	472,064	384,598
Overseas private equity	374,864	38,274	413,138	336,590
Overseas credit	247,376	25,257	272,633	222,119
Overseas infrastructure	130,480	13,322	143,802	117,158
Overseas hedge fund of funds	5,940	606	6,546	5,334
Overseas other managed funds	71,191	7,269	78,460	63,922
Overseas property funds	13,462	1,374	14,836	12,088
Forward currency contracts	184	19	203	165
Cash - Foreign currency	42,298	4,319	46,617	37,979
Total change in assets available to pay benefits	**4,411,941**	**450,460**	**4,862,401**	**3,961,481**

7.1 FINANCIAL STATEMENTS

b. Credit Risk

Credit risk represents the risk that the counterparty to the financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

The Fund's benchmark allowance for cash at 31 March 2020 was a maximum of 10% of the Fund (10% at 31 March 2019). The actual cash held at 31 March 2020 represented 1.9% of the Fund value (3.35% at 31 March 2019).The Treasury Management Strategy for managing the cash balances held includes limits as to the maximum sum placed on deposit with individual financial institutions and applies a minimum short term credit rating requirement of F1 or better.During the 2019/20 year, greater use has been made of other Local Authorities as counterparties - as these bodies are backed by central Government, this helps to further reduce the credit risk exposure in relation to cash balances.

Summary of cash balances and credit ratings

Counterparty type	Rating	Balances at 31/03/19 £'000	Balances at 31/03/20 £'000
Money Market Funds	AAA	50,000	30,000
Banks	Minimum of F1	176,088	51,745
Other Local Authorities	-	55,000	77,000
Total		**281,088**	**158,745**

c. Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2020 was £159m (31 March 2019 £281m).

The Fund has immediate access to at least £40m of its cash balances through the use of money market funds and call accounts. In addition, the Fund holds Government bonds amounting to £122.9m (£138.9m at 31 March 2019) which could be realised within a week in normal market conditions, if necessary, to meet expected or unexpected demands for cash.

19. Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019 and the next valuation is due to take place as at 31 March 2022.

The key elements of the funding policy are:

1. to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
2. to ensure that employer contribution rates are as stable as possible
3. to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
4. to reflect the different characteristics of employing bodies in determining contributions rates where it is possible to do so
5. to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve solvency over a period as set out in the Funding Strategy Statement (FSS) and to provide stability in employer contribution rates by spreading any increases over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

An actuarial valuation of the South Yorkshire Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023. On the basis of the assumptions adopted, the Fund's assets of £8,440 million represented 99% of the Fund's past service liabilities of £8,503 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £63 million. This compares with a funding level of 86% and a deficit of £1,025 million at the 2016 valuation.

Primary Contribution Rate

The valuation also showed that a Primary contribution rate of 16.1% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

Valuation Date	Employers' Primary Contribution Rate
31 March 2016	15.00%
31 March 2019	16.10%

7.1 FINANCIAL STATEMENTS

Secondary contribution rate

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 15 years, and the total initial recovery payment (the "Secondary rate" for 2020-2023) is an addition of approximately £19.5m per annum on average in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Valuation Assumptions

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target were as follows.

Financial Assumptions	31/03/19	31/0320
Rate of return on investments (discount rate)	3.9% per annum	4.2% per annum
Price inflation (CPI)	2.4% per annum	2.4% per annum
Rate of salary increases (short term) *	3% per annum for 4 years	1.25% per annum for 4 years
Rate of salary increases (long term) *	3.65% per annum	3.45% per annum
Rate of increases in pensions in payment	2.4% per annum	2.2% per annum

** Allowance was also made for short-term public sector pay restraint over a 4 year period.*

Demographic Assumptions	Years
Life expectancy for a male aged 65 now	22.4
Life expectancy at 65 for a male aged 45 now	23.8
Life expectancy for a female aged 65 now	25.1
Life expectancy at 65 for a female aged 45 now	27.0

Commutation Assumption

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up.Following an analysis of the take-up rates, it has been assumed that, on average, retiring members will take 90% of the maximum tax-free cash available at retirement. This is slightly more than the assumption used at the 2016 actuarial valuation, which was broadly equivalent to members taking 80% of the maximum tax-free cash available.

The McCloud Judgment

The solvency funding position and the primary contribution rate figures do not include an allowance for the estimated costs of the McCloud judgment. However at the overall Fund level, the actuary estimates that the cost of the judgment could be an increase in past service liabilities of broadly £74 million and in increase in the primary contribution rate of 0.7% of pensionable pay per annum.To the extent that employers have opted to pay additional contributions over 2020/23 in relation to McCloud, these emerge in the secondary contribution rate figures quoted above.Overall, based on the decisions taken by employers, it is expected that an additional £38.4 million will be paid into the Fund over 2020 to 2023 as a provision in relation to the potential costs emerging from the McCloud judgment. This represents 97% of the total £39.7 million calculated across all employers. It also represents approximately 7% of the total contributions (primary and secondary rate) payable over 2020 to 2023.

Impact of COVID-19

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. The actuary believes that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. The actuary's view is that employer contributions should not be revisited but the position should be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020; this is available in the 'Publications' area on the Fund's website at: www.sypensions.org.uk

7.1 FINANCIAL STATEMENTS

20. Actuarial present value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year.This valuation is not carried out on the same basis as that used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes set out in Note 19. The actuary has also valued ill health and death benefits in line with IAS 19.

Financial Assumptions	31/03/19	31/0320
Rate of return on investments (discount rate)	2.4% per annum	2.4% per annum
Price inflation (CPI)/CARE benefit revaluation	2.2% per annum	2.1% per annum
Rate of salary increases*	3.45% per annum	3.35% per annum
Rate of increases in pensions in payment (in excess of GMP) / deferred revaluation	2.3% per annum	2.2% per annum

** This is the long term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.*

Demographic Assumptions

The demographic assumptions are the same as those used for funding purposes (shown in Note 19), with the 31 March 2020 assumptions being updated to reflect the assumptions adopted for the 2019 actuarial valuation. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

Results	31/03/19	31/0320
Present value of promised retirement benefits	£11,499 million	£11,336 million

Corporate bond yields were similar at the start and end of year resulting in the same discount rate of 2.4% p.a. being used for IAS 26 purposes at the year-end as for last year. The expected long-term rate of CPI inflation decreased during the year, from 2.2% p.a. to 2.1%, which served to decrease the liabilities slightly over the year. The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2019 was estimated as £11,499 million excluding the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£279 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£113 million (this includes any increase in liabilities arising as a result of early retirements and GMP indexation – see comments below). There was also a decrease in liabilities of £660 million due to "actuarial gains" (i.e the effects of the changes in the actuarial assumptions used, referred to above, and the incorporation of the 31 March 2019 actuarial valuation results into the IAS26 figures). Allowing for the potential impact of the McCloud judgment increased the liabilities by £105 million.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2020 is therefore £11,336 million.

GMP Indexation

At present, the public service schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards, which would give rise to a further cost to the LGPS and its employers. If the Fund were required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021, then this would increase the Fund liabilities by about £28 million on IAS26 assumptions, and this amount is included within the final IAS26 liability figure above.

7.1
FINANCIAL STATEMENTS

21a. Current Assets

Short Term Debtors:	31/3/19 £'000	31/3/20 £'000
Contributions due - employees	3,937	4,255
Contributions due - employers	8,697	11,322
	12,634	**15,577**
Early retirement strain contributions receivable	1,538	1,786
Sundry debtors	5,543	6,376
Total	**19,715**	**23,739**

21b. Long Term Debtors

Long Term Debtors:	31/3/19 £'000	31/3/20 £'000
Early retirement strain contributions receivable	1,014	604
Total	**1,014**	**604**

22. Current Liabilities

	31/3/19 £'000	31/3/20 £'000
Sundry creditors	(2,361)	(3,143)
Payroll expenses payable	(2,103)	(2,059)
Advance property rents	(5,141)	(5,732)
Property rental deposits	(1,084)	(1,596)
Other balances	(67)	(363)
Total	**(10,756)**	**(12,893)**

The cash balance is held by the Authority, the Fund Net Assets Statement includes a creditor of £2.060m (£1.507m in 2018/19) for sums due to the Authority at the year end.

23. Additional Voluntary Contributions

The Pension Fund's Additional Voluntary Contributions (AVC) providers are Prudential, Scottish Widows and Utmost Life & Pensions. This note shows information about these separately invested AVCs. The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs.

In accordance with Regulation 4(2)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 as amended, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

Market value at	31/3/19 £'000	31/3/20 £'000
Prudential	8,457	8,811
Scottish Widows	5,992	5,301
Utmost Life & Pensions (formerly Equitable Life)*	1,783	1,911
Total	**16,232**	**16,023**

AVCs Paid to Providers	31/3/19 £'000	31/3/20 £'000
Prudential	2,129	2,099
Scottish Widows	1,091	160
Utmost Life & Pensions (formerly Equitable Life)*	6	5
Total	**3,226**	**2,264**

*The business of Equitable Life transferred to Utmost Life & Pensions on 1 January 2020.

24. Agency Services

The South Yorkshire Pension Fund pays discretionary awards to former employees of various bodies as shown below. The amounts paid are fully reclaimed from the employer bodies.

Payments on behalf of:	2018/19 £'000	2019/20 £'000
South Yorkshire Pensions Authority	15	15
Barnsley MBC	2,545	2,544
Doncaster MBC	1,885	1,863
Rotherham MBC	1,313	1,312
Sheffield CC	6,270	6,136
Other Scheduled Bodies	1,777	1,702
Admitted Bodies	63	62
Total	**13,868**	**13,634**

7.1 FINANCIAL STATEMENTS

25. Related party transactions

South Yorkshire Pensions Authority

The South Yorkshire Pension Fund is administered by South Yorkshire Pensions Authority. During the reporting period, the Authority incurred costs of £6.1m (2018/19 £6.4m) in relation to the administration and management of the Fund and was reimbursed by the Fund for these expenses. All transactions are shown either in the Authority's statements or in the Fund accounts. All contributing employers are related parties to the Fund, and have material transactions with the Fund during the year in the form of contributions described elsewhere in the accounts.

Elected members of the Authority are related parties to the Fund and are required to sign declarations when they are also members of the Fund.

External fund managers are also related parties to the Fund and fees paid to them are included within investment management expenses (see Note 11a).

One officer of the Authority is a director of the Fund's wholly owned subsidiaries, Waldersey Farms Limited and F H Bowser Limited (see Note 25a).

Border To Coast Pensions Partnership

Border to Coast Pensions Partnership (Border to Coast) is a related party to the Fund as the Fund is a shareholder, along with 11 other LGPS Funds, and holds shares amounting to £0.833m. During the year direct costs of £2.066m (2018/19 £1.935m) were paid to Border to Coast. The Fund had also issued a loan to Border to Coast and this was repaid in full with interest in March 2019. The loan was for £1.8m and the interest received was £0.022m.

25a. Related party transactions- Subsidiary Companies

The Fund has within its portfolio two wholly owned subsidiary companies; Waldersey Farms Limited and F H Bowser Limited.

Waldersey Farms Limited

Waldersey Farms Limited is primarily a farming company. The book value of the company is included in the Net Assets Statement under the heading of Investment Assets, to reflect the exposure of the Pension Fund. One officer of the Authority is a director of the company.

	31/3/19 £'000	31/3/20 £'000
Pension fund investment at book cost	1,365,012	1,365,012
Debenture loan	4,143,100	6,143,100
Total investment at book cost	5,508,112	7,508,112
Pension fund investment market value (included in the net assets statement)	5,508,100	7,508,100

Waldersey Farms Limited has a year end of 31 December, the latest available accounts for Waldersey Farms Limited contain the following information:

	31/12/18 £'000	31/12/19 £'000
Profit/(loss) on ordinary activites before taxation	258,888	904,282
Profit/(loss) after taxation	214,582	726,701
Retained profit/(loss)	4,075,203	4,781,429
Net assets	5,940,203	6,646,429
Rent paid to South Yorkshire Pensions Authority	2,282,238	2,372,360
Dividends paid to South Yorkshire Pensions Authority	0	0

A full Statement of Accounts for Waldersey Farms Limited can be obtained from the Company at Northfield Farm, Lynn Road, Southery, Norfolk, PE38 0HT.

The ten year debenture granted to Waldersey by the Authority was renewed on 1 April 2015 is for £7m, of which £6.143m (£4.143m in 2018/19) has been drawn down.

FH Bowser Limited

F H Bowser Limited owns property which it lets to third parties. The book value of the company is included in the net assets statement under the heading of Investment assets, to reflect the exposure of the Pensions Authority. One officer of the Authority is a director of the company.

	31/3/19 £'000	31/3/20 £'000
Pension fund investment at book cost	10,497,338	10,497,338
Pension fund investment market value (included in the net assets statement)	6,245,000	6,193,000

F H Bowser has a year end of 31 December, the latest available accounts for F H Bowser Limited contain the following information:

	31/12/18 £'000	31/12/19 £'000
Fixed Assets	7,080,600	7,080,600
Current Assets	102,309	203,816
Current Liabilities	(52,088)	(47,390)
Net Assets	7,130,821	7,237,026
Profit/(loss) on ordinary activities	(563,043)	166,411

A full Statement of Accounts for F H Bowser Limited can be obtained from the Company at Floor 8 Gateway Plaza, Sackville Street, Barnsley, S70 2RD.

7.1 FINANCIAL STATEMENTS

25b. Key Management Personnel

The key management personnel of the Fund are the senior managers and the holders of statutory roles for the South Yorkshire Pensions Authority. These officers and their remuneration payable is set out in Note 19 to the Authority's accounts.

26. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March are shown below. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of a number of years from the date of the original commitment. The following table shows the commitments analysed according to the different currencies in which they are designated.

31/3/19		**31/3/20**	
Currency *'000*	£ equivalent *£'000*	Currency *'000*	£ equivalent *£'000*
£169,420	169,420	£263,274	263,274
€265,282	228,593	€ 206,474	182,709
US$796,151	610,991	US $761,931	614,485
	1,009,004		**1,060,468**

At 31 March 2020, 12 admitted body employers (31 March 2019: 14) in the South Yorkshire Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2019/20 (2018/19: Nil).

7.2 INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Statement

to the members of South Yorkshire Pensions Authority on the Pension Fund financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

Respective responsibilities of the Treasurer and the auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you my opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the Pension Fund financial statements in the statement of accounts of South Yorkshire Pensions Authority, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We also read the other information contained in the Pension Fund annual report and consider the implications for my report if we become aware of any apparent misstatements or material inconsistencies with the Pension Fund financial statements.

We conducted my work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinion on those financial statements.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the full annual statement of accounts of South Yorkshire Pensions Authority for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Nicola Wright

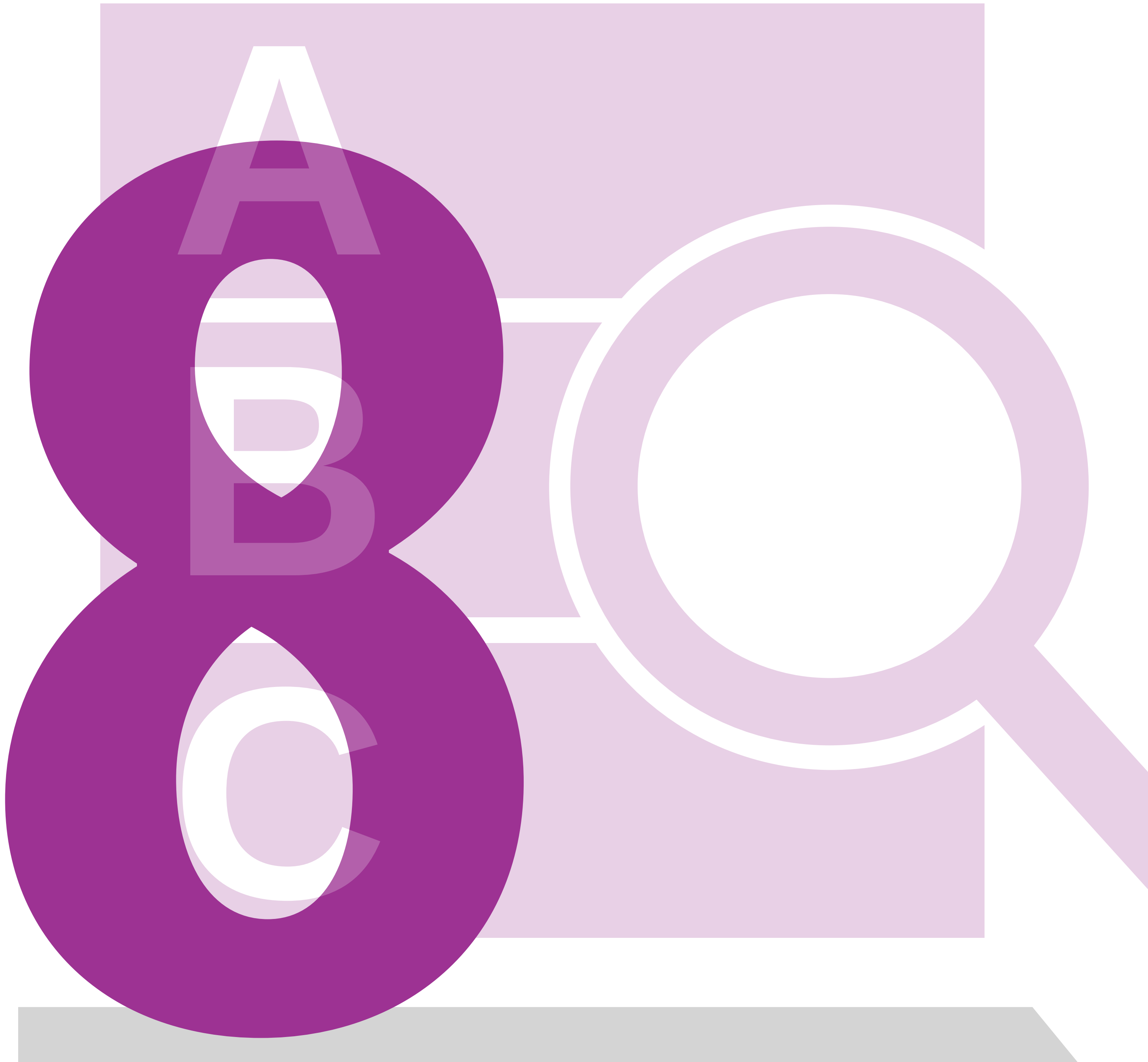
Nicola Wright
(Appointed auditor)

For and on behalf of Deloitte LLP

Newcastle upon Tyne,
United Kingdom

27 November 2020

8
GLOSSARY



8.1 GLOSSARY

Glossary of terms

A

Accruals (Accrual Accounting)
The fundamental accounting principle that income and expenditure are recognised as they are earned or incurred, not as 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 they 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 benefits. Members can also pay AVCs to provide 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.

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.

B

Best Value
Best Value was introduced in England and Wales by the Local Government Act 1999. Its provisions came into force in April 2000. The aim was to improve local services in terms of both cost and quality. A Best Value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, taking into account a combination of economy, efficiency and effectiveness.

Brent oil price
Brent Crude is a major trading classification of sweet light crude oil that serves as a benchmark price for purchases of oil worldwide. It is quoted in US$ in price per barrel.

C

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 Prices Index.

Cash equivalent value (CEV)
This is the cash value of a member's pension rights for the purposes of divorce or dissolution of a civil partnership.

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.

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
These are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly 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.

8.1 GLOSSARY

Glossary of terms

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 representatives 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 also 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.

Emoluments
Payments received in cash and benefits for employment.

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.

Equity Risk Premium
Also referred to as simply equity premium, this is the excess return that investing in the stock market provides over a risk-free rate, such as the return from government treasury bonds. This excess return compensates investors for taking on the relatively higher risk of equity investing.

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.

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).

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.

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.

Internal rates of return (IRR)
This is the discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero.

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
Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

8.1 GLOSSARY

Glossary of terms

Local government
As well as the staff of local councils this term 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.

Materiality
An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

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.

Pension board
Pension boards 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 pension board members have a duty to act in line with scheme regulations and other governing documents.

Pension liberation fraud
Members with deferred benefits may be approached by companies offering to release funds early from these benefits.

The Pensions Regulator has advised pension funds to make members aware of the potential warning signs of pension liberation fraud.

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.

Prior Year Adjustments
Material adjustments applicable to prior years, arising from changes in accounting policies or from other corrections.

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
Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Quality management
This makes sure that an organisation, product or service is consistent. It has four main components: quality planning, quality control, quality assurance and quality improvement.

Quantitative easing
Quantitative easing (QE) is when a central bank creates new money electronically to buy financial assets like government bonds with the aim of directly increasing private sector spending in the economy and returning inflation to target.

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
This is an arrangement between two parties joined by a special relationship before a deal, like a business transaction between a major shareholder and a corporation.

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.

Rule of 85
Under previous regulations, when a member elected to retire before age 65, the Rule of 85 test was used to find out whether the member retired on full or reduced pension benefits. The agreement of the employer was required for employees who wished to retire before the age of 60. If the sum of the member's age and the number of whole years of their Scheme membership was 85 or more, benefits were paid in full; if the total was less than 85, the benefits were reduced. The employer had the power to waive the reduction on compassionate grounds and to pay the benefits in full. The Rule of 85 was not relevant where a member was made redundant, or was retired on grounds of efficiency or ill health.

The Rule of 85 was abolished on 1st October 2006. However, members contributing to the LGPS prior to this date will have some or all of their pension benefits protected under this rule.

8.1 GLOSSARY

Glossary of terms

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

Spot rate
This is the price quoted for immediate settlement on a commodity, a security or a currency. It's based on the value of an asset at the moment of the quote, and this in turn is based on how much buyers are willing to pay and how much sellers are willing to accept, which depends on factors such as current market value and expected future market value.

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.

State Second Pension (S2P)
The State Second Pension (formerly SERPS) is the additional state pension, payable from State pension age by the Department for Work and Pensions. LGPS members are contracted out of S2P and most pay lower national insurance contributions as a result.

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.

Subsumption
This is when a new company takes over an old company so that the old company becomes one with the new.

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

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

Treasury management
This is the administration of an organisation's cash flow as well as the creation and governance of policies and procedures that ensure the company manages risk successfully.

Unitised funds
A unitised fund is a fund structure that allows investors to pool assets while retaining individual net asset values for each participant and keeping track of historical fund records. Each investor in the fund is accounted for separately and has their own unit – their own class of shares of the portfolio's total assets.

Usable Reserves
Reserves that can be applied to fund expenditure, all other reserves retained on the balance sheet cannot.

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 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 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.

9
APPENDICES

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Consultation & Communication Strategy

July 2020

Consultation & Communication Strategy

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

Our mission, or what SYPA as an organisation is here for 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."

We only exist because of our customers and given that we only do one thing, run the pension scheme, we owe it to them to provide the best possible performance while maintaining costs within reasonable levels.

In order to achieve this mission there are a number of things we need to do or, our objectives, which are:

Customer Focus
to design our services around the needs of our customers (whether scheme members or employers).

Listening to our stakeholders
to ensure that stakeholders' views are heard within our decision making processes.

Investment Returns
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.

Responsible Investment
to develop our investment options within the context of a sustainable and responsible investment strategy.

Effective and Transparent Governance
to uphold effective governance showing prudence and propriety at all times.

Valuing and engaging our Employees
to ensure that all our employees are able to develop a career with SYPA and are actively engaged in improving our services.

The achievement of our Mission and objectives will require the fulfilment of the respective responsibilities of the elected Members of the Pensions Authority and its officers.

In relation to consultation and communication, we both have responsibilities which contribute to the delivery of an improved service in this area. We intend to consult and communicate with all our stakeholders as set out in the document, and use those results to review our service delivery on a yearly basis.

The aim of this document is to explain our consultation and communication strategy, the various ways in which we consult and communicate, why and what happens with the results.

George Graham
Fund Director
South Yorkshire Pensions Authority

Cllr M Stowe
Chair
South Yorkshire Pensions Authority

POLICY REVIEW DATES

Date	Version	Author	Comment
January 2009	V1.0	Joanne Webster	Merge of service and authority policies
July 2010	V2.0	Gary Chapman	Cosmetic changes
July 2011	V2.1	Joanne Webster	Change of personnel and group names
June 2012	V3.0	Joanne Webster	Major revision
July 2013	V3.1	Karen Roberts	Minor changes
June 2014	V3.2	Joanne Webster	Cosmetic changes
July 2015	V3.3	Joanne Webster	Minor changes
August 2016	V3.4	Joanne Webster	Minor changes
January 2019	V3.5	Joanne Webster	Minor changes
January 2020	V3.6	Joanne Webster	Minor changes

Date of next review June 2020

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CONSULTATION STRATEGY

South Yorkshire Pensions Authority (SYPA) is committed to managing our resources wisely whilst at the same time delivering services that our stakeholders want and expect. Seeking the views of our stakeholders is consequently of utmost importance to us in order to ensure firstly, that priorities reflect members opinion and secondly, that the priorities are being achieved.

Engagement as a clear, simple and transparent activity

Pension issues can be technical, legalistic and complex, and can work in a way that is very different from some other organisations and cultures.

This means that consultation exercises must be well planned and carefully delivered, allowing those outside the Authority to understand that there is a chance to participate in our work planning, helping them add to any discussions whilst at the same time appreciate the limitations of what can be done with their input.

The design of SYPA's consultation exercises should therefore feature:

- **Clarity** We will consider and state what the consultation exercise is about, what we hope to achieve by consulting, who the consultees are, and what impact the results of the consultation might have.
- **Simplicity** Issues and terminology must be explained in a simple and concise manner, making participation accessible and attractive.
- **Transparency** In line with our Freedom of Information responsibilities and other existing commitments, those wishing to participate or examine our consultation processes should have access to relevant supporting materials. These would include specific consultation documents, reports and papers, and records of subsequent decisions and actions.
- **Information** To enable those participating to make an informed contribution.

The following elements will assist in our strategy:

- **Inform** Providing stakeholders with balanced and objective information to assist them in understanding issues, alternatives, opportunities and/or solutions.
- **Research** Seeking information and involving stakeholders in the decision making process.
- **Consult** Obtaining stakeholder feedback on analysis, alternatives and/or decisions.
- **Involve** To work directly with the stakeholders throughout the process to ensure that concerns and objectives are consistently understood and considered.
- **Collaborate** To work together with our stakeholders in each aspect of the decision including the development of alternatives and the identification of the preferred solution.

STRATEGIC AIMS: where do we want to be?

This strategy seeks to build on the good practice we have already established over time.

The strategy aims to:

- Strengthen strategic planning and co-ordination of consultation activities and demonstrate how consultation fits into the Authority's decision-making processes;
- Ensure the effective use of consultation to improve services and policy by supporting officers and elected Members to help them make informed choices on appropriate consultation methods and delivery;
- Improve equality of opportunity in consultation using a wide range of methods and technologies to enable participation in consultation especially from 'harder to engage' groups;
- Make our consultation processes more meaningful for stakeholders through better communication about the purpose, topics and outcomes of consultation.

Why Consult?

To ensure that the Authority provides the services that people want in the way they want them. Consultation is used to:

- Involve users to advise the decision making process relating to priorities, policies, projects, and strategies.
- Target areas more closely by providing what people say they need and want.
- Monitor user satisfaction with services over time.
- Improve the quality of services.
- Improve the take up of services.
- Address issues arising from proposed changes to services.

Who does SYPA consult with?

We have an established range of mechanisms to support consultation activities.

The people that we are committed to consult with fall into a number of 'stakeholder' categories:

Scheme Member Consultation Groups

These groups are made up of volunteers from each of our main membership categories. Representing current, deferred and pensioner members each group are consulted on a range of issues as the need arises and provide written feedback on those issues. There is a limit of 200 members on each group. The role of these groups is to provide information to:

- Inform the decision-making process surrounding service delivery;
- Improve local systems and processes;
- Improve customer satisfaction.

The results of each group are analysed and reported to officers. Any immediate actions resulting from this process are fed back for implementation. All other information is used to shape the future service delivery and forms part of the Authority's corporate planning and prioritisation process.

The results of consultation and what will happen will be reported in member newsletters. Changes that have been implemented as a result of consultation will have the effect monitored and will be consulted upon in the future to ensure continued satisfaction. The results of this will also be reported to elected Members.

Consultation Strategy

Local Pension Board

The Local Pension Board became a Statutory requirement from April 2015 and is made up of equal numbers of employer and scheme member representatives. The Board's responsibility is to ensure that the Fund is managed and administered effectively and efficiently and complies with the code of practice on governance and administration. The Board meets at least quarterly, has its own terms of reference and in addition to reviewing all authority business is able to commission reports and request updates as and when necessary.

Types of Consultation

1. **Regular Consultation**

   Employee Satisfaction

   This is issued to all South Yorkshire Pensions Authority personnel every two years. Its purpose is to monitor staff morale and provide information to managers and supervisors to maintain high levels of customer service.

   Scheme Member Satisfaction

   Focused surveys are carried out annually with a sample of members taken from the range of stakeholder groups. The minimum number of surveys throughout a twelve month period will be two.

   The results will be used to:

   - Inform the decision-making process surrounding service delivery;
   - Improve local systems and processes;
   - Improve customer satisfaction;
   - Involve our customers in the provision of the services they receive;
   - Ensure that our service has our members approval.

   Scheme Employer Satisfaction

   Focused surveys are carried out every two years with all our employers.

   The results will be used to:

   - Inform the decision-making process surrounding service delivery;
   - Improve local systems and processes;
   - Improve employer satisfaction.

2. **Ad-Hoc Consultation**

   In addition to the timetabled surveys there will be occasions when it will be appropriate to consult our stakeholders on an ad-hoc basis. SYPA will take every opportunity to seek the opinions of its stakeholders to continually assess and improve the service provided.

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COMMUNICATION

SYPA recognises that in fulfilling its objectives, and in order to be fully effective, it has a duty to communicate with all its stakeholders about its actions, views, policies and service standards. Our Communication Strategy sets out how we intend to do this.

AIMS

The aims of this communication element of SYPA's Consultation and Communication Strategy is to ensure that the SYPA's role, achievements and effectiveness are widely understood, and that we have a positive image with our stakeholders. This complements the consultation element of the overall strategy, so that there is an effective two-way dialogue in place.

COMMUNICATION PRINCIPLES

Stakeholders first

Putting stakeholders at the heart of everything we do.

Open and honest

Giving honest, open and evidence-based messages and be open to debate and questions.

Timely and relevant

Communicating proactively with our stakeholders with relevant targeted messages - the right message to the right people at the right time.

Accessible for all

Offering an appropriate choice of communications methods to help ensure that no one in our scheme is disadvantaged.

Feedback

Facilitating two-way communications and encouraging participation and feedback.

Listening

Proactively seeking opinions, acknowledging them and responding quickly, helpfully, honestly and consistently.

Value for money

Making the best possible use of resources and budgets by working with colleagues and employers to share best practice.

Overriding Principles

The main aim of this Communications Strategy is to review and develop current methods of communications, introduce new methods appropriately and continually measure impact.

This will mean that:

- All members, employers and organisations involved with SYPA in the delivery of our services will have a clear, consistent and positive perception of SYPA's values, services and achievements.
- Communication messages will be devised, tailored and targeted at specific audience sectors. It's important to know your audience - one size doesn't fit all. We will target the content and method of delivery to our audience to ensure that we engage our members and they relate to what we are saying.
- Communications will support consultation and, in turn, be informed by the views expressed through consultation.
- Measurement and evaluation will be an integral part of all communication activity.

Good communications will:

- Be clear about key messages to be communicated;
- Help to deliver member/corporate priorities;
- Be of a high standard and effective;
- Develop a clear brand across the organisation, including publications, presentation slides, email formats, letters and other forms of communication, under our SYPA style guidelines;
- Set out the principles that underpin all communications including press, web, email, letter, presentation template, consultation exercises;
- Identify the most effective methods of communicating with members, employers and stakeholders;
- Co-ordinate communications activity across the Authority with accepted strategic communications objectives;
- Identify an action plan and methods of monitoring performance/effectiveness.

Targeted Audiences and Methods of Communication

The principal audiences with whom SYPA wishes to communicate are set out below. The nature of the message which the Authority wants to communicate varies between audiences.

Section **1**: **Contributing Members**

Section **2**: **Deferred Beneficiary Members**

Section **3**: **Pensioner Members**

Section **4**: **Employing Authorities**

Section **5**: **Other interested parties**

Section 1: COMMUNICATING WITH CONTRIBUTING MEMBERS

Pension Forecasts

Annual pension forecasts are made available on our secure online portal 'mypension'. Notifications to inform members their forecasts are available to view are issued by email and text. If we don't hold either of these details notification will be made by post.

Pension Planning Newsletter

At least annually we will publish a newsletter. The main purpose is to keep members informed about changes in the pension scheme that may affect them. The newsletter is not produced at fixed times and is driven by the timeliness of the content. Newsletters will be digital by default. We live in a digital age, and while paper versions will be made available on request, our digital by default position recognises that the vast majority of our members now have access to the internet. We will also produce online only newsletters aimed at different age groups. Young people who may have recently joined the scheme and older members planning for retirement are interested in different aspects of the scheme and may warm to a different style of delivery. The type of publication being issued will determine the intended audience; however we will be looking to target, younger members, mid-life and pre-retirement.

In addition to pension scheme content we aim to include lifestyle articles and ensure the newsletter is interesting to read and visually stimulating.

Presentations

We deliver group information sessions in members' places of work. These are provided on demand in conjunction with employers. We deliver more specialist sessions for members affected by issues such as a public services transferring to a private organisation. We also participate in induction, mid-life and pre-retirement courses, which are organised by a number of our employers, and providing their is sufficient interest.

Communication

Section 2: COMMUNICATING WITH DEFERRED BENEFIT MEMBERS

Deferred Benefit Statements

Annual deferred benefit statements are made available on our secure online portal 'mypension'. Notifications to inform members their statements are available to view are issued by email and text. If we don't hold either of these details notification will be made by post.

Your Past is Your Future Newsletter

Annually we produce a newsletter. The main purpose is to keep in contact with our deferred benefit members. A deferred beneficiary is usually no longer in employment within the pension fund and as they are not in receipt of their pension and without regular contact it is easy to lose touch. The content of the newsletter will inform members of changes to the pension scheme and include lifestyle articles of interest. There is no fixed time for issue but it is usually linked with the annual report summary and deferred benefit statements.

Newsletters will be digital by default. We live in a digital age, and while paper versions will be made available on request, our digital by default position recognises that the vast majority of our members now have access to the internet.

Section 3: COMMUNICATING WITH PENSIONER MEMBERS

Retirement Insight

Bi-annually we produce a newsletter, the main purpose is to inform retired members about issues that affect them such as annual cost of living increases. This newsletter is generally produced at fixed times in the spring and autumn to coincide with pensions increase and annual report content. Despite our increasing focus on e-communication channels, the twice-yearly Retirement Insight newsletter will still be issued to pensioner members in hard copy form, if we don't hold an email address. All new pensioners will be digital by default, with the exception of members who aren't online, and request a hard copy.

The spring issue of the newsletter will be issued with the members April pay advice and P60.

Payslips

Payslips are available on our secure online portal 'mypension'. Members who retired before July 2019 will receive a payslip if their net pay varies by more than £5.

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Section 4: COMMUNICATING WITH EMPLOYERS

Support and Engagement

SYPA have dedicated staff to assist employers with all aspects of their pension duties. Our engagement officers will be employers first port of call for any staff training and presentation requests for both Payroll and HR issues to help them administer the scheme effectively. They will also offer a range of presentations to scheme members to help them understand their pension benefits. Handover meetings will be provided from the point employers are admitted to the scheme, where our team will explain the services we provide and cover the responsibilities of the employer. We offer seminars aimed primarily at topical and administrative issues as well as one to one meetings to help with any issues that may arise.

Employers Pensions Information Centre (EPIC)

The authority provides a central information centre where registered employers are able to access a whole range of information online including news and links to important documents. EPIC also provides statistical information to assist employers in understanding their scheme responsibilities.

Employer Web

The authority also provides secure access to relevant scheme member information and allows employers to upload monthly data submissions and produce retirement quotes. Employer web is also used as a platform to contact and query member data securely.

Section 5: COMMUNICATING WITH ALL VIA:

Website

www.sypensions.org.uk This is the scheme members website which is an information source on all aspects of the scheme. Simply set out with quick links and a comprehensive A-Z, the website also contains booklets and publications together with the link to our secure online portal (mypension).

Secure Online Portal - 'mypension' Members can register to gain access to their secure online account. Once registered for mypension it's a great way for members to keep track of their pension account, view and amend personal details, make and update death grant nomination details as well as active and deferred members having the facility to produce retirement quotes. Annual benefit statements will be available for both active and deferred members. For retired members monthly payslips and P60s are available to view.

www.southyorks.gov.uk This is the website relating to business of the Elected Members. Here you will find the calendar of Authority meetings along with agenda, minutes and reports. This site also provides access to the Webcast area that will allow you to watch Authority meetings as they happen.

Special Requests

We offer an appropriate choice of communication methods to help ensure that no one in our scheme is disadvantaged. To assist members with special needs when communicating we can make arrangements to have a signer or interpreter present should a member wish to attend an information service. We can also provide communication material in large print, audio CD and braille.

Communication

Literature

The main point of reference for members to find out about the key aspects of the LGPS is our *Employee Guide*. This is supported by a range of literature, on the various aspects of the Scheme.

Annual Fund Meeting

This event is rotated between the four major council areas in South Yorkshire and usually held in October. The AFM is an opportunity to meet the Chair/Vice Chair of the authority and senior management face to face. Presentations usually focus on fund performance and topical events followed by questions from attendees. To allow members who aren't able to attend the AFM we will record the meeting and upload the event to our YouTube account.

By Telephone - Customer Centre

The Customer Centre is the main communications channel between members/employers within the Authority. The Customer Centre will play an important role in delivering a reliable customer experience on a daily basis. Members and employers can contact us by telephone which is prominently advertised on all our literature.

Email

Members can contact us by email which is prominently advertised on all our literature. A secure e-mail service is in operation to allow personal information to be included in e-mail responses.

Pensions Information Service

A comprehensive pensions information service on pension matters is provided by the Authority at all our four offices across the county. Appointments are made online at www.sypensions.org.uk/advisory.

Text Messaging

Our preferred method of communication is email however in the absence of an email address, where appropriate we will use text messaging. SMS messages are ideal for reminders and simple instructions and announcements.

You Tube

Video recording opens the door to new opportunities to interact with members. Recording of events such as the AFM will be uploaded to YouTube to enable members who couldn't attend on the day a chance to view the meeting.

Social Networking Sites

People of all ages are using social media. Our aim is to connect with as many of our members as possible, deepening relationships and engagement. We currently have a Facebook page and members can follow us on Twitter and LinkedIn.

Annual Report

Provides a comprehensive report on the authority's activities throughout the preceding year.

Meetings/Presentations

Our staff are available to attend meetings and deliver presentations on a range of topics upon request.

Customer Centre

Getting customer service right in an organisation, and continually improving it, is a long term commitment. The customer centre will be the first point of contact for all scheme members and employers whether it's by telephone, email, letter or live chat. The main aim is to provide excellent customer service whilst promoting our online services.

The Customer Centre will welcome feedback. We will resolve any problems to the best of our ability, we will stop them being repeated and learn lessons. We will measure our performance making sure we measure the right things, making sure it's relevant and taking any necessary action. Benchmarking will be a key part of our measurement programme.

Customer Centre Contact Details

Telephone: 01226 772923

Email: customerservices@sypa.org.uk

Consultation & Communication Strategy

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SOUTH YORKSHIRE PENSIONS AUTHORITY

FUNDING STRATEGY STATEMENT

SOUTH YORKSHIRE PENSION FUND

MARCH 2020

South Yorkshire Pensions Authority

This Funding Strategy Statement has been prepared by South Yorkshire Pensions Authority (the Administering Authority) to set out the funding strategy for the South Yorkshire Pension Fund ("the Fund"), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

EXECUTIVE SUMMARY

It is the fiduciary responsibility of the Administering Authority (South Yorkshire Pensions Authority) to ensure that the South Yorkshire Pension Fund (the "Fund") has sufficient assets to meet its pension liabilities in the long term. The Funding Strategy adopted by the South Yorkshire Pension Fund will therefore be critical in achieving this statutory duty.

The purpose of this Funding Strategy Statement ("FSS") is to set out a clear and transparent funding strategy that will identify how each Fund employer's pension liabilities are to be met going forward.

> The details contained in this Funding Strategy Statement will have a financial and operational impact on all participating employers in the **South Yorkshire Pension Fund.**
>
> It is imperative therefore that each existing or potential employer is aware of the details contained in this statement.

Given this, and in accordance with governing legislation, all interested parties connected with the South Yorkshire Pension Fund have been consulted and given opportunity to comment prior to this Funding Strategy Statement being finalised and adopted. This statement takes into consideration all comments and feedback received.

MEETING THE FUND'S SOLVENCY OBJECTIVE

The Administering Authority's long-term objective is for the Fund to achieve a 100% solvency level over a reasonable time period. Contributions are set in relation to this objective which means that once 100% solvency is achieved, if assumptions are borne out in practice, there would be sufficient assets to pay all benefits earned up to the valuation date as they fall due.

However, because financial and market conditions/outlook change between valuations, the assumptions used at one valuation may need to be amended at the next to meet the primary objectives. This in turn means that contributions will be subject to change from one valuation to another.

This objective is considered on an employer specific level when setting individual contribution rates so each employer has the same fundamental objective in relation to their liabilities. The general principle adopted by the Fund is that the assumptions used, taken as a whole, will be chosen sufficiently prudently for this objective to be reasonably achieved in the long term at each valuation.

The funding strategy set out in this document has been developed alongside the Fund's investment strategy on an integrated basis, taking into account the overall financial and demographic risks inherent in the Fund to meet the objective for all employers over different periods. The funding strategy includes appropriate margins to allow for the possibility of adverse events (e.g. material reduction in investment returns, economic downturn and higher inflation outlook) leading to a worsening of the funding position which would normally lead to volatility of contribution rates at future valuations if these margins were not included.

SOUTH YORKSHIRE PENSION FUND - FUNDING STRATEGY STATEMENT

This prudence is required by the Regulations and guidance issued by professional bodies and Government agencies to assist the Fund in meeting its primary solvency and long term cost efficiency objectives.

The level of prudence has been quantified by the Actuary to show the level of contingency to provide protection against future adverse experience in the long term. Individual employer results will also have regard to their covenant strength. Broadly speaking the discount rate has been set so that there is approximately a 66% (or two-in-three) chance that the real returns achieved will be at least those assumed in the discount rate. The level of prudence will be reviewed each valuation taking into account the solvency and long term cost efficiency objectives for the Fund.

SOLVENCY AND LONG TERM COST EFFICIENCY

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long-term cost efficiency. Long-term cost-efficiency requires that any funding plan must provide equity between different generations of taxpayers. This means that the contributions must not be set at a level that is likely to give rise to additional costs in the future, which fall on later generations of taxpayers or put too high a burden on current taxpayers. The funding parameters and assumptions e.g. deficit recovery period must have regard to this requirement, which means a level of prudence is needed. Furthermore, the FSS must have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Scheme so far as relating to the Fund.

DEFICIT RECOVERY PLAN AND CONTRIBUTIONS

As the solvency level of the Fund is 99% at the valuation date i.e. the assets of the Fund are less than the liabilities, a deficit recovery plan needs to be implemented such that additional contributions are paid into the Fund to meet the shortfall. At an individual employer level, there will be some instances where an employer's asset share is higher than the liabilities and therefore a surplus will exist. In such cases, a plan may need to be implemented to remove some, or all, of the surplus over an agreed timeframe, taking into account any increases to the Primary Rate, which also emerge.

For those employers where a shortfall exists, deficit contributions paid to the Fund by each employer will be expressed as £s amounts (flat or increasing year on year) and it is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford given other competing cost pressures. This may result in some flexibility in recovery periods by employer, which would be at the sole discretion of the Administering Authority. The recovery periods will be set by the Fund, although employers will be free to select any shorter deficit recovery period if they wish. Employers may also elect to make prepayments of contributions, which could result in a cash saving over the valuation certificate period.

The objective is to recover any deficit over a reasonable timeframe, and this will be periodically reviewed which in the long term provides equity between different generations of taxpayers whilst ensuring the deficit payments are eliminating a significant proportion of the capital element of the deficit, thereby reducing the interest cost. This will be periodically reviewed depending on the maturity profile of the Fund.

Subject to affordability considerations and individual employer circumstances, where a deficit exists and depending on the level of deficit, a guiding principle will be to maintain the total contributions at the prescribed monetary levels from the preceding valuation (including any indexation in these monetary payments over the recovery period). Contributions will only be reduced if the Fund deems this reasonable based on covenant and other risk factors. Full details are set out in this FSS.

Where there is a material increase in contributions required at this valuation, in certain circumstances the employer will be able to 'phase in' contributions over a period of 3 years in a pattern agreed with the Administering Authority and depending on the affordability of contributions as assessed in the covenant review of an employer. Employers will also be able to prepay deficit contributions if they have sufficient cash reserves to assist with affordability. Equally, certain employers will be able to align their contributions changes with their financial year if this does not end on 31 March.

The maximum recovery period for the Fund as a whole is 16 years at this valuation, which is 3 years shorter than the average recovery period from the previous valuation. Subject to affordability and other considerations individual employer recovery periods would also be expected to reduce by a minimum of 3 years at this valuation. The average recovery period emerging from this valuation is 15 years.

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment. Therefore, the Fund has considered its policy in relation to costs that could emerge from the McCloud judgment in line with the guidance from the Scheme Advisory Board in conjunction with the Actuary. Whilst the remedy is not known and may not be known for some time, for the purpose of this valuation, when considering the appropriate contribution provision, we have assumed that the judgment would have the effect of removing the current age criteria applied to the underpin implemented in 2014 for the LGPS. This underpin therefore would apply to all active members as at 1 April 2012. The relevant estimated costs have been quantified and notified to employers on this basis, but also highlighting that the final costs may be significantly different. Employers will be able to <u>choose</u> to include these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make allowance within their budgets and note that backdated contributions could be payable if the remedy is known before the next valuation. The majority of employers have made provisions directly in their contributions.

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used for assessing the funding position of the Fund and the individual employers, the "Primary" contribution rate, and any contribution variations due to underlying surpluses or deficits (i.e. included in the "Secondary" rate) are set out in Appendix A to this FSS.

The discount rate in excess of CPI inflation (the "real discount rate") has been derived based on the expected return on the Fund's assets based on the long-term strategy set out in its Investment Strategy Statement (ISS). When assessing the appropriate prudent discount rate, consideration has been given to the level of expected asset returns <u>in excess</u> of CPI inflation (i.e. the rate at which the benefits in the LGPS generally increase each year).

The assumption for the long-term expected future real returns has fallen since the last valuation. This is principally due to a combination of expectations the returns on the Fund's assets and the level of inflation in the long-term. Also, the Fund has implemented a number of risk management strategies since the last valuation and the expected volatility of returns has fallen i.e., provides more certainty to outcomes. This is also taken into account by the Actuary when proposing the assumptions and at this valuation means that the level of prudence has been reduced. The assumption has therefore been adjusted so that in the Actuary's opinion, when allowing for the resultant employer contributions emerging from the valuation, the Fund can reasonably be expected to meet the Solvency and Long Term Cost Efficiency objectives.

Taking into account the above the Fund Actuary is proposing that the long term real return over CPI inflation assumptions for determining the baseline past service liabilities should be 1.5% per annum and 2.35% per annum for determining the future service ("primary") contribution rate. This compares to 2.0% per annum and 2.75% per annum respectively at the last valuation.

Based on the assumptions being borne out in practice and the membership at the valuation date the aggregate projected expected return for the Fund as a whole over the 16 recovery period is a real return of CPI+1.75% per annum.

Alternative Funding Targets and Risk Management Framework

In the short to medium term, the Fund intends to implement a risk management strategy whereby employers will be categorised into different "investment" buckets. In such cases, a different investment strategy would apply to the different groups of employers resulting in lower investment risk than the current whole fund strategy.

The Fund is therefore beginning to categorise employers in the following way. This will form the basis for any initial allocation into the different "investment" buckets.

Local Authorities – District Councils (including maintained schools), Police Fire, Combined Authority Group and SYPA. These employers either have the power to raise income through taxation or, in the case of SYPA, costs are entirely met by the Pension Fund.

Education Sector – F&HE Institutions and Academies. All these employers are ultimately funded by central government, although in different ways and with different forms of support. They do represent similar forms of risk although the likelihood of default can vary significantly between institutions.

Contractors – These employers can range from large multi-nationals to relatively small local businesses. Where contracts are let by a local authority, there tends to be a guarantee, while the situation with contracts let by academies is more variable. However, in all cases the ultimate position is that the council or academy would need (at least in the short term) to take on any service (and hence pension liability) in the event of failure.

Others – While an extremely varied group this group probably presents the greatest likelihood of default (if possibly the least financial impact). In general, such employers have no or limited guarantees and therefore there is a danger that in the event of default liabilities will fall on the remaining employers.

If an employer is deemed to have a weaker covenant than others in the Fund, is planning to exit the Fund or would like to target a lower risk strategy, the Administering Authority has the discretion to move that employer (typically following discussions with the employer) into another strategy to protect the Fund as a whole. The current overall Fund investment strategy (as set out in the Investment Strategy Statement) will be known as the "higher risk investment strategy".

The investment strategy for each of the investment pots will be reviewed, following each actuarial valuation, as a minimum. The discount rate assumption that will be used for employers' liabilities who fall into each category is linked directly to the relevant pot's underlying assets allowing for the underlying level of risk associated.

Given that this risk management strategy will not be implemented before 1 April 2020, for the purpose of the 2019 actuarial valuation the setting of contribution rates to apply between 1 April 2020 and 31 March 2023, the Administering Authority will, depending on the circumstances of the employer, potentially apply a different funding target to certain employers in order to protect all stakeholders in the Fund i.e. to reflect different covenant / objectives etc. The different funding targets will be achieved by applying either a **5%** or **10%** loading to the employer's baseline liabilities. In particular, where employers with a weaker covenant and in particular those with no guarantee have achieved a significant surplus based on a 100% funding target, a higher funding target will be set so as to deliver increased certainty that the employer will not fall into deficit in future.

Where a different funding target applies, this will be reflected in the employer's deficit contributions / surplus offset over the period to 31 March 2023.

Demographic Assumptions

The demographic assumptions under all groups are based on the Fund Actuary's bespoke analysis for the Fund, also taking into account the experience of the wider LGPS where relevant. For those employers terminating participation in the Fund, a more prudent mortality assumption will apply (see further comments below).

EMPLOYER ASSET SHARES

The Fund is a multi-employer pension scheme that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving each employer's asset share.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset shares, are allowed for when calculating asset shares at each valuation. Once the risk management strategy referred to above has been implemented, the investment return credited will depend on which bucket the employer's assets are in. In addition, the asset share may be restated for changes in data or other policies.

Other adjustments are also made on account of the funding positions of orphan bodies, which fall to be met by all other active employers in the Fund.

FUND POLICIES

In addition to the information/approaches required by overarching guidance and Regulation, this statement also summarises the Fund's practice and policies in a number of key areas:

1. Covenant assessment and monitoring

An employer's financial covenant underpins its legal obligation and crucially the ability to meet its financial responsibilities to the Fund now and in the future. The strength of covenant to the Fund effectively underwrites the risks to which the Fund is exposed. These risks include underfunding, longevity, investment and market forces.

The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is vital to the overall risk management and governance of the Fund. The employers' covenants will be assessed and monitored objectively in a proportionate manner, and an employer's ability to meet their obligations in the short and long term will be considered when determining its funding strategy.

After the valuation, the Fund will continue to monitor employers' covenants in conjunction with their funding positions over the inter-valuation period. This will enable the Fund to anticipate and pre-empt any material issues arising and thus adopt a proactive approach in partnership with the employer. More details are provided in the **Appendix E** to this statement.

2. Admitting employers to the Fund

Various types of employers are permitted to join the LGPS under certain circumstances, and the conditions upon which their entry to the Fund is based and the approach taken is set out in **Appendix C**. Examples of new employers include:

- Mandatory Scheme Employers - for example new academies (see later section)
- Designated bodies - those that are permitted to join if they pass a resolution for example Town and Parish Councils.
- Admission bodies - usually arising as a result of an outsourcing or a transfer to an entity that provides some form of public service and their funding primarily derives from local or central government.
- Employers may also join the Fund under the 'Deemed Employer' route, should there be a change in the regulations. Further information on this is set out within **Appendix C** and further details will be provided if and when any regulatory change is made.

The key objective for the Fund is to only admit employers where the risk to the Fund is mitigated as far as possible. The different employers pose different risks to the Fund.

In general, there will be a presumption against the admission of further, what were previously termed "Community Admission Bodies". Any such admission that is made will require a guarantee from a tax raising body.

Certain employers may be required to provide a guarantee (e.g. from a parent company) or alternative security before entry will be allowed, in accordance with the Regulations and Fund policies.

3. New academy conversions and multi-academy trusts

Current Fund policy regarding the treatment of schools when converting to academy status is for the new academy to inherit the school's share of the historic local authority deficit prior to its conversion. This deficit is calculated as the capitalised deficit funding contributions (based on the local authority deficit recovery period) the school would have made to the Fund had it not converted to academy status, subject to a minimum asset share of nil.

If the contribution rate for a local authority does not include any allowance for deficit funding contributions at the point at which a school converts to academy status, then no deficit will be allocated to the academy at the point of conversion.

In cases where numerous academies, which participate in the Fund, are in the same Multi-Academy Trust, the Fund's default position is that a combined funding position and average contribution requirements will apply (unless the Multi-Academy Trust requests separate contribution rates). Notwithstanding this, the Fund will continue to track the constituent academies separately on an approximate basis, in the interests of transparency and clarity around entry and exit of individual academies to the Trust in future.

The full policy is shown in **Appendix D**.

4. Termination policy for employers exiting the Fund

When an employer ceases to participate within the Fund, it becomes an exiting employer under the Regulations. The Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of the benefits of the exiting employer's current and former employees, along with a termination contribution certificate.

Where there is no guarantor who would subsume the liabilities of the exiting employer, the Fund's policy is that a discount rate linked to minimum risk investment returns (i.e. those that will be linked to any lower risk investment strategy subsequently implemented) and a more prudent longevity assumption is used for assessing liabilities on termination. Any exit payments due should be paid immediately although instalment plans will be considered by the Administering Authority on a case by case basis.

Any exit credits (surplus assets over liabilities) will be paid from the Fund to the exiting employer within 6 months of completion of the cessation assessment by the Actuary. The Administering Authority will seek to modify this approach on a case by case basis if circumstances warrant it (for example, it may work with the outsourcing scheme employer to adjust any exit payment or exit credit to take into account any risk sharing arrangements which exist between the exiting employer and other Fund employers).

This is subject to the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date. The Administering Authority also reserves the right to modify this approach on a case by case basis if circumstances warrant it based on the advice of the Actuary.

Where there is a **guarantor** who would subsume the assets and liabilities of the outgoing employer, the default policy is that any deficit or surplus would be subsumed into the guarantor and taken into account at the following valuation. In some instances an exit debt may be payable by an employer

before the assets and liabilities are subsumed by the guarantor, this will be considered on a case-by-case basis. No exit credit would be payable in these circumstances.

In line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Administering Authority will provide details of the information required to make their determination for each case when the need arises.

The Administering Authority can modify this approach on a case by case basis if circumstances warrant it and the parties make representation. For example if the parties make representation it may be appropriate to adjust any exit payment or exit credit to take into account any risk sharing arrangements which exist between the exiting employer and the outsourcing scheme employer.

The Fund will inform the guarantor of the exiting employer's request to receive the surplus before making payment of the exit credit. However, the Fund will not become embroiled in any disagreement over the refund of any surplus, which is contrary to commercial agreements.

Ultimately, the Fund will have to comply with the Regulations and therefore pay any exit credit should this be deemed appropriate once representations have been made. It is then up to the guarantor to contest the surplus payment citing the commercial contract in place and the desire for equal treatment in the event of a deficit.

In the event of parties unreasonably seeking to crystalise the exit credit on termination, the Fund will consider its overall policy and seek to recover termination deficits as opposed to allowing them to be subsumed with no impact on contribution requirements until the next assessment of the contribution requirements for the guarantor. Equally, where a guarantor decides not to underwrite the residual liabilities the basis of assessment on termination will assume the liabilities are orphaned and thus the minimum risk basis will apply.

Subject to the relevant changes in Regulations being made, if applicable, an employer may continue to participate in the Fund with no contributing members and utilise the "Deferred Debt" Arrangements at the sole discretion of the Administering Authority, which will be subject to a satisfactory covenant review on an ongoing basis. In this circumstance they will continue to be treated as per any other participating employer in relation to overall funding strategy (including potentially requiring a final exit payment at some point) allowing for the covenant. Further details will be available should any regulatory change be made.

5. Insurance arrangements

For certain employers, the Fund currently insures ill health retirement costs via an internal captive insurance arrangement, which pools these risks for eligible employers. The captive arrangement will be operated as per the objectives set out in **Appendix F**.

CONTENTS

APPENDICES

1
INTRODUCTION

The Local Government Pension Scheme Regulations 2013 (as amended) ("the 2013 Regulations") and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the 2014 Transitional Regulations") and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (all as amended) (collectively; "the Regulations") provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS). The key requirements for preparing the FSS can be summarised as follows:

- After consultation with all relevant interested parties involved with the South Yorkshire Pension Fund the Administering Authority will prepare and publish their funding strategy;
- In preparing the FSS, the Administering Authority must have regard to:
  - the guidance issued by CIPFA for this purpose; and
  - the Investment Strategy Statement (ISS) for the Scheme published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended);
- The FSS must be revised and published whenever there is a material change in either the policy set out in the FSS or the ISS.

BENEFITS

The benefits provided by the South Yorkshire Pension Fund are specified in the governing legislation contained in the Regulations referred to above. Benefits payable under the South Yorkshire Pension Fund are guaranteed by statute and thereby the pensions promise is secure for members. The FSS addresses the issue of managing the need to fund those benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure.

The Fund is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Averaged Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option", where members can elect to accrue 50% of the full scheme benefits in relation to the member only and pay 50% of the normal member contribution.

EMPLOYER / EMPLOYEE CONTRIBUTIONS

The required levels of employee contributions are specified in the Regulations.

Employer contributions are determined in accordance with the Regulations (which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate specifying the "primary" and "secondary" rate of the employer's contribution).

Primary Rate

The "Primary rate" for an employer is the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. It is expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant.

The Primary rate for each employer is specified in the rates and adjustments certificate.

The Primary rate for the whole fund is the weighted average (by payroll) of the individual employers' Primary rates.

Secondary Rate

The "Secondary rate" is an adjustment to the Primary rate to reflect any past service deficit or surplus, to arrive at the rate each employer is required to pay. The Secondary rate will be expressed as a cash adjustment in each of the three years beginning 1 April in the year following that in which the valuation date falls.

The Secondary rate for each employer is specified in the rates and adjustments certificate.

For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary rates.

Secondary rates for the whole fund in each of the three years shall also be disclosed. These will be calculated as the total amount in respect of cash adjustments.

2

PURPOSE OF FSS IN POLICY TERMS

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The Administering Authority's long-term objective is for the Fund to achieve a 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due.

The purpose of this Funding Strategy Statement is therefore:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities;
- to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency",
- to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives, which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

3
AIMS AND PURPOSE OF THE FUND

THE AIMS OF THE FUND ARE TO:

- manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- enable employer contribution rates to be kept at a reasonable and affordable cost to taxpayers, scheduled, designating and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes
- maximise the returns from investment within reasonable risk parameters taking into account the above aims.

THE PURPOSE OF THE FUND IS TO:

- receive monies in respect of contributions, transfer values and investment income, and
- pay out monies in respect of scheme benefits, transfer values, exit credits, costs, charges and expenses as defined in the Regulations.

4
RESPONSIBILITIES OF THE KEY PARTIES

The efficient and effective management of the pension fund can only be achieved if all parties exercise their statutory duties and responsibilities conscientiously and diligently. The key parties for the purposes of the FSS are the Administering Authority, the individual employers and the Fund Actuary and details of their roles are set out below. Other parties required to play their part in the fund management process are bankers, custodians, investment managers, auditors and legal, investment and governance advisors, along with the Local Pensions Board created under the Public Service Pensions Act 2013.

KEY PARTIES TO THE FSS

The **Administering Authority** should:

- operate the pension fund
- collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the Regulations
- pay from the pension fund the relevant entitlements as stipulated in the Regulations
- invest surplus monies in accordance the Regulations
- ensure that cash is available to meet liabilities as and when they fall due
- take measures as set out in the Regulations to safeguard the fund against the consequences of employer default
- manage the valuation process in consultation with the Fund's actuary
- prepare and maintain a FSS and an ISS, both after proper consultation with interested parties, and
- monitor all aspects of the Fund's performance and funding, amending the FSS/ISS as necessary
- effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and a scheme employer, and
- establish, support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice.

The **Individual Employer** should:

- deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations)
- pay all contributions, including their own as determined by the actuary, promptly by the due date
- undertake administration duties in accordance with the Pension Administration Strategy.
- develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework
- make additional contributions in accordance with agreed arrangements in respect of, for example, additional pension contracts, early retirement strain, and

- have regard to the Pensions Regulator's focus on data quality and comply with any requirement set by the Administering Authority in this context, and
- notify the Administering Authority promptly of any changes to membership, which may affect future funding.
- Understand the pensions impacts of any changes to their organisational structure and service delivery model.
- Understand that the quality of the data provided to the Fund will directly impact on the assessment of the liabilities and contributions. In particular, any deficiencies in the data would normally result in employer paying higher contributions than otherwise would be the case if the data was of high quality.

The **Fund Actuary** should:

- prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long term cost efficiency after agreeing assumptions with the Administering Authority and having regard to their FSS and the Regulations
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as pension strain costs, ill health retirement costs etc.
- provide advice to the Administering Authority and valuations on the termination of admission agreements including any exit credit payments.
- provide advice to the Administering Authority on bonds and other forms of security against the financial effect on the Fund of employer default
- assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as required by the Regulations
- advise the Administering Authority on funding strategy, the preparation of the FSS and the inter-relationship between the FSS and the ISS, and
- ensure the Administering Authority is aware of any professional guidance or other professional requirements, which may be of relevance to the Fund Actuary's role in advising the Fund.

5

SOLVENCY FUNDING TARGET

Securing the "solvency" and "long term cost efficiency" is a regulatory requirement. To meet these requirements, the Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an ongoing past service basis including allowance for projected final pay where appropriate. In the long term, an employer's total contribution rate would ultimately revert to its Primary rate of contribution.

SOLVENCY AND LONG TERM COST EFFICIENCY

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Employer contributions are also set in order to achieve long-term cost efficiency. Long-term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Scheme so far as relating to the Fund.

DETERMINATION OF THE SOLVENCY FUNDING TARGET AND DEFICIT RECOVERY PLAN

The principal method and assumptions to be used in the calculation of the funding target are set out in **Appendix A**. The Employer Deficit Recovery Plans are set out in **Appendix B.**

Underlying these assumptions are the following two tenets:

- that the Fund is expected to continue for the foreseeable future; and
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

This allows the Fund to take a longer-term view when assessing the contribution requirements for certain employers.

In considering this the Administering Authority, based on the advice of the Actuary, will consider if this results in a reasonable likelihood that the funding plan will be successful potentially taking into account any changes in funding after the valuation date up to the finalisation of the valuation by 31 March 2020 at the latest.

As part of each valuation separate employer contribution rates are assessed by the Fund Actuary for each participating employer or group of employers. These rates are assessed taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers and employer groups in the Fund.

The Administering Authority, following consultation with the participating employers, has adopted the following objectives for setting the individual employer contribution rates arising from the 2019 actuarial valuation.

Individual employer contributions will be expressed and certified as two separate elements:

- the **Primary rate**: a percentage of pensionable payroll in respect of the cost of the future accrual of benefits and ancillary death in service and ill health benefits / ill-health premiums.
- the **Secondary rate**: a schedule of lump sum monetary amounts over 2020/23 in respect of an employer's surplus or deficit (including phasing adjustments).

For any employer, the total contributions they are actually required to pay in any one year is the sum of the Primary and Secondary rates (subject to an overall minimum of zero). Both elements are subject to review from 1 April 2023 based on the results of the 2022 valuation.

Where an employer is in a surplus position, the Secondary rate deduction from the Primary rate will be subject to a minimum threshold of £100, below which no deduction will be made.

DEFICIT RECOVERY PLAN

It is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford based on the Administering Authority's view of the employer's covenant and risk to the Fund.

Recovery periods will be set by the Fund on a consistent basis across employer categories where possible and communicated as part of the discussions with employers. This will determine the minimum contribution requirement and employers will be free to select any shorter deficit recovery period and higher contributions if they wish, including the option of prepaying the deficit contributions in one lump sum either on an annual basis or a one-off payment. This will be reflected in the monetary amount requested via a reduction in overall deficit contributions payable.

The Administering Authority does retain ultimate discretion in applying these principles for individual employers on grounds of affordability and covenant strength.

The key principles when considering deficit recovery are as follows:

- The Fund does not believe it appropriate for total contribution reductions to apply compared to the existing funding plan (allowing for indexation where applicable) where deficits remain unless there is compelling reason to do so.
- Subject to consideration of affordability, for scheduled and resolution bodies, and those admission bodies (not operating outsourced services) backed by a scheduled body guarantee, as a general rule the deficit recovery period will reduce by at least 3 years for employers at this valuation when compared to the preceding valuation (subject to a maximum of 16 years). This is to target full solvency over a similar (or shorter) time horizon. This is to maintain (as far as possible) equity between different generations of taxpayers and to protect the Fund against the potential for an unrecoverable deficit. The deficit recovery period will be set to at least cover the expected interest costs (actual interest costs will vary in line with investment performance) on the deficit.
- Employers will have the freedom to adopt a recovery plan on the basis of a shorter period if they so wish. Subject to affordability considerations and other factors, a bespoke period may be applied in respect of particular employers where the Administering Authority considers this to be warranted. The average recovery period adopted by all employers will be set out within

the Actuary's report. Employers will be notified of their individual deficit recovery period as part of the provision of their individual valuation results.

- Those admission bodies operating outsourced services under a contract, which expires within the maximum 16-year recovery period, the recovery period, to apply will be the lifetime of the contract unless the body is in surplus (see comment below).
- Due to their weaker covenant, admission bodies not backed by a scheduled body guarantee will be subject to the same conditions as above but subject to a maximum recovery period of 11 years unless their defined (or expected) lifespan within the Fund is limited. Such known (or expected) events that could impact on their participation in the Fund should be notified to the administering authority by the body as soon as practically possible.
- For any employer, the total contributions they are actually required to pay in any one year is the sum of the Primary and Secondary rates (subject to an overall minimum of zero). Both elements are subject to further review from April 2023 based on the results of the 2022 actuarial valuation.
- Where an employer is in a surplus position, the Secondary rate deduction from the Primary rate will be adjusted to such an extent that any surplus is used (i.e. run off) over the maximum 16-year period unless agreed otherwise with the administering authority e.g. where the employer's participation in the Fund is expected cease within the next three years.

  Such deductions will be subject to a minimum threshold of £100 p.a., below which no deduction will be made. The current level of contributions payable by the employer may also be phased down to the reduced level as appropriate.
- Where increases (or decreases) in employer contributions are required from 1 April 2020, following completion of the 2019 actuarial valuation, the increase (or decrease) from the rates of contribution payable in the year 2019/20 may be implemented in steps depending on affordability of contributions as determined by the administering authority. This will be notified to employers as part of the valuation process. It may be possible to have a different phasing pattern in certain circumstances subject to the agreement of the administering authority.
- Where increases in the primary rate and/or secondary rate contributions are to be phased in, the Administering Authority's policy is that any adjustment in 2020/21 should be rectified in 2022/23 i.e. so that the total level of primary and secondary rate contributions payable is the same over the three-year period.
- However, where a surplus exists or where there has been a reduction in contributions paid in respect of an employer's deficit at the valuation, the Fund would not consider it appropriate for any increase in contributions paid in respect of future accrual of benefits to be implemented in steps.
- For employers that do not have a financial year end of 31 March 2020 (e.g. 31 July 2020), the Fund can, at the employers request before 28th February 2020 allow the employer to continue to pay their current contribution plan until their financial year end date. The new contribution plan would then be implemented after this date (i.e. 1 August 2020 if the year-end is 31 July 2020).

Special circumstances to consider alternative deficit recovery plans

As part of the process of agreeing funding plans with individual employers, the Administering Authority will consider the use of contingent assets and other tools such as bonds or guarantees that could assist employing bodies in managing the cost of their liabilities or could provide the Fund with greater security against outstanding liabilities. All other things being equal this could result in a longer recovery period being acceptable to the Administering Authority, restricted to the maximum periods set out in Appendix B, although employers will still be expected to at least cover expected interest costs on the deficit.

It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore would be willing to use its discretion to accept an evidence-based affordable level of contributions for the organisation for the three years 2020/2023. Any application of this option is at the ultimate discretion of the Fund officers in order to effectively manage risk across the Fund. It will only be considered after the provision of the appropriate evidence as part of the covenant assessment and also the appropriate professional advice.

For those bodies identified as having a weaker covenant, the Administering Authority will need to balance the level of risk plus the solvency requirements of the Fund with the sustainability of the organisation when agreeing funding plans. As a minimum, the annual deficit payment must meet the on-going interest costs to ensure, everything else being equal, that the deficit does not increase in monetary terms.

Notwithstanding the above principles, the Administering Authority, in consultation with the actuary, has also had to consider whether any exceptional arrangements should apply in particular cases.

Ill-Health Captive

For those employers who are eligible for the ill-health captive arrangement, the contributions payable over the period 1 April 2020 to 31 March 2023 will be adjusted accordingly to reflect the premium charged to provide continued protection against the risks of excessive ill-health retirement costs emerging. Further details are provided in Appendix F of these adjustments.

Prepayment of Primary Rate and Secondary Rate Contributions

For certain larger employers, subject to the agreement of the administering authority, the option to prepay Primary rate contributions may be made available. This option would be on the proviso that a "top-up" payment would be made by the employer prior to the end of the prepayment period in order to ensure that no underpayment emerges versus the minimum required by the valuation certificate.

The facility to prepay secondary rate contributions where a deficit exists will be made available to all employers.

EMPLOYERS EXITING THE FUND

Employers must notify the Fund as soon as they become aware of their planned exit date. Where appropriate, or at the request of the Scheme Employer, the Fund will review their certified contribution in order to target a fully funded position at exit. The costs of the contribution rate review will be payable by the employer or the outsourcing Scheme Employer (where necessary).

On the cessation of an employer's participation in the Fund, in accordance with the Regulations, the Fund Actuary will be asked to make a termination assessment. In such circumstances

The policy for employers who have a guarantor participating in the Fund:

The residual assets and liabilities and hence any surplus or deficit will transfer back to the guarantor as a default policy. The interested parties will need to consider any separate contractual agreements that have been put in place between the exiting employer and the guarantor. In some instances an exit credit or debt may be payable by an employer before the assets and liabilities are subsumed by the guarantor, this will be considered on a case-by-case basis.

If there is any dispute, then the following arrangements will apply;

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make formal representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.

- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of completion of the cessation assessment by the Actuary.

- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance although if this is not possible then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation.

In some instances, the outgoing employer may only be responsible for part of the residual deficit or surplus as per the separate risk sharing agreement. The default is that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor unless representation is made by the relevant parties in line with the Regulations (as noted above). For the avoidance of doubt, where the outgoing employer is not responsible for any costs under a risk sharing agreement then no exit credit will be paid as per the Regulations, provided that the Fund is aware of the provisions of the risk sharing agreement in any representation made

The Fund will inform the guarantor of the exiting employer's request to receive the surplus before making payment of the exit credit. However, the Fund will not become embroiled in any disagreement over the refund of any surplus, which is contrary to commercial agreements.

Ultimately, the Fund will have to comply with the Regulations and therefore pay any exit credit should this be deemed appropriate once representations have been made. It is then up to the guarantor to contest the surplus payment citing the commercial contract in place and the desire for equal treatment in the event of a deficit.

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment, however the final remedy is not known. Where a surplus or deficit is being subsumed, no allowance will be made for McCloud within the calculations. However, if a representation is made to the Administering Authority then a reasonable estimate for the potential cost of McCloud will need to be included. This will be calculated in line with the treatment set out in this Funding Strategy Statement for all members of the outgoing employer. For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made. Once the remedy is known, any calculations will be performed in line with the prevailing regulations and guidance in force at the time.

In the event of parties unreasonably seeking to crystalise the exit credit on termination unreasonably the Fund will consider its overall policy and seek to recover termination deficits as opposed to allowing them to be subsumed with no impact on contribution requirements until the next assessment of the contribution requirements for the guarantor. Equally, where a guarantor decides not to underwrite the residual liabilities then the basis on termination the basis of assessment will assume the liabilities are orphaned and the minimum risk basis of termination will apply.

The policy for employers who do not have a guarantor participating in the Fund:

In the case of a surplus, the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of completion of the cessation by the Actuary). This is subject to the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date.

In the case of a deficit, the Fund would require the exiting employer to pay the termination deficit to the Fund as an immediate lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process.

The Administering Authority also reserves the right to modify this approach on a case-by-case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary.

Where an employer with no guarantor leaves the Fund and leaves liabilities with the Fund, which the Fund must meet without recourse to that employer, the valuation of the termination payment, will be calculated using a discount rate based on the minimum risk basis of termination.

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment, however the final remedy is not known. Where a surplus or deficit is being subsumed, no allowance will be made for McCloud within the calculations. However, if a representation is made to the Administering Authority then a reasonable estimate for the potential cost of McCloud will need to be included. This will be calculated in line with the treatment set out in this Funding Strategy Statement for all members of the outgoing employer. For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made. Once the remedy is known, any calculations will be performed in line with the prevailing regulations and guidance in force at the time.

Subject to the relevant changes in Regulations being made, if applicable, an employer may continue to participate in the Fund with no contributing members and utilise the "Deferred Debt" Arrangements at the sole discretion of the Administering Authority, which will be subject to a satisfactory covenant review on an ongoing basis. In this circumstance they will continue to be treated as per any other participating employer in relation to overall funding strategy (including potentially requiring a final exit payment at some point) allowing for the covenant. Further details will be available should any regulatory change be made.

The termination policy is set out in **Appendix C**. This will be reviewed at least on an annual basis to take into account any emerging trends or changes in financial or demographic factors e.g. longevity trends and RPI reform, which will affect the termination assessment for employers.

In all cases, the Administering Authority reserves the right to apply a different approach at its sole discretion, taking into account the risk associated with an employer in proportion to the Fund as a whole. Any employer affected will be notified separately.

ALTERNATIVE FUNDING TARGETS

In certain circumstances, as a pre-cursor to the Fund implementing a risk management framework involving investment buckets, a higher funding target may be adopted for certain employers as deemed appropriate by the Administering Authority. Initially this will be particularly applied to admitted body employers without a guarantor and will be used as a means of increasing the certainty of achieving or maintaining full funding.

The contribution rate for these employers will be determined to target a funding position of either 105% or 110% for the baseline liabilities. The principles around the recovery period will be as noted earlier after the change in funding target has been applied.

FUNDING FOR NON-ILL HEALTH EARLY RETIREMENT COSTS

All Employers are required to meet non ill-health early retirement strain costs arising on the grounds of redundancy / efficiency by immediate capital payments into the Fund.

FUNDING FOR ILL HEALTH RETIREMENT COSTS

Should a member retire on ill health grounds, this will normally result in a funding strain for that employer (i.e. increased liability). The size of any funding strain will depend on how the cost of that ill health retirement compares with the expected cost built in the actuarial assumptions for that employer. The actual cost will also depend on the level of any benefit enhancements awarded (which depend on the circumstances of the ill health retirement) and also how early the benefits are brought into payment. The treatment of any ill-health retirement strain cost emerging will vary depending on the type of employer:

- For those employers who participate in the ill-health insurance captive, any ill-health retirement strain cost emerging will be met by a contribution from the captive fund as part of the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer although an adjustment to the "premium" payable may emerge following the subsequent actuarial valuation, depending on the overall experience of the captive fund.

- For those employers who don't participate in the ill-health captive, the "primary rate" payable over 2020/23 includes an allowance for ill-health retirement costs. Any ill-health retirement strain costs emerging will form part of the contribution rate assessment for the employer at the subsequent actuarial valuation (or termination assessment if sooner). No additional contributions will be due immediately from the employer.

FUNDING FOR DEATHS IN SERVICE

The financial impact of the benefits that become payable on the death of a member differ depending on whether the member dies before or after retirement.

The extent of any funding strain/profit which emerges on the death of a pensioner member (typically a profit) will be determined by the age of the pensioner at death and whether or not any dependants' benefits become payable.

In the event of a member dying whilst in active service, it is not certain that a funding profit would emerge. Whilst the Fund would no longer have to pay the accrued benefits at retirement for the deceased member, a lump sum death grant and also dependants' benefits would become payable instead. The dependants' benefits would also be based on the pensionable service that the member could have accrued had they remained in service until retirement.

Typically, the death of a young member with low pensionable service and dependants is likely to result in a large funding strain for the employer. However, the death of an older/long serving member with no dependants could actually result in a funding profit. Any funding strain or profit will emerge at the next actuarial valuation through increased/reduced deficit, except where the employer is in the termination process when it will be taken into account when the Actuary determines the termination position.

7

LINK TO INVESTMENT POLICY AND THE INVESTMENT STRATEGY STATEMENT (ISS)

In assessing the value of the Fund's liabilities in the valuation, allowance has been made for growth asset out-performance as described below, taking into account the investment strategy adopted by the Fund, as set out in the ISS.

It is not possible to construct a portfolio of investments, which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio, which represents the "minimum risk" investment position, which would deliver a very high certainty of real returns above assumed CPI inflation. Such a portfolio would consist of a mixture of long-term index-linked gilts, fixed interest gilts and possible investment derivative contracts known as "swaps".

Investment of the Fund's assets in line with this portfolio would minimise fluctuations in the Fund's funding position between successive actuarial valuations.

If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out this valuation it would not be appropriate to make any allowance for growth assets out-performance or any adjustment to market implied inflation assumption due to supply/demand distortions in the bond markets. This would result in real return versus CPI inflation of minus 1% per annum at the valuation date. On this basis of assessment, the assessed value of the Fund's liabilities at the valuation would have been significantly higher, resulting in a funding level of c61%. This is a measure of the level of reliance on future investment returns.

Departure from a minimum risk investment strategy, in particular to include growth assets such as equities, gives a better prospect that the assets will, over time, deliver returns in excess of CPI inflation and reduce the contribution requirements. The target solvency position of having sufficient assets to meet the Fund's pension obligations might in practice therefore be achieved by a range of combinations of funding plan, investment strategy and investment performance.

The overall strategic asset allocation is set out in the ISS and are as follows. The table shows the position before and after March 2020:

Asset Class	Current Benchmark %	New Benchmark %	Tolerance
UK Equities*	15.0	10.0	} +/- 5%
Global Equities*	35.0	35.0	}
Private equity	7.0	7.0	+/- 2%
Total Growth	**57.0**	**52.0**	
Multi Asset Credit	6.0	6.0	+/- 2%
Infrastructure	5.0	10.0	+/- 3%
Private Debt	3.5	5.5	+/- 1%
UK Property	10.0	10.0	+/- 2%
Total Income	**24.5**	**31.5**	
UK Index-Linked Gilts	12.0	10.0	+/- 3%
Corporate Bonds	5.0	5.0	+/- 1%
Cash	1.5	1.5	+/- 1%
Total Protection	**18.5**	**16.5**	
Total	**100.0**	**100.0**	

For the 2019 valuation, the investment return expectations as calculated by the Actuary equated to an overall best estimate average expected return of 2.65% per annum in excess of CPI inflation at the valuation date i.e. a 50/50 chance of achieving this real return. For the purposes of setting funding strategy however, the Administering Authority believes that it is appropriate to take a margin for prudence on these return expectations and this is expected under the Regulations and guidance. Broadly speaking the discount rate of CPI+1.5% p.a. has been set so that there is approximately a 65% (or broadly two-in-three) chance that the returns achieved will be at least those assumed in the discount rate.

This margin however, has been reduced to take account of the risk management strategies implemented to reduce the volatility of returns within the investment strategy.

RISK MANAGEMENT STRATEGY

In the context of managing various aspects of the Fund's financial risks, the Administering Authority has implemented a number of risk management techniques. In particular:

- Equity Protection - the Fund has implemented protection against potential falls in the equity markets via the use of derivatives. The aim of the protection is to provide further stability in employer contributions (all other things equal) in the event of a significant equity market fall (although it is recognised that it will not protect the Fund in totality).

The principal aim of these risk management techniques is to effectively look to provide more certainty of real investment returns vs CPI inflation and/or protect against volatility in the termination position. It is designed to reduce risk and provide more stability/certainty of outcome for funding and ultimately employer contribution rates. The effect of these techniques has been allowed for in the 2019 actuarial valuation calculations and could have implications on future actuarial valuations and the assumptions adopted. Further details of the framework have been included in the ISS.

ALTERNATIVE INVESTMENT STRATEGIES

Within the next valuation cycle, the Fund will be considering the merits of implementing alternative investment strategies. Such strategies will have a lower level of growth assets compared with the current "higher risk" whole Fund strategy and will apply to certain employers in the Fund depending on their characteristics and objectives, as determined by the Administering Authority.

The applicable investment strategy will be reflected in the relevant employer's notional asset share, funding basis and contribution requirements as assessed at subsequent actuarial valuations.

8

IDENTIFICATION OF RISKS AND COUNTER-MEASURES

The funding of defined benefits is by its nature uncertain. Funding of the Scheme is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from that assumed in the long term. The Actuary's formal valuation report includes quantification of some of the major risk factors.

FINANCIAL

The financial risks are as follows:-

- Investment markets fail to perform in line with expectations
- Protection and risk management policies fail to perform in line with expectations
- Market outlook moves at variance with assumptions
- Investment Fund Managers fail to achieve performance targets over the longer term
- Asset re-allocations in volatile markets may lock in past losses
- Pay and price inflation significantly more or less than anticipated
- Future underperformance arising as a result of participating in the larger asset pooling vehicle.
- An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements.

Any increase in employer contribution rates (as a result of these risks), may in turn impact on the service delivery of that employer and their financial position.

In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored. In addition, the implementation of a risk management framework to manage the key financial risks will help reduce risk over time.

DEMOGRAPHIC

The demographic risks are as follows:-

- Future changes in life expectancy (longevity) cannot be predicted with any certainty
- Potential strains from ill health retirements, over and above what is allowed for in the valuation assumptions
- Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations

Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, result in a greater liability for pension funds.

Ill health retirements can be costly for employers, particularly small employers where one or two costly ill health retirements can take them well above the "average" implied by the valuation assumptions. Increasingly we are seeing employers mitigate the number of ill health retirements by employing HR / occupational health preventative measures. These in conjunction with ensuring the regulatory procedures in place to ensure that ill-health retirements are properly controlled, can help control exposure to this demographic risk. The Fund's ill health captive arrangement will also help to ensure that the eligible employers are not exposed to large deficits due to the ill health retirement of one or more of their members (see further information in **Appendix** F).

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, **employing bodies should be doing everything in their power to minimise the number of ill-health retirements**.

Early retirements for reasons of redundancy and efficiency do not immediately affect the solvency of the Fund because they are the subject of a direct charge.

With regards to increasing maturity (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund), the Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy.

INSURANCE OF CERTAIN BENEFITS

The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of any benefit costs (aside from ill-health retirement costs which are already insured for eligible employers) being insured with a third party or internally within the Fund. More detail on how the Fund currently insures ill health costs for eligible employers is set out in **Appendix F**.

REGULATORY

The key regulatory risks are as follows:-

- Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to scheme. Typically these would be via the Cost Management Process although in light of the McCloud discrimination case (see further comment in Section 9) there can be exceptional circumstances which give rise to unexpected changes in Regulations
- Changes to national pension requirements and/or HMRC Rules
- Political risk that the guarantee from the Department for Education for academies is removed or modified along with the operational risks as a consequence of the potential for a large increase in the number of academies in the Fund due to Government policy.

Membership of the Local Government Pension Scheme is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.

GOVERNANCE

The Fund has done as much as it believes it reasonably can to enable employing bodies and scheme members (via their trades unions) to make their views known to the Fund and to participate in the decision-making process. So far as the revised Funding Strategy Statement is concerned,

- consultation took place with employers at the end of 2018 on a range of key issues and assumptions influencing the valuation process. These issues were also discussed at the 2018 Employer Forum.
- Copies of the draft Funding Strategy Statement were circulated to all employers during November 2019 for their comments and an invitation to comment was placed on the Fund's website.
- The Fund Actuary and Fund Officers presented details in relation to specific issues and changes at workshops for specific groups of employers and at the 2019 Employer Forum

The final Funding Strategy Statement was approved on 23rd January 2020.

Governance risks are as follows:-

- The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated
- Administering Authority unaware of structural changes in employer's membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level
- Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates
- An employer ceasing to exist with insufficient funding or adequacy of a bond.
- Political risk that the academies guarantee from the Department for Education is removed, especially given the large increase in the number of academies in the Fund.

For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored (e.g. with regular data reconciliations with employers), but in most cases the employer, rather than the Fund as a whole, bears the risk.

PENSIONS AUTHORITY

South Yorkshire Pensions Authority, as the Administering Authority for South Yorkshire Pension Fund, has responsibility and accountability for overseeing the Fund.

Full details of the business of the authority including the meeting dates of the various Boards, minutes and agenda's, the contact details of the current Members and links to live webcasting of meeting can be accessed through the Authority's website
https://www.sypensions.org.uk/Home/About-Us

PENSIONS ADMINISTRATION STRATEGY

The Pensions Administration Strategy (PAS) sets out clear standards of service to members by defining employer and Fund responsibilities in administering the Scheme and sets out the requirements for the two-way flow of information. The employer should notify the administering authority of the following events.

- Structural change in employer's membership e.g. large fall in employee numbers or large number of retirements.
- A closure in accessibility of the scheme to new entrants.
- An employer ceasing to exist.

The strategy has been developed and adopted in consultation and agreement with the participating Fund Employers and is provided for through statute by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended). It sets out, amongst other things, how the Administering Authority, SYPA, will administer the Pension Scheme and Fund on behalf of Employing Organisations, and their Scheme Members, participating in the South Yorkshire Pension Fund, its requirements for employers in terms of the timely and accurate provision of information pertinent to the administration of the Scheme and Fund, and the penalties to be applied to those employing organisations failing to meet their duties, responsibilities and obligations as detailed within the strategy document.

The strategy has been developed and adopted in consultation to improve the overall standard of administration of the Scheme and the Fund and is intended to apply in a spirit of partnership working and co-operation where every assistance, tool, facility, system, training and guidance will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy. Any penalties and censures carried within the strategy are not intended to apply as a first resort but rather as a last resort following a period of time and opportunity given for improvement to any organisation struggling to meet its obligations.

LOCAL PENSION BOARD

The Pension Board was established in April 2015 in accordance with the Public Service Pensions Act 2013, the national statutory governance framework delivered through the LGPS Regulations and guidance as issued by the Scheme Advisory Board.

The Board seeks to assist the South Yorkshire Pensions Authority to maintain effective and efficient administration and governance. The LPB comprises both Scheme members, retired and active, together with employer representatives. Employer representation is not restricted to the four large local Councils.

It meets quarterly and all Board Members have undertaken training and have established a work programme that will enable them to meet their obligations to ensure that the Fund complies with the relevant codes of practice and current legislation.

The Board is now supported by an Independent Adviser in order to ensure that it can provide effective challenge to the Authority and its officers.

9
MONITORING AND REVIEW

The Administering Authority has taken advice from the actuary in preparing this Statement, and has consulted with the employers participating in the Fund.

A full review of this statement will occur no less frequently than every three years, to coincide with completion of a full statutory actuarial valuation and every review of employer rates or interim valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the valuation process), for example, if there:

- has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- have been significant changes to the Scheme membership, or LGPS benefits
- have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- have been any significant special contributions paid into the Fund.

When monitoring the funding strategy, if the Administering Authority considers that any action is required, the relevant employers will be contacted. In the case of admitted bodies, there is statutory provision for rates to be amended between valuations and this will be considered in conjunction with the employer affected and any associated guarantor of the employer's liabilities (if relevant).

REVIEW OF CONTRIBUTIONS

In line with any future change in Regulations, the Administering Authority may have the ability to review employer contributions or request a full interim valuation. If considered appropriate, the Fund will carry out an interim valuation or a review of contributions for a specific employer or employer(s), if there:

1. has been a significant change in market conditions and/or deviation in the progress of the Funding Strategy.
2. has been a material change in an employer's covenant assessed in line with the policy in Appendix E.
3. the employer has notified the Fund of their intention to exit within the next 3 years. Employers must notify the Fund as soon as they become aware of their planned exit date.
4. has been a deviation in the progress of the funding strategy for the employer.
5. have been significant changes to the Scheme membership, or LGPS benefits.
6. has been a change in employer status.
7. have been any significant special contributions paid into the Fund.
8. have been significant statutory or regulatory changes.

In the normal course of events, contributions will only be reviewed for statutory or tax raising employers as part of a full actuarial valuation (statutory or interim valuation).

In exceptional circumstances, not envisaged in the Funding Strategy Statement, the Fund can apply for a direction from the Secretary of State to carry out an interim valuation. The Secretary of State would also have a power to require interim valuations of the Fund either on representation from the Fund, scheme employers or of his own volition.

Where the contribution review is triggered by an employer request (e.g. points 2, 3, 4, 5, 6 and 7 above), the costs associated with the review will be met by the employer(s) concerned.

COST MANAGEMENT AND THE MCLOUD JUDGMENT

The cost management process was set up by the Government, with an additional strand set up by the Scheme Advisory Board (for the LGPS). The aim of this was to control costs for employers and taxpayers via adjustments to benefits and/or employee contributions.

As part of this, it was agreed that employers should bear the costs/risks of external factors such as the discount rate, investment returns and inflation changes, whereas employees should bear the costs/risks of other factors such as wage growth, life expectancy changes, ill health retirement experience and commutation of pension.

The outcomes of the cost management process were expected to be implemented from 1 April 2019, based on data from the 2016 valuations for the LGPS. This has now been put on hold due to age discrimination cases brought in respect of the firefighters and judges schemes, relating to protections provided when the public sector schemes were changed (which was on 1 April 2014 for the LGPS and 1 April 2015 for other Schemes).

The Government have confirmed that this judgment will result in a remedy being required for the LGPS. The Scheme Advisory Board issued guidance, which sets out how the McCloud case should be allowed for within the 2019 valuation.

The Government have confirmed that this judgment will result in a remedy being required for the LGPS. The Scheme Advisory Board issued guidance here, which sets out how the McCloud case should be allowed for within the 2019 valuation. As a consequence, cost management is expected to remain paused until the remedy is known and therefore no allowance has been made in this valuation. This will be reconsidered once the final outcomes are known.

The potential impact of the McCloud judgment (based on the information available at the time) has been quantified and communicated to employers as part of the 2019 valuation. This has been assessed by removing the current age criteria applied to the underpin implemented in 2014 for the LGPS. This underpin therefore would apply to all active members as at 1 April 2012. Employers will be able to choose to pay these estimated costs over 2020/23 in their certified contributions. Alternatively, they will need to make provision within their budgets and backdated contributions would be paid once the remedy is known. The mechanism to achieve this has been set out in the Actuary's certificate.

APPENDIX A - ACTUARIAL METHOD AND ASSUMPTIONS

METHOD

The actuarial method to be used in the calculation of the solvency funding target is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the scheme on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted, which makes advance allowance for the anticipated future ageing and decline of the current closed membership group potentially over the period of the rates and adjustments certificate.

FINANCIAL ASSUMPTIONS – SOLVENCY FUNDING TARGET AND COST OF FUTURE ACCRUAL

Investment return (discount rate) – Solvency Funding Target

The discount rate has been derived based on the expected return on the Fund assets based on the long-term strategy set out in the Investment Strategy Statement (ISS). It includes appropriate margins for prudence. When assessing the appropriate discount rate consideration has been given to the returns in excess of CPI inflation (as derived below). The discount rate at the valuation has been derived based on an assumed return of 1.5% per annum above CPI inflation i.e. a real return of 1.5% per annum and a total discount rate of 3.9% per annum. This real return will be reviewed from time, to time, typically at the time of a formal valuation or bond review based on the investment strategy, market outlook and the Fund's overall risk metrics. The discount rate will be reviewed as a matter of course at the time of a formal valuation.

For those employers for whom the Administering Authority deems an alternative funding target should apply, a 5% or 10% loading will be applied to the baseline liabilities determined using the discount rate above, as deemed appropriate.

Investment return (discount rate) – Cost of Future Accrual

The future service liabilities are calculated using the same assumptions as the solvency funding target except that a different financial assumption for the discount rate is used. A critical aspect here is that the Regulations state the desirability of keeping the "Primary Rate" (which is the future service rate) as stable as possible so this needs to be taken into account when setting the assumptions.

As future service contributions are paid in respect of benefits built up in the future, the Primary Rate should take account of the market conditions applying at future dates, not just the date of the valuation, thus it is justifiable to use a slightly higher expected return from the investment strategy. In addition, the future liabilities for which these contributions will be paid have a longer average duration than the past service liabilities as they relate to active members only.

The financial assumptions in relation to future service (i.e. the normal cost) are based on an overall assumed real discount rate of 2.35% per annum above the long-term average assumption for consumer price inflation of 2.4% per annum. This leads to a discount rate of 4.75% per annum.

Inflation (Consumer Prices Index)

The inflation assumption will be taken to be the investment market's expectation for RPI inflation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date, reflecting the profile and duration of the Scheme's accrued liabilities, but subject to an adjustment due to retirement pensions being increased annually by the change in the Consumer Price Index rather than the Retail Price Index.

The overall average reduction to the assumption to long-term RPI inflation to arrive at the CPI inflation assumption at the valuation date is 1.0% per annum. The CPI inflation assumption at the valuation date is 2.4% per annum.

This adjustment to the RPI inflation assumption will be reviewed from time to time to take into account any reform of the RPI index as announced by the Chancellor in the March 2020 budget. Any change will then be implemented for all relevant policies in this Funding Strategy Statement.

Salary increases

In relation to benefits earned prior to 1 April 2014, the assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of 1.25% p.a. over the inflation assumption as described above. This includes allowance for promotional increases. In addition to the long term salary increase assumption allowance has been made for expected short term pay restraint for employers The default assumption is for pay growth of 3% (covering both headline increases and incremental drift) each year from the valuation date up to 31st March 2023 although employers will be able to opt for the long-term assumption only should they wish.

Application of bespoke salary increase assumptions as put forward by individual employers will be at the ultimate discretion of the Administering Authority but as a minimum must be reasonable and practical. Employers will need to provide clear evidence that justifies any bespoke assumptions (for example a long-term pay agreement) To the extent that experience differs to the assumption adopted, the effects will emerge at the next actuarial valuation.

Pension increases/Indexation of CARE benefits

Increases to pensions are assumed to be in line with the inflation (CPI) assumption described above. This is modified appropriately to reflect any benefits, which are not fully indexed in line with the CPI (e.g. Guaranteed Minimum Pensions where the LGPS is not required to provide full indexation).

For members in pensionable employment, their CARE benefits are also indexed by CPI although this can be less than zero i.e. a reduction in benefits, whereas for pension increases this cannot be negative, as pensions cannot be reduced.

DEMOGRAPHIC ASSUMPTIONS

Mortality/Life Expectancy

The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI), making allowance for future improvements in longevity and the experience of the scheme. The mortality tables used are set out below, with a loading reflecting Fund specific experience. The derivation of the mortality assumption is set out in a separate paper as supplied by the Actuary.

A specific mortality assumption has also been adopted for current members who retire on the grounds of ill health.

For all members, it is assumed that the trend in longevity seen over recent time periods (as evidenced in the 2018 CMI analysis) will continue in the longer term and as such, the assumptions build in a level of longevity 'improvement' year on year in the future in line with the CMI 2018 projections and a long term improvement trend of 1.75% per annum.

The mortality before retirement has also been reviewed based on LGPS wide experience.

Commutation

Based on scheme specific analysis undertaken over a long period, it has been assumed that, on average, retiring members will commute pension up to 90% of the maximum tax-free cash available at retirement (allowing for any standard 3/80ths cash sum that may be payable). The option, which members have to commute part of their pension at retirement in return for a lump sum, is a rate of £12 cash for each £1 p.a. of pension given up.

Other Demographics

Following an analysis of Fund experience carried out by the Actuary, the incidence of ill health retirements, withdrawal rates and the proportions married/civil partnership assumption remain in line with the assumptions adopted for the last valuation. In addition, no allowance will be made for the future take-up of the 50:50 option. Where any member has actually opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next 3 years. Other assumptions are as per the last valuation.

Expenses

Expenses are met out the Fund, in accordance with the Regulations. This is allowed for by adding 0.5% of pensionable pay to the contributions as required from participating employers. This addition is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.

Discretionary Benefits

The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation.

EMPLOYER ASSET SHARES

The Fund is a multi-employer pension scheme that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns when deriving the employer asset share.

In attributing the overall investment performance obtained on the assets of the Scheme to each employer a pro-rata principle is adopted. This approach is effectively one of applying a notional individual employer investment strategy identical to that adopted for the Scheme as a whole unless agreed otherwise between the employer and the Fund at the sole discretion of the Administering Authority.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation. In addition, the asset share may be restated for changes in data or other policies.

Other adjustments are also made on account of the funding positions of orphan bodies, which fall to be met by all other active employers in the Fund.

SUMMARY OF KEY WHOLE FUND ASSUMPTIONS USED FOR CALCULATING FUNDING TARGET AND COST OF FUTURE ACCRUAL (THE "PRIMARY RATE") FOR THE 2019 ACTUARIAL VALUATION

Long-term yields	
Market implied RPI inflation	3.40% p.a.
Solvency Funding Target financial assumptions	
Investment return/Discount Rate	3.90% p.a.
CPI price inflation	2.40% p.a.
Long Term Salary increases*	3.65% p.a.
Pension increases/indexation of CARE benefits	2.40% p.a.
Future service accrual financial assumptions	
Investment return/Discount Rate	4.75% p.a.
CPI price inflation	2.40% p.a.
Long Term Salary increases*	3.65% p.a.
Pension increases/indexation of CARE benefits	2.40% p.a.

* in addition to this, an allowance for further short-term pay restraint may be made. This will be 3% per annum for 4 years to 31 March 2023 depending on an employer's circumstances.

Life expectancy assumptions

The post retirement mortality tables adopted for this valuation, along with sample life expectancies, are set out below:

-Post retirement mortality tables

Current Status	Retirement Type	Mortality Table
Annuitant	Normal Health	101% S3PMA_CMI_2018 [1.75%] 88% S3PFA_M_CMI_2018 [1.75%]
	Dependant	133% S3PMA_CMI_2018 [1.75%] 89% S3DFA_CMI_2018 [1.75%]
	Ill Health	125% S3IMA_CMI_2018 [1.75%] 122% S3IFA_CMI_2018 [1.75%]
	Future Dependant	128% S3PMA_CMI_2018 [1.75%] 107% S3DFA_CMI_2018 [1.75%]
Active	Normal Health	109% S3PMA_CMI_2018 [1.75%] 90% S3PFA_M_CMI_2018 [1.75%]
	Ill Health	125% S3IMA_CMI_2018 [1.75%] 139% S3IFA_CMI_2018 [1.75%]
Deferred	All	131% S3PMA_CMI_2018 [1.75%] 105% S3PFA_M_CMI_2018 [1.75%]
Future Dependant	Dependant	137% S3PMA_CMI_2018 [1.75%] 113% S3DFA_CMI_2018 [1.75%]

-Life expectancies at age 65

Membership Category	Male Life Expectancy at 65	Female Life Expectancy at 65
Pensioners	22.4	25.1
Actives aged 45 now	23.8	27.0
Deferreds aged 45 now	22.4	25.9

Further detail and other demographic assumptions are set out in the Actuary's formal report.

APPENDIX B – EMPLOYER DEFICIT / SURPLUS RECOVERY PLANS

As the assets of the Fund are less than the liabilities at the effective date, a deficit recovery plan needs to be adopted such that additional contributions are paid into the Fund to meet the shortfall.

Deficit contributions paid to the Fund by each employer will be expressed as £s amounts and will increase at 2.4% p.a. (unless agreed with the Administering Authority). It is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford based on the Administering Authority's view of the employer's covenant and risk to the Fund.

Recovery periods will be set by the Fund on a consistent basis across employer categories where possible and communicated as part of the discussions with employers. This will determine the minimum contribution requirement and employers will be free to select any shorter deficit recovery period and higher contributions if they wish, including the option of prepaying the deficit contributions in one lump sum either on annual basis or a one-off payment. This will be reflected in the monetary amount requested via a reduction in overall £ deficit contributions payable.

The principles used to determine the recovery periods is summarised in the table below. These will be used to derive the minimum contributions payable subject to reasonable affordability and covenant assessment. In some cases, the actuary may recommend a higher deficit contribution for 2020/23.

Category	Maximum Deficit Recovery Period	Derivation
District Councils	16 years	Determined by reducing the period from the preceding valuation by at least 3 years
Other Tax-raising Scheduled and Designating Bodies	16 years	Determined by reducing the period from the preceding valuation by at least 3 years and to ensure, where appropriate, total contributions do not reduce versus the current contributions from the existing recovery plan.
Academies and Multi-Academy Trusts	16 years	Determined by reducing the period from the preceding valuation by at least 3 years and to ensure, where appropriate, total contributions do not reduce versus the current contributions from the existing recovery plan.
Higher and Further Education Bodies (Universities and Colleges)	16 years	Determined by reducing the period from the preceding valuation by at least 3 years and to ensure, where appropriate, total contributions do not reduce versus the current contributions from the existing recovery plan.

Community Admission Bodies (guaranteed by another Scheme Employer within the Fund)	16 years	Determined by reducing the period from the preceding valuation by at least 3 years and to ensure, where appropriate total contributions do not reduce versus the current contributions from the existing recovery plan.
Community Admission Bodies (with no guarantee).	11 years	Determined by reducing the period from the preceding valuation by at least 3 years (unless the expected participation in the Fund is known and is shorter) and to ensure, where appropriate, total contributions do not reduce versus the current contributions from the existing recovery plan.
Transferee Admission Bodies (guaranteed by the letting Scheme Employers)	16 years	Deficit recovery period to be limited to the lifetime of the contract. For those employers in surplus, the maximum recovery period may apply unless the contract is expected to expire in the next three years.

The recovery period adopted for individual employers has been notified to them along with their individual valuation results.

In determining the actual recovery period to apply for any particular employer or employer grouping, the Administering Authority may take into account some or all of the following factors:

- The size of the funding shortfall;
- The business plans of the employer;
- The assessment of the financial covenant of the Employer, and security of future income streams;
- Any contingent security available to the Fund or offered by the Employer such as guarantor or bond arrangements, charge over assets, etc.

The objective is to recover any deficit over a reasonable timeframe, and this will be periodically reviewed. Subject to affordability considerations a key principle will be to maintain the total contributions at the expected monetary levels from the preceding valuation (allowing for any indexation in these monetary payments over the recovery period).

For any employers assessed to be in surplus, their individual contribution requirements may be adjusted to such an extent that any surplus is unwound over a maximum 16 year period unless agreed with the Administering Authority (if surpluses are sufficiently large, contribution requirements will be set to a minimum nil total amount). The current level of contributions payable by the employer may also be phased down to the reduced level as appropriate.

Other factors affecting the Employer Deficit Recovery Plans

As part of the process of agreeing funding plans with individual employers and managing risk in the intervaluation period, the Administering Authority will exceptionally consider the use of contingent assets (for example a charge on a property) and other tools such as bonds or guarantees that could assist employing bodies in managing the cost of their liabilities or could provide the Fund with greater security against outstanding liabilities. All other things equal this could result in a longer recovery period being acceptable to the Administering Authority, restricted to a maximum period of 16 years, although employers will still be expected to at least cover expected interest costs on the deficit.

It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore would be willing to use its discretion to accept an evidenced based affordable level of contributions for the organisation for the three years 2020/2023. Any application of this option is at the ultimate discretion of the Fund officers in order to effectively manage risk across the Fund. It will only be considered after the provision of the appropriate evidence as part of the covenant assessment and also the appropriate professional advice.

For those bodies identified as having a weaker covenant, the Administering Authority will need to balance the level of risk plus the solvency requirements of the Fund with the sustainability of the organisation when agreeing funding plans. As a minimum, the annual deficit payment must meet the on-going interest costs to ensure, everything else being equal, that the deficit does not increase in monetary terms.

Notwithstanding the above, the Administering Authority, in consultation with the actuary, has also had to consider whether any exceptional arrangements should apply in particular cases.

APPENDIX C - ADMISSIONS AND TERMINATION POLICY

ENTRY TO THE FUND

MANDATORY SCHEME EMPLOYERS

Certain employing bodies are required to join the scheme under the Regulations. These bodies include tax raising bodies, those funded by central government (academies and colleges) and universities (reliant on non-government income). Academies also fall under this category.

DESIGNATING BODIES

Designating bodies are permitted to join the scheme if they pass a resolution to this effect. Designating bodies, other than connected entities, are not required under the Regulations to provide a guarantee. These bodies usually have tax raising powers and include Parish and Town Councils.

ADMISSION BODIES

An admitted body is an employer, which, if it satisfies certain regulatory criteria, can apply to participate in the Fund. If its application is accepted by the administering authority, it will then have an "admission agreement". In accordance with the Regulations, the admission agreement sets out the conditions of participation of the admitted body including which employees (or categories of employees) are eligible to be members of the Fund.

Admitted bodies can join the Fund if

- They provide a service for a scheme employer as a result of an outsourcing (formerly known as Transferee Admission Bodies)
- They provide some form of public service and their funding in most cases derives primarily from local or central government. In reality they take many different forms but the one common element is that they are "not for profit" organisations (formerly known as Community Admission Bodies).

Admitted bodies may only join the Fund if they are guaranteed by a scheme employer. When the agreement or service provision ceases, the Fund's policy is that in all cases it will look to recover any outstanding deficit from the outgoing body unless appropriate instruction is received from the outsourcing employer or guaranteeing employer, in which case the assets and liabilities of the admission body will in revert to the outsourcing scheme employer or guaranteeing employer.

JOINING THE FUND VIA THE 'DEEMED EMPLOYER' ROUTE

Joining the fund through the deemed employer route would rely on a regulatory change. This is an alternative route to the admitted body route for achieving pension protection. It relates to employers which have employees working for a third party but fall under the deemed employer for the purposes of the Regulations.

It will be the outsourcing Scheme Employer's choice, when initially putting the contract out to tender, whether the Admission Agreement or Deemed Employer approach will be used. The outsourcing scheme employer will be also known as the deemed employer with regard to this admitted body.

If the Deemed Employer route is chosen, the admitted body will not join the Fund and will instead be grouped/pooled with the original scheme employer. This may be used when a pass through arrangement has been agreed.

The Fund's policy would be dependent on the deemed employer's policy and approach to dealing with these outsourcings. This makes it imperative that each outsourcing scheme employer would need to have a clear policy on the treatment of each type of admitted body. The Fund also requires an agreement (similar to the admission agreement) with the admitted body to ensure their duties are fulfilled e.g. payment of contributions. Further details will be available should there be a change to the Regulations facilitating this route.

CONNECTED ENTITIES

Connected entities by definition have close ties to a scheme employer given that a connected entity is included in the financial statements of the scheme employer.

Although connected entities are "Designating Bodies" under the Regulations, they have similar characteristics to admitted bodies (in that there is an "outsourcing employer"). However, the Regulations do not strictly require such bodies to have a guarantee from a scheme employer.

However, to limit the risk to the Fund, the Fund will require that the scheme employer provides a guarantee for their connected entity, in order that the ongoing funding basis will be applied to value the liabilities.

CHILDREN'S CENTRE TRANSFER TO ACADEMY TRUSTS

Local education authorities have an obligation to provide Children's Centres under the Childcare Act 2006. The Act places duties on these authorities in relation to establishing and running Children's Centres and therefore the financial obligation to cover the LGPS costs of eligible staff remains a responsibility of the local education authority regardless of service delivery vehicle. The local education authority is liable for all the LGPS liabilities of the Children's Centre.

As the staff cannot be employed directly by an Academy or Academy Trust, the South Yorkshire Pension Fund will permit admission of a separate participating employer (with its own contribution rate requirements based on the transferring staff), through a tri-partite admission agreement between the South Yorkshire Pension Fund, the Local Education Authority of the ceding Council and the body responsible for managing the Children's Centre (this could be an Academy Trust or private sector employer).

SECOND GENERATION OUTSOURCINGS FOR STAFF NOT EMPLOYED BY THE SCHEME EMPLOYER CONTRACTING THE SERVICES TO AN ADMITTED BODY

A 2nd generation outsourcing is one where a service is being outsourced for the second time, usually after the previous contract has come to an end. For Best Value Authorities, principally the unitary authorities, they are bound by The Best Value Authorities Staff Transfers (Pensions) Direction 2007 so far as 2nd generation outsourcings are concerned. In the case of most other employing bodies, they should have regard to Fair Deal Guidance issued by the Government.

It is usually the case that where services have previously been outsourced, the transferees are employees of the contractor as opposed to the original scheme employer and as such will transfer from one contractor to another without being re-employed by the original scheme employer. There are even instances where staff can be transferred from one contractor to another without ever being employed by the outsourcing scheme employer that is party to the Admission Agreement. This can occur when one employing body takes over the responsibilities of another, such as a maintained school (run by the local education authority) becoming an academy. In this instance the contracting body is termed a 'Related Employer' for the purposes of the Local Government Pension Scheme Regulations and is obliged to guarantee the pension liabilities incurred by the contractor

"Related employer" is defined as "any Scheme employer or other such contracting body which is a party to the admission agreement (other than an administering authority in its role as an administering authority)".

LGPS REGULATIONS 2013: SCHEDULE 2 PART 3, PARA 8

Where, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission agreement must provide that the admission body secures a guarantee in a form satisfactory to the administering authority from—

(a) a person who funds the admission body in whole or in part;

(b) in the case of an admission body falling within the description in paragraph 1(d), the Scheme employer referred to in that paragraph;

> *(d) a body that is providing or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of—*
>
> *(i) the transfer of the service or assets by means of a contract or other arrangement,*
>
> *(ii) a direction made under section 15 of the Local Government Act 1999 (115) (Secretary of State's powers),*
>
> *(iii) directions made under section 497A of the Education Act 1996 (116) ,*

(c) a person who—

(i) owns, or

(ii) controls the exercise of the functions of, the admission body; or

In accordance with the above Regulations, the Fund requires a guarantee from the related employer. The related employer may seek a bond from the admitted body taking into account the risk assessment carried out by the Fund actuary.

ILL-HEALTH CAPTIVE

Those employers determined by the administering authority as being automatically eligible for the ill-health captive arrangement on entry to the Fund are as follows:

- Academies
- Admitted Bodies formerly known as Community Admission Bodies
- Designating / Resolution Bodies
- Transferee Admission Bodies
- All other bodies with less than 100 members

EXITING THE FUND

INTRODUCTION

Admission bodies are required to have an "admission agreement" with the Fund. In conjunction with the Regulations, the admission agreement sets out the conditions of participation of the admission body including which employees (or categories of employees) are eligible to be members of the Fund.

A list of all current admission bodies participating in the Fund is published in the Fund's annual report http://www.sypensions.org.uk/Publications/Annual-Reports

TERMINATION POLICY

When an employer's participation in the Fund comes to its end, or is prematurely terminated for any reason (e.g. a contract with a local authority comes to an end or the employer chooses to voluntarily cease participation), employees may transfer to another employer, either within the Fund or elsewhere. If this is not the case the employees will retain pension rights within the Fund i.e. either deferred benefits or immediate retirement benefits.

In addition to any liabilities for current employees the Fund will also retain liability for payment of benefits to former employees, i.e. to existing deferred and pensioner members.

Where the Fund obtains advance notice that an employer's participation is coming to an end, the Regulations enable the Fund to commission a funding assessment leading to a revised contribution certificate which is designed to eliminate, as far as possible, any surplus or deficit by the cessation date.

Whether or not an interim contribution adjustment has been initiated once participation in the Fund has ceased, the employer becomes an exiting employer under the Regulations and the Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of benefits of the exiting employer's current and former employees along with a revision of the rates and adjustment certificate showing any contributions due from the admission body.

When an employer exits the Fund the Regulations give power to the Fund to set a repayment plan to recover the outstanding debt over a period at its sole discretion and this will depend on the affordability of the repayments and financial strength of the exiting employer. Once this repayment plan is set the payments would not be reviewed for changes in the funding position due to market or demographic factors.

The Fund's policy for termination payment plans is as follows:

- The default position is for exit payments and exit credits to be paid immediately in full unless there is a risk sharing arrangement in place with a separate guarantor in the Fund. In these cases the default position is no exit credit will be paid as default unless representation is made by the parties to the contrary.
- At the discretion of the administering authority, instalment plans over a defined period will only be agreed when there are issues of affordability that risk the financial viability of the organisation and the ability of the Fund to recover the debt.
- Any costs associated with the exit valuation will be paid by the employer by either increasing the exit payment or reducing the exit credit by the appropriate amount. In the case of an employer where the exit debt/credit is the responsibility of the original employer through a

risk sharing agreement the costs will be charged directly to the employer unless the original employer directs otherwise.

In the event that unfunded liabilities arise that cannot be recovered from the exiting employer, these will normally fall to be met by the Fund as a whole (i.e. all employers) unless there is a guarantor or successor body within the Fund.

BASIS OF TERMINATION

Whilst reserving the right to consider the options on a case by case basis, the Fund's general policy is that a termination assessment will be made based on a more cautious "minimum risk" funding basis, unless a Transferor Body (e.g. guaranteeing employer within the Fund) exists to take over the admission body's liabilities (including those for former employees). This is to protect the other employers in the Fund as, at termination, the admitted body's liabilities will become "orphan liabilities" within the Fund, and there will be no recourse to the admission body if a shortfall emerges in the future (after the admission has terminated).

Under the "minimum risk" basis of termination the discount rate assumption used will be derived to be consistent with a lower risk investment strategy linked to low risk income generating assets such as bonds. At the 2019 valuation date the discount rate adopted would have been 1.5% per annum. The "minimum risk" assumptions will be updated on a case-by-case basis, with reference to prevailing market conditions at the relevant employing body's cessation date. This is subject to the financial assumptions used being no less cautious than the equivalent valuation assumptions updated appropriately based on the advice of the actuary.

In addition to using a more cautious discount rate, the Actuary will also use a more cautious mortality assumption when assessing the size of the liabilities for termination purposes. In particular, the Actuary will assume a higher improvement rate for future improvements to life expectancy than is used for ongoing funding purposes. Where it is appropriate to apply a more cautious assumption the Actuary will assume that the accelerated trend in longevity seen in recent years will continue in the longer term and as such, the assumption will build in a minimum level of longevity 'improvement' year on year in the future in line with the CMI projections subject to a minimum rate of improvement of 2% per annum for males and females, compared to 1.75% per annum used in the 2019 valuation for ongoing funding and contribution purposes. This assumption will be reviewed from time to time to allow for any material changes in life expectancy trends and will be formally reassessed at the next valuation.

In addition, since the valuation date, it has been announced that RPI inflation is likely to be reformed with the reform potentially meaning the index is closer to the CPIH inflation measure. This would need to be reflected when deriving an updated market estimate of CPI inflation. For example when assessing a termination position (at February 2020) we will adjust the market RPI inflation to arrive at the CPI inflation assumption by deducting 0.7% per annum as opposed to the 1.0% per annum at the valuation date when assessing an employer's termination position. This adjustment will be kept under review as more details emerge on the reform of RPI.

If a Transferor Body exists to take over the admission body's liabilities, the Fund's policy is that the most recent valuation funding basis will be used for the termination assessment updated for market yields and inflation applying at the termination date. The Transferor Body will then, following any termination payment made, subsume the assets and liabilities of the admission body within the Fund (sometimes known as the "novation" of the admission agreement). This will include the novation to the Transferor Body of any funding deficit (or surplus) on closure, which the Authority has been unable to resolve with the exiting employer or its insurer, indemnifier or bondsman.

Subject to sufficient financial covenant and at the sole discretion of the Administering Authority an employer may continue to participate in the Fund with no contributing members under the Deferred Debt arrangement, should the relevant regulations be changed as discussed in the earlier sections above

IMPLEMENTATION

The policy for employers who have a guarantor participating in the Fund:

The residual assets and liabilities and hence any surplus or deficit will transfer back to the guarantor as a default policy. The interested parties will need to consider any separate contractual agreements that have been put in place between the exiting employer and the guarantor. In some instances an exit credit or debt may be payable by an employer before the assets and liabilities are subsumed by the guarantor, this will be considered on a case-by-case basis.

If there is any dispute, then the following arrangements will apply:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make formal representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.
- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of completion of the cessation assessment by the Actuary.
- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance although if this is not possible then the deficit will be recovered from the guarantor either as a further contribution collection or at the next valuation.

In some instances, the outgoing employer may only be responsible for part of the residual deficit or surplus as per the separate risk sharing agreement. The default is that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor unless representation is made by the relevant parties in line with the Regulations (as noted above). For the avoidance of doubt, where the outgoing employer is not responsible for any costs under a risk sharing agreement then no exit credit will be paid as per the Regulations, provided that the Fund is aware of the provisions of the risk sharing agreement in any representation made

The Fund will inform the guarantor of the exiting employer's request to receive the surplus before making payment of the exit credit. However, the Fund will not become embroiled in any disagreement over the refund of any surplus which is contrary to commercial agreements.

Ultimately the Fund will have to comply with the Regulations and therefore pay any exit credit should this be deemed appropriate once representations have been made. It is then up to the guarantor to contest the surplus payment citing the commercial contract in place and the desire for equal treatment in the event of a deficit.

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment, however the final remedy is not known. Where a surplus or deficit is being subsumed, no allowance will be made for McCloud within the calculations. However, if a representation is made to the Administering Authority then a reasonable estimate for the potential cost of McCloud will need to be included. This will be calculated in line with the treatment set out in this Funding Strategy Statement for all members of the outgoing employer. For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made. Once the remedy is known, any calculations will be performed in line with the prevailing regulations and guidance in force at the time.

In the event of parties unreasonably seeking to crystalise the exit credit on termination unreasonably the Fund will consider its overall policy and seek to recover termination deficits as opposed to allowing them to be subsumed with no impact on contribution requirements until the next assessment of the contribution requirements for the guarantor. Equally where a guarantor decides not to underwrite the residual liabilities then the basis on termination the basis of assessment will assume the liabilities are orphaned and the minimum risk basis of termination will apply.

As the guarantor will absorb the residual assets and liabilities under the default policy above, it is the view of the Actuary that the ongoing valuation basis described above should be adopted for the termination calculations. This is the way the initial admission agreement would typically be structured i.e. the admission would be fully funded based on liabilities assessed on the valuation basis.

If the guarantor refuses to take responsibility, then the residual deferred pensioner and pensioner liabilities should be assessed on the more cautious minimum risk basis. In this situation the size of the termination payment would also depend on what happened to the active members and if they all transferred back to the original Scheme Employer (or elsewhere) and aggregated their previous benefits. As the transfer would normally be effected on a "fully funded" valuation basis the termination payment required would vary depending on the circumstances of the case. Where this occurs the exiting employer would then be treated as if it had no guarantor as per the policy below.

The Administering Authority also reserves the right to modify this approach on a case by case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary, based on representations from the interested parties where appropriate.

NON CONTRACT BASED ADMISSION BODIES WITH A GUARANTOR IN THE FUND

The approach for these will be the same as that above and will depend on whether the guarantor is prepared to accept responsibility for residual liabilities. Indeed, it may be that Fund is prepared to accept that no actual termination payment is needed (even if one is calculated) and that all assets/liabilities can simply be absorbed by the guarantor.

The policy for employers who do not have a guarantor participating in the Fund:

In the case of a surplus, the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of completion of the cessation by the Actuary). This is subject to the exiting employer providing sufficient notice to the Fund of their intent to exit; any delays in notification will impact on the payment date.

In the case of a deficit, the Fund would require the exiting employer to pay the termination deficit to the Fund as an immediate lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process.

The Administering Authority also reserves the right to modify this approach on a case by case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary.

Where an employer with no guarantor leaves the Fund and leaves liabilities with the Fund, which the Fund must meet without recourse to that employer, the valuation of the termination payment, will be calculated using a discount rate based on the minimum risk basis of termination.

The Government has confirmed that a remedy is required for the LGPS in relation to the McCloud judgment, however the final remedy is not known. Where a surplus or deficit is being subsumed, no allowance will be made for McCloud within the calculations. However, if a representation is made to the Administering Authority then a reasonable estimate for the potential cost of McCloud will need to be included. This will be calculated in line with the treatment set out in this Funding Strategy Statement for all members of the outgoing employer. For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made. Once the remedy is known, any calculations will be performed in line with the prevailing regulations and guidance in force at the time

EMPLOYERS THAT JOINED VIA THE 'DEEMED EMPLOYER' ROUTE

Should the "Deemed Employer" route be made available following a change to the Regulations, in the event of cessation, the assets and liabilities will remain with the outsourcing scheme employer and no termination assessment or payment will be required.

CONNECTED ENTITIES

In the event of cessation, the connected entity will be required to meet any outstanding liabilities valued in line with the approach outlined above. In the event there is a shortfall, the assets and liabilities will revert to the Fund as a whole (i.e. all current active employers).

In the event that a scheme employer provides a guarantee for their connected entity, the assets and liabilities will revert in totality to that scheme employer on termination, including any unrecovered deficit.

RELEVANT REGULATIONS WITHIN THE LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013 (AS AMENDED BY THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018)

Regulation 64 sets out special circumstances where revised actuarial valuations and certificates must be obtained including Regulation 64 (2) where an admission agreement ceases to have effect, the Administering Authority who made it must obtain –

- an actuarial valuation as at the date it ceases the liabilities in respect of current and former employees of the admission body which is a party to that admission agreement ("the outgoing admission body"),

- a revision of any rates and adjustments certificate for any Pension Fund which is affected, showing the exit payment due from the exiting body or exit credit payable to the exiting body. Where it is not possible for any reason to obtain revised contributions from the exiting body, or from an insurer or any person providing an indemnity or bond on behalf of the body, the Administering Authority may obtain a further revision of any rates and adjustment certificate for the Pension Fund, showing –

a) in the case where the exiting body falls within paragraph 1(d) of Part 3 of Schedule 2 the revised contributions due from the body which is the related employer in relation to that admission body, and

b) in any other case, the revised contributions due from each employing authority who contributes to the fund.

If the Administering Authority becomes aware or is of the opinion of a Scheme employer becoming an exiting employer, Regulation 64 (4) provides that it may obtain from an actuary a certificate specifying, in the case of an admission body, the percentage or amount by which, in the actuary's opinion –

- the contribution at the primary rate should be adjusted, or
- any prior secondary rate adjusted should be increased or reduced, with a view to providing that assets equivalent to the exit payment that will fall due from the Scheme employer are provided to the fund by the likely exit date or, where the Scheme employer is unable to meet the liability by that date, over such period of time thereafter as the administering authority considers reasonable.

APPENDIX D - ACADEMIES / MULTI-ACADEMY TRUSTS

ACADEMY CONVERSIONS AND DEFICIT TRANSFERS

The Fund's policy regarding the treatment of schools when converting to academy status is for the new academy to inherit the school's share of the historic local authority deficit prior to its conversion. This is in accordance with the Department for Education (DfE) guidance issued when the Academy conversion programme was extended to cover all schools.

Therefore, the transferring deficit is calculated as the capitalised amount of deficit funding contributions (based on the local authority deficit recovery period) the school would have made to the Fund had it not converted to academy status. This deficit amount is subject to a limit to ensure that the minimum asset share of the new academy is nil.

If the contribution rate for a local authority does not include any allowance for deficit funding contributions at the point at which a school converts to academy status, then no deficit will be allocated to the academy at the point of conversion.

MULTI ACADEMY TRUSTS

Multi Academy Trusts (MATS) are groups of Academies managed and operated by one proprietor. The employer of non-teaching staff in Academies is the proprietor of the Academy Trust and not the individual Academy within the Trust. It is therefore the proprietor who is the employer for LGPS purposes making the MAT legally responsible for staff across all schools in the pool.

Within a MAT all Academies are governed by one Trust and a Board of Directors. The MAT holds ultimate responsibility for all decisions regarding the running of the individual Academies, however, the governing bodies of the individual academies remain in place and the MAT will need to decide the extent to which it delegates functions to these governing bodies to enable more focused local control.

Multi-Academy Trusts are set up to cover a number of academies across England. The employees of the former schools can be employed directly by the Trust so they can be deployed across different academy schools in the Trust if necessary.

In cases where numerous academies which participate in the Fund are in the same Multi-Academy Trust, the Fund's default position is that the combined funding position and average contribution requirements will apply (unless the Multi-Academy Trust requests separate contribution rates). Notwithstanding this, the Fund will continue to track the constituent academies separately on an approximate basis, in the interests of transparency and clarity around entry and exit of individual academies to the Trust in future.

APPROACH TO SETTING CONTRIBUTION RATES

The South Yorkshire Pension Fund must have a separate employer number for each academy for transparency of cashflows, managing risks should an academy need to leave one Trust for another and for accounting reporting where disaggregated disclosure reports are required. It should also be noted that, at the present time, the Department for Education (DfE) have confirmed that guarantee relates to individual academies and MATs.

As commented above, unless requested otherwise by the MAT, the Fund's policy is that the actuary will certify a common primary rate for all the academies within the MAT bearing in mind that the risks of under and over payments will be shared by all academies in the MAT pool. The Fund has requested confirmation from the DfE that the guarantee extends to MATs. In the event that MATs are not guaranteed, the Fund will review any option for MATs to have a common primary rate.

The past service deficit will still be assessed at an individual academy level so that it only relates to the staff of the respective academy. The ceding local authority requires a corresponding adjustment for the share of the deficit that transfers on conversion therefore individual academy figures will be required. In line with the approach adopted for the Primary Rate, the Fund's policy is that the actuary will certify a combined secondary rate for all academies within the MAT unless requested otherwise by the MAT.

Any new academies joining an existing MAT pool in the South Yorkshire Pension Fund can contribute at the employer contribution rate already established for the MAT but an actuarial assessment will still need to be carried out to determine the deficit applicable to the transferring staff and thus the additional secondary rate contributions payable.

For any academies who exit a MAT pool during the inter-valuation cycle, the MATs secondary rate contributions will be adjusted at the point of exit, based on the outcomes for the exiting academy at the most recent actuarial valuation.

OUTSOURCINGS BY MULTI ACADEMY TRUSTS

The South Yorkshire Pension Fund's current policy is in accordance with the regulations requiring a separate admission agreement in respect of separate contracts.

Under **Schedule 2, Part 3, paragraph 5. of the 2013 Regulations**, if the admission body is exercising the functions of the Scheme employer in connection with more than one contract or other arrangement under paragraph 1(d)(i), the administering authority and the admission body shall enter into a separate admission agreement in respect of each contract or arrangement.

The Fund will need to have sight of the contract in order to satisfy the regulatory requirement that the Admission Agreement covers one contract. The Admission Agreement will need to have provision for adding future employees should any academies join the MAT subsequent to the commencement date.

The Scheme employer, the Multi Academy Trust in this instance, needs to be a party to any admission agreement and, as such, is the ultimate guarantor. In the event of contractor failure, the LGPS regulations provide that the outstanding liabilities assessed by the Fund's actuary can be called from the Scheme employer i.e. the Multi Academy Trust.

If academies are to comply with "new" Fair Deal guidance, employees carrying out a service on behalf of the Academies must be allowed continued access to the LGPS. This can be achieved by entering into an Admission Agreement with the Administering Authority, Multi Academy Trust and the contractor (admitted body).

At every triennial valuation the actuary reviews the funding level of the admitted body and adjusts its employer contribution rate as required. Once either the service contract comes to an end or all the LGPS members have left, the admission agreement terminates and, in accordance with Fund policy, the Fund will commission a cessation valuation in all cases from the Fund actuary to recovery any outstanding deficit unless instructed otherwise by the Trust. The Trust will then become responsible for the assets and liabilities standing to the account of the admitted body.

APPENDIX E – COVENANT ASSESSMENT AND MONITORING POLICY

An employer's covenant underpins its legal obligation and ability to meet its financial responsibilities now and in the future. The strength of covenant depends upon the robustness of the legal agreements in place and the likelihood that the employer can meet them. The covenant effectively underwrites the risks to which the Fund is exposed, including underfunding, longevity, investment and market forces.

An assessment of employer covenant focuses on determining the following:

> Type of body and its origins
> Nature and enforceability of legal agreements
> Whether there is a bond in place and the level of the bond
> Whether a more accelerated recovery plan should be enforced
> Whether there is an option to call in contingent assets
> Is there a need for monitoring of ongoing and termination funding ahead of the next actuarial valuation?

The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is vital.

RISK CRITERIA

The assessment criteria upon which an employer should be reviewed could include:

- Nature and prospects of the employer's industry
- Employer's competitive position and relative size
- Management ability and track record
- Financial policy of the employer
- Profitability, cashflow and financial flexibility
- Employer's credit rating
- Position of the economy as a whole

Not all of the above would be applicable to assessing employer risk within the Fund; rather a proportionate approach to consideration of the above criteria would be made, with further consideration given to the following:

- The scale of obligations to the pension scheme relative to the size of the employer's operating cashflow
- The relative priority placed on the pension scheme compared to corporate finances

- An estimate of the amount, which might be available to the scheme on insolvency of the employer as well as the likelihood of that eventuality.

ASSESSING EMPLOYER COVENANT

The employer covenant will be assessed objectively and its ability to meet their obligations will be viewed in the context of the Fund's exposure to risk and volatility based on publically available information and/or information provided by the employer. The monitoring of covenant strength along with the funding position (including on the termination basis) enables the Fund to anticipate and pre-empt employer funding issues and thus adopt a proactive approach. In order to objectively monitor the strength of an employer's covenant, adjacent to the risk posed to the Fund, a number of fundamental financial metrics will be reviewed to develop an overview of the employer's stability and a rating score will be applied using a Red/Amber/Greed (RAG) rating structure.

In order to accurately monitor employer covenant, it will be necessary for research to be carried out into employers' backgrounds and, in addition, for those employers to be contacted to gather as much information as possible. Focus will be placed on the regular monitoring of employers with a proactive rather than reactive view to mitigating risk.

The covenant assessment will be combined with the funding position to derive an overall risk score. Action will be taken if these metrics meet certain triggers based on funding level, covenant rating and the overall risk score.

FREQUENCY OF MONITORING

The funding position and contribution rate for each employer participating in the Fund will be reviewed as a matter of course with each triennial actuarial valuation. However, it is important that the relative financial strength of employers is reviewed regularly to allow for a thorough assessment of the financial metrics. The funding position will be monitored (including on the termination basis) using an online system provided to officers by the Fund Actuary.

Employers subject to a more detailed review, where a risk criterion is triggered, will be reviewed at least every six months, but more realistically with a quarterly focus.

COVENANT RISK MANAGEMENT

The focus of the Fund's risk management is the identification and treatment of the risks and it will be a continuous and evolving process which runs throughout the Fund's strategy. Mechanisms that will be explored with certain employers, as necessary, will include but are not limited to the following:

1. Parental Guarantee and/or Indemnifying Bond.
2. Transfer to a more prudent actuarial basis (e.g. the termination basis).
3. Shortened recovery periods and increased cash contributions.
4. Managed exit strategies and bespoke investment strategies in the run up to exit.
5. Contingent assets and/or other security such as escrow accounts.

APPENDIX F – ILL-HEALTH CAPTIVE INSURANCE ARRANGEMENT

OVERVIEW

With effect from 1 October 2014, for certain employers in the Fund, following discussions with the Fund Actuary and after considering potential alternative insurance arrangements, a captive insurance arrangement was established by the administering authority to cover ill-health retirement costs.

The captive arrangement operates as follows:

- "Premiums" are paid by the eligible employers into a captive fund which is tracked separately by the Fund Actuary in the valuation calculations.
- The captive fund is then used to meet strain costs emerging from ill-health retirements i.e there is no impact on funding position for employers within the captive
- Any shortfall in the captive fund is effectively be underwritten by all other employers within the Fund i.e. with potential for increases to their own contribution requirements at subsequent actuarial valuations to meet the shortfall. If any excess funds are built up in the Captive, some or all of those excess funds will be held in reserve to act as a contingency against future adverse experience at the discretion of the administering authority based on the advice of the actuary,
- Premiums payable subject to review from valuation to valuation depending on experience and included in employer rates.
- Over the longer-term, given the regular review of the premiums payable into the Captive fund there would be expected to be no net cost to those employers underwriting the Captive Fund in the long-term i.e. any fluctuations in their own contribution requirements arising from experience would smooth out over time.

EMPLOYERS

Those employers (both existing and new) determined by the administering authority as being eligible for the arrangement are as follows:

- Academies and former Grant Maintained Schools
- Admitted Bodies formerly known as Community Admission Bodies
- Designating / Resolution Bodies
- Transferee Admission Bodies
- Other scheduled bodies meeting certain criteria at the inception of the arrangement.
- All other bodies with less than 100 members

For all other employers who do not form part of the captive arrangement, the any costs associated with ill-health retirements will emerge as part of subsequent actuarial assessments.

The Fund and the Actuary will also monitor the number of retirements that each captive employer is granting over time. If any employer has an unusually high incidence of ill health retirements, consideration will be given to the governance around the eligibility criteria applied by the employer and it is possible that some or all of the costs would fall on that employer if the governance was not deemed strong enough.

PREMIUM REVIEW

As part of each actuarial valuation exercise (or earlier review if appropriate), the Fund Actuary will review the experience of the captive fund since the last review.

Should the premiums paid into the captive fund over the period not be sufficient to cover the ill-health retirement costs emerging, any shortfall in the fund will be allocated across all those employers within the Fund underwriting the captive. If any excess funds are built up in the Captive, some or all of those excess funds will be held in reserve to act as a contingency against future adverse experience at the discretion of the administering authority based on the advice of the actuary.

The ongoing premium payable by those employers within the captive fund will also be assessed as part of this process and will be set by the Actuary to cover the period until the next review (e.g. to the next actuarial valuation assessment). The Premiums that will be assessed will take into account the expected level of future ill-health retirements across those employers within the captive and also to reflect any adverse/favourable experience where appropriate.

APPENDIX G - GLOSSARY

Actuarial Valuation: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement.

Benchmark: a measure against which fund performance is to be judged.

Best Estimate Assumption: an assumption where the outcome has a 50/50 chance of being achieved.

Bonds: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

Career Average Revalued Earnings Scheme (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

Corporate Bond Basis: an approach where the discount rate used to assess the liabilities is determined based on the market yields of high quality corporate bond investments (usually at least AA rated) based on the appropriate duration of the liabilities being assessed. This is usually adopted when an employer is exiting the Fund.

Contingent Assets: assets held by employers in the Fund that can be called upon by the Fund in the event of the employer not being able to cover the debt due upon termination. The terms will be set out in a separate agreement between the Fund and employer.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differs from those of RPI. These goods are expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

CPIH: An alternative measure of CPI which includes owner-occupiers' housing costs and Council Tax (which are excluded from CPI).

Deficit: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets.

Discount Rate: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value.

Employer Covenant: the degree to which an employer participating in an occupational pension scheme is willing and able to meet the funding requirements of the scheme.

Employer's Future Service Contribution Rate: the contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses.

Equities: shares in a company, which are bought and sold on a stock exchange.

Equity Protection: an insurance contract, which provides protection against, falls in equity markets. Depending on the pricing structure, this may be financed by giving up some of the upside potential in equity market gains.

Exit Credit: the amount payable from the Fund to an exiting employer where the exiting employer is determined to be in surplus at the point of cessation based on a termination assessment by the Fund Actuary.

Funding or Solvency Level: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

Funding Strategy Statement: This is a key governance document that outlines how the administering authority will manage employer's contributions to the Fund.

Solvency Funding Target: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the past service liabilities assessed on the ongoing concern basis.

Government Actuary's Department (GAD): the GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.

Ill-Health Captive: this is a notional fund designed to immunise certain employers against excessive ill-health costs in return for an agreed insurance premium.

Investment Strategy: the long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

Past Service Liabilities: this is the present value of the benefits accrued by members up to the valuation date. It is assessed based on a set of assumptions agreed between the Administering Authority and the Actuary.

Percentiles: relative ranking (in hundredths) of a particular range. For example, in terms of expected returns a percentile ranking of 75 indicates that in 25% of cases, the return achieved would be greater than the figure, and in 75% of cases, the return would be lower.

Prepayment: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced compared to the certified amount to reflect the early payment.

Present Value: the value of projected benefit payments, discounted back to the valuation date.

Prudent Assumption: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be overstated than understated. Legislation requires the assumptions adopted for an actuarial valuation to be prudent.

Real Return or Real Discount Rate: a rate of return or discount rate net of CPI inflation.

Recovery Plan: a strategy by which an employer will make up a funding deficit over a specified period of time ("the recovery period", as set out in the Funding Strategy Statement.

Section 13 Valuation: in accordance with Section 13 of the Public Service Pensions Act 2014, the Government Actuary's Department (GAD) have been commissioned to advise the Department for Communities and Local Government (DCLG) in connection with reviewing the 2019 LGPS actuarial valuations. All LGPS Funds therefore will be assessed on a standardised set of assumptions as part of this process.

50/50 Scheme: in the LGPS, active members are given the option of accruing a lower benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

MERCER

Report on the actuarial valuation as at 31 March 2019

South Yorkshire Pension Fund

31 March 2020

Contents

Appendices

Introduction

This report is addressed to South Yorkshire Pensions Authority ("the Administering Authority") as the Administering Authority of the South Yorkshire Pension Fund ("the Fund") and is provided to meet the requirements of Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended) ("the Regulations"). It describes the factors considered by the Administering Authority when carrying out the actuarial valuation as at 31 March 2019 and the decisions reached as a result.

The purpose of the actuarial valuation is for the Administering Authority to determine:

- The expected cost of providing the benefits built up by members at the valuation date (the "liabilities"), and compare this against the funds held by the Fund (the "assets").
- The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs incurred in running the Fund (the 'Primary Contribution Rate').
- An appropriate plan for making up the shortfall if the Fund has less assets than liabilities. This plan will cover the amounts which will need to be paid (the 'Secondary Contribution Rate') and the timeframe over which they will be paid ('the Recovery Period').

Signature		
Name	Paul Middleman	Clive Lewis
Qualification	Fellow of the Institute and Faculty of Actuaries	Fellow of the Institute and Faculty of Actuaries
Date	31 March 2020	

This report uses various technical terms. These are explained in more detail in the explanatory boxes which appear throughout this report, and in the Glossary at Appendix I.

This report has been prepared in accordance with Technical Actuarial Standards TAS 100: Principles for Technical Actuarial Work and TAS 300: Pensions which are issued by the Financial Reporting Council. The calculations referred to in the report use methods and assumptions appropriate for reviewing the financial position of the Fund and determining a contribution rate for the future. Mercer does not accept liability to any third party in respect of this report; nor do we accept liability to the Administering Authority if the information provided in this report is used for any purpose other than that stated. The report may be disclosed to members and others who have a statutory right to see it. It may also be disclosed to any participating employer and, if the Administering Authority and Mercer consent, it may be disclosed to other third parties.

1 Funding Strategy – Key Elements

Fundamental to the valuation results is the funding strategy adopted by the Fund. This funding strategy is set out in a specific document (the Funding Strategy Statement or FSS for short) which is one of the Administering Authority's key governance documents for the Fund. In essence, the FSS sets out an overview of the approach to be used for the actuarial valuation. Amongst other things it outlines the assumptions, both economic and demographic, to be used in calculating the value of the liabilities built up, the contributions required to correct any funding shortfall or surplus, and the contribution rate required to fund the benefits for future service. It also sets out the strategy for making good any funding shortfall, in particular how any shortfall is expected to be financed in terms of the balance between future contributions and future investment returns, and the period over which any surplus or shortfall is expected to be recovered.

> The FSS is the Administering Authority's key governance document in relation to the actuarial valuation. It sets out the funding policies adopted, the actuarial assumptions used, and the timescales over which deficits will be paid off. Employers are consulted about the FSS as part of the actuarial valuation process.

The principal elements of the funding strategy adopted for this actuarial valuation are as follows:

- The McCloud judgment (see Appendix D for details) – the Solvency Funding Position and Primary Contribution Rate set out in Section 2 of this report do not include an allowance in relation to the potential cost of the McCloud judgment. However, an estimate of the effect of the judgment for the whole Fund is shown at the end of that section. Each employer has been notified of a reasonable estimate of the potential cost of the judgment and given the option to pay additional contributions over 2020/23 in respect of this, which would not be reviewed until the next actuarial valuation unless this is a requirement of the final, remedy process. Once the final remedy for McCloud is known, employers who did not make an allowance in their rates will be notified of the costs and any additional payments required.

> The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all schemes including the LGPS. This is likely to result in increased costs for some employers. This remedy is not yet agreed but guidance issued requires that the each Fund sets out its policy on addressing the implications.

- Assumed rate of future long term average CPI inflation – 2.4% p.a., based on the yields available on gilts and index-linked gilts of appropriate duration less an adjustment of 1% p.a. to allow for the difference between market-implied future RPI and estimated future CPI inflation.
- Real investment returns over and above CPI for past service – 1.50% p.a., based on the anticipated real returns achievable on the Fund's expected long-term investment strategy with a suitable margin for prudence.
- Real investment returns over and above CPI for future service – 2.35% p.a., based on the anticipated real returns achievable on future invested contributions.

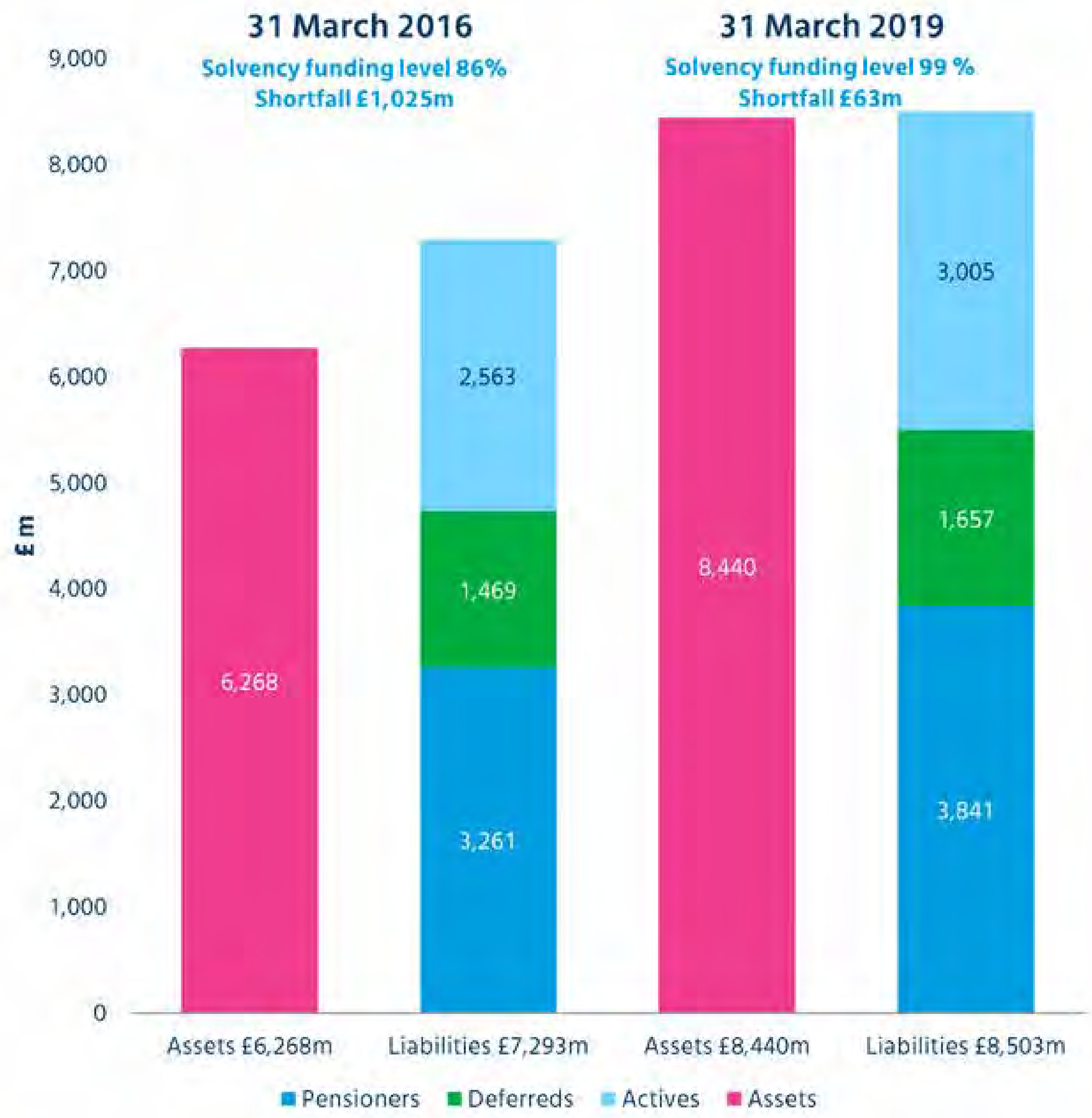
- Future pay growth – 3% p.a. over the 4 years to April 2023, taking into account the government's policy on pay restraint in the public sector, and then 1.25% p.a. over and above CPI in the longer term.
- Baseline life expectancy based on a scheme-specific mortality study.
- Future mortality improvements based on the CMI 2018 model with a long-term improvement trend of 1.75% p.a.
- An average recovery period of 15 years for correcting any imbalance between the existing assets and past service liabilities. The FSS sets out the circumstances in which this might vary from one employer to another.

2

Key results of the funding assessment

Solvency funding position

The table below compares the assets and liabilities of the Fund at 31 March 2019. Figures are also shown for the last valuation as at 31 March 2016 for comparison.



The chart shows that **at 31 March 2019 there was a shortfall of £63m** against the Fund's solvency funding target. An alternative way of expressing the position is that **the Fund's assets were sufficient to cover 99% of its liabilities** – this percentage is known as the solvency funding level of the Fund.

At the previous valuation at 31 March 2016 the shortfall was £1,025m, equivalent to a solvency funding level of 86%. The key reasons for the changes between the two valuations are considered in Section 4.

The liability value at 31 March 2019 shown in the table above is known as the Fund's "solvency funding target". The solvency funding target is calculated using assumptions that the Administering Authority has determined are appropriate having consulted with the actuary, and are also set out in the FSS.

> The LGPS Regulations require the contributions to be set so as to secure the Fund's solvency and long-term cost efficiency. In this context solvency means being able to meet the liabilities as and when they arise, with long-term cost efficiency meaning that contribution levels should not be set so as to give rise to additional costs at a later date. In practice, contribution levels have been set so as to target a solvency funding level of 100%, based on the funding parameters outlined in Section 2 above.

Further details of the way in which the solvency funding target has been calculated are set out in Appendix A.

Primary Contribution Rate

The valuation looks at the normal employer contribution rate required to cover the cost of the benefits (including death benefits and expenses) that will be built up over the year after the valuation date (the "Primary Contribution Rate"). A summary of the assumptions used is provided in Appendix A.

> The "Primary rate" of the employers' contribution is the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs.

The table below gives a breakdown of the Primary Contribution Rate at 31 March 2019 and also shows the corresponding rate at 31 March 2016 for comparison. In calculating the average Primary Contribution Rate we have not made any allowance for future members to opt for the 50:50 scheme

Active members pay contributions to the Fund as a condition of membership in line with the rates required under the governing Regulations (see Appendix D).

	% of Pensionable Pay	
PRIMARY CONTRIBUTION RATE	**31 March 2019**	**31 March 2016**
Normal Contribution rate for retirement and death benefits	22.0	21.0
Allowance for administrative expenses	0.5	0.4
Total normal contribution rate	22.5	21.4
Average member contribution rate	6.4	6.4
Primary contribution rate*	16.1	15.0

** In line with updated CIPFA guidance, the 2019 Primary Contribution Rate is the weighted average of the individual employer Primary Contribution Rates as derived based on their individual circumstances (e.g. whether or not they are closed to new entrants).*

Correcting the imbalance – Secondary Contribution Rate

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is usually appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted is 15 years, and the total initial recovery payment (the "Secondary rate" for 2020/21) is an addition of approximately £20.0m plus 0.7% of pensionable pay (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), including the estimated costs in relation to the McCloud judgment and prepayments where appropriate.

> The "Secondary rate" of an individual employer's contribution is an adjustment to the Primary Contribution Rate to reflect any past service deficit or surplus, to arrive at the rate the employers are required to pay.

The Secondary rate for 2020/21 quoted above does not include any allowance for the advance payment of deficit contributions by Sheffield City Council and Borders to Coast Pension Partnership prior to 31 March 2020 (totaling £3.7m).

The McCloud Judgment

As described in Section 1 of this report, the **Solvency Funding Position and Primary Contribution Rate** figures do **not** include an allowance for the estimated cost of the McCloud judgment. However, at the overall Fund level we estimate that the cost of the judgment could be an increase in past service liabilities of broadly £74 million and an increase in the Primary Contribution rate of 0.7% of Pensionable Pay per annum.

> The "McCloud judgment" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all schemes including the LGPS. This is likely to result in increased costs for some employers. This remedy is not yet agreed but guidance issued requires that each Fund sets out its policy on addressing the implications.

To the extent that employers have opted to pay additional contributions over 2020/23 in relation to the McCloud judgment, these emerge in the **Secondary Contribution Rate figures** quoted above.

Overall, based on the decisions taken by employers, it is expected that an additional £38.4m will be paid into the Fund over 2020/23 as a provision in relation to the potential costs emerging from the McCloud judgment. This represents 97% of the total £39.7m calculated across all employers. It also represents approximately 8% of the total contributions (Primary and Secondary Rate) payable over 2020/23.

3

Experience since last valuation

Summary of key inter-valuation experience

The last actuarial valuation was carried out with an effective date of 31 March 2016. With effect from 1 April 2014 the scheme's benefit structure changed from a Final Salary Scheme to a Career Average Revalued Earnings (CARE) Scheme, and the 2016 actuarial valuation took these changes into account.

The average Pensionable Salary increase for the Fund members who were in service for the whole of the inter-valuation period was 3.2% per annum.

Pensions in payment (in excess of Guaranteed Minimum Pensions (GMPs) were increased as guaranteed under the Fund as follows:

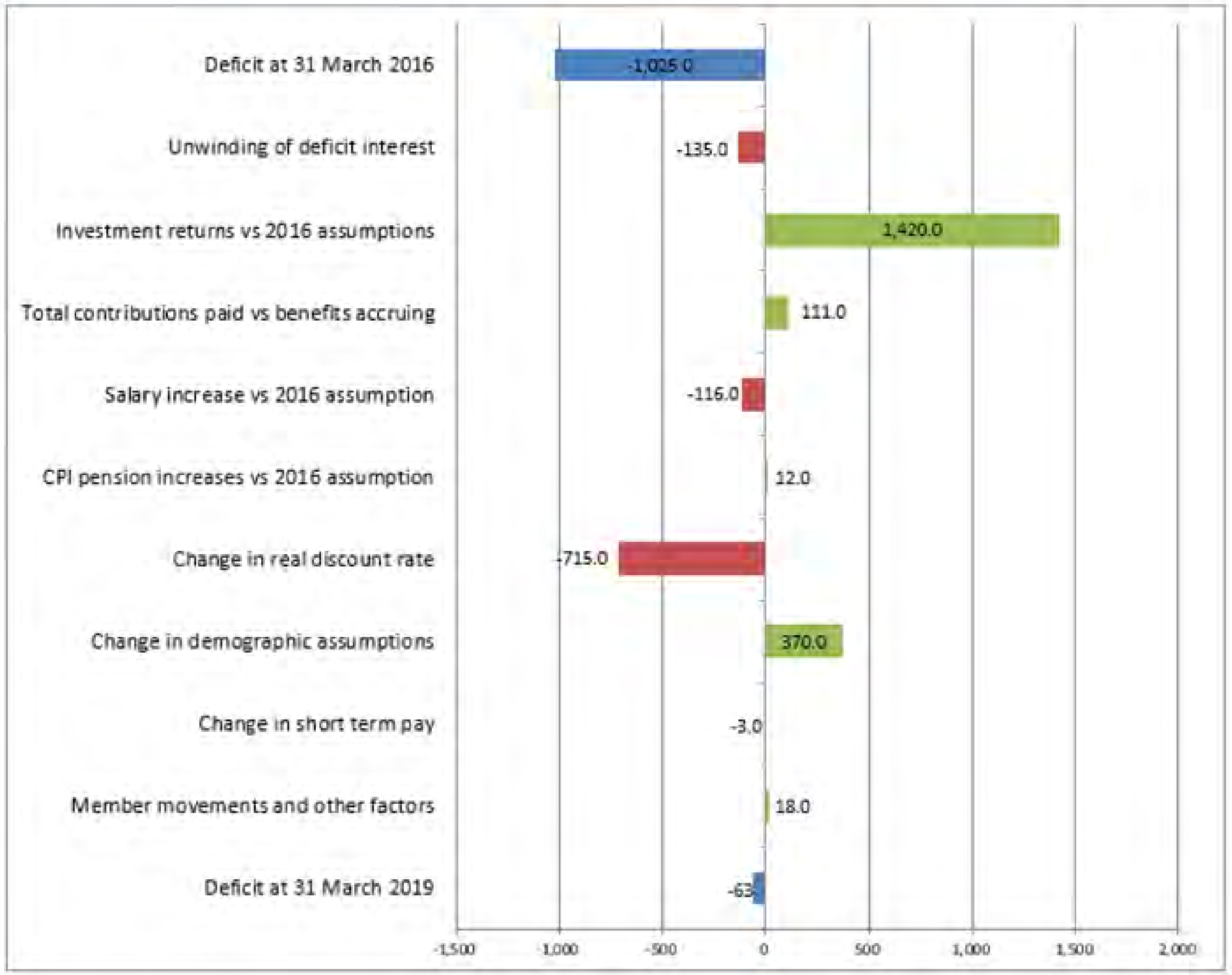
- April 2017 1.0%
- April 2018 3.0%
- April 2019 2.4%

Over the inter-valuation period, benefit inflation has averaged 2.1% p.a. Over the three years to 31 March 2019 the gross investment return on the Fund's assets has averaged 10.7% per annum, meaning that the average real return over CPI inflation has been about 8.4% p.a.

> The outcomes from the valuation are determined both by the assumptions adopted for the future, and the Fund's historic experience relative to assumptions made in the past. In this section we consider the effect of the Fund's experience over the last three years.

Reasons for the change in funding position since the last actuarial valuation

The shortfall at the last valuation date was £1,025m. The chart below sets out the main reasons for the change in the shortfall between 31 March 2016 and 31 March 2019 (figures shown in £m).



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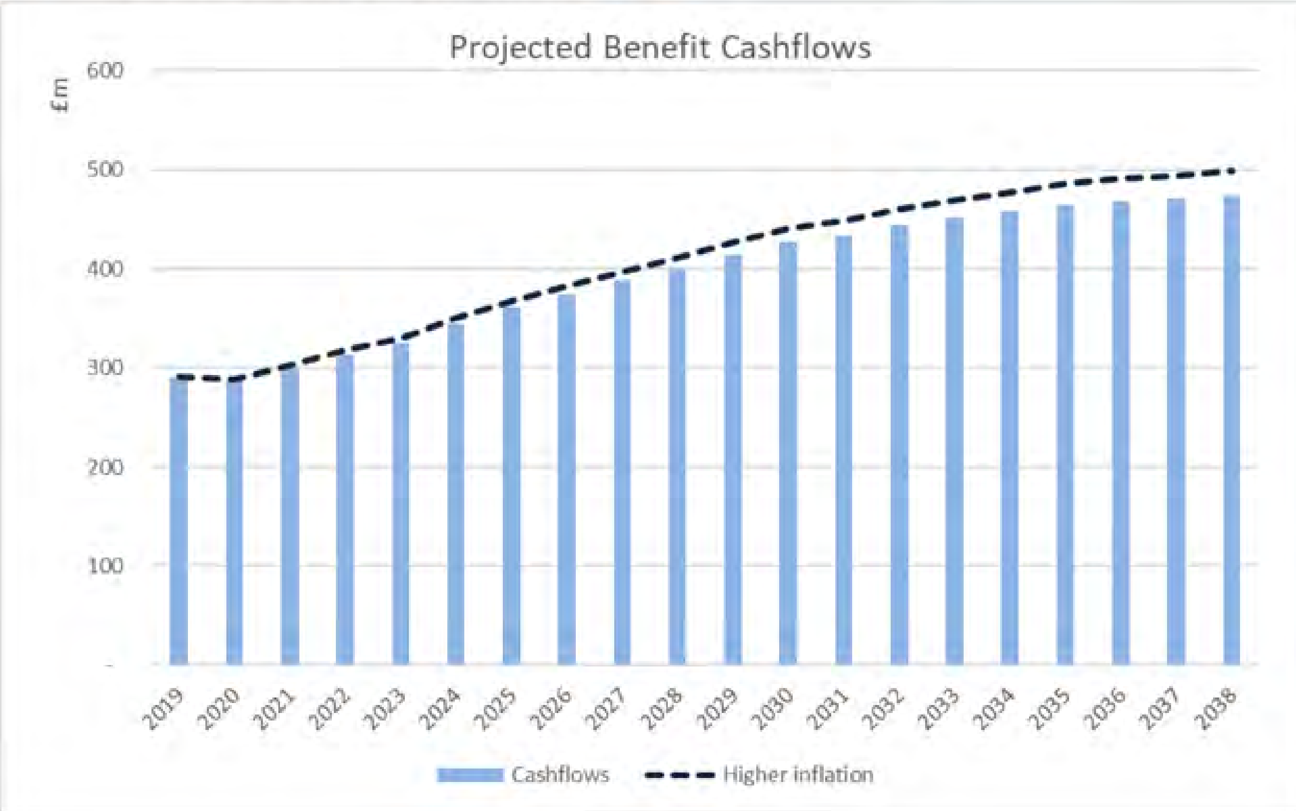
Cash flows, risks and alternative funding positions

Benefit cash flows

The projected benefit cash flows which result from applying the assumptions as set out in Section 2 are shown in the chart below. The additional trendline sets out how those total projected benefit cash flows would change if we were to assume inflation of 0.25% p.a. higher than the assumption of 2.4% p.a. used for the actuarial valuation. Over the 20 years following the valuation date, the extra benefit payments which would result from the extra 0.25% p.a. inflation assumption are projected to be £239m.

> The actuarial valuation process is principally concerned with projecting all the expected benefit cash flows into the future, and then converting them into present day values by discounting them to allow for assumed future investment returns. The chart shows those projected cash flows, and also illustrates how sensitive they are to the future inflation assumption.



Projected funding position at next actuarial valuation

As part of this valuation, the Administering Authority has set an average recovery plan of approximately 15 years. The next actuarial valuation will take place with an effective date of 31 March 2022. If experience up to that date were to be in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, there would be a shortfall at 31 March 2022 of £21m, equivalent to a funding level of close to 100% (prior to any potential impact of the McCloud judgment).

Material risks faced by the Fund

The Fund is subject to some potentially material risks that are, to an extent, outside the Administering Authority's control, but could affect the funding level and ultimately the employer contribution requirements. Any material worsening of the funding level will mean more contributions are needed (either at an increased rate or at the same rate over a longer period) to be able to provide the benefits built up in the Fund – unless experience acts in other ways to improve the funding level. Examples of such risks, and how the Administering Authority manages them, are:

> Funding a defined benefit pension scheme such as the LGPS which is open to new members is by its nature uncertain, and involves some level of risk. The principal funding risks are investment (e.g. whether the Fund earns the desired level of long-term real returns) and demographic (e.g. whether longevity of members is longer or shorter than anticipated). In practice, the key is whether such risks can be managed and mitigated.

- If an Employer becomes unable to pay contributions or to make good deficits in the future, the Fund's assets will be lower than expected and the funding level will be worse than expected. The Administering Authority regularly monitors the financial strength of the Employers so that actions can be taken to mitigate (but not fully remove) the risk.
- If future investment returns on assets are lower than assumed in the valuation, the Fund's assets will be lower, and the funding level worse, than expected. The Administering Authority has a process in place to monitor investment performance quarterly, and it reviews the Fund's investment strategy alongside each actuarial valuation. The Fund has also put in place a strategy of "equity protection", which offers some protection to the Fund's asset values in the event of an equity market fall.
- If improvements in life expectancy are greater than assumed, the cost of benefits will increase because members are living longer than expected. This will mean the funding level will be worse than expected. The Administering Authority regularly reviews the Fund's experience and ensures that the assumptions it makes about members' life expectancy take the most recent information available into account.
- If members make decisions about their options which increase the Fund's liabilities, the funding level will be worse than expected. An example would be if members commute less pension for cash than is being assumed. The Administering Authority reviews the Fund's experience at each valuation to ensure that their treatment of member options remains appropriate.

Impact of COVID-19

The valuation results and employer contributions shown in this report are assessed as at 31 March 2019. In March 2020 we have seen significant volatility and disruption to markets for all asset classes around the world to as a result of the uncertainty and slowdown in economic activity caused by the

COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk which will need to be kept under review. Our view is that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. The Fund has a risk management framework in place and in particular, equity protection is in place, which will may help mitigate some of the impact of these equity market falls if they persist. The level of mitigation will depend on the structure of the arrangements. Our view is that employer contributions should not be revisited but the position should be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively. If necessary and subject to the regulations in place at the time it may be necessary to review contributions for some employers prior to the next scheduled valuation, particularly where there have been material changes in employer covenant.

Sensitivity of funding position to changes in key assumptions

The value placed on the Fund's liabilities is critically dependent on the assumptions used to carry out the calculations. If future experience differs from the assumptions the Administering Authority has used after consulting with the Employers, then the projected future funding level will be different from the level described above.

To illustrate how sensitive the funding level is to experience being different from assumed, the table below shows how the valuation results at 31 March 2019 would have differed given small changes in the key assumptions.

Assumption change	Reduction in surplus/increase in deficit at 31 March 2019 (£m)	Resultant surplus (deficit) at 31 March 2019 (£m)
Original solvency funding position	-	(63)
Real investment return 0.25% lower than assumed	379	(442)
Pensionable Salary growth 0.25% higher than assumed	32	(95)
Long term improvement rate in life expectancy reduced by 0.25% per annum	(64)	1
Assets fall by 25%	2,110	(2,173)

Minimum risk funding position

In assessing the value of the Fund's liabilities (the solvency funding target), allowance has been made for investment returns as described in Appendix A, taking into account the investment strategy adopted by the Fund, as set out in the Fund's Investment Strategy Statement (ISS).

It is not possible to construct a portfolio of investments which produces a stream of income exactly matching the expected liability outgo. However, it is possible to construct a portfolio which attempts closely to match the liabilities and provide a high level of certainty in future investment returns above CPI inflation. This represents a "minimum risk" investment position.

Such a portfolio would consist mainly of a mixture of long-term index-linked and fixed interest gilts. Investment of the Fund's assets in line with the minimum risk portfolio would minimise fluctuations in the Fund's minimum risk funding level between successive actuarial valuations but would result in much higher employer contributions (all other things equal).

If, at the valuation date, the Fund had been invested in this portfolio, then in carrying out the valuation it would not be appropriate to make any allowance for out-performance of the Fund investments. In this event the value of the Fund liabilities would have increased substantially, to £13,851m, and the funding level would have reduced correspondingly to 61%. If the actuarial assumptions are borne out in practice and contributions are paid in line with the Rates and Adjustment Certificate for all employers, the projected funding level on this basis at the next actuarial valuation would be slightly higher at 62% (prior to any potential impact of the McCloud judgment).

The value of the liabilities on the ongoing solvency funding target assumptions was £8,503m, which is £5,348m less than the value on the minimum risk basis. The funding plan is therefore making a prudent allowance for future investment returns of £5,348m over and above those available from the notional minimum risk investment portfolio to support the funding of member benefits along with contributions payable. This is an indication of the expected return built into the funding strategy for the Fund as a whole.

APPENDICES

Appendix A
Assumptions

How the benefits are valued

In order to calculate the liabilities, there is a need to make assumptions about various factors that affect the cost of the benefits provided by the Fund – for example, how long members will live, or the future level of inflation. The table below explains the key assumptions being made in the valuation.

Assumption	Why it is important and how it impacts on the liabilities
Discount rate	The majority of benefits in a pension fund are paid many years in the future. In the period before the benefits are paid, the Administering Authority invests the funds held by the Fund with the aim of achieving a return on those funds. When calculating how much money is needed now to make these benefit payments, it is appropriate to make allowance for the investment return that is expected to be earned on these funds. This is known as "discounting". The higher the investment return achieved, the less money needs to be set aside now to pay for benefits. The calculation reflects this by placing a lower value on the liabilities if the "discount rate" is higher.
Inflation	Pensions in payment increase in line with Consumer Price Inflation (CPI). Salary growth is also normally linked to price inflation in the long term. A higher inflation assumption will, all other things being equal, lead to a higher value being placed on the liabilities.
Pensionable Salary growth	Benefits earned prior to 1 April 2014 for active members are based on their salaries immediately before retirement, so it is necessary to make an assumption about future Pensionable Salary growth. The higher this assumption, the higher the value placed on the liabilities for active members.
Life expectancy	Pensions are paid while the member (and potentially their spouse or partner) is alive. The longer people live, the greater is the cost of providing a pension. Allowing for longer life expectancy therefore increases the liabilities.

The liabilities of the Fund are calculated by projecting forward all of the future benefit cash flows and discounting them back to the effective date of the valuation, using these assumptions. For example, the liability for a single pensioner is calculated by estimating the amount of each pension payment they will receive in the future, multiplying by the probability that the member will still be alive by the date of each payment, and then discounting each payment back to the effective date of the valuation using the appropriate discount rate, and then summing up all of these discounted amounts. The liabilities for the whole Fund are calculated by summing the liabilities for each of the individual members.

Financial assumptions used to calculate the solvency funding target

The table below summarises the key financial assumptions used in the calculation of the solvency funding target at whole Fund level and those used for the 31 March 2016 actuarial valuation. Section 1 of this report sets out how these assumptions might vary from one employer to another.

Financial assumptions	31 March 2019	31 March 2016
Discount rate	3.9 % p.a.	4.2 % p.a.
Price inflation (CPI)	2.4% p.a.	2.2% p.a.
Salary increases (short term)	3% p.a. for 4 years*	1.25% p.a. for 4 years*
Salary increases (long term)	3.65% p.a.	3.45% p.a.
Pension increases in payment:	2.4% p.a.	2.2% p.a.

* unless agreed with the Administering Authority

Our analysis of expected future real investment returns uses a Monte Carlo simulation (stochastic) model, based on 4,000 simulations. Within the overall analysis we specify and calibrate a range of economic and asset class models. Our analysis uses an asset correlation matrix to help generate each stochastic simulation. The model includes estimates for long-term expected returns and inflation along with volatilities each asset class and inflation.

The key financial assumption is the expected long term investment return above CPI inflation as this is usually the principal factor which determines the long term cost to employers via their contributions. In determining this we consider first the long term real returns (i.e. returns above CPI) which the Fund's investment strategy can be expected to deliver based on market outlook at the valuation date taking into account the projected cashflow position of the Fund. This analysis then helps us recommend and agree with the Administering Authority on a suitably prudent assumption for the valuation discount rate based on the investment strategy, any risk management framework in place, and reasonably allowing for the likely changes in investment strategy as the Fund matures. In order to consider the level of prudence we look at the likelihood of the expected real return from the Fund's assets exceeding the assumption made. We measure this by considering the percentile expected return from the analysis. A return assumption higher than the 50th percentile return from the analysis can be deemed to be prudent and retain margins to provide some protection against increases in contributions at future valuations.

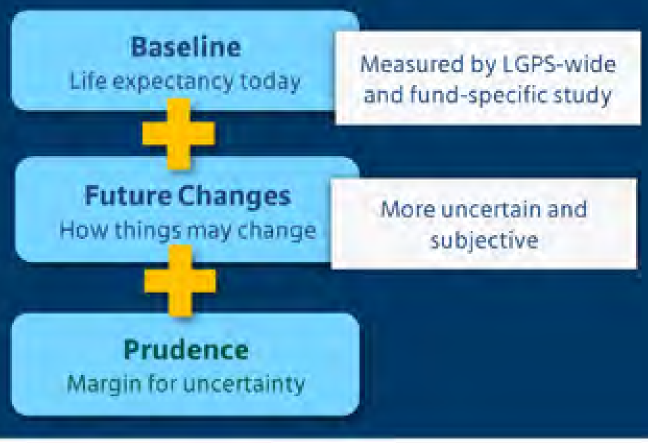
At this actuarial valuation the real discount rate which we have used is 1.5 % p.a., which is the 63rd percentile return from our analysis. At the previous valuation the real discount rate used was 2.0 % p.a., which at the time was a similar percentile return.

Demographic assumptions used

Post-retirement Mortality

There are two separate decisions on mortality assumptions:

- The baseline table for the current rates of mortality; and
- The allowance for future improvements.



Mortality (or life expectancy) tables are typically made up of three elements: a baseline table (equivalent to the expected current mortality), an allowance for future improvements, and a margin for prudence. Very few pension funds are large enough for them to be able to determine a bespoke set of baseline assumptions based purely on the fund's own membership experience. Typically, the life expectancy assumptions are set by benchmarking a fund's membership profile and mortality experience against larger external datasets. For this actuarial valuation, we have benchmarked the Fund's membership profile and experience against the "S tables" published by the CMI. We have applied weightings and age ratings as appropriate to adjust the standard tables so as to arrive at assumptions which are appropriate for the Fund. We have generally used the S3PA tables ("middle" tables for females), other than for female dependants where the S3DA tables have been used and ill-health retirements where the S3IA tables have been used. At the 2016 actuarial valuation the S2PA tables were used (S2DA tables for female dependants).

The weightings and age ratings applied to the above are set out in the table below.

Current Status	Retirement Type	2019 weighting/age rating	2016 weighting/age rating
Annuitant	Normal Health	101% males, 88% females	96% males, 88% females
	Dependant	133% males, 89% females	122% males, 104% females
	Ill Health	125% males, 122% females	96% males, 88% females with an age rating of +3 years in each case
	Future Dependant	128% males, 107% females	119% males, 114% females
Active	Normal Health	109% males, 90% females	96% % males, 88% females
	Ill Health	125% males, 139% females	96% males, 88% females with an age rating of +4 years in each case
Deferred	All	131% males, 105% females	96% males, 88% females
Active/ deferred	Future Dependant	137% males, 113% females	119% males, 114% females

A weighting applied to an actuarial table has the effect of increasing or reducing the chance of survival at each age, which increases or reduces the corresponding life expectancy. Similarly, an age rating applied to an actuarial table has the effect of assuming that beneficiaries have a life expectancy equal to those older (or younger) than their actual age.

Future improvements are assumed to follow the CMI 2018 model with a 1.75% p.a. long-term improvements trend. At the 2016 actuarial valuation the CMI 2015 model with 1.5% p.a. long-term trend was used.

The mortality assumptions used for the 31 March 2019 valuation result in the following life expectancies.

	Years
Life expectancy for a male aged 65 now	22.4
Life expectancy at 65 for a male aged 45 now	23.8
Life expectancy for a female aged 65 now	25.1
Life expectancy at 65 for a female aged 45 now	27.0

Pre-retirement Mortality

The following mortality tables (together with any appropriate weightings and age ratings) have been adopted for mortality rates in the period up to retirement.

	31 March 2019	31 March 2016
Base Table	DxL08 tables with adjustments of 80% (male) 50% (female) to reflect the Fund's membership profile	DxL08 tables with adjustments of 80% (male) 50% (female) to reflect the Fund's membership profile
Allowance for Future Improvements	CMI_2015 [1.5%]	CMI_2015 [1.5%]

Commutation

Members have the option to commute part of their pension at retirement in return for a lump sum at a rate of £12 cash for each £1 per annum of pension given up. Following an analysis of the take-up rates, it has been assumed that, on average, retiring members will take 90% of the maximum tax-free cash available at retirement. This is slightly more than the assumption at the 2016 actuarial valuation, which was broadly equivalent to members taking 80% of the maximum tax-free cash available.

> Retirement lump sums are less costly for the Fund to provide than the alternative pension, as members receive only £12 of each £1 p.a. of pension given up. If members take the cash sum option at a higher rate than has been assumed then this will normally lead to an improvement in the funding level.

Early retirement

For those members who are entitled to receive their accrued benefits (or part of those benefits) prior to the Fund's normal pension age, a proportion of the active membership is assumed to retire in normal health prior to age 65, as set out below:

> If members take early retirement to a greater extent than has been assumed then this will typically lead to a worsening of the funding level. This is because many members are able to take substantial parts of their benefits from age 60 without them being reduced for early payment.

	% retiring per annum	% retiring per annum
Age	Males	Females
60	10	20
61	8	15
62	8	15
63	8	15
64	8	15
65	100	100

The appropriate early retirement factors applied to the relevant tranche of benefits are in line with the Government Actuary's Department (GAD) guidance.

Ill health retirement

A small proportion of the active membership has been assumed to retire owing to ill health. As an example of the rates assumed, the following is an extract from the decrement table used:

The level of ill-health retirement benefit provided for a member falls into one of three "tiers", depending on whether and when the member might be expected to resume gainful employment. Tier 1, for example, is on the basis that the member is unlikely to be able to do so before Normal Pension Age. Full details are set out in the LGPS Regulations and associated guidance.

	% retiring per annum	% retiring per annum
Age	Males	Females
35	0.02	0.01
45	0.05	0.04
55	0.21	0.18

The proportion of ill health early retirements falling into each tier category, split by males and females, has been assumed to be as set out below:

	Tier 1	Tier 2	Tier 3
Males	75%	12.5%	12.5%
Females	75%	12.5%	12.5%

Withdrawal

This assumption relates to those members who leave the scheme with an entitlement to a deferred pension or transfer value. It has been assumed that active members will leave the Scheme at the following sample rates:

	% leaving per annum	% leaving per annum
Age	Males	Females
25	20.25	22.38
35	5.09	6.27
45	2.54	3.89

In relation to pre 2014 benefits, deferred benefits tend to be less costly for the Fund to provide than if the member had remained in the Fund until retirement. If the number of members leaving the Fund is greater than expected then this will typically lead to a slight improvement in the funding level.

Partners' and Dependants' Proportions

It has been assumed that the proportions of members below will on death give rise to a dependant's pension (spouse's and partner's), and that spouses/partners of female (male) members are three years older (younger), on average than the member.

	% spouse/partner	% spouse/partner
Age	Males	Females
25	43	46
35	69	60
45	72	60
55	74	60
65	76	55

If more members than assumed have partners then this will lead to an increase in the number of dependants pensions coming into payment over and above that expected. This would lead to a worsening of the funding level.

Assumptions used to calculate the Primary Contribution Rate

The cost of future accrual (the Primary Contribution Rate) has been calculated using the same actuarial assumptions as used to calculate the solvency funding target and recovery plan as set out above except that the financial assumptions adopted are as described below.

The financial assumptions for assessing the future service contribution rate should take account of the fact that contributions will be invested in market conditions applying at future dates, which are unknown at the effective date of the valuation, and which are not directly linked to market conditions at the valuation date.

The financial assumptions in relation to future service (i.e. the Primary Contribution Rate) are not specifically linked to investment conditions as at the valuation date itself, and are based on an overall assumed real return (i.e. return in excess of price inflation) of 2.35% per annum. This represents a reduction of 0.40% per annum compared to the 2016 valuation, which increases the estimated cost of providing LGPS benefits. With a long term average assumption for price inflation of 2.4% per annum, this gives rise to an overall discount rate of 4.75% p.a. (the corresponding discount rate at the 2016 actuarial valuation was 4.95% p.a.).

Nevertheless, it is instructive to consider the assumption against the long term real returns (i.e. returns above CPI) which the Fund's investment strategy can be expected to deliver based on the current market outlook. At this actuarial valuation the real discount rate used was 2.35% p.a., which is the 51st percentile return from our analysis. At the previous valuation the real discount rate used was 2.75% p.a., which at the time was a marginally higher percentile return.

Appendix B
Summary membership data

The membership data is summarised in the table, with figures at the previous valuation shown for comparison.

Data in relation to members of the Fund was supplied by the Administering Authority. The accuracy of the data provided has been relied on. While reasonableness checks on the data have been carried out, they do not guarantee the completeness or the accuracy of the data. Consequently, Mercer does not accept any liability in respect of its advice where it has relied on data that is incomplete or inaccurate.

	31 March 2019	31 March 2016
Active members		
Number	50,518	51,377
Total Pensionable Salaries (£000s p.a.)	925,570	868,395
Average Pensionable Salary (£ p.a.)	18,322	16,902
Average age (pension weighted)	50.1	49.5
Deferred pensioners		
Number	66,488	58,542
Total deferred pensions revalued to valuation date (£000s p.a.)	90,176	79,652
Average deferred pension (£ p.a.)	1,356	1,361
Average age (pension weighted)	49.2	48.9
Pensioners (including dependants)		
Number	52,555	45,939
Total pensions payable (£000s p.a.)	234,915	201,666
Average pension (£ p.a.)	4,470	4,390
Average age (pension weighted)	70.5	69.8

Appendix C
Assets

The market value of the Fund's assets was £8,440,000,000 on the valuation date.

The Administering Authority's investment strategy is to proportion the Fund's assets by asset class as shown in the table below. The actual distribution of assets will vary over time due to changes in financial markets. The table also shows the distribution of assets at the valuation date.

	Investment strategy (March 2020 changes in brackets)	Actual market value of assets at 31 March 2019	
	%	£m	%
UK equities	15.0 (10.0)	1,232.3	14.6
Overseas equities	35.0	3,097.8	36.7
Private equity	7.0	745.6	8.8
Emerging Market / High Return / Private Debt	9.5 (11.5)	788.8	9.4
Infrastructure	5.0 (10.0)	207.2	2.5
Property	10.0	760.9	9.0
Fixed interest gilts	5	138.9	1.6
Index-linked gilts	12.0 (10.0)	1,112.3	13.2
Hedge Funds / Derivatives	0	6.1	0.1
Cash (including net Current assets / liabilities)	1.5	350.1	4.1
Total	100.0	£8,440.0m	100%

The Administering Authority also holds additional voluntary contributions (AVCs) which are separately invested. These assets have been excluded from the market value shown as they exactly match the value of the benefits they cover.

The details of the assets at the valuation date and the financial transactions during the inter-valuation period have been obtained from the audited accounts for the Fund.

Appendix D
Scheme benefits

The benefits valued within our calculations are those in force at the effective date of the valuation. Full details of these can be found in the Local Government Pension Scheme Regulations 2013 (as amended). The principal details are as follows:

The Local Government Pension Scheme Regulations 2013 (http://www.legislation.gov.uk/uksi/2013/2356/contents/made)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (http://www.legislation.gov.uk/uksi/2014/525/contents/made)

Directions made by the Treasury under Section 59A of the Social Security Pensions Act 1975 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761639/Treasury_Direction_under_section_59A_Social_Security_Pensions_Act_1975.pdf). We have made no allowance for the possibility that the directions may be extended to require the LGPS to become responsible for increases to GMPs for members reaching State Pension Age after 5 April 2021.

The Fund is also responsible for paying and, where appropriate, recharging to employers the benefits arising from the award of compensatory added years (CAY) of service on premature retirement. Unless these CAY benefits have been converted into "funded" benefits, they are normally recharged to the relevant employer (together with associated pension increases), and so are excluded from the valuation.

The benefits that will emerge from money purchase AVCs paid by members, and SCAVCs paid by employers, and the corresponding invested assets in respect of these AVCs and SCAVCs, have been excluded from the valuation.

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Following the Lloyds Bank case in 2018, HM Treasury has issued a consultation on equalising and indexation of GMPs in all the public service pension schemes, including the LGPS, and discussions are ongoing about the extent of any inequalities and how these might be addressed.

The valuation makes no allowance for removal of these inequalities. It is consequently possible that additional funding will be required for equalisation once the law has been clarified. It is recommended that the Administering Authority seek further legal advice if it is concerned about this issue.

The McCloud Judgment

The McCloud judgment in the LGPS refers to the legal decisions (initially by the Employment Appeal Tribunal and then ratified by the Court of Appeal) in the Sargeant/McCloud cases for the Fire and Judiciary pension arrangements. The Court ruled that transitional protections afforded to older members when these schemes were amended constituted unlawful age discrimination. Remedial action, in the form of benefit changes for these schemes, will therefore be required.

Although the above cases did not relate directly to the LGPS, the LGPS also put in place protections for older members as part of the reforms which came into effect from 2014. For the LGPS these took the form of an underpin, where older members would get the better of the benefits payable under the new and old schemes. The UK Government confirmed on 15 July 2019 that, alongside the process to remedy the Fire and Judiciary schemes, it will also bring forward proposals to address the issue for the other public service pension schemes, including the LGPS, although it is unclear at this stage what the exact extent will be of any required changes.

Following discussions with the Administering Authority, in order to consider a reasonable provision for the potential costs in employer contributions, we have assumed that the eventual remedy will be that the underpin which applies to older members will also apply to younger members who joined the Fund before 1 April 2012 (the cut-off date for the protections to apply), in the same way as for older members. More specifically we have agreed with the Administering Authority to:

- Estimate the underpin benefits for active members for service after 31 March 2014 (when the new scheme took effect).
- Compare this to the actual post 31 March 2014 benefits.
- Calculate the cost for each member as the value of the underpin benefits less the value of the actual benefits (ignoring members where the value of the actual benefits is higher).
- Sum these costs across all active members to give the impact of the underpin for each employer.

We have calculated this cost across all benefits (including deferred benefits for active members who are assumed to leave the scheme before retirement in the future).

At this stage, as the data was not readily available for the valuation we have not calculated any costs for members who had already left service or retired as at 31 March 2019. Given the nature of the underpin we expect any costs for this group of members to be immaterial at whole Fund. We also believe the approach applied to active members and the assumptions underlying the actuarial valuation contain prudential margins which are sufficient to cover the vast majority of such costs for the affected employers.

The LGPS Scheme Advisory Board has issued guidance on the approach to including the costs of the McCloud judgment within the 2019 LGPS actuarial valuations and this can be found at http://www.lgpsboard.org/images/Other/Advice_from_the_SAB_on_McCloud_May_2019.pdf.

Appendix E
Analysis of membership experience

The analysis below compares the actual experience over the 3 year period with the assumptions used for the 2019 valuation.

	Actual	Expected	%
Ill Health Retirements	122	186	66
Withdrawals	14,946	7,557	198
Pensioner Deaths (lives)	4,379	2,928	150

Note that actual withdrawals can include members moving to another LGPS Fund, bulk transfers and also transfers under the special transfer club terms.

Appendix F
Valuation Dashboard as agreed by Scheme Advisory Board

Past service funding position - local funding basis	
Funding level (assets/liabilities)	99%
Funding level (change since last valuation)	13%
Asset value used at the valuation (£m)	8,440
Value of liabilities (£m)	8,503
Surplus (deficit) (£m)	(63)
Discount rate(s)	3.9 % p.a. past service 4.75% p.a. future service
Assumed pension increases (CPI)	2.4% p.a.
Method of derivation of discount rate, plus any changes since previous valuation	See Appendix A
Assumed life expectancies at age 65	
Average life expectancy for current pensioners - men currently age 65	22.4
Average life expectancy for current pensioners - women currently age 65	25.1
Average life expectancy for future pensioners - men currently age 45	23.8
Average life expectancy for future pensioners - women currently age 45	27.0

The basis for the purposes of the LGPS Scheme Advisory Board funding position (the "SAB basis") is a set of assumptions determined by the SAB. Its purposes are to set out the funding position on a standardised approach so that comparisons can be made with other LGPS Funds, and to assist with the "Section 13 review" as carried out by the Government Actuary's Department. We are happy to supply further details of the SAB basis as requested.

Past service funding position - SAB basis	
Market value of assets	8,440
Value of liabilities	7,092
Funding level on SAB basis (assets/liabilities)	119%
Funding level on SAB basis (change since last valuation)	20%
Contribution rates payable	
Primary contribution rate	16.1%
Secondary contributions:	
Secondary contributions 2020/21 (£m)	30.6 (includes those paid prior to 31 March 2020)
Secondary contributions 2021/22 (£m)	13.7
Secondary contributions 2022/23 (£m)	14.2
Giving total expected contributions:	
Total expected contributions 2020/21 (based on assumed payroll of £979m) (£m)	188.2 (includes those paid prior to 31 March 2020)
Total expected contributions 2021/22 (based on assumed payroll of £1,008m) (£m)	176.0
Total expected contributions 2022/23 (based on assumed payroll of £1,038m) (£m)	181.3
Average employee contribution rate	6.4%
Employee contributions (based on assumed payroll of £978m) (£m)	62.7
Additional information	
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	0%
Percentage of total liabilities that are in respect of Tier 3 employers	11%

Appendix G
Rates and Adjustments Certificate issued in accordance with Regulation 62

Name of fund	South Yorkshire Pension Fund

Primary Contribution Rate

I hereby certify that, in my opinion, the primary rate of the employers' contribution for the whole Fund for each of the three years beginning 1 April 2020 is 16.1% of pensionable pay.

The primary rate of contribution for each employer for the three year period beginning 1 April 2020 is set out in the attached schedule.

Secondary Contribution Rate

I hereby certify that, in my opinion, the secondary rate of the employer's contribution for the whole Fund for each of the three years beginning 1 April 2020 is as follows:

2020/21 £20.0 million plus 0.7% of pensionable pay

2021/22 £6.6 million plus 0.7% of pensionable pay

2022/23 £6.8 million plus 0.7% of pensionable pay

The Secondary rate for 2020/21 quoted above does not include any allowance for the advance payment of deficit contributions by Sheffield City Council and Borders to Coast Pension Partnership prior to 31 March 2020 (totaling £3.7m).

The secondary rate of contribution for each employer for each of the three years beginning 1 April 2020 is set out in the attached schedule. The above secondary rates, and the secondary rates for each employer, where appropriate include a provision for the costs of the McCloud judgment as set out in the notes to Appendix H.

Contribution amounts payable

The total contribution payable for each employer is the total of the primary and secondary rates as detailed in the attached schedule. Contributions will be paid monthly in arrears with each payment normally being due by the 19th of the following month (or the 22nd if paid electronically) or at intervals agreed with the Administering Authority) unless otherwise noted in the schedule.

Further adjustments

A further individual adjustment shall be applied in respect of each non-ill health early retirement occurring in the period of three years covered by this certificate. This further individual adjustment will be calculated in accordance with methods agreed from time to time between the Fund's Actuary and the Administering Authority.

The contributions set out in the attached schedule represent the minimum contribution which may be paid by each employer in total over the 3 years covered by the certificate. Additional contributions or a different pattern of contributions may be paid if requested by the employer concerned at the sole discretion of the Administering Authority as agreed with the Actuary. The total contributions payable by each employer will be subject to a minimum of £nil.

The individual employer contributions may be varied as agreed by the Actuary and Administering Authority to reflect any changes in contribution requirements as a result of the McCloud judgment remedy as set out in this report and/or any benefit costs being insured with a third party or parties including where the third party or parties participate in the Fund.

In cases where an element of an existing Scheme employer's surplus or deficit is transferred to a new employer on its inception, the Scheme employer's secondary contributions, as shown on the schedule to this Certificate in Appendix H, may be reallocated between the Scheme employer and the new employer to reflect this, on the advice of the Actuary and as agreed with the Administering Authority so that the total payments remain the same overall.

The Administering Authority and employer with advice from the Fund's Actuary can agree that contributions payable under this certificate can be sourced under an alternative financing arrangement which provides the Fund with equivalent cash contributions.

Regulation 62(8)

No allowance for non-ill health early retirements has been made in determining the results of the valuation, on the basis that the costs arising will be met by additional contributions. Allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in the report (and the FSS for those employers in the ill-health captive).

Signature:		
Name:	Paul Middleman	Clive Lewis
Qualification:	Fellow of the Institute and Faculty of Actuaries	Fellow of the Institute and Faculty of Actuaries
Date of signing:	31 March 2020	

Appendix H
Schedule to the Rates and Adjustments Certificate dated 31 March 2020

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Local Authorities									
Barnsley MBC	300	2	15.6%	0.7% plus £2,344,150	0.7%	0.7%	16.3% plus £2,344,150	16.3%	16.3%
Doncaster MBC	400	4	16.3%	0.7% less £654,800	0.7% less £670,500	0.7% less £686,600	17.0% less £654,800	17.0% less £670,500	17.0% less £686,600
Rotherham MBC	500	4,13	16.4%	0.8% plus £61,800	0.8% plus £63,300	0.8% plus £64,800	17.2% plus £61,800	17.2% plus £63,300	17.2% plus £64,800
Sheffield City Council	600	6	16.6%	0.9%	0.9%	0.9%	17.5%	17.5%	17.5%
South Yorkshire Fire Authority	296	2, 4	14.5%	0.5% plus £213,840	0.5%	0.5%	15.0% plus £213,840	15.0%	15.0%

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
South Yorkshire Passenger Transport Executive	100		15.4%	1.0% less £412,200	1.0% less £422,100	1.0% less £432,200	16.4% less £412,200	16.4% less £422,100	16.4% less £432,200
South Yorkshire Pensions Authority	250		14.4%	1.7% less £41,700	1.7% less £42,700	1.7% less £43,700	16.1% less £41,700	16.1% less £42,700	16.1% less £43,700
The Chief Constable	295	2	15.3%	0.8% plus £3,668,180	0.8%	0.8%	16.1% plus £3,668,180	16.1%	16.1%
The Police and Crime Commissioner	297	2	14.8%	0.3% plus £138,410	0.3%	0.3%	15.1% plus £138,410	15.1%	15.1%
Local Authorities - Post 31 March 2019									
Sheffield City Region - Combined Authority	905		13.5%	0.6%	0.6%	0.6%	14.1%	14.1%	14.1%
Other Scheme Employers									
Anston Parish Council	509		18.4%	0.4% less £3,900	0.4% less £4,000	0.4% less £4,100	18.8% less £3,900	18.8% less £4,000	18.8% less £4,100
Armthorpe Parish Council	423		16.6%	1.2% less £3,100	1.2% less £3,100	1.2% less £3,200	17.8% less £3,100	17.8% less £3,100	17.8% less £3,200
Askern Town Council	404		16.9%	(£1,600)	(£1,600)	(£1,700)	16.9% less £1,600	16.9% less £1,600	16.9% less £1,700

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Aston-cum-Aughton Parish Council	512		25.0%	(£700)	(£700)	(£700)	25.0% less £700	25.0% less £700	25.0% less £700
Barnburgh and Harlington Parish Council	424		16.7%	(£1,000)	(£1,000)	(£1,000)	16.7% less £1,000	16.7% less £1,000	16.7% less £1,000
Barnby Dun with Kirk Sandall Parish Council	405		19.3%	1.0% less £800	1.0% less £800	1.0% less £800	20.3% less £800	20.3% less £800	20.3% less £800
Barnsley College	220	3,13	14.8%	£173,000	£177,200	£181,500	14.8% plus £173,000	14.8% plus £177,200	14.8% plus £181,500
Berneslai Homes	321		16.1%	0.9% less £862,500	0.9% less £883,200	0.9% less £904,300	17.0% less £862,500	17.0% less £883,200	17.0% less £904,300
Bradfield Parish Council	660		20.7%	0.3% less £18,200	0.3% less £18,600	0.3% less £19,100	21.0% less £18,200	21.0% less £18,600	21.0% less £19,100
Brodsworth Parish Council	254		21.2%	£0	£0	£0	21.2%	21.2%	21.2%
DN Colleges Group	221		16.6%	0.5% less £187,100	0.5% less £191,600	0.5% less £196,200	17.1% less £187,100	17.1% less £191,600	17.1% less £196,200
Edlington Town Council	406	2	20.1%	0.3% plus £11,900	0.3%	0.3%	20.4% plus £11,900	20.4%	20.4%

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Hatfield Town Council	407		19.1%	0.3% less £2,000	0.3% less £2,100	0.3% less £2,100	19--.4% less £2,000	19.4% less £2,100	19.4% less £2,100
Penistone Town Council	305		19.8%	£100	£100	£100	19.8% plus £100	19.8% plus £100	19.8% plus £100
R N N Group	232		15.2%	£48,500	£49,700	£50,900	15.2% plus £48,500	15.2% plus £49,700	15.2% plus £50,900
Rossington Parish Council	408	2	22.8%	0.3% plus £3,490	0.3%	0.3%	23.1% plus £3,490	23.1%	23.1%
Sheffield Hallam University	224	13	14.5%	0.8% plus £1,952,700	0.8% plus £1,999,600	0.8% plus £2,047,600	15.3% plus £1,952,700	15.3% plus £1,999,600	15.3% plus £2,047,600
Silkstone Parish Council	329		TBC	TBC	TBC	TBC	TBC	TBC	TBC
Sprotbrough & Cusworth Parish Council	411		27.2%	(£1,400)	(£1,400)	(£1,500)	27.2% less £1,400	27.2% less £1,400	27.2% less £1,500
St Leger Homes of Doncaster	428		15.1%	0.9% less £736,400	0.9% less £754,100	0.9% less £772,100	16.0% less £736,400	16.0% less £754,100	16.0% less £772,100
Stainforth Town Council	409		16.6%	1.6% plus £10,700	1.6% plus £10,900	1.6% plus £11,200	18.2% plus £10,700	18.2% plus £10,900	18.2% plus £11,200
The Sheffield College	222		17.2%	0.5% less £389,100	0.5% less £398,400	0.5% less £408,000	17.7% less ++*£389,100	17.7% less £398,400	17.7% less £408,000

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Thorne Moorend Town Council	410		18.4%	(£2,160)	(£2,260)	(£2,260)	18.4% less £2,160	18.4% less £2,260	18.4% less £2,260
Thrybergh Parish Council	510	3	24.2%	£980	£980	£980	24.2% plus £980	24.2% plus £980	24.2% plus £980
Wickersley Parish Council	515		20.2%	(£700)	(£700)	(£700)	20.2% less £700	20.2% less £700	20.2% less £700
Other Scheme Employers - Post 31 March 2019									
Dalton Parish Council	917		16.7%	£0	£0	£0	16.7%	16.7%	16.7%
Academies and Free Schools									
Abbeyfield Primary Academy	766		13.7%	0.2% plus £72,100	0.2% plus £73,800	0.2% plus £75,600	13.9% plus £72,100	13.9% plus £73,800	13.9% plus £75,600
All Saints Catholic High School	606		15.6%	0.3% plus £10,400	0.3% plus £10,700	0.3% plus £10,900	15.9% plus £10,400	15.9% plus £10,700	15.9% plus £10,900
Anston Brook Primary School	835		15.9%	0.5% plus £15,600	0.5% plus £16,000	0.5% plus £16,300	16.4% plus £15,600	16.4% plus £16,000	16.4% plus £16,300
Anston Greenlands Primary School	569		17.1%	0.5% plus £13,200	0.5% plus £13,500	0.5% plus £13,800	17.6% plus £13,200	17.6% plus £13,500	17.6% plus £13,800

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Anston Park Infants School	867		18.8%	0.4% plus £20,300	0.4% plus £20,800	0.4% plus £21,200	19.2% plus £20,300	19.2% plus £20,800	19.2% plus £21,200
Armthorpe Academy	450		17.5%	0.1% plus £35,000	0.1% plus £35,900	0.1% plus £36,700	17.6% plus £35,000	17.6% plus £35,900	17.6% plus £36,700
Armthorpe Shaw Wood Academy	454		16.4%	0.7% plus £39,300	0.7% plus £40,200	0.7% plus £41,200	17.1% plus £39,300	17.1% plus £40,200	17.1% plus £41,200
Armthorpe Tranmoor Primary School	825		17.9%	0.6% plus £49,600	0.6% plus £50,800	0.6% plus £52,000	18.5% plus £49,600	18.5% plus £50,800	18.5% plus £52,000
Aston All Saints C of E School	570		19.0%	0.2% plus £14,700	0.2% plus £15,000	0.2% plus £15,400	19.2% plus £14,700	19.2% plus £15,000	19.2% plus £15,400
Auckley Junior & Infant Academy	435		17.2%	0.2% plus £19,700	0.2% plus £20,200	0.2% plus £20,600	17.4% plus £19,700	17.4% plus £20,200	17.4% plus £20,600
Balby Central Primary School	496		16.4%	0.3% plus £46,600	0.3% plus £47,700	0.3% plus £48,800	16.7% plus £46,600	16.7% plus £47,700	16.7% plus £48,800
Barnby Dun Primary Academy	451		17.3%	0.9% plus £17,000	0.9% plus £17,500	0.9% plus £17,800	18.2% plus £17,000	18.2% plus £17,500	18.2% plus £17,800
Barnsley Academy	327		13.4%	0.5% less £10,400	0.5% less £10,600	0.5% less £10,900	13.9% less £10,400	13.9% less £10,600	13.9% less £10,900

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Bessacarr Primary School	829		15.4%	0.2% plus £43,500	0.2% plus £44,500	0.2% plus £45,600	15.6% plus £43,500	15.6% plus £44,500	15.6% plus £45,600
Bradfield School	704	3	16.3%	0.1% plus £28,650	0.1% plus £29,330	0.1% plus £30,020	16.4% plus £28,650	16.4% plus £29,330	16.4% plus £30,020
Bramley Grange Primary	567		17.0%	0.3% plus £23,500	0.3% plus £24,000	0.3% plus £24,700	17.3% plus £23,500	17.3% plus £24,000	17.3% plus £24,700
Brinsworth Academy	530		14.7%	0.7% less £9,400	0.7% less £9,600	0.7% less £9,900	15.4% less £9,400	15.4% less £9,600	15.4% less £9,900
Brinsworth Manor Juniors	879		16.3%	0.4% plus £16,100	0.4% plus £16,500	0.4% plus £16,900	16.7% plus £16,100	16.7% plus £16,500	16.7% plus £16,900
Broomhill Infant School	614		18.4%	(£100)	(£100)	(£100)	18.4% less £100	18.4% less £100	18.4% less £100
Canklow Woods Primary Academy	550		16.7%	0.5% plus £39,000	0.5% plus £39,900	0.5% plus £40,900	17.2% plus £39,000	17.2% plus £39,900	17.2% plus £40,900
Canon Popham C of E Primary & Nursery School	883		18.8%	0.5% plus £32,200	0.5% plus £33,000	0.5% plus £33,700	19.3% plus £32,200	19.3% plus £33,000	19.3% plus £33,700
Catcliffe Primary School	800		14.4%	0.5% plus £27,200	0.5% plus £27,800	0.5% plus £28,500	14.9% plus £27,200	14.9% plus £27,800	14.9% plus £28,500
Chapeltown Academy	742		16.7%	0.1% plus £1,900	0.1% plus £1,900	0.1% plus £2,000	16.8% plus £1,900	16.8% plus £1,900	16.8% plus £2,000

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Chaucer School	656	2	17.0%	0.4% plus £143,790	0.4%	0.4%	17.4% plus £143,790	17.4%	17.4%
Clifford All Saints C of E School	609		18.3%	0.1% plus £5,600	0.1% plus £5,800	0.1% plus £6,000	18.4% plus £5,600	18.4% plus £5,800	18.4% plus £6,000
Conisbrough Ivanhoe Primary Academy	443		14.0%	£29,500	£30,300	£31,000	14.0% plus £29,500	14.0% plus £30,300	14.0% plus £31,000
Consilium Academies Trust	255		14.8%	0.5% plus £9,700	0.5% plus £10,000	0.5% plus £10,200	15.3% plus £9,700	15.3% plus £10,000	15.3% plus £10,200
Dinnington Community Primary School	587		14.8%	0.7% plus £42,600	0.7% plus £43,700	0.7% plus £44,600	15.5% plus £42,600	15.5% plus £43,700	15.5% plus £44,600
Dinnington High School	571	3	16.3%	0.4% plus £122,730	0.4% plus £125,670	0.4% plus £128,710	16.7% plus £122,730	16.7% plus £125,670	16.7% plus £128,710
Diocese of Sheffield Academies Trust	863		14.3%	0.7% plus £2,800	0.7% plus £2,800	0.7% plus £3,000	15.0% plus £2,800	15.0% plus £2,800	15.0% plus £3,000
Dunsville Primary School	456		16.1%	0.6% plus £13,800	0.6% plus £14,100	0.6% plus £14,400	16.7% plus £13,800	16.7% plus £14,100	16.7% plus £14,400
E-ACT Pathways Academy	719		14.9%	0.4% plus £46,500	0.4% plus £47,600	0.4% plus £48,700	15.3% plus £46,500	15.3% plus £47,600	15.3% plus £48,700

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Emmanuel Junior School	744		19.1%	0.3% plus £24,900	0.3% plus £25,500	0.3% plus £26,100	19.4% plus £24,900	19.4% plus £25,500	19.4% plus £26,100
Emmaus Catholic & C of E Voluntary Academy	736		16.7%	0.3% plus £28,500	0.3% plus £29,200	0.3% plus £29,900	17.0% plus £28,500	17.0% plus £29,200	17.0% plus £29,900
Fir Vale School Academy Trust	701		13.5%	0.2% plus £49,100	0.2% plus £50,300	0.2% plus £51,500	13.7% plus £49,100	13.7% plus £50,300	13.7% plus £51,500
Flanderwell Primary School	576		16.5%	0.8% plus £31,900	0.8% plus £32,700	0.8% plus £33,400	17.3% plus £31,900	17.3% plus £32,700	17.3% plus £33,400
Forge Valley School	737	2	15.8%	£483,770	£0	£0	15.8% plus £483,770	15.8%	15.8%
Fox Hill Primary School	712		16.1%	0.4% plus £44,900	0.4% plus £45,900	0.4% plus £47,000	16.5% plus £44,900	16.5% plus £45,900	16.5% plus £47,000
Greenhill Primary School	870		16.7%	0.7% plus £66,000	0.7% plus £67,600	0.7% plus £69,300	17.4% plus £66,000	17.4% plus £67,600	17.4% plus £69,300
Hall Cross Academy Trust	445		17.4%	0.8% plus £158,000	0.8% plus £161,800	0.8% plus £165,600	18.2% plus £158,000	18.2% plus £161,800	18.2% plus £165,600
Hallam Primary Academy	752	2	15.8%	0.2% plus £47,870	0.2%	0.2%	16.0% plus £47,870	16.0%	16.0%

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Hatchell Wood Primary Academy	845		14.4%	0.2% plus £45,200	0.2% plus £46,300	0.2% plus £47,500	14.6% plus £45,200	14.6% plus £46,300	14.6% plus £47,500
Heather Garth Primary School	356		18.5%	0.3% plus £35,200	0.3% plus £36,000	0.3% plus £36,900	18.8% plus £35,200	18.8% plus £36,000	18.8% plus £36,900
High Greave Infant School	590		13.1%	0.4% plus £14,700	0.4% plus £15,000	0.4% plus £15,400	13.5% plus £14,700	13.5% plus £15,000	13.5% plus £15,400
High Greave Junior School	591		15.4%	0.4% plus £29,200	0.4% plus £29,900	0.4% plus £30,600	15.8% plus £29,200	15.8% plus £29,900	15.8% plus £30,600
High Hazels Junior Academy	745		16.5%	0.5% plus £33,800	0.5% plus £34,600	0.5% plus £35,500	17.0% plus £33,800	17.0% plus £34,600	17.0% plus £35,500
High Hazels Nursery Infants Academy	749		15.7%	1.0% plus £38,700	1.0% plus £39,600	1.0% plus £40,600	16.7% plus £38,700	16.7% plus £39,600	16.7% plus £40,600
High View Primary Learning Centre	375		17.7%	0.3% plus £87,100	0.3% plus £89,200	0.3% plus £91,400	18.0% plus £87,100	18.0% plus £89,200	18.0% plus £91,400
Highwoods Academy	830		16.7%	0.1% plus £28,000	0.1% plus £28,700	0.1% plus £29,300	16.8% plus £28,000	16.8% plus £28,700	16.8% plus £29,300
Hillsborough Primary School	720	2	15.3%	0.1% plus £136,140	0.1%	0.1%	15.4% plus £136,140	15.4%	15.4%
Holy Family Catholic Primary	467		15.4%	0.4% plus £15,700	0.4% plus £16,000	0.4% plus £16,500	15.8% plus £15,700	15.8% plus £16,000	15.8% plus £16,500

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Holy Trinity Academy	878		17.5%	0.5% plus £135,700	0.5% plus £139,000	0.5% plus £142,300	18.0% plus £135,700	18.0% plus £139,000	18.0% plus £142,300
Hoyland Common Primary School	360		13.2%	0.9% plus £47,700	0.9% plus £48,900	0.9% plus £50,100	14.1% plus £47,700	14.1% plus £48,900	14.1% plus £50,100
Hoyland Springwood Primary School	377		18.2%	0.9% plus £39,900	0.9% plus £40,800	0.9% plus £41,800	19.1% plus £39,900	19.1% plus £40,800	19.1% plus £41,800
Hungerhill Academy Trust	446		16.2%	£80,800	£82,700	£84,700	16.2% plus £80,800	16.2% plus £82,700	16.2% plus £84,700
Hunningley Primary School	388		16.1%	0.2% plus £46,800	0.2% plus £47,800	0.2% plus £49,000	16.3% plus £46,800	16.3% plus £47,800	16.3% plus £49,000
James Montgomery Trust	885		17.0%	£900	£900	£900	17.0% plus £900	17.0% plus £900	17.0% plus £900
Kexborough Primary School	384		17.9%	£26,900	£27,600	£28,200	17.9% plus £26,900	17.9% plus £27,600	17.9% plus £28,200
Kilnhurst Primary School	880		19.7%	0.1% plus £19,300	0.1% plus £19,900	0.1% plus £20,300	19.8% plus £19,300	19.8% plus £19,900	19.8% plus £20,300
Kilnhurst St Thomas C of E Primary Academy	859		16.9%	0.3% plus £14,000	0.3% plus £14,400	0.3% plus £14,800	17.2% plus £14,000	17.2% plus £14,400	17.2% plus £14,800

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King Ecgbert School	658		14.7%	0.5% plus £77,800	0.5% plus £79,600	0.5% plus £81,600	15.2% plus £77,800	15.2% plus £79,600	15.2% plus £81,600
Kirk Balk Community College	368	2	14.8%	0.1% plus £168,150	0.1%	0.1%	14.9% plus £168,150	14.9%	14.9%
Kirk Sandall Infant School	455		14.8%	0.5% plus £31,100	0.5% plus £31,900	0.5% plus £32,600	15.3% plus £31,100	15.3% plus £31,900	15.3% plus £32,600
Kirk Sandall Junior School	476		17.9%	0.2% plus £30,700	0.2% plus £31,400	0.2% plus £32,200	18.1% plus £30,700	18.1% plus £31,400	18.1% plus £32,200
Laithes Primary School	373		15.0%	0.5% plus £30,300	0.5% plus £31,000	0.5% plus £31,800	15.5% plus £30,300	15.5% plus £31,000	15.5% plus £31,800
Lound Infant School	715		15.6%	0.7% plus £30,000	0.7% plus £30,700	0.7% plus £31,500	16.3% plus £30,000	16.3% plus £30,700	16.3% plus £31,500
Lound Junior School	716		19.5%	£38,300	£39,200	£40,100	19.5% plus £38,300	19.5% plus £39,200	19.5% plus £40,100
Maltby Academy	529		15.0%	0.4% less £86,300	0.4% less £88,300	0.4% less £90,500	15.4% less £86,300	15.4% less £88,300	15.4% less £90,500
Maltby Lilly Hall Academy	578		17.5%	0.4% plus £35,100	0.4% plus £35,900	0.4% plus £36,800	17.9% plus £35,100	17.9% plus £35,900	17.9% plus £36,800
Maltby Manor Academy	577		14.8%	0.3% plus £40,900	0.3% plus £41,900	0.3% plus £42,800	15.1% plus £40,900	15.1% plus £41,900	15.1% plus £42,800

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Maltby Redwood Academy	558		13.6%	0.1% plus £17,400	0.1% plus £17,800	0.1% plus £18,200	13.7% plus £17,400	13.7% plus £17,800	13.7% plus £18,200
Mansel Primary School	710		13.5%	0.5% plus £49,300	0.5% plus £50,500	0.5% plus £51,700	14.0% plus £49,300	14.0% plus £50,500	14.0% plus £51,700
McAuley Catholic High School	465		17.3%	0.4% plus £112,200	0.4% plus £114,900	0.4% plus £117,600	17.7% plus £112,200	17.7% plus £114,900	17.7% plus £117,600
Meadowhead School Academy Trust	654	2	15.4%	0.8% plus £322,320	0.8%	0.8%	16.2% plus £322,320	16.2%	16.2%
Mercia School	900		15.0%	£200	£200	£200	15.0% plus £200	15.0% plus £200	15.0% plus £200
Meynell Primary School	708	2	14.5%	0.2% plus £165,410	0.2%	0.2%	14.7% plus £165,410	14.7%	14.7%
Milton School Swinton	869		15.4%	0.3% plus £46,400	0.3% plus £47,500	0.3% plus £48,700	15.7% plus £46,400	15.7% plus £47,500	15.7% plus £48,700
Monteney Primary School	711		14.7%	0.9% plus £79,100	0.9% plus £81,100	0.9% plus £83,000	15.6% plus £79,100	15.6% plus £81,100	15.6% plus £83,000
National College for High Speed Rail	834		14.3%	£2,800	£2,900	£2,900	14.3% plus £2,800	14.3% plus £2,900	14.3% plus £2,900

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Nether Edge Primary Academy	750		15.1%	0.4% plus £41,200	0.4% plus £42,100	0.4% plus £43,200	15.5% plus £41,200	15.5% plus £42,100	15.5% plus £43,200
Newfield Secondary School	729		16.0%	0.5% plus £96,600	0.5% plus £98,900	0.5% plus £101,300	16.5% plus £96,600	16.5% plus £98,900	16.5% plus £101,300
Notre Dame High School	604		15.9%	1.0% plus £37,600	1.0% plus £38,500	1.0% plus £39,400	16.9% plus £37,600	16.9% plus £38,500	16.9% plus £39,400
Our Lady of Sorrows Catholic Academy	828		18.2%	0.2% plus £20,700	0.2% plus £21,200	0.2% plus £21,700	18.4% plus £20,700	18.4% plus £21,200	18.4% plus £21,700
Owston Park Primary School	894		18.0%	0.3% plus £43,600	0.3% plus £44,600	0.3% plus £45,700	18.3% plus £43,600	18.3% plus £44,600	18.3% plus £45,700
Parkwood Academy	622		15.1%	0.4% less £46,200	0.4% less £47,400	0.4% less £48,300	15.5% less £46,200	15.5% less £47,400	15.5% less £48,300
Porter Croft C of E Primary Academy	718		16.0%	0.5% plus £32,600	0.5% plus £33,400	0.5% plus £34,200	16.5% plus £32,600	16.5% plus £33,400	16.5% plus £34,200
Ravenfield Primary Academy	579		18.4%	0.2% plus £20,100	0.2% plus £20,600	0.2% plus £21,100	18.6% plus £20,100	18.6% plus £20,600	18.6% plus £21,100
Richmond Hill Primary Academy	464		15.6%	0.3% plus £60,500	0.3% plus £62,000	0.3% plus £63,500	15.9% plus £60,500	15.9% plus £62,000	15.9% plus £63,500

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Rossington St Michaels C of E Primary School	831		16.6%	1.0% plus £30,900	1.0% plus £31,600	1.0% plus £32,300	17.6% plus £30,900	17.6% plus £31,600	17.6% plus £32,300
Sacred Heart School A Voluntary Academy	722	3	19.3%	0.3% plus £28,940	0.3% plus £29,730	0.3% plus £30,410	19.6% plus £28,940	19.6% plus £29,730	19.6% plus £30,410
Sandhill Primary School	371		15.5%	0.5% plus £28,600	0.5% plus £29,200	0.5% plus £30,000	16.0% plus £28,600	16.0% plus £29,200	16.0% plus £30,000
Sheffield Park Academy	692		14.5%	0.8% plus £10,000	0.8% plus £10,200	0.8% plus £10,500	15.3% plus £10,000	15.3% plus £10,200	15.3% plus £10,500
Sheffield Springs Academy	691		14.9%	0.5% plus £3,500	0.5% plus £3,600	0.5% plus £3,700	15.4% plus £3,500	15.4% plus £3,600	15.4% plus £3,700
Sir Thomas Wharton Academy	457		17.4%	0.7% plus £45,900	0.7% plus £47,000	0.7% plus £48,200	18.1% plus £45,900	18.1% plus £47,000	18.1% plus £48,200
Southey Green Primary School & Nurseries	705	2	14.9%	£166,450	£0	£0	14.9% plus £166,450	14.9%	14.9%
Southfield Primary School	821		15.6%	1.1% plus £40,500	1.1% plus £41,400	1.1% plus £42,400	16.7% plus £40,500	16.7% plus £41,400	16.7% plus £42,400
St Anns RC Primary School	607		17.0%	(£2,100)	(£2,200)	(£2,200)	17.0% less £2,100	17.0% less £2,200	17.0% less £2,200

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St Bedes Catholic Primary School	544		17.9%	0.6% plus £24,200	0.6% plus £24,900	0.6% plus £25,400	18.5% plus £24,200	18.5% plus £24,900	18.5% plus £25,400
St Bernards Catholic High School	539		16.2%	0.7% plus £43,300	0.7% plus £44,300	0.7% plus £45,500	16.9% plus £43,300	16.9% plus £44,300	16.9% plus £45,500
St Catherines Catholic Primary School	725		15.9%	0.8% plus £65,400	0.8% plus £67,000	0.8% plus £68,700	16.7% plus £65,400	16.7% plus £67,000	16.7% plus £68,700
St Gerards Catholic Primary - Thrybergh	545	3	21.3%	0.6% plus £10,690	0.6% plus £11,090	0.6% plus £11,280	21.9% plus £10,690	21.9% plus £11,090	21.9% plus £11,280
St John Fisher Primary - A Catholic Voluntary Academy	605	3	18.5%	0.5% plus £2,160	0.5% plus £2,160	0.5% plus £2,350	19.0% plus £2,160	19.0% plus £2,160	19.0% plus £2,350
St Josephs Catholic Primary (Dinnington)	557		19.5%	0.4% plus £23,600	0.4% plus £24,200	0.4% plus £24,700	19.9% plus £23,600	19.9% plus £24,200	19.9% plus £24,700
St Josephs Catholic School (Rossington)	463		16.6%	0.7% plus £17,400	0.7% plus £17,900	0.7% plus £18,200	17.3% plus £17,400	17.3% plus £17,900	17.3% plus £18,200
St Josephs Primary School	608		19.4%	0.3% less £4,700	0.3% less £4,800	0.3% less £4,900	19.7% less £4,700	19.7% less £4,800	19.7% less £4,900

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St Marys C of E Academy (Walkley)	738		16.5%	1.0% plus £26,200	1.0% plus £26,800	1.0% plus £27,500	17.5% plus £26,200	17.5% plus £26,800	17.5% plus £27,500
St Marys Catholic Primary (Maltby)	549		18.5%	0.4% plus £10,600	0.4% plus £10,800	0.4% plus £11,100	18.9% plus £10,600	18.9% plus £10,800	18.9% plus £11,100
St Marys Catholic Primary School (Herringthorpe)	546		19.1%	0.1% plus £16,500	0.1% plus £17,000	0.1% plus £17,400	19.2% plus £16,500	19.2% plus £17,000	19.2% plus £17,400
St Marys Primary School (High Green)	721	3	17.9%	0.2% plus £25,210	0.2% plus £25,800	0.2% plus £26,490	18.1% plus £25,210	18.1% plus £25,800	18.1% plus £26,490
St Oswalds C of E Academy	453		14.6%	0.2% plus £5,600	0.2% plus £5,700	0.2% plus £5,800	14.8% plus £5,600	14.8% plus £5,700	14.8% plus £5,800
St Patricks Catholic Academy Trust	612		19.2%	£900	£1,000	£1,000	19.2% plus £900	19.2% plus £1,000	19.2% plus £1,000
St Theresas RC School	611		17.8%	0.4% less £10,500	0.4% less £10,800	0.4% less £11,000	18.2% less £10,500	18.2% less £10,800	18.2% less £11,000
St Thomas More Catholic Primary Academy	756	3	17.0%	0.4% plus £17,360	0.4% plus £17,760	0.4% plus £18,250	17.4% plus £17,360	17.4% plus £17,760	17.4% plus £18,250
St Thomas of Canterbury Trust	657		17.6%	0.3% plus £21,600	0.3% plus £22,100	0.3% plus £22,600	17.9% plus £21,600	17.9% plus £22,100	17.9% plus £22,600

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St Wilfrids Catholic Primary School	700		18.1%	0.3% plus £26,000	0.3% plus £26,600	0.3% plus £27,300	18.4% plus £26,000	18.4% plus £26,600	18.4% plus £27,300
Swinton Fitzwilliam Primary Academy	809		17.6%	0.7% plus £27,900	0.7% plus £28,700	0.7% plus £29,300	18.3% plus £27,900	18.3% plus £28,700	18.3% plus £29,300
Swinton Queen Primary School	596		16.7%	0.4% plus £28,700	0.4% plus £29,300	0.4% plus £30,100	17.1% plus £28,700	17.1% plus £29,300	17.1% plus £30,100
Tapton School	639	2	15.4%	0.4% plus £377,080	0.4%	0.4%	15.8% plus £377,080	15.8%	15.8%
The Academy at Ridgewood Trust	442	2	16.0%	0.3% plus £78,780	0.3% plus £80,640	0.3% plus £82,600	16.3% plus £78,780	16.3% plus £80,640	16.3% plus £82,600
The Hayfield School	229		17.3%	0.2% less £19,900	0.2% less £20,400	0.2% less £20,900	17.5% less £19,900	17.5% less £20,400	17.5% less £20,900
Thrybergh Academy & Sports College	540		15.6%	0.7% plus £152,900	0.7% plus £156,500	0.7% plus £160,400	16.3% plus £152,900	16.3% plus £156,500	16.3% plus £160,400
Thrybergh Fullerton Primary	575		16.9%	0.6% plus £11,500	0.6% plus £11,800	0.6% plus £12,000	17.5% plus £11,500	17.5% plus £11,800	17.5% plus £12,000
Tinsley Meadows Primary School	758		12.6%	0.4% plus £95,200	0.4% plus £97,600	0.4% plus £99,900	13.0% plus £95,200	13.0% plus £97,600	13.0% plus £99,900

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Totley All Saints C of E School	613		15.6%	0.1% less £3,200	0.1% less £3,300	0.1% less £3,400	15.7% less £3,200	15.7% less £3,300	15.7% less £3,400
Totley Primary School	724		15.5%	0.1% plus £29,000	0.1% plus £29,700	0.1% plus £30,500	15.6% plus £29,000	15.6% plus £29,700	15.6% plus £30,500
Treeton C of E Primary Academy	846		15.7%	0.6% plus £26,600	0.6% plus £27,200	0.6% plus £27,900	16.3% plus £26,600	16.3% plus £27,200	16.3% plus £27,900
Trinity Croft C of E Primary Academy	572		15.7%	£10,600	£10,900	£11,100	15.7% plus £10,600	15.7% plus £10,900	15.7% plus £11,100
University Technology College (Sheffield)	246		15.3%	0.4% plus £24,700	0.4% plus £25,200	0.4% plus £25,800	15.7% plus £24,700	15.7% plus £25,200	15.7% plus £25,800
Upperwood Academy	348	3	15.3%	0.8% plus £16,870	0.8% plus £17,360	0.8% plus £17,660	16.1% plus £16,870	16.1% plus £17,360	16.1% plus £17,660
Valley Park Community Primary	746		13.7%	0.8% plus £81,200	0.8% plus £83,200	0.8% plus £85,100	14.5% plus £81,200	14.5% plus £83,200	14.5% plus £85,100
Wales High School (Academy Trust)	531	2	16.7%	0.6% plus £86,390	0.6%	0.6%	17.3% plus £86,390	17.3%	17.3%
Ward Green Academy	382		16.1%	0.3% plus £47,400	0.3% plus £48,600	0.3% plus £49,700	16.4% plus £47,400	16.4% plus £48,600	16.4% plus £49,700

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Wellgate Primary School	383		15.2%	0.9% plus £45,700	0.9% plus £46,800	0.9% plus £47,900	16.1% plus £45,700	16.1% plus £46,800	16.1% plus £47,900
Wentworth CoE Junior & Infant School	888		13.1%	£5,500	£5,600	£5,800	13.1% plus £5,500	13.1% plus £5,600	13.1% plus £5,800
Whiston Junior & Infant School	551		19.0%	0.5% plus £17,800	0.5% plus £18,200	0.5% plus £18,600	19.5% plus £17,800	19.5% plus £18,200	19.5% plus £18,600
Whiston Worrygoose Junior & Infant School	552		17.5%	1.4% plus £43,000	1.4% plus £44,000	1.4% plus £45,000	18.9% plus £43,000	18.9% plus £44,000	18.9% plus £45,000
Wickersley Northfield Primary	574		18.4%	0.7% plus £44,400	0.7% plus £45,400	0.7% plus £46,600	19.1% plus £44,400	19.1% plus £45,400	19.1% plus £46,600
Wickersley St Albans C of E Primary School	566		18.9%	0.5% plus £18,100	0.5% plus £18,500	0.5% plus £18,900	19.4% plus £18,100	19.4% plus £18,500	19.4% plus £18,900
Windmill Hill School Academy	866		16.7%	0.3% plus £41,900	0.3% plus £42,900	0.3% plus £43,900	17.0% plus £41,900	17.0% plus £42,900	17.0% plus £43,900
Wingfield Academy	547	3	15.6%	0.7% plus £78,780	0.7% plus £80,740	0.7% plus £82,600	16.3% plus £78,780	16.3% plus £80,740	16.3% plus £82,600
Winterhill School	580	3	14.9%	0.8% plus £135,290	0.8% plus £138,520	0.8% plus £141,860	15.7% plus £135,290	15.7% plus £138,520	15.7% plus £141,860

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Wisewood Community Primary	751	2	19.2%	0.2% plus £76,940	0.2%	0.2%	19.4% plus £76,940	19.4%	19.4%
Wombwell Park Street Primary School	376		14.2%	0.6% plus £31,400	0.6% plus £32,200	0.6% plus £32,900	14.8% plus £31,400	14.8% plus £32,200	14.8% plus £32,900
Woodfield Primary School	493		16.2%	0.2% plus £34,800	0.2% plus £35,700	0.2% plus £36,500	16.4% plus £34,800	16.4% plus £35,700	16.4% plus £36,500
Woodsetts Primary School	836		17.6%	0.1% plus £22,300	0.1% plus £22,800	0.1% plus £23,300	17.7% plus £22,300	17.7% plus £22,800	17.7% plus £23,300
Worsbrough Bank End	387		13.9%	0.3% plus £28,900	0.3% plus £29,600	0.3% plus £30,300	14.2% plus £28,900	14.2% plus £29,600	14.2% plus £30,300
Academies and Free Schools - 1 September Change									
				2.5% plus £5,900 to 31 August 2020	0.2% plus £20,200 to 31 August 2021	0.2% plus £20,700 to 31 March 2022	16.7% plus £5,900 to 31 August 2020	14.4% plus £20,200 to 31 August 2021	14.4% plus £20,700 to 31 March 2022
Abbey School	588		14.2%	0.2% plus £28,300 from 1 September 2020 to 31 March 2021	0.2% plus £28,900 from 1 September 2021 to 31 March 2022	0.2% plus £29,600 from 1 September 2022 to 31 March 2023	14.4% plus £28,300 from 1 September 2020 to 31 March 2021	14.4% plus £28,900 from 1 September 2021 to 31 March 2022	14.4% plus £29,600 from 1 September 2022 to 31 March 2023

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
				- 0.1% plus £26,800 to 31 August 2020	0.7% plus £45,200 to 31 August 2021	0.7% plus £46,300 to 31 March 2022	13.4% plus £26,800 to 31 August 2020	14.2% plus £45,200 to 31 August 2021	14.2% plus £46,300 to 31 March 2022
Kelford School	593		13.5%	0.7% plus £63,400 from 1 September 2020 to 31 March 2021	0.7% plus £64,900 from 1 September 2021 to 31 March 2022	0.7% plus £66,400 from 1 September 2022 to 31 March 2023	14.2% plus £63,400 from 1 September 2020 to 31 March 2021	14.2% plus £64,900 from 1 September 2021 to 31 March 2022	14.2% plus £66,400 from 1 September 2022 to 31 March 2023
				- 0.4% plus £31,700 to 31 August 2020	0.4% plus £52,000 to 31 August 2021	0.4% plus £53,200 to 31 March 2022	14.3% plus £31,700 to 31 August 2020	15.1% plus £52,000 to 31 August 2021	15.1% plus £53,200 to 31 March 2022
Maltby Hilltop School	589		14.7%	0.4% plus £72,800 from 1 September 2020 to 31 March 2021	0.4% plus £74,600 from 1 September 2021 to 31 March 2022	0.4% plus £76,400 from 1 September 2022 to 31 March 2023	15.1% plus £72,800 from 1 September 2020 to 31 March 2021	15.1% plus £74,600 from 1 September 2021 to 31 March 2022	15.1% plus 76,400 from 1 September 2022 to 31 March 2023
St Maries School Catholic	659		17.1%	- 2.4% plus £11,600 to 31 August 2020	0.5% plus £13,700 to 31 August 2021	0.5% plus £14,000 to 31 March 2022	14.7% plus £11,600 to 31 August 2020	17.6% plus £13,700 to 31 August 2021	17.6% plus £14,000 to 31 March 2022

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Voluntary Academy				0.5% plus £19,100 from 1 September 2020 to 31 March 2021	0.5% plus £19,600 from 1 September 2020 to 31 March 2021	0.5% plus £20,100 from 1 September 2021 to 31 March 2022	17.6% plus £19,100 from 1 September 2020 to 31 March 2021	17.6% plus £19,600 from 1 September 2020 to 31 March 2021	17.6% plus £20,100 from 1 September 2021 to 31 March 2022
				- 0.6% plus £24,000 to 31 August 2020	0.3% plus £27,600 to 31 August 2021	0.3% plus £28,300 to 31 March 2022	14.7% plus £24,000 to 31 August 2020	15.7% plus £27,600 to 31 August 2021	15.7% plus £28,300 to 31 March 2022
Pennine View School	826		15.4%	0.3% plus £38,700 from 1 September 2020 to 31 March 2021	0.3% plus £39,600 from 1 September 2021 to 31 March 2022	0.3% plus £40,500 from 1 September 2022 to 31 March 2023	15.7% plus £38,700 from 1 September 2020 to 31 March 2021	15.7% plus £39,600 from 1 September 2021 to 31 March 2022	15.7% plus £40,500 from 1 September 2022 to 31 March 2023
Academies and Free Schools - Post 31 March 2019									
Bradfield Dungworth Primary School	911		18.4%	£900	£900	£1,000	18.4% plus £900	18.4% plus £900	18.4% plus £1,000
Chorus Education Trust	910		14.3%	0.9%	0.9%	0.9%	15.2%	15.2%	15.2%
Churchfield Primary School	956		15.8%	0.3% plus £4,800	0.3% plus £4,900	0.3% plus £5,000	16.1% plus £4,800	16.1% plus £4,900	16.1% plus £5,000

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Hawthorn Primary School	980		16.9%	0.7%	0.7%	0.7%	17.6%	17.6%	17.6%
Horizon Community College	921		16.6%	0.5% plus £26,900	0.5% plus £27,600	0.5% plus £28,200	17.1% plus £26,900	17.1% plus £27,600	17.1% plus £28,200
Lakeside Primary School	940		15.8%	0.5% plus £3,700	0.5% plus £3,800	0.5% plus £3,900	16.3% plus £3,700	16.3% plus £3,800	16.3% plus £3,900
Laughton All Saints C of E Primary	941		16.9%	0.3%	0.3%	0.3%	17.2%	17.2%	17.2%
Loxley Primary School	913		20.2%	£1,200	£1,300	£1,300	20.2% plus £1,200	20.2% plus £1,300	20.2% plus £1,300
Maltby Learning Trust MAT HQ	903		16.8%	0.2%	0.2%	0.2%	17.0%	17.0%	17.0%
Mapplewell Primary	975		18.3%	0.2% plus £4,600	0.2% plus £4,700	0.2% plus £4,800	18.5% plus £4,600	18.5% plus £4,700	18.5% plus £4,800
Marshland Primary	907		17.6%	0.8% plus £1,400	0.8% plus £1,500	0.8% plus £1,500	18.4% plus £1,400	18.4% plus £1,500	18.4% plus £1,500
Mercia Learning Trust MAT HQ	920		13.1%	0.1%	0.1%	0.1%	13.2%	13.2%	13.2%
Minerva Learning Trust	919		16.0%	0.2%	0.2%	0.2%	16.2%	16.2%	16.2%

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Nook Lane Junior School	912		19.2%	£2,400	£2,400	£2,500	19.2% plus £2,400	19.2% plus £2,400	19.2% plus £2,500
Oughtibridge Primary School	909		15.9%	0.3% plus £2,800	0.3% plus £2,800	0.3% plus £2,900	16.2% plus £2,800	16.2% plus £2,800	16.2% plus £2,900
Pye Bank C of E Primary School	922		15.7%	0.5% plus £4,700	0.5% plus £4,800	0.5% plus £4,900	16.2% plus £4,700	16.2% plus £4,800	16.2% plus £4,900
Stannington Infant School	914		16.1%	0.5% plus £1,300	0.5% plus £1,400	0.5% plus £1,400	16.6% plus £1,300	16.6% plus £1,400	16.6% plus £1,400
Thorne Brooke Primary	908		16.6%	0.7% plus £3,300	0.7% plus £3,400	0.7% plus £3,400	17.3% plus £3,300	17.3% plus £3,400	17.3% plus £3,400
Wath Academy	904		15.2%	0.9% plus £7,900	0.9% plus £8,100	0.9% plus £8,300	16.1% plus £7,900	16.1% plus £8,100	16.1% plus £8,300
West Road Primary School	942		16.4%	0.5% plus £1,200	0.5% plus £1,300	0.5% plus £1,300	16.9% plus £1,200	16.9% plus £1,300	16.9% plus £1,300
Wharncliffe Side Primary	915		18.5%	0.5% plus £2,400	0.5% plus £2,400	0.5% plus £2,500	19.0% plus £2,400	19.0% plus £2,400	19.0% plus £2,500
Woodseats Primary Academy	943		18.3%	0.4% plus £5,200	0.4% plus £5,300	0.4% plus £5,500	18.7% plus £5,200	18.7% plus £5,300	18.7% plus £5,500
Worsbrough Common Primary	959		14.8%	0.5% plus £6,800	0.5% plus £6,900	0.5% plus £7,100	15.3% plus £6,800	15.3% plus £6,900	15.3% plus £7,100

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Multi Academy Trusts									
Becton School	981		15.6%	2.5% to 31 August 2020 0.4% plus £2,300 from 1 September 2020 to 31 March 2021	0.4% plus £1,600 to 31 August 2021 0.4% plus £2,300 from 1 September 2021 to 31 March 2022	0.4% plus £1,700 to 31 March 2022 0.4% plus £2,400 from 1 September 2022 to 31 March 2023	18.1% to 31 August 2020 16.0% plus £2,300 from 1 September 2020 to 31 March 2021	16.0% plus £1,600 to 31 August 2021 16.0% plus £2,300 from 1 September 2021 to 31 March 2022	16.0% plus £1,700 to 31 March 2022 16.0% plus £2,400 from 1 September 2022 to 31 March 2023
Coppice Community Special School	957		17.8%	- 0.3% to 31 August 2020 0.1% plus £1,300 from 1 September 2020 to 31 March 2021	0.1% plus £900 to 31 August 2021 0.1% plus £1,300 from 1 September 2021 to 31 March 2022	0.1% plus £900 to 31 March 2022 0.1% plus £1,300 from 1 September 2022 to 31 March 2023	17.5% to 31 August 2020 17.9% plus £1,300 from 1 September 2020 to 31 March 2021	17.9% plus £900 to 31 August 2021 17.9% plus £1,300 from 1 September 2021 to 31 March 2022	17.9% plus £900 to 31 March 2022 17.9% plus £1,300 from 1 September 2022 to 31 March 2023
Crags Community School	954		15.8%	1.7% to 31 August 2020 0.6% plus £800 from 1 September 2020 to 31 March 2021	0.6% plus £500 to 31 August 2021 0.6% plus £800 from 1 September 2021 to 31 March 2022	0.6% plus £600 to 31 March 2022 0.6% plus £800 from 1 September 2022 to 31 March 2023	17.5% to 31 August 2020 16.4% plus £800 from 1 September 2020 to 31 March 2021	16.4% plus £500 to 31 August 2021 16.4% plus £800 from 1 September 2021 to 31 March 2022	16.4% plus £600 to 31 March 2022 16.4% plus £800 from 1 September 2022 to 31 March 2023

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Heatherwood Community Special School	944		17.6%	- 0.1% from 1 September 2020 to 31 March 2021 0.6% plus £800 from 1 September 2020 to 31 March 2021	0.6% plus £600 to 31 August 2021 0.6% plus £900 from 1 September 2021 to 31 March 2022	0.6% plus £600 to 31 March 2022 0.6% plus £900 from 1 September 2022 to 31 March 2023	17.5% from 1 September 2020 to 31 March 2021 18.2% plus £800 from 1 September 2020 to 31 March 2021	18.2% plus £600 to 31 August 2021 18.2% plus £900 from 1 September 2021 to 31 March 2022	18.2% plus £600 to 31 March 2022 18.2% plus £900 from 1 September 2022 to 31 March 2023
North Ridge School	979		18.8%	- 1.3% to 31 August 2020 0.1% from 1 September 2020 to 31 March 2021	0.1% to 31 August 2021 0.1% from 1 September 2021 to 31 March 2022	0.1% to 31 March 2022 0.1% from 1 September 2022 to 31 March 2023	17.5% to 31 August 2020 18.9% from 1 September 2020 to 31 March 2021	18.9% to 31 August 2021 18.9% from 1 September 2021 to 31 March 2022	18.9% to 31 March 2022 18.9% from 1 September 2022 to 31 March 2023
Multi Academy Trusts									
Academies Enterprise Trust	MAT9		16.2%	0.1% plus £256,600	0.1% plus £262,600	0.1% plus £269,000	16.3% plus £256,600	16.3% plus £262,600	16.3% plus £269,000
Aston Community Education Trust	MAT29		16.9%	0.5% plus £363,770	0.5% plus £372,510	0.5% plus £381,430	17.4% plus £363,770	17.4% plus £372,510	17.4% plus £381,430
Astrea Academy Trust	MAT7		14.9%	0.4% plus £994,100	0.4% plus £1,018,200	0.4% plus £1,042,400	15.3% plus £994,100	15.3% plus £1,018,200	15.3% plus £1,042,400

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Brigantia Learning Trust	MAT2		16.5%	0.6% plus £303,100	0.6% plus £310,400	0.6% plus £317,800	17.1% plus £303,100	17.1% plus £310,400	17.1% plus £317,800
Cascade Multi Academy Trust	MAT51		14.1%	0.5% plus £171,500	0.5% plus £175,600	0.5% plus £179,700	14.6% plus £171,500	14.6% plus £175,600	14.6% plus £179,700
Central Learning Partnership Trust	MAT31	2	14.8%	1.0% plus £216,390	1.0%	1.0%	15.8% plus £216,390	15.8%	15.8%
Chorus Education Trust	MAT44	2	15.6%	0.7% plus £462,050	0.7%	0.7%	16.3% plus £462,050	16.3%	16.3%
Delta Academies Trust	MAT16	2	16.6%	0.3% plus £1,863,880	0.3%	0.3%	16.9% plus £1,863,880	16.9%	16.9%
Emmanuel Schools Foundation	MAT15		17.5%	0.2% plus £1,100	0.2% plus £1,100	0.2% plus £1,100	17.7% plus £1,100	17.7% plus £1,100	17.7% plus £1,100
Exceed Learning Partnership	MAT26		16.9%	0.3% plus £123,600	0.3% plus £126,700	0.3% plus £129,500	17.2% plus £123,600	17.2% plus £126,700	17.2% plus £129,500
Inspire Multi Academy Trust	MAT1	2	15.7%	0.6% plus £317,030	0.6%	0.6%	16.3% plus £317,030	16.3%	16.3%
Inspiring Futures	MAT19		17.0%	0.4% plus £117,200	0.4% plus £120,100	0.4% plus £122,900	17.4% plus £117,200	17.4% plus £120,100	17.4% plus £122,900

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
James Montgomery Trust	MAT27		15.3%	0.2% plus £252,300	0.2% plus £258,200	0.2% plus £264,800	15.5% plus £252,300	15.5% plus £258,200	15.5% plus £264,800
L.E.A.D	MAT54		17.4%	0.3% plus £379,700	0.3% plus £388,700	0.3% plus £398,100	17.7% plus £379,700	17.7% plus £388,700	17.7% plus £398,100
Leger Education Trust	MAT57		19.9%	0.6% plus £48,200	0.6% plus £49,400	0.6% plus £50,600	20.5% plus £48,200	20.5% plus £49,400	20.5% plus £50,600
Minerva Learning trust	MAT49		16.1%	0.5% plus £432,300	0.5% plus £442,700	0.5% plus £453,400	16.6% plus £432,300	16.6% plus £442,700	16.6% plus £453,400
Oasis Community Learning	MAT50	3	12.3%	0.2% plus £27,180	0.2% plus £27,760	0.2% plus £28,350	12.5% plus £27,180	12.5% plus £27,760	12.5% plus £28,350
Outwood Grange Academies Trust	MAT10		16.5%	0.4% plus £426,300	0.4% plus £436,300	0.4% plus £446,600	16.9% plus £426,300	16.9% plus £436,300	16.9% plus £446,600
Pioneer Academies Community Trust	MAT8		17.7%	0.8% plus £51,600	0.8% plus £53,000	0.8% plus £54,200	18.5% plus £51,600	18.5% plus £53,000	18.5% plus £54,200
Sheffield South East Trust	MAT53		16.3%	0.4% plus £325,300	0.4% plus £333,200	0.4% plus £341,000	16.7% plus £325,300	16.7% plus £333,200	16.7% plus £341,000
St Mary's Academy Trust	MAT5		17.1%	0.8% plus £209,800	0.8% plus £214,900	0.8% plus £220,200	17.9% plus £209,800	17.9% plus £214,900	17.9% plus £220,200

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Wellspring Academy Trust	MAT6	2	13.0%	0.5% plus £1,743,020	0.5%	0.5%	13.5% plus £1,743,020	13.5%	13.5%
Wickersley Partnership Trust	MAT33		14.8%	0.7% plus £548,700	0.7% plus £561,900	0.7% plus £575,300	15.5% plus £548,700	15.5% plus £561,900	15.5% plus £575,300
Willow Tree Academy	MAT37		15.8%	0.4% plus £111,100	0.4% plus £113,800	0.4% plus £116,500	16.2% plus £111,100	16.2% plus £113,800	16.2% plus £116,500
XP Trust	MAT25		13.7%	£49,500	£50,600	£51,900	13.7% plus £49,500	13.7% plus £50,600	13.7% plus £51,900
Admitted Bodies ("Community Admission Bodies")									
Action Housing & Support Ltd	204	12	16.9%	0.4% plus £103,600	0.4% plus £106,100	0.4% plus £108,600	17.3% plus £103,600	17.3% plus £106,100	17.3% plus £108,600
Barnsley BIC Ltd	308	12	19.7%	(£2,300)	(£2,400)	(£2,400)	19.7% less £2,300	19.7% less £2,400	19.7% less £2,400
Barnsley Premier Leisure	228	12	15.8%	0.9% plus £117,400	0.9% plus £120,200	0.9% plus £123,100	16.7% plus £117,400	16.7% plus £120,200	16.7% plus £123,100
Border to Coast Pensions Partnership Ltd	881	7	14.7%	1.0%	1.0%	1.0%	15.7%	15.7%	15.7%
Community Action Halfway Home	520	12	29.9%	£2,500	£2,600	£2,600	29.9% plus £2,500	29.9% plus £2,600	29.9% plus £2,600

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Danum Drainage Commissioners	201	12	22.0%	(£2,200)	(£2,300)	(£2,300)	22.0% less £2,200	22.0% less £2,300	22.0% less £2,300
Doncaster Childrens Services Trust Ltd	473	12	14.5%	0.4% plus £135,000	0.4% plus £138,200	0.4% plus £141,500	14.9% plus £135,000	14.9% plus £138,200	14.9% plus £141,500
Doncaster Community Transport	230	12	14.7%	(£16,500)	(£16,900)	(£17,300)	14.7% less £16,500	14.7% less £16,900	14.7% less £17,300
Doncaster Culture & Leisure Trust	432	12	20.5%	0.1% plus £120,100	0.1% plus £123,000	0.1% plus £125,900	20.6% plus £120,100	20.6% plus £123,000	20.6% plus £125,900
Doncaster Deaf Trust	412	12	17.4%	£140,700	£144,100	£147,500	17.4% plus £140,700	17.4% plus £144,100	17.4% plus £147,500
Forge Community Partnership	322	12	15.4%	0.8% plus £27,000	0.8% plus £27,600	0.8% plus £28,300	16.2% plus £27,000	16.2% plus £27,600	16.2% plus £28,300
Great Places Housing Association	241	12	17.7%	1.4% less £1,400	1.4% less £1,500	1.4% less £1,500	19.1% less £1,400	19.1% less £1,500	19.1% less £1,500
Independent Training Services Ltd	310	12	28.8%	£2,100	£2,200	£2,200	28.8% plus £2,100	28.8% plus £2,200	28.8% plus £2,200
Learn Sheffield	768	3, 12	18.1%	£7,650	£7,850	£8,040	18.1% plus £7,650	18.1% plus £7,850	18.1% plus £8,040

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
National Childrens Bureau	202	12	18.0%	0.6% less £58,800	0.6% less £60,200	0.6% less £61,700	18.6% less £58,800	18.6% less £60,200	18.6% less £61,700
Northern College	226	3, 12	16.4%	0.5% plus £106,740	0.5% plus £109,290	0.5% plus £111,940	16.9% plus £106,740	16.9% plus £109,290	16.9% plus £111,940
Northern Racing College	209	12	20.0%	0.1% plus £27,200	0.1% plus £27,900	0.1% plus £28,500	20.1% plus £27,200	20.1% plus £27,900	20.1% plus £28,500
Priory Campus Ltd	311	12	26.7%	£5,700	£5,800	£6,000	26.7% plus £5,700	26.7% plus £5,800	26.7% plus £6,000
Roth Don and South Humber Mental Health NHS Foundation Trust	231	12	21.0%	0.4% less £44,100	0.4% less £45,200	0.4% less £46,200	21.4% less £44,100	21.4% less £45,200	21.4% less £46,200
Shaw Trust	422	12	24.9%	(£45,600)	(£46,700)	(£47,800)	24.9% less £45,600	24.9% less £46,700	24.9% less £47,800
Sheffcare Ltd	610	3, 12	20.5%	£44,640	£45,720	£46,800	20.5% plus £44,640	20.5% plus £45,720	20.5% plus £46,800
Sheffield City Trust	242	12	18.5%	0.9% less £40,500	0.9% less £41,600	0.9% less £42,500	19.4% less £40,500	19.4% less £41,600	19.4% less £42,500
Sheffield Community Transport	235	12	22.0%	(£39,500)	(£40,500)	(£41,400)	22.0% less £39,500	22.0% less £40,500	22.0% less £41,400

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Sheffield Futures	666	12	16.7%	0.4% less £85,700	0.4% less £87,800	0.4% less £89,900	17.1% less £85,700	17.1% less £87,800	17.1% less £89,900
Sheffield Galleries & Museums	523	12	18.1%	(£29,500)	(£30,200)	(£30,900)	18.1% less £29,500	18.1% less £30,200	18.1% less £30,900
Sheffield Health & Social Care NHS Foundation Trust	239	12	20.9%	(£131,300)	(£134,500)	(£137,700)	20.9% less £131,300	20.9% less £134,500	20.9% less £137,700
Sheffield Industrial Museums Trust Ltd	521	12	15.3%	0.1% less £2,000	0.1% less £2,100	0.1% less £2,100	15.4% less £2,000	15.4% less £2,100	15.4% less £2,100
Sheffield MIND	518		TBC	TBC	TBC	TBC	TBC	TBC	TBC
Sheffield Students Union	237	12	20.9%	(£1,400)	(£1,400)	(£1,500)	20.9% less £1,400	20.9% less £1,400	20.9% less £1,500
Sheffield Unison	663	3, 12	18.6%	0.1% plus £7,550	0.1% plus £7,750	0.1% plus £7,850	18.7% plus £7,550	18.7% plus £7,750	18.7% plus £7,850
South Yorkshire Housing Association	214	12	22.1%	£5,900	£6,100	£6,200	22.1% plus £5,900	22.1% plus £6,100	22.1% plus £6,200
Voluntary Action Barnsley	307	12	20.1%	0.4% plus £4,600	0.4% plus £4,700	0.4% plus £4,800	20.5% plus £4,600	20.5% plus £4,700	20.5% plus £4,800

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Voluntary Action Rotherham	506		26.5%	0.1% less £30,100	0.1% less £30,800	0.1% less £31,600	26.6% less £30,100	26.6% less £30,800	26.6% less £31,600
Admitted Bodies ("Transferee Admission Bodies")									
Affinity Trust - NHS Transfer (SCC)	877		22.2%	£11,300	£0	£0	22.2% plus £11,300	22.2%	22.2%
Amey Community Ltd (Barnsley BSF Design & Building Schools)	256		24.0%	£300	£300	£300	24.0% plus £300	24.0% plus £300	24.0% plus £300
Amey Community Ltd SPV1 (Barnsley BSF/PFI)	257		23.4%	£100	£100	£100	23.4% plus £100	23.4% plus £100	23.4% plus £100
Amey Community Ltd SPV2 (Barnsley BSF/PFI)	258		26.2%	£0	£0	£0	26.2%	26.2%	26.2%
Amey Community Ltd	259		23.8%	£2,800	£2,900	£2,900	23.8% plus £2,800	23.8% plus £2,900	23.8% plus £2,900

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
SPV3 (Barnsley BSF/PFI)									
Amey LG Limited (Sheffield Highways)	655		19.7%	0.6% less £1,878,300	0.6% less £1,923,400	0.6% less £1,969,600	20.3% less £1,878,300	20.3% less £1,923,400	20.3% less £1,969,600
Argent Catering Solutions Ltd	767		22.4%	£68,400	£0	£0	22.4% plus £68,400	22.4%	22.4%
Aspens Services Ltd - Netherwood Catering Contract	887		20.8%	£69,300	£0	£0	20.8% plus £69,300	20.8%	20.8%
Aspens Services Ltd (E-ACT Pathways Academy)	765		26.8%	£1,500	£0	£0	26.8% plus £1,500	26.8%	26.8%
Aspens Services Ltd (McAuley Academy)	482		22.7%	(£22,300)	£0	£0	22.7% less £22,300	22.7%	22.7%
Aspens Services Ltd (Parkwood Academy)	764		29.7%	(£12,900)	£0	£0	29.7% less £12,900	29.7%	29.7%
Barnsley Norse Ltd	339		22.4%	0.4% less £146,100	0.4% less £149,600	0.4% less £153,200	22.8% less £146,100	22.8% less £149,600	22.8% less £153,200

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
British Red Cross	748		28.9%	(£34,600)	£0	£0	28.9% less £34,600	28.9%	28.9%
Capita (Outstanding Sheffield Programme)	616		19.9%	0.6% less £1,654,600	0.6% less £1,694,300	0.6%	20.5% less £1,654,600	20.5% less £1,694,300	20.5%
Carroll Cleaning Company (De Warenne Academy)	479		23.1%	(£15,100)	£0	£0	23.1% less £15,100	23.1%	23.1%
Caterlink (Barnsley Academy)	364		21.7%	£9,800	£0	£0	21.7% plus £9,800	21.7%	21.7%
Caterlink (Hunningley Primary)	394		23.5%	£9,200	£0	£0	23.5% plus £9,200	23.5%	23.5%
Caterlink (Sheffield Park Academy)	733		24.4%	(£40,000)	£0	£0	24.4% less £40,000	24.4%	24.4%
Churchill Contract Services - Dinnington High School	896		22.0%	£1,600	£0	£0	22.0% plus £1,600	22.0%	22.0%

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Compass (Don Valley Academy)	483		22.1%	0.1% less £74,600	0.1%	0.1%	22.2% less £74,600	22.2%	22.2%
Compass (Kirk Balk Academy)	391		22.2%	£80,100	£0	£0	22.2% plus £80,100	22.2%	22.2%
Compass (RCAT)	248		23.3%	(£30,900)	£0	£0	23.3% less £30,900	23.3%	23.3%
Compass (Rossington All Saints Academy)	484		22.0%	7.5% plus £4,100	7.5%	7.5%	29.5% plus £4,100	29.5%	29.5%
Compass (St Pius X Catholic High School)	884		22.9%	£10,500	£0	£0	22.9% plus £10,500	22.9%	22.9%
Compass (The Hayfield School)	495		21.4%	0.2% plus £15,800	0.2%	0.2%	21.6% plus £15,800	21.6%	21.6%
Cordant Cleaning Ltd	760		22.3%	£44,100	£0	£0	22.3% plus £44,100	22.3%	22.3%
Crispin & Borst	429		18.3%	1.6% less £14,300	1.6% less £14,600	1.6% less £15,000	19.9% less £14,300	19.9% less £14,600	19.9% less £15,000
Dimensions (UK) Ltd	389		22.1%	0.2% plus £242,300	0.2%	0.2%	22.3% plus £242,300	22.3%	22.3%

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Dolce - Conisbrough Ivanhoe Primary Academy	906		22.3%	£100	£100	£100	22.3% plus £100	22.3% plus £100	22.3% plus £100
Dolce Ltd (Blackburn Primary)	847		18.6%	0.3% plus £5,500	0.3%	0.3%	18.9% plus £5,500	18.9%	18.9%
Dolce Ltd (Dodworth St Johns)	852		26.8%	£100	£0	£0	26.8% plus £100	26.8%	26.8%
Dolce Ltd (Elsecar Holy Trinity)	855		20.0%	£3,600	£0	£0	20.0% plus £3,600	20.0%	20.0%
Dolce Ltd (Harthill Primary)	849		23.6%	£1,400	£0	£0	23.6% plus £1,400	23.6%	23.6%
Dolce Ltd (Kilnhurst Junior & Infants)	812		21.7%	0.4% less £900	0.4%	0.4%	22.1% less £900	22.1%	22.1%
Dolce Ltd (Kiveton Park)	848		18.6%	£1,700	£0	£0	18.6% plus £1,700	18.6%	18.6%
Dolce Ltd (Sitwell Juniors)	804		21.8%	0.2% plus £13,100	0.2%	0.2%	22.0% plus £13,100	22.0%	22.0%
Dolce Ltd (St Josephs - Handsworth)	851		24.4%	£2,800	£0	£0	24.4% plus £2,800	24.4%	24.4%

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Dolce Ltd (St Marys Maltby)	865		19.7%	£2,600	£0	£0	19.7% plus £2,600	19.7%	19.7%
Dolce Ltd (Swinton Fitzwilliam)	813		21.8%	£3,700	£0	£0	21.8% plus £3,700	21.8%	21.8%
Dolce Ltd (Swinton Queen Primary)	864		20.6%	£5,800	£0	£0	20.6% plus £5,800	20.6%	20.6%
Dolce Ltd (Todwick)	850		22.8%	£13,700	£0	£0	22.8% plus £13,700	22.8%	22.8%
Dolce Ltd (Whiston Junior & Infants)	814		22.8%	£8,400	£0	£0	22.8% plus £8,400	22.8%	22.8%
Dolce Ltd (Whiston Worrygoose)	815		22.2%	£800	£0	£0	22.2% plus £800	22.2%	22.2%
Dolce Ltd (Wickersley Northfield)	816		22.5%	£1,600	£0	£0	22.5% plus £1,600	22.5%	22.5%
Dolce Ltd (Woodsetts)	817		22.5%	(£100)	£0	£0	22.5% less £100	22.5%	22.5%
Edwards Commercial Cleaning (NORTH) Ltd	780		21.6%	0.3% plus £7,300	0.3%	0.3%	21.9% plus £7,300	21.9%	21.9%

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Engie Services Ltd (Barnsley Schools)	393		23.6%	£1,600	£1,600	£1,600	23.6% plus £1,600	23.6% plus £1,600	23.6% plus £1,600
Engie Services Ltd (Rotherham Schools)	513		25.2%	0.3% less £14,300	0.3% less £14,600	0.3% less £14,900	25.5% less £14,300	25.5% less £14,600	25.5% less £14,900
Go Plant Fleet Services Ltd	514	12	22.3%	(£206,600)	£0	£0	22.3% less £206,600	22.3%	22.3%
Independent Cleaning Services Ltd (Danum Academy)	478		23.1%	0.2% less £40,400	0.2%	0.2%	23.3% less £40,400	23.3%	23.3%
Interserve - SCC Catering Contract	886		22.9%	£7,400	£0	£0	22.9% plus £7,400	22.9%	22.9%
Interserve FM Ltd	671		22.3%	(£25,800)	(£26,400)	(£27,100)	22.3% less £25,800	22.3% less £26,400	22.3% less £27,100
ISS Mediclean Ltd	392		23.8%	£700	£700	£700	23.8% plus £700	23.8% plus £700	23.8% plus £700
Kier (Barnsley Housing Stock Maintenance)	332		20.9%	0.4% less £944,500	0.4%	0.4%	21.3% less £944,500	21.3%	21.3%
Kier Managed Services	688		25.8%	(£53,300)	(£54,600)	(£55,900)	25.8% less £53,300	25.8% less £54,600	25.8% less £55,900

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				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Mellors (Aston Hall Junior & Infants)	837		20.7%	£3,800	£3,900	£4,100	20.7% plus £3,800	20.7% plus £3,900	20.7% plus £4,100
Mellors (Aston Lodge Primary)	838		18.2%	£600	£600	£600	18.2% plus £600	18.2% plus £600	18.2% plus £600
Mellors (Brinsworth Whitehill)	839		22.0%	0.2% plus £3,600	0.2% plus £3,700	0.2% plus £3,900	22.2% plus £3,600	22.2% plus £3,700	22.2% plus £3,900
Mellors (Brinsworth)	585		20.7%	0.6% less £5,400	0.6%	0.6%	21.3% less £5,400	21.3%	21.3%
Mellors (Hinde House/King Ecgbert)	709		23.8%	(£5,200)	(£5,300)	£0	23.8% less £5,200	23.8% less £5,300	23.8%
Mellors (Monkwood Primary)	840		19.1%	£2,300	£2,300	£2,400	19.1% plus £2,300	19.1% plus £2,300	19.1% plus £2,400
Mellors (Rawmarsh Ashwood Primary)	841		21.1%	£1,700	£1,800	£1,800	21.1% plus £1,700	21.1% plus £1,800	21.1% plus £1,800
Mellors (Rawmarsh Comprehensive)	537		28.5%	(£6,100)	(£6,300)	(£6,500)	28.5% less £6,100	28.5% less £6,300	28.5% less £6,500
Mellors (Sandhill Primary)	842		20.0%	£1,900	£1,900	£2,000	20.0% plus £1,900	20.0% plus £1,900	20.0% plus £2,000

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Mellors (Sheffield Schools)	653		30.8%	(£9,500)	(£9,700)	(£10,000)	30.8% less £9,500	30.8% less £9,700	30.8% less £10,000
Mellors (Thrybergh Primary)	843		23.2%	£5,500	£5,700	£5,700	23.2% plus £5,500	23.2% plus £5,700	23.2% plus £5,700
Midshire Catering Ltd	244		24.8%	(£9,200)	£0	£0	24.8% less £9,200	24.8%	24.8%
Mitie Ltd	686		19.1%	(£900)	(£900)	(£900)	19.1% less £900	19.1% less £900	19.1% less £900
Morrison Facilities Service Ltd	533		18.8%	1.1% less £98,200	1.1% less £100,500	1.1% less £102,900	19.9% less £98,200	19.9% less £100,500	19.9% less £102,900
NPS Barnsley Ltd	334	12	19.7%	0.6% less £201,100	0.6% less £205,900	0.6% less £210,900	20.3% less £201,100	20.3% less £205,900	20.3% less £210,900
Places for People (RMBC)	548		20.0%	0.6% less £65,100	0.6% less £66,600	0.6% less £68,300	20.6% less £65,100	20.6% less £66,600	20.6% less £68,300
Places for People (SCC)	747		20.5%	0.3% less £22,100	0.3% less £22,600	0.3% less £23,100	20.8% less £22,100	20.8% less £22,600	20.8% less £23,100
Places for People (Wisewood Sports Centre)	759		18.5%	(£3,200)	(£3,300)	(£3,300)	18.5% less £3,200	18.5% less £3,300	18.5% less £3,300

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Premiserv (Blackburn Primary)	872		24.6%	0.5% plus £2,400	0.5%	0.5%	25.1% plus £2,400	25.1%	25.1%
Sodexo (Forest Primary Academy Wellspring)	875		20.2%	£3,200	£3,200	£3,300	20.2% plus £3,200	20.2% plus £3,200	20.2% plus £3,300
Sodexo (Greenacre Academy Wellspring)	397		18.2%	0.5% plus £7,000	0.5% plus £7,200	0.5% plus £7,400	18.7% plus £7,000	18.7% plus £7,200	18.7% plus £7,400
Sodexo (Oakhill Academy Wellspring)	396		17.6%	1.1% plus £1,700	1.1% plus £1,800	1.1% plus £1,900	18.7% plus £1,700	18.7% plus £1,800	18.7% plus £1,900
Sodexo (Oakwell Rise Academy Wellspring)	874		26.1%	£2,300	£2,400	£2,400	26.1% plus £2,300	26.1% plus £2,400	26.1% plus £2,400
Sodexo (Springwell Special Academy Wellspring)	398		24.0%	£1,400	£1,400	£1,500	24.0% plus £1,400	24.0% plus £1,400	24.0% plus £1,500
Taylor Shaw (Bradfield School)	703		30.3%	(£1,200)	(£1,200)	(£1,300)	30.3% less £1,200	30.3% less £1,200	30.3% less £1,300

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Taylor Shaw (Sheff School Meals Central Contract)	629		23.4%	(£991,000)	£0	£0	23.4% less £991,000	23.4%	23.4%
Taylor Shaw (Sheffield Catering)	618		30.4%	(£7,400)	(£7,600)	(£7,800)	30.4% less £7,400	30.4% less £7,600	30.4% less £7,800
Taylor Shaw (St John Fisher Academy)	754		22.2%	£4,200	£0	£0	22.2% plus £4,200	22.2%	22.2%
TnS (DeWarenne Academy)	876		19.0%	£3,600	£0	£0	19.0% plus £3,600	19.0%	19.0%
Trustclean (Wath CE School)	541		27.3%	(£1,500)	£0	£0	27.3% less £1,500	27.3%	27.3%
Trustclean (Wath Victoria Primary)	581		24.5%	(£300)	£0	£0	24.5% less £300	24.5%	24.5%
Trustclean Ltd (Athersley North)	346		23.9%	(£20,000)	£0	£0	23.9% less £20,000	23.9%	23.9%
Turning Point	390		20.7%	£125,000	£0	£0	20.7% plus £125,000	20.7%	20.7%

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Veolia Environmental Services PLC	676		22.1%	(£762,100)	(£780,400)	(£799,100)	22.1% less £762,100	22.1% less £780,400	22.1% less £799,100
Vinci Construction UK Ltd (Bradfield FM)	702		23.9%	(£1,700)	(£1,700)	(£1,800)	23.9% less £1,700	23.9% less £1,700	23.9% less £1,800
Wates Living Space Maintenance Ltd	781		21.2%	0.5% plus £150,600	0.5%	0.5%	21.7% plus £150,600	21.7%	21.7%
Admitted Bodies ("Transferee Admission Bodies") - Post 31 March 2019									
Aspens Services Ltd (Astrea Academy Dearne)	948		21.9%	0.2%	0.2%	0.2%	22.1%	22.1%	22.1%
Aspens Services Ltd (Astrea Woodfields Academy)	974		21.6%	£0	£0	£0	21.6%	21.6%	21.6%
Caterleisure (Riverside House)	939		23.3%	£0	£0	£0	23.3%	23.3%	23.3%
Compass (Atlas Academy)	924		21.9%	£0	£0	£0	21.9%	21.9%	21.9%

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Compass (Carrfield Primary)	932		21.6%	£0	£0	£0	21.6%	21.6%	21.6%
Compass (Castle Academy)	933		20.7%	0.6%	0.6%	0.6%	21.3%	21.3%	21.3%
Compass (Denaby Main Primary Academy)	934		24.4%	£0	£0	£0	24.4%	24.4%	24.4%
Compass (Edenthorpe Hall Primary Adademy)	935		20.5%	£0	£0	£0	20.5%	20.5%	20.5%
Compass (Gooseacre Primary Academy)	936		21.4%	£0	£0	£0	21.4%	21.4%	21.4%
Compass (Hartley Brook Primary School)	937		20.4%	£0	£0	£0	20.4%	20.4%	20.4%
Compass (Hatfield Primary)	923		21.1%	£0	£0	£0	21.1%	21.1%	21.1%
Compass (Hexthorpe Primary School)	925		19.2%	£0	£0	£0	19.2%	19.2%	19.2%

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Compass (Highgate Primary Academy)	926		23.9%	£0	£0	£0	23.9%	23.9%	23.9%
Compass (Hillside Academy)	927		24.5%	£0	£0	£0	24.5%	24.5%	24.5%
Compass (Intake Primary Academy)	928		20.1%	£0	£0	£0	20.1%	20.1%	20.1%
Compass (Kingfisher Academy)	929		22.5%	£0	£0	£0	22.5%	22.5%	22.5%
Compass (The Hill Primary)	930		20.0%	£0	£0	£0	20.0%	20.0%	20.0%
Compass (Waverley Academy)	931		21.6%	£0	£0	£0	21.6%	21.6%	21.6%
Engie Services Ltd (Rotherham Council)	982		19.1%	0.5%	0.5%	0.5%	19.6%	19.6%	19.6%
Happy Kids Childcare (Rotherham)	961		20.9%	£0	£0	£0	20.9%	20.9%	20.9%

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MAM Doncaster Ltd - Doncaster Markets	916		19.3%	0.8%	0.8%	0.8%	20.1%	20.1%	20.1%
Mellors (Bramley Grange)	973		25.2%	£0	£0	£0	25.2%	25.2%	25.2%
Mellors (Grange Lane Infant Academy)	947		20.4%	£0	£0	£0	20.4%	20.4%	20.4%
Mellors (Hatfield Crookesbroom Primary)	949		21.9%	£0	£0	£0	21.9%	21.9%	21.9%
Mellors (Hatfield Woodhouse Primary)	950		22.7%	£0	£0	£0	22.7%	22.7%	22.7%
Mellors (Pheasant Bank Academy)	951		29.7%	£0	£0	£0	29.7%	29.7%	29.7%
Mellors (Rowena Academy)	952		23.7%	£0	£0	£0	23.7%	23.7%	23.7%
Optime Support Limited	938		20.1%	£0	£0	£0	20.1%	20.1%	20.1%

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
RM Education Ltd (Firth Park Academy)	960		21.9%	£0	£0	£0	21.9%	21.9%	21.9%
Taylor Shaw Aston All Saints	962		20.3%	£0	£0	£0	20.3%	20.3%	20.3%
Taylor Shaw Canon Popham	963		21.9%	£0	£0	£0	21.9%	21.9%	21.9%
Taylor Shaw Flanderwell Primary	964		22.7%	£0	£0	£0	22.7%	22.7%	22.7%
Taylor Shaw Kilnhurst St Thomas	965		21.3%	£0	£0	£0	21.3%	21.3%	21.3%
Taylor Shaw Laughton All Saints	966		20.7%	£0	£0	£0	20.7%	20.7%	20.7%
Taylor Shaw Rossington St Michaels	967		21.7%	£0	£0	£0	21.7%	21.7%	21.7%
Taylor Shaw St Oswald's Finningley	968		23.2%	£0	£0	£0	23.2%	23.2%	23.2%
Taylor Shaw Thrybergh Fullerton	969		21.9%	£0	£0	£0	21.9%	21.9%	21.9%

Employer	Employer Number	Notes	Primary rate 2020/21 to 2022/23	Secondary rates (including any allowance for potential McCloud adjustment and/or phasing)			Total Contribution Rate from 2019 Valuation		
				2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Taylor Shaw Treeton C of E Primary	970		23.1%	0.3%	0.3%	0.3%	23.4%	23.4%	23.4%
Taylor Shaw Trinity Croft	971		28.6%	£0	£0	£0	28.6%	28.6%	28.6%
Taylor Shaw Wickersley St Albans	972		28.4%	£0	£0	£0	28.4%	28.4%	28.4%

Other Interested Bodies with no Pensionable Employees (see note 13)	
Employer	**Proportion of Pension Increases to be Recharged %**
National Water Council	100
Sheffield Alcoholic Advisory Service	100
Youth Association South Yorkshire	60
Sheffield Racial Equality Council	100
Yorkshire % Humberside Regional Examination Board	100

The following employers exited the Fund during 2016/20. Termination assessments will be required and any additional contributions required will be notified separately:

Employer
Shafton Parish Council
SPS Security Ltd (Doncaster College)
Dolce Ltd (Sitwell Infants)
Dial a Ride
Creative Support
KGB Cleaning
Mellors (Thrybergh Fullerton)
Taylor Woodrow Construction (Cleaning)
Dolce Greengate Lane
Compass (Rowena)
Caterlink (Worsborough Bank End)
Dolce (Aston All Saints)
Dolce (Flanderwell)
Dolce (Wickersley St Albans)
Dolce (Trinity Croft)
Dolce (Rossingotn St Michaels)
Dolce Ltd (Intake Primary)
Compass (Hatfield Crookesbroom)
Compass (Hatfield Woodhouse)
Compass (Pheasant Bank)
CIVICA (Barnsley Schools)
Compass (Grange Lane Infants)

Employer
ADS Doncaster Substance Misuse
Churchill Contract Services (Brinsworth Academy)
Termination Assessment - ABM Catering (Bramley Grange)
RM Education (Dearne ALC)
Leonard Cheshire Disability

Important notes to the Certificate:

1. The percentages shown are percentages of pensionable pay and apply to all members, including those who are members under the 50:50 option under the LGPS.

2. The employer has chosen to pay their required lump sum secondary rate over the three years as one payment. Cash payments in respect of the total £ lump sums are payable by 30 April 2020. The amounts shown each year have been reduced to reflect the early payment.

3. The employer has chosen to pay each year's lump sum secondary rate as one payment each year. These annual cash payments are payable by 30 April of the year in which they are due. These amounts have been reduced to reflect this early payment.

4. With the agreement of the Administering Authority employers may also opt to pay any other element of their employer contributions in advance instead of monthly amounts, with either all three years being paid in April 2020 or payment being made in the April of the year in question. The cash amounts payable will be reduced in return for this early payment as follows:

   - Payments made in the April of the certified year will be reduced by 1.89% (i.e. the above amounts will be multiplied by 0.9811)
   - 2021/22 payments made in April 2020 will be reduced by 5.58% (i.e. the above amounts will be multiplied by 0.9442)
   - 2022/23 payments made in April 2020 will be reduced by 9.12% (i.e. the above amounts will be multiplied by 0.9088)

   The employers shown under this note in the schedule above have already opted to prepay % contributions in April 2020.

5. Where % contributions are being paid in advance, for these cases the employer will need to estimate in advance the pensionable pay for the entire period (subject to an agreed adjustment with the Administering Authority) and a balancing adjustment to reflect the actual pensionable pay over the period would be made at the end of the period (no later than 30th April as appropriate following the year-end). Consideration will be required for employers in surplus as at 31 March 2019, where any surplus offset would be made up front before any reduction for early payment is applied. Further information on the policy for prepayments can be provided by the Fund upon request. It should be noted that only certain employers will be able to pay their primary rate in advance due to the operational complexity.

6. The lump sum secondary rate (£3.2m) for this employer and a proportion of the % contributions in relation to the period 1 April 2020 to 31 March 2023 were paid prior to 31 March 2020.

7. The lump sum secondary rate (£0.5m) for this employer in relation to the period 1 April 2020 to 31 March 2023 was paid prior to 31 March 2020.

8. Where an employer initially opts to prepay contributions and this subsequently does not happen then the contribution schedule will be updated to reflect the undiscounted contribution amounts which would be payable monthly or at and interval otherwise agreed with the Administering Authority.

9. Where the secondary rate is a £ deduction to the primary rate due to an employer being in surplus, the total annual contributions payable by each employer will be subject to a minimum of £nil i.e. no monies can be refunded to an employer whilst they participate in the Fund.

10. Employers were given the option of whether to pay additional contributions over 2020/23 in respect of the potential additional McCloud costs or any other factors. Where employers did not opt to pay the additional contributions for the McCloud costs, they are expected to make provision for this within their budgets. Once the final remedy for McCloud is known, additional contributions will be required from such employers, which will include allowance for any additional McCloud liabilities built up after 31 March 2019. Employers will therefore be notified of the additional payments required once the remedy has been agreed and the costs are known. This certificate will then be updated if appropriate to reflect these changes to contribution requirements.

For those employers who did opt to pay the additional contributions for the McCloud costs, the above secondary contributions include provision for the estimated effect of the McCloud judgment. Once the final remedy for McCloud is known, the position will be reviewed. Whilst it is possible that the Fund may require additional contributions from employers at that point in time if the McCloud remedy is substantially different from that currently anticipated, based on the Administering Authority's current knowledge and understanding of the likely outcome it believes that requiring such additional contributions is an unlikely outcome. In the event that additional contributions are required, this certificate will then be updated to reflect these changes.

Any contribution changes will take effect from a date to be determined by the Administering Authority.

11. The Fund has an internal captive insurance arrangement in place in order to pool the risks associated with ill health retirement costs. The captive has been designed for employers that could be materially affected by the ill health retirement of one or more of their members. Those employers (both existing and new) that will be included in the captive are set out in the separate policy in the FSS. These employers will be notified of their participation. New employers entering the Fund who fall into this category will also be included. For those employers in the ill-health captive arrangement, allowance for ill health retirements has been included in each employer's contribution rate, on the basis of the method and assumptions set out in the report. Details of the arrangement are set out in the FSS.

12. The secondary rate for these employers have been determined using the separately agreed solvency target.

13. The secondary rate contributions for these employers over 2020/23 also include an allowance for the recovery of excess ill-health retirement costs.

14. The pension increase recharges in relation to former employers will continue at the current levels.

Appendix I
Glossary

Actuarial Valuation: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement.

Best Estimate Assumption: an assumption where the outcome has a 50/50 chance of being achieved.

Bonds: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

Career Average Revalued Earnings Scheme (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differs from those of RPI. These goods are expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

Deficit: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets.

Discount Rate: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value.

Employer Covenant: the degree to which an employer participating in an occupational pension scheme is willing and able to meet the funding requirements of the scheme.

Employer's Future Service Contribution Rate: the contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses. It is normally the same as an employer's Primary Contribution Rate under the Regulations.

Employer's Primary Contribution Rate: the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. It is expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant. The Primary Contribution Rate for the whole Fund is the weighted average (by payroll) of the individual employers' Primary Contribution Rates.

Employer's Secondary Contribution Rate: an adjustment to the Primary Rate to reflect any past service deficit or surplus, to arrive at the rate each employer is required to pay. The Secondary Rate may be expressed as a percentage adjustment to the Primary Rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following that in which the valuation date falls. The Secondary Rate is specified in the Rates and Adjustments Certificate. For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary Rates. Secondary Rates for the whole fund in each of the three years shall also be disclosed. These will be calculated as the weighted average based on the whole fund payroll in respect of percentage rates and as a total amount in respect of cash adjustments.

Equities: shares in a company which are bought and sold on a stock exchange.

Funding Strategy Statement (FSS): This is a key governance document that outlines how the administering authority will manage employer's contributions to the Fund.

Guaranteed Minimum Pension (GMP): This part of a member's pension which was earned between 6 April 1978 and 5 April 1997 and which replaces part of that member's State Scheme benefits in respect of that period.

Investment Strategy: the long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

McCloud Judgment: This refers to the linked legal cases of Sargeant and McCloud, and which found that the transitional protections (which were afforded to older members when the public service pension schemes were reformed in 2014/15) constituted unlawful age discrimination.

Past Service Liabilities: this is the present value of the benefits accrued by members up to the valuation date. It is assessed based on a set of assumptions agreed between the Administering Authority and the Actuary.

Percentile: A method of ranking a series of outcomes. For example, a 10th percentile outcome means that only 10% of results would be expected to be as good as or better than the 10th percentile and 90% of results would be expected to be worse.

Prepayment: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced compared to the certified amount to reflect the early payment.

Present Value: the value of projected benefit payments, discounted back to the valuation date.

Primary rate of the employers' contribution: the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. It is expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant. The Primary rate for the whole fund is the weighted average (by payroll) of the individual employers' Primary rates.

Prudent Assumption: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be overstated than understated. Legislation and guidance requires the assumptions adopted for an actuarial valuation overall to be prudent.

Real Return or Real Discount Rate: a rate of return or discount rate net of CPI inflation.

Recovery Plan: a strategy by which an employer will make up a funding deficit over a specified period of time ("the recovery period", as set out in the Funding Strategy Statement.

SAB Funding Basis or SAB Basis: a set of actuarial assumptions determined by the LGPS Scheme Advisory Board (SAB). Its purposes are to set out the funding position on a standardised approach so that comparisons can be made with other LGPS Funds, and to assist with the "Section 13 review" as carried out by the Government Actuary's Department. As an example, the real discount rate over and above CPI used in the SAB Basis as at 31 March 2019 was 2.4% p.a., so it can be substantially different from the actuarial assumptions used to calculated the Fund's solvency funding position and contribution outcomes for employers.

Solvency/Funding Level: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

Solvency Funding Target: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the past service liabilities assessed on the ongoing concern basis.

50/50 Scheme: in the LGPS, active members are given the option of accruing a lower benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

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SOUTH YORKSHIRE PENSIONS AUTHORITY

SOUTH YORKSHIRE PENSION FUND

INVESTMENT STRATEGY STATEMENT (ISS)

1. Introduction

The Local Government Pension Scheme (LGPS) is established and governed by statute and its purpose is to provide death and retirement benefits for all eligible employees. It is a nationwide contributory, defined benefit occupational pension scheme administered at a local level by a number of administering authorities. The South Yorkshire Pension Fund ("the Fund), which is administered by the South Yorkshire Pensions Authority (the Administering Authority), is required to maintain an Investment Strategy Statement (ISS) in accordance with Regulation 7 of the Local Government Pension Fund (Management and Investment of Funds) Regulations 2016.

The ISS is a living document and will be an important governance tool for the Fund as well as providing transparency in relation to how Fund investments are managed. The Regulations establish the range of matters that the Authority must consider when carrying out its responsibilities. In addition, the Authority is required to manage the Fund in the best financial interests of its members and beneficiaries at all times.

In preparing this statement officers have taken advice from an investment consultant, the Fund's actuary and from our two retained independent advisors. The Statement will be reviewed annually and without delay after any significant change in investment policy. The Fund is also required to maintain a Funding Strategy Statement (FSS) which has been revised following the triennial valuation and has been reported to the Authority. The ISS should be read in conjunction with that.

The Fund has statements of compliance with the Myners Principles and the Stewardship Code. The latter references a suite of policies addressing responsible investment and stewardship.

2. Investment strategy and the process for ensuring suitability of investments

The main investment objective of the Fund is to ensure that over the long term it will have sufficient assets to meet all of its pension liabilities as they fall due. This objective is more fully explained in the Authority's Funding Strategy Statement [FSS] derived from the triennial actuarial valuations of the Fund. The crux of the FSS is the need to achieve a future funding level of 100% or better whilst keeping employer contribution rates as low and reasonably stable and affordable as possible. Accordingly, the Authority manages the Fund from a long term viewpoint and endeavours to maximise its returns but, at the same time, operates within a closely controlled range of acceptable risks.

The Authority has formed a Board to manage the Fund's investments on its behalf and has granted it all the powers it needs to do so: it has also delegated its day to day management responsibilities to its officers. The Scheme of Delegation to Officers is formally approved by the Authority. The Board comprises seven

continues on next page >>

councillors drawn from the Authority (together with three trades union observers) and selected in accordance with the Authority's Constitution and meets not less than four times per year. The Authority also liaises with the Local Pension Board which includes representatives of employers and stakeholders (including the trades unions).

The Authority's Board is responsible for setting the strategic asset allocation of the Fund but the ultimate responsibility for investment strategy rests with the Authority. As well as obtaining advice from Authority officers it has also appointed independent investment advisors to advise it on investment matters and an actuary for the production of actuarial valuations and for advice on liability issues. For other work it appoints consultants when required.

In order to ensure as far as possible that the investment strategy is appropriate for the Fund's liabilities the Authority has created its own bespoke or customised strategic asset allocation. This benchmark acts as a framework and is adopted only after analysing the Fund's liability structure in detail. It is reviewed at least every three years and always after the statutory actuarial valuation. Changing circumstances can often, but not always, warrant a formal review and one is conducted whenever necessary.

The investment strategy is developed by reference initially to the valuation of liabilities measured on a risk free basis but then adjusted to make allowance for the Authority's appetite for risk. The investment strategy is determined based on the expected return on asset classes (for equities, bonds, property etc.) with the appetite for risk as measured by the dispersion (likely range) of these returns. The Authority is satisfied that the investment strategy has a sufficient probability of meeting its return targets over the long-term and it is expected that the Fund's long term investment returns will be at least in line with these assumptions and those published in the FSS. The Fund may also make use of derivatives, either directly or in pooled investments, for the purposes of efficient portfolio management or to hedge specific risks, in order to protect the value of the Fund's assets.

The Regulations define the types of investments the Fund can hold and places limits on the proportion of the Fund that can be invested in them. In line with the regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007. The Authority participates in stock lending to the limit permitted and the programme is managed by the custodian bank in accordance with best market practice. The Fund's securities are held by the custodian bank or its agents or directly by the Authority.

The asset allocation review (2017) considered the key risks that the Fund is exposed to. It was felt that a change in overall strategy was not required. However, some refinements were recommended; some that looked to take into account the Fund's long term investor status (e.g. an increase in illiquid assets) and some that looked to build the level of inflation protection (e.g. the construction of a real assets portfolio). The intention was to evolve the portfolio to be more resilient in stressed scenarios. The asset allocation can be seen in Table 1.

As at 31 March 2016 (to be consistent with the actuarial valuation date), the expected return from the Fund's strategy at Table 1 below has a total (best estimate) expected return of around 5.3% p.a. (or CPI plus 3.1% p.a.). This uses a 10 year return

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projection, whereas the numbers quoted in the FSS (CPI plus 3.4%) use a 20 year projection. Both returns compare favourably to the prudent return assumed by the Fund actuary which sits at CPI plus 2%. The expected volatility of return for the current allocation strategy is +/-16.5%.

Table 1: Benchmark asset allocation: All figures quoted as % of Fund market value.

		Allocation %	Tolerance %
Bonds		**23.00**	
UK Index Linked		12.00	+/- 3.00
UK Buy and Maintain		5.00	+/- 2.00
Emerging Market High Return		3.00} 3.00} 6.00	} +/- 5.00
Quoted Equities		**50**	
UK		15.00	+/- 5.00
Overseas		35.00	+/- 5.00
	Developed Markets	27.125	+/- 5.00
	Emerging Markets	7.875	+/- 5.00
		35.00	
Illiquid Premium Private Equity Private Debt		 **7.00** **3.50**	 +/- 5.00 +/- 5.00
Infrastructure		**5.00**	+/- 5.00
Property		**10.00**	+/- 3.00
Cash		**1.50**	+/- 8.50
		100.00	

In order to measure the performance of each asset class against its benchmark index and monitor the investment objective, the Authority requires detailed performance measurement figures. These are independently provided by Portfolio Evaluation and are presented to the Investment Board on a quarterly basis.

3 Risk measurement and management

The Fund's main long-term risk is that assets do not match liabilities, and that funding objectives are not achieved. There are many different types of risk involved in capital stewardship and the Authority notes that without taking "risks" it will be difficult for the Fund to achieve the performance it needs if it is to meet its objectives. The Authority recognises that risk is inherent in any investment or operational activity and seeks to control risk rather than try to eliminate it. The approach aims to mitigate risk without compromising returns. In order to generate the required investment returns necessary to match the growth in liabilities this implies that the Fund will continue to take an active risk relative to its liability profile.

The key risks inherent in the Pension Fund, and how these risks are mitigated, are below:

Risk	Description	Mitigants
Counter Party	Counterparty risk in every transaction in which the Authority takes part.	Use reputable service providers who operate effective controls. Independent investment advisors appointed to assist in the scrutiny of the internal investment management activity.
Funding strategy risk	There is a risk that the value of Fund assets will not match the increase in its liabilities which could result in a deteriorating financial position.	The effect can be reduced by diversifying the Fund's portfolios across a broad spectrum of assets and markets, taking into account these differences and the correlations between them and by granting the Fund's managers sufficient freedom to meet their targets but setting range constraints. An equity protection strategy is currently implemented
Performance	The Fund's investment managers fail to deliver returns in line with the underlying asset classes.	Analysis of market performance and investment managers' performance relative to their index benchmark on a quarterly basis. Manager performance is also reviewed regularly with support from external advisers.
Demographic	Demographic factors including the uncertainty around longevity/mortality projections (e.g. longer life expectancies) can also contribute to funding risk.	Demographic assumptions are conservative, regularly monitored, and reviewed on a triennial basis.

Risk	Description	Mitigants
Liquidity	Liquidity or market risk associated with the volatility of prices in certain assets and under certain market conditions.	Part of the Fund is held in securities that can be realised quickly in normal market conditions. Management of Authority cash flows to ensure future payments can be met.
Inflation & Interest rates	Different classes of asset have different risk and return characteristics and sensitivities to changes in financial factors, in particular to inflation and interest rates.	It is important that the Fund's strategy takes into account these differences and the correlation between them. The Fund regularly monitors its exposure to interest rates.
Foreign exchange	Investing overseas exposes the Fund to fluctuations in exchange rates.	The Fund's customised benchmark regulates such exposure: part of that approach involves the Authority passively hedging its overseas property portfolio's currency risk.
Environmental, Social and Governance (ESG)	ESG risks have the ability to impact a company's profitability and the Fund's investment performance.	The Fund has a suite of Responsible Investment (RI) policies, acts as a responsible share owner and factors ESG into investment decision making. These are also referenced elsewhere in the report.
Employers	The financial capacity and willingness of sponsoring employers to support the Fund.	This is regularly reviewed by the Authority.
Governance	The risk of poor governance and the potential issue of Committee member turnover.	Ensure that Members are well informed by officers and independent advisers. A Member training programme is in operation. The Local Pension Board and external and internal audit also support the scrutiny and governance process.

4. Approach to asset pooling

The Fund is a participating scheme in the Border to Coast Pensions Partnership (BCPP). This is a Financial Conduct Authority regulated company set up to manage the assets of the following 12 administering Authorities.

> Bedfordshire Pension Fund, Cumbria Pension Fund, Durham Pension Fund, East Riding Pension Fund, Lincolnshire Pension Fund, North Yorkshire Pension Fund, Northumberland Pension Fund, South Yorkshire Pension Fund, Surrey Pension Fund, Teesside Pension Fund, Tyne and Wear Pension Fund, Warwickshire Pension Fund.

The structure and basis on which BCPP operates was set out in the July 2016 submission to Government.

BCPP's role is to independently and professionally deliver Partner Funds asset allocation choices. It will make decisions relating to and monitor the investment managers (including employees of the BCPP Pool) who manage the administering authorities' "fund money" with the aim of maximising the long-term net of fees investment returns attributable to each of the Parties. The BCPP Pool has a strong corporate governance philosophy, focused on the delivery of long term value through active corporate engagement, the rationale being that this aligns directly with ensuring the Partner Funds exercise their fiduciary duty in the best interests of their members and employers.

The Partner Funds acknowledge that there may be occasions where the BCPP Pool is unable to implement all asset allocation strategy decisions made because it would not be cost effective to do so, but the Parties and the BCPP Pool will work together to try to avoid this situation.

The Fund will hold BCPP to account through the following mechanisms:

- The Authority will monitor and regularly review the investment performance of the assets under BCPP's management, seeking explanation and attendance of BCPP personnel at meetings where necessary.
- A representative on the Shareholder Board, with equal voting rights, who will provide oversight and control of the corporate operations of BCPP Limited.
- A representative on the Joint Committee who will monitor and oversee the investment operations of BCPP Limited.
- Officer support to the above representatives from the Officer Operations Group and the Statutory Officer Group.

The Pension Fund will retain the decision making powers regarding investment strategy and will delegate the investment management function to BCPP Limited.

It is anticipated that a significant proportion of the Fund's investments will be made through BCPP Limited. At the time of writing 50% of the Fund's assets have been transferred to BCPP Limited and other assets will transfer across to the pool on a phased basis.

Where it is not practical or cost effective for assets to be transferred into the pool they will continue to be managed at the Fund level. These are expected to predominantly include unquoted investments such as limited partnerships. Whilst these assets are unlikely to be transferred it is expected that once these investments mature the proceeds will be reinvested into suitable BCPP sub-funds.

The Fund currently has an equity protection strategy in place and the Index-Linked Gilt holdings are used as collateral for this and as such will remain outside of the BCPP pool.

The Fund is also permitted to directly invest locally, subject to suitable risk/return characteristics, where this is not available through the pool.

The Fund will perform an annual review of assets that are determined to be held outside the Pool to ensure that it continues to demonstrate value for money. Following this review it will submit a report on the progress of asset transfers to the Scheme Advisory Board, in line with the guidance.

5. Social, environmental and corporate governance policy

The Authority is fully committed to responsible investment and good stewardship of its investments. It acts at all times in the best long-term interests of all its members and looks to protect and enhance the economic value of the companies in which it invests on their behalf. It believes that well governed companies produce sustainable and superior returns. Responsible investment is fundamental to the Authority as it is in accordance with trustee's fiduciary duty.

It takes its responsibilities as a long-term investor seriously integrating environmental, social and governance factors into the investment process. Environmental risks include climate change; the Authority believes that the associated risks and opportunities may have a material impact on the financial performance of the Fund and has therefore published a Climate Change policy statement which can be found on the Authority's website.

The Authority believes that the pursuit of standards of best practice aligns the interest of Fund members with those of fellow shareholders and with society as a whole and, therefore, will not actively invest in or disinvest from companies solely or largely for social or ethical or environmental reasons. The Authority recognises that it is unable to use its policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government. The Authority has published a separate Responsible Investment policy statement available to view on its website.

The Authority invests in sustainable and impact funds which have positive social and environmental impacts. It does so only when returns are considered to be commercial and will not forego financial return in order to generate social impact.

The Authority recognises that it is not always possible for it to conduct constructive engagement alone: therefore, it will enter into collaboration with other like-minded investors when the occasion warrants doing so. It is an active member of the Local Authority Pension Fund Forum and will join other collaborative pressure or lobbying groups if it feels it is appropriate to do so. The Authority is a member of the IIGCC which is a forum for collaboration on climate change for European investors. The Authority believes that risks and opportunities associated with climate change may have a material impact on the financial performance of the Fund and, therefore, supports the Group's objective to catalyse greater investment in a low-carbon economy by bringing investors together to use their collective influence with companies, policymakers and investors.

Under Regulations issued in 2009 administering authorities of the LGPS are required to report their compliance against the Myners' Principles. The six Principles are intended to guide institutional investors on matters such as investment, scheme governance, disclosure and consultation. The Authority publishes a separate statement outlining its full compliance with the Principles.

6. Policy of the exercise of rights (including voting rights) attaching to investments

The Authority regards its voting rights as an asset to be used carefully. The voting power is delegated to BCPP as investment manager. BCPP aims to vote in every market in which it operates. It has appointed a contractor to ensure that its votes are effectively executed. The Authority subscribes to the BCPP voting policy which has been agreed by all partner funds and has been informed through the interpretation of best practice guidelines in consultation with the proxy advisor. Voting decisions, nonetheless, are made on a case-by-case basis bearing in mind a company's circumstances. Voting decisions will be available to view via the Fund's website quarterly. Constructive shareholder engagement, with the aim of promoting and supporting good corporate governance principles and practice, will be pursued whenever it is deemed appropriate to do so. The Authority's Shareholder Engagement Statement sets out the broad approach to its responsibilities as a shareholder. These broad principles provide the framework within which the more detailed Voting Guidelines are administered.

December 2018

Administration Strategy

SOUTH YORKSHIRE PENSIONS AUTHORITY

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Administration
Strategy

SOUTH YORKSHIRE PENSIONS AUTHORITY

STRATEGY FOR THE ADMINSTRATION OF
THE LOCAL GOVERNMENT PENSION SCHEME IN SOUTH YORKSHIRE

Incorporating:

- Employer Service Level Agreements with the Fund Administrator
- Fund Administrator Service Level Agreement with Employers
- Communication Policy and Strategy (Elements of)
- Consultation Policy and Strategy (Elements of)
- IDR Procedure (Charging Policy)
- Actuarial Services (Charging for certain elements)
- Interest (Policy & Rates)
- Funding and Debt Recovery Strategies (Elements of and Policy)

The following, revised, document details the strategy to be adopted in the administration of the Local Government Pension Scheme by South Yorkshire Pensions Authority and participating Fund Employers with effect from 1 April 2020.

It has been updated in consultation with the participating Fund Employers and is provided for through statute by Regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended).

It sets out, amongst other things, how the Administering Authority, SYPA, will administer the Pension Scheme and Fund on behalf of Employing Organisations, and their Scheme Members, participating in the South Yorkshire Pension Fund, its requirements for employers in terms of the timely and accurate provision of information pertinent to the administration of the Scheme and Fund, and the penalties to be applied to those employing organisations failing to meet their duties, responsibilities and obligations as detailed within this strategy document.

The strategy has been developed and adopted in consultation to improve the overall standard of administration of the Scheme and the Fund in the South Yorkshire Fund area and is intended to apply in a spirit of partnership working and co-operation where every assistance, tool, facility, system, support, training and guidance will be provided where possible to enable employers to improve administrative performance and meet the requirements of the strategy.

Any penalties and censures carried within the strategy are not intended to apply as a first resort but rather as a last resort following a period of grace during which time any organisation struggling to meet its obligations will be given the opportunity to make the necessary improvements to their performance.

Jason Bailey

Head of Pensions Administration
South Yorkshire Pensions Authority

Contents

REVIEW DATE

This Administration Strategy will be reviewed as follows:

- Every 5 years as a matter of routine
- Whenever impacted by Regulatory Changes
- Whenever impacted by other legislative changes
- Whenever impacted by major changes to other policies, statements and strategies used by the Administering Authority
- As required by operational changes and demands

Where changes are planned or thought to be necessary outside of the routine review period then consultation will begin on those proposals for change as soon as possible after the potential requirement(s) for change has been identified, or at the beginning of year five if the review is as a result of the routine review policy.

REGULATIONS AND OTHER LEGISLATION GOVERNING THE STRATEGY

- The Local Government Pension Scheme 1995, 1997 and 2008 Regulations as they still have effect in part
- The Local Government Pension Scheme (Transitional Protection) Regulations 2014
- The Local Government Pension Scheme Regulations 2013 in force now or as amended and in force at any future date
- The Public Sector Pensions Act 2013
- The Pensions Act 1993
- The Pensions Act 1995
- The Pensions Act 2014
- The 2004, 2006 and 2014 Finance Acts
- The Occupational & Personal Pension Schemes (Disclosure of Information) Regulations in force and as amended
- The Occupational Pension Schemes (Transfer Values) Regulations in force and as amended

This list is not exhaustive and other Legislation and Regulations may and will apply in certain specific circumstances

SERVICE LEVEL AGREEMENTS

South Yorkshire Pensions Authority is using its powers under Regulation 59 of the Local Government Pension Scheme Regulations 2013, Pension Administration Strategy, to consolidate its former Service Level Agreement documents, (which were signed by Employing Organisations on a voluntary basis when they were first introduced and only made compulsory for new organisations joining the Fund later), into, and make them, an integral part of, this formal Administration Strategy document

The original publication of, and any subsequent revisions and amendments to, this Strategy follows consultation with Employers and means that there will no longer be a requirement for Employers to have a separate SLA with SYPA. It is implicit that this strategy, and therefore the Service Level Standards contained within it, applies to ALL Employing Organisations participating in the South Yorkshire Pension Fund.

Where either necessary, relevant or appropriate those standards are detailed in the following pages so that all parties are aware of the requirements of this element of the Strategy as the administration of the Scheme in South Yorkshire moves forward under this document.

SCOPE

These are the tasks and issues falling within the scope of the Administration Strategy:

- The requirements and obligations of New Employers joining the Fund
- The routine notification and provision of information by employers about individual scheme members
- The monthly provision of information and data of sufficient quality and quantity such as to enable the Administering Authority to collect payment of employee and employer contributions from employers via direct debit, to post member contributions, create records for new entrants to the Scheme, amend records to reflect personal and contractual changes and to create the leaver process for those members leaving the Scheme for whatever reason
- The non-routine bulk notification and provision of information by employers about their scheme members where event driven
- The payment to the Fund of employee and employer contributions including any additional contributions paid by scheme members
- The payment to the Fund's appropriate third party AVC providers of employee Additional Voluntary Contributions, AVCs
- The payment by employers of deficit contributions in accordance with the Funding Strategy Statement

- The payment by employers of any costs associated with the early termination of employment of scheme members or policy decisions requiring additional funding
- The development and publication of Employer Discretionary Policies
- The IDR Procedure and/or Formal Member Complaints about Employing Organisations
- Actuarial Services
- The Provision of Scheme compliant Payroll Services by employing organisations
- Accounting Standard Exercises for Employers
- Fund Valuation Exercises
- TUPE Transfers, Admission and/or Bond Agreements, School Conversions
- The provision of information to employers in relation to their scheme members for the purposes of:
  - Individual member retirement benefit estimates
  - Bulk member retirement benefit estimates
  - Bulk costings for employer led early retirement exercises
- The Communication Strategy
- The Consultation Strategy
- Reporting to the Regulator
- Debt Collection Procedure
- The National Fraud Initiative Exercise
- Service Standards to Employers
- Service Standards to Scheme Members
- Funding Strategy Requirements where appropriate and inter-related
- The provision of information to third parties in relation to transfer values and deferred benefits for individual scheme members
- Reporting to the Authority and its Boards

STATEMENT OF ADMINISTERING AUTHORITY OBJECTIVES AND AIMS

The following is SYPA's statement of its objectives and aims in relation to how it intends to deliver its administration service to all of its stakeholders:

"The Authority wishes and intends to provide a high quality pensions' service to employing organisations and members of the Fund by:

- **Supporting member organisations in their planning, promotion and use of pension provision for their employment needs**
- **Administering pension provision for member organisations in accordance with statutory requirements**
- **Being recognised as a continually improving provider of cost effective, efficient and high quality pension administration**
- **Providing a first class, accurate and timely service to its members, their dependants and representatives for the entire lifetime of their relationship with the Authority"**

EQUALITY STATEMENT

The Authority is committed to equal opportunities for our members and will take all necessary steps to ensure that is complies with the specific duties that have been placed upon it.

It is the Authority's intention, in addition to the specific promises made in its Customer Charters, to strive at all times to attain the aims of that commitment.

Additionally, the Authority recognises that some of its members may have special personal needs that may differ from the majority of its members and as such it aims to tailor some of its services to meet those needs.

Examples of where a bespoke service can be provided are:

- Large print documents
- Audio CD recordings of Customer Charter Service Standards
- Home visits where a member is unable to visit any of the Authority's premises
- Signing facilities for visiting members who are hard of hearing
- Limited Interpreter Services for any visiting members and/or their representatives who may have difficulties with spoken English

Some services will necessarily require advance notification of their requirement in order to help the Authority make the necessary arrangements and may not always be available even where notice is provided.

MEMBER SERVICES

PENSION INFORMATION SURGERIES

SYPA currently runs an on-line booking service for appointments by members at any one of its four locations. More detail can be found on the website at: www.sypensions.org.uk

SYPA is committed to continuing these services for as long as there is sufficient demand and it has access to premises at the four District Councils and has the facilities at the location of its HQ premises wherever that might be now or in the future.

PENSION SAVINGS TAX ISSUES

Whilst tax is a personal issue, some tax liabilities can arise as a result of pension savings growth for an individual exceeding that allowed by HMRC in any given tax year. As a result SYPA will notify members of any tax implications arising from their pension's savings in the LGPS:

- By an initial notification on their Annual benefit Statement
- By a follow up letter confirming the excess savings amount and the implications for tax if any
- By providing further information on the options available through the Scheme for discharging any tax liability arising

Additionally, to assist SYPA in providing as timely and accurate a service as possible in relation to Annual Allowance issues it will, at the end of March each year, write to every participating organisation having any members deemed to be at risk of breaching the Allowance to request additional details of those members' pay for the period 6 April to 5 April for the year in question. This information will have to be provided to SYPA by the 21 April. This is in addition to the provision of a monthly return and covers a slightly different but critical period to that covered by the return.

REPORTING POLICY

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisors, giving guidance on what is expected of them.

It also has functions under legislation passed in 2008 and a statutory objective to maximise compliance with the employer duties under that legislation relating to automatic enrolment.

Its principal aim is to prevent problems from developing. It uses its powers flexibly, reasonably and appropriately, with the aim of putting things right and keeping schemes, and employers on the right track for the long-term.

The Pensions Regulator has published a Code of Practice for Public Sector Pension Schemes that in itself is not law but which is designed to help Scheme Administrators comply with the law. SYPA intends to comply fully with this code of practice at all times and to self-report instances where it fails to do so.

It also has a policy of reporting "material" employer breaches that it becomes aware of where such a breach is deemed to be detrimental to the Fund's position or reputation or where member benefits could be in jeopardy, for example where an employer deducts pension contributions from members' pay but either fails consistently to remit those contributions to the Fund by the statutory deadline or fails to remit them at all.

The Pensions Regulator will decide on any appropriate course of action or censure deemed appropriate.

More information about the role and responsibility of the Pensions Regulator can be found at: **www.thepensionsregulator.gov.uk**

South Yorkshire Pensions Authority Annual Report

The Authority will, as a matter of Policy, include the names of those organisations incurring financial penalties in any year for poor performance or non-compliance with the Administration Strategy, in its Annual report.

Office of the Information Commissioner

SYPA has a policy of self-reporting "material" data protection breaches to the Office of the Information Commissioner. This policy will continue under both current and future legislation such as GDPR which is effective from May 2018.

DATA HANDLING AND SHARING

General

The business of the Authority requires it to transmit and receive personal data to a number of individuals and organisations, often electronically.

Where it transmits data electronically it will do so using a secure method and in accordance with any other Policies the Authority has in place, for instance, its E-Mail Usage Policy.

Where it receives data from individuals or organisations within the Fund it will require that data to be sent to it in a secure manner and may require the sender to adopt and use the Authority's own secure electronic transmission facility.

It will only collect, store and use Data for the purposes for which it was collected and for the purposes of administering the Pension Scheme.

It will delete data in accordance with its Document Retention Policy.

General Data Provisions Regulations 2018

The General Data Protection Regulations 2018 came into force in May 2018. Although of European Genesis the UK Government has confirmed it will enshrine the principles of the Regulations in UK Law and the Regulations will therefore apply.

SYPA, who for the purposes of the Regulations are classified as a "Data Controller", will comply with this legislation wholly and fully and will:

- Requisition the services of an independent and qualified Data protection officer
- Publish a Memorandum of Understanding with employers to clarify the arrangements for sharing personal data
- Ensure data sharing partners are themselves fully compliant with the requirements of the Regulations
- Publish a Privacy Notice to explain how and why it uses personal data
- Only use their data for the purposes for which it was collected

- Only hold that data for as long as is necessary to administer the Scheme for the members concerned
- Ensure members are able to have their data deleted from the Authority's systems in accordance with the Regulations

ADMINISTERING AUTHORITY DUTIES, RESPONSIBILITIES AND OBLIGATIONS

The main duties, responsibilities and obligations of an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To prepare and publish the Pension Fund Annual Report
- To prepare, publish and maintain its Funding Strategy Statement
- To prepare, publish and maintain its Communications' Policy
- To commission and obtain a valuation of Fund assets and liabilities as at the 31 March in every third year commencing on 31 March 2016 and to obtain a report and a rates and adjustments certificate prepared by an Actuary in respect of that valuation
- To decide any question concerning a person's previous service or employment, the crediting of additional pension and the amount of benefit to which any person has or will become entitled out of the Fund
- To publish a statement concerning its policy on the use of its discretions
- To issue annual benefits statements in respect of its active, deferred, deferred pensioner and pension credit members
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the Administering Authority and to make a decision on such applications

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

ADMINISTERING AUTHORITY DISCRETIONS

The main discretions afforded to an Administering Authority are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The waiving of reductions in any benefits of members where there is no longer a scheme employer to fulfil that function
- The person(s) or bodies to whom it will pay any death grant arising from the death of a member

In addition, the Administering Authority is also required to exercise its discretion, together with the Employing Organisation concerned, in the matter of extending the time frame in which a member can request an inwards transfer of pension rights from a previous arrangement.

Because of the Regulatory requirement for both employing and administering authority to agree on the use of this discretion it will be a requirement placed on all employers within the Fund to notify SYPA of any decision to allow an extension of time for requesting such a transfer. That notification must be submitted on the Late Transfer Form which is available on EPIC. Where appropriate it must be accompanied by any supporting minute from the Board, Panel or Committee ratifying the decision.

In addition **Absolute Discretion** is afforded under the Statutory Regulations to Administering Authorities to determine to whom any Death Grant is payable, even where an expression of wish exists for the deceased member. For operational expediency, SYPA have delegated this discretionary decision making power to the Officer occupying the post of Pension Benefits Team Manager, this avoids any conflict with the IDRP Adjudicator who may need to look at any decisions made under this discretion and subsequently appealed against and make a determination about the correctness of that decision. Currently the role of Adjudicator is delegated to the Post of Head of Pensions Administration. It is not practical for the Authority to have to make these decisions given the frequency of cases occurring balanced against the additional report writing required and the infrequency of Authority meetings which could delay payment of these benefits to the detriment of the potential recipients.

EMPLOYING ORGANISATION DUTIES AND OBLIGATIONS

The main duties, responsibilities and obligations of a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major compliance tasks are as follows:

- To contribute to the Fund in each year covered by the rates and adjustment certificate the amount determined by reference to that certificate
- To pay over all amounts received from employees by way of their contributions to the Fund
- To deduct from a person's pay any contributions payable by the member under the Regulations
- To decide any question relating to a person's rights or liabilities under the Scheme not falling to the Administering Authority to determine
- To appoint an adjudicator to consider applications from members affected by first instances decisions or any acts or omissions of the employer and to make a decision on such applications
- To provide the Administering Authority, within three months of the end of the Scheme Year, with a statement of details of every employee that has been an active member

during the scheme year. Employers now meet this requirement via the submission of monthly data files.

The above list is not exhaustive nor is it as detailed as the Regulations which should be referred to in the event of any doubt.

EMPLOYING ORGANISATION DISCRETIONS

The main discretions afforded to a Scheme Employer are detailed and can be viewed in the Local Government Pension Scheme Regulations 2013, Part 2 - Administration.

The major discretions are concerned with and relate to the following:

- The Funding of additional pension
- Flexible Retirement
- Waiving of actuarial reductions
- Award of additional pension

PROVISION OF INFORMATION BY THE ADMINISTERING AUTHORITY TO:

Members and Member Representatives

The Authority is required to provide members and/or their representatives with a wide range of information under Regulation and other legislation which may also prescribe timeframes in which the information must be provided. SYPA has published Customer Charters detailing its own service standards. These are invariably much tighter and more stringent than those allowed for in law and are the standards SYPA always aims to achieve. However, the fall-back position at particularly busy or demanding times, and SYPA reserves the right to move to that fall-back position without notice, will be the legislative requirements governing the type of case(s) concerned.

Therefore, as a minimum, SYPA will always administer the Scheme in relation to the provision of information to members and/or their representatives in line with the Regulations in force at any time and in line with any other appropriate legislation.

The major requirements in this respect are as follows:

- The notification to individual members and/or their representatives of the type of benefit and amount of benefit to which the member and/or their representatives or dependants have become entitled as a result of an actual event, such as retirement or death, will be issued in line with the standards detailed in the Authority's Customer Charters. Any payments due from the Fund as a result will also be dealt with in line with the same service standards. The detailed content of such information will, as a minimum, meet the requirements of any Regulations or legislation in force at the time.
- The issuing of Annual Benefits Statements to Active, Deferred, Deferred Pensioner and Pension Credit members. Regulation states that these must be issued by 31 August and, although the Authority relies heavily on its Employing Organisation Partners for data upon which to base these statements it is the Authority's intention and objective to comply with Regulation in this respect and to issues Annual Benefit Statements by the 31 August each year or by whatever date subsequent changes in the Regulations dictate.
- The provision of information for matrimonial proceedings is a statutory duty under both Regulation and over-riding Divorce legislation. The Authority will administer the provision of this information in accordance with both sets of legal requirements both in terms of timeframes and the persons to whom the information is to be released. The service standards for this are also contained with the Authority's Customer Charters. Where matrimonial proceedings result in an actual Pension Sharing order then SYPA's Policy is to make a charge of £350 plus VAT for the implementation and maintenance of such an order. SYPA may increase the charge to reflect the cost of living and/or any changes to the information required to be issued which result in additional resourcing requirements. Costs will usually be charged to the ex-spouse of the member but may be allocated or apportioned by the Court in which case the Authority will comply with such direction and invoice the parties according to the Court's direction.
- The provision of Preserved Benefit and Transfer Value information is also prescribed for in Regulation and specific legislation. The Authority will provide such information in accordance with its legal obligations to members and/or their representatives. In this context a member's representative may be any financial advisor appointed by the member, any third party administrator authorised by the member to obtain such information or the administrators of any occupational scheme acting for the member in a new or subsequent employment. Where transfer value information is requested by an advisor or pensions' administration company for an active member of the pension scheme, then a statement of entitlement will only be provided as a result of a direct request by the member concerned. This is to ensure, so far as possible, that the member is fully aware of the implications associated with the requirements of the Scheme for the member to opt-out in order to transfer out. The information will then be sent directly to the member concerned and not any third party.

The Authority's Policy on the provision of this information is to only provide it to the member and or their representative once in any twelve month rolling period. The Authority reserves the right to make a charge for the provision of this information prior to the commencement of a new 12 month period and the right to introduce such a charging policy at any time without notice. Any such charge so levied will only ever seek to cover the actual cost to the Authority of the work undertaken in producing the information again.

Independent Financial Advisors or other advisors acting for or on behalf of the member

The Authority will provide information to Independent Financial or other Advisors appointed or authorised by the member in accordance with any Regulatory or legislative obligations and, where Preserved Benefit and/or Transfer Value information is concerned, in accordance with the Policy described in the preceding paragraph.

The Authority:

- Will provide all member specific information it is obligated to provide in the timeframes required of it in law
- Will provide all generic Scheme information it is able to provide in order to assist the enquirers to advise their client(s)
- Will not respond to additional questions it deems not relevant to the enquiry
- Will not engage in follow up discussions by telephone, or communications by e-mail or letter until such time as the member has made a decision in relation to any transfer out of the Scheme, but
- Will provide all information required by the member or their representatives to enable members to take advantage of the Freedoms of Choice as announced by the Government in the 2015 Spring Budget and enabled in subsequent legislation

Participating Employer Organisations

Information will be provided to participating employers as a matter of routine in some instances and upon request in others.

Where information is provided as a matter of routine it will be provided in timeframes and schedules as follows:

- Employer performance, as measured against the agreed service standards, will be reported quarterly in retrospect for the periods:
  - 1 January to 31 March
  - 1 April to 30 June
  - 1July to 30 September
  - 1 October to 31 December

in each calendar year. Employer performance will also be reported to the Authority.

- Electronic Employer Newsletters will be issued as and when circumstances dictate that Regulatory or legislative change needs to be communicated
- Employer specific alerts of outstanding tasks will be communicated through the EPIC System or any subsequent replacement system developed and introduced by the Authority
- The Authority will hold an Employers' workshop/training event at least once a year, to disseminate other important and relevant information
- The Authority will, either pro-actively or upon request, where appropriate and/or necessary, disseminate information by the use of roadshows, presentations, advisory surgeries, training seminars, on-line tutorials, and other electronic media. There would usually be no charge for these services

Where information is provided following a request from the employer then the following service standards will apply:

- Employers will be directed to the online portal to process requests for retirement estimates. However, where the online portal is not available. Estimate requests for individual employees will be provided **within 5 working days** of the Authority being in possession of all information necessary to ensure the accuracy of the estimate.
- Bulk Retirement Estimate requests **involving 20 or more employees** will be provided **within 10 working** days of receipt of the bulk request template assuming this is populated correctly and accurate estimates can be provided as a result
- Early Retirement Strain on the Fund Costs as part of a bulk estimate request will also be provided **within 10 working** days of receipt of the bulk request template

None of the information detailed above or the services used to provide this information will incur any fee or charge to employing organisations.

Other Administering Authorities:

The working relationship between SYPA and other LGPS Administering Authorities is usually one based on member administration except where the Authority undertakes an element of collaborative working with another Administering Authority or the Administering Authority has become a software/systems client of SYPA.

Member administration would usually involve:

- Supplying information to Fund Actuaries and the other Administering Authority where a bulk transfer of staff was taking place between employers of the respective Funds and either receiving and investing or paying out a subsequent bulk transfer payment, or
- Administering the Scheme in respect of individual voluntary member movement between funds and receiving and investing or paying out individual transfer payments

The Authority will conduct the administration of member business in respect of either of these scenarios in accordance with the requirements of any Regulations in force at the time and the service standard targets set by SYPA for individual member administration.

The Fund Actuary:

Typically, the routine business of the Authority with its Fund Actuary will fall into one of the following categories:

- Triennial Fund Valuation
- Accounting Standards exercises for participating employers
- Individual contribution rate assessments for new employers
- Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer
- Employer covenant assessments
- Liability assessments for employers leaving the Fund
- Re-assessment of Employer's Contribution Rate where any allowance is exceeded

Fund Valuation

The Fund Valuation is a Statutory Duty of the Administering Authority and SYPA will carry out this duty in accordance with the Regulations in force at the time.

The Authority will, as a partner and under Regulation, consult and work closely with employing organisations to ensure that member data and financial data relating to employer cash flow is accurate and up to date at all times and that year end data, or as the case may be, monthly data, submissions, are accurate, timely and usable. The objective being that immediately following the 31 March in any given valuation year the Authority will be in a position to provide the Fund Actuary with data of sufficient quality and timeliness to allow for accurate calculations of the Fund's assets and liabilities to be performed using agreed methodology and assumptions.

The target schedule in any valuation year will be as follows:

Year End work completed by SYPA and Valuation Data Extract to Fund Actuary	**July**
Interim Results	**September/October**
Individual Employer Results Consultation	**October/November**
Formal Report	**March**

There are no employer charges or fees related to the Valuation unless additional bespoke work is requested. Before the commencement of each financial year the Authority will publish each employing organisation's contribution statement for the next financial year. The statement will be placed on SYPA's EPIC System. Organisations must ensure that they read, check and comply with it by submitting a monthly data file to facilitate the collection of contributions by direct debit. This is an Audit requirement.

Accounting Standards Exercises

Although not required to do so under Regulation the Authority does offer to obtain and provide the appropriate accounting standards requisite information as a voluntary service to employers.

By making use of the readily available expertise and Fund profile familiarity of the Actuary the Authority feels it is able to offer a structured and efficient method of providing this information to participating employers whilst also using efficiency of scale to save employers money compared to the potential cost involved in individual approaches for actuarial assessments.

There are three scheduled exercises each year as follows:

- Organisations with a Year End of 31 March
- Educational Establishments with a Year End of 31 July
- Academies with a Year End of 31 August.

The procedure and schedule for all organisations is driven and set by the Fund Actuary following consultation and agreement on the assumptions to be used in the exercises.

The typical target schedule for organisations with a 31 March Year End would be:

End of January prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins
Mid-February prior to Year End	-	Data issued to Actuary
Mid-April following Year End	-	Results issued to participating employers

The typical target schedule for organisations with a 31 July Year End would be:

End of May prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins.
By 3rd week in July	-	Data issued to Actuary
End of August following Year End	-	Results issued to participating employers

The typical target schedule for organisations with a 31 August Year End would be:

Mid-July prior to Year End	-	SYPA writes to employers inviting participation and collection of data begins
By Mid-August	-	Data issued to Actuary
End of September following Year End	-	Results issued to participating employers

There is a cost for this service as the Authority has to commission and pay the Actuary for the work performed.

SYPA will negotiate an overall cost with the Actuary each year based on the numbers participating in the exercises. This cost will then be notified to those employers when known as part of the communication process.

In addition the Authority makes an administrative charge to cover its own costs of the additional work involved. Currently this charge is £100.00 per employing organisation but the Authority reserves the right to increase this in future should its own costs of administering the exercise(s) increase.

Employers will be invoiced by the Authority for their individual charge.

Individual contribution rate assessments for new employers

As part of the process of setting up a new employer when it joins the Fund, member data will be collected and submitted to the Actuary for an assessment of the indicative contribution rate payable for the remainder of the valuation period by the employer in question.

Typically, such assessments take about six weeks to complete. There is a schedule of charges for such work which is set by the Actuary and not the Authority. This is updated by the Actuary at regular intervals. The latest schedule is available upon request.

The new employer or the outsourcing employer is expected to pay any charges incurred in this respect.

Risk assessments for new outsourced contract employers and bond assessments for the outsourcing employer

Where a participating scheme employer outsources a service to a private contractor and that contractor enters into an admission agreement to admit transferred employees to the Scheme then, as a matter of routine, or at the instigation of the outsourcing employer, SYPA will, through the Fund Actuary, commission a risk and bond assessment as provided for by Regulation, in order to protect the outsourcing employer and the Fund from incurring unfunded liabilities in the event of early termination of the contract and the possible redundancy of employees upon re-absorption of the service.

The cost of the actuarial work will recharged to the outsourcing employer.

Employer covenant assessments

Covenant assessment may form part of the routine work associated with the admission of a new employer, in which case the cost of such work will be included in the overall cost of the risk/bond assessment and recharged accordingly.

However, where the Fund undertakes covenant assessment work at its own initiative as part of long-term risk management strategy then no charge will be passed on to employing organisations as a result.

Liability assessments for employers leaving the Fund

These assessments are commissioned by the Authority when an employer exits the Fund. An exit from the Fund may be triggered by:

- The natural end of a set period outsourced service contract
- The early termination of an outsourced service contract by the outsourcing employer or by the contractor
- The forced termination of an organisation as a result of financial issues
- The natural effluxion of active members leaving no contributors to the Fund

The Authority's Policy, as set out in its Funding Strategy Statement, (FSS), is that termination assessments, where required, will be calculated on a "least risk" basis to ensure that residual liabilities are fully funded and that, subject to prudent investment, sufficient money is recovered from the exiting employer to fund those liabilities for the remaining lifetime of its members and their dependants. However, its Termination Funding Policy under Regulation, set out within the FSS allows certain flexibilities in how, when and over how long it will recover those costs. In addition, employers within the scheme whose active membership has reduced to nil for some reason, will not automatically be required to exit the Scheme, thereby triggering an exit cost calculation. Instead they will be allowed a period of grace to allow for recruitment strategies to bring in new active members.

Where the exiting employer is solvent and able to discharge its liabilities in respect of the Fund the cost of the actuarial work will be added to the total to be recovered in respect of those liabilities.

Where the exiting employer is insolvent the cost of the actuarial work will be added to any claim made by the Authority, as a creditor, to the appointed administrator(s).

Where the exiting employer is a contractor and the exit is triggered by the natural expiry of the contract then SYPA will normally have endeavoured to manage the contributions required over the period leading to the exit to avoid any deficit or surplus arising.

Government and other Public Sector Agents

The Authority has signed up to be included in the National Audit Office's (NAO) bi-annual National Fraud Initiative (NFI) in which Public Sector Bodies and Organisations share Pensions and Payroll information in an effort to combat benefit fraud and reduce overpayments in both areas to individuals no longer entitled to receive them.

As a participant in this exercise SYPA will share information about its Fund Members with:

- The National Audit Office
- Its own Internal and External Auditors where appropriate
- The Auditors of other Local Authorities and other Local Government Organisations
- Other Local Authority Benefit Departments
- The Department for Work and Pensions
- The Police where appropriate and/or necessary

The Data Protection Act, and the General Data Protection Regulations, (effective May 2018), permit the sharing of data without the express consent of the individuals concerned where the object of such sharing is the prevention or investigation of fraud and other crimes.

Prior to the release of the reports SYPA will notify its members of its participation in the forthcoming exercise and confirm the intent to share data with other agencies.

Upon the release and receipt of the NFI Reports at the commencement point of each bi-annual exercise the Authority will nominate a senior officer to manage the project.

It will then prioritise and address the workload arising as follows:

- Apparent un-notified pensioner member deaths will be investigated within two months. Pensions in payment from the South Yorkshire Fund will be immediately suspended
- Apparent un-notified preserved pensioner deaths will be investigated within three months

As a matter of Policy, SYPA will in all cases:

- Report instances of suspected Fraud to the NAO, its Internal Audit Office and the Police
- Pursue the recovery of all overpayment of pensions resulting from the non-notification of pensioner deaths whether fraud is suspected or not*

*See later section on Debt recovery

As part of its management and administration of casework the Authority will also share some data with other Administering Authorities through the Local Government Association's (LGA) National Database. It will also participate in the National "Tell us Once" initiative.

As part of its Communication Strategy the Authority will also share and/or provide member data to its printer Agents, for the provision of information to members, and its Tracing Agents for the purposes of paying benefits.

General

It should be noted that where information is required by any member, member representative, dependant or advisor, whether legal or financial, in order to pursue a claim through the courts for financial loss, damages or compensation for any event not connected to the Authority's actions or inactions or omissions, then the Authority will always make a charge to cover the cost of the work done in connection with the provision of the information requested. Any such charge will not be negotiable and will always need to be settled prior to the release of the information required.

POTENTIAL NEW EMPLOYERS

Potential new employers will have certain obligations to enable their admittance to participate in the LGPS in South Yorkshire to be completed in a timely and accurate manner and ensure that there is no subsequent detriment to members. Admission Agreements cannot be backdated.

The LGPS can be an expensive commitment and any potential new employers having a choice of pension provision, either through legislation or constitution, should satisfy themselves as to the appropriateness and suitability of the Scheme for their staff, organisation, budget and business plan.

Schools converting to Academy Status

Academies are required to enroll their non-teaching staff into LGPS upon conversion. Schools considering conversion to Academy Status should:

- Liaise with their LEA well in advance of any proposed conversion date in relation to the current funding of the Pension Scheme and any potential financial deficit to be inherited
- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of their non-teaching staff being transferred to the new organisation, any deficit payments necessary and any business development plans under consideration following conversion
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to convert together with a proposed conversion date
- Be able to provide a full and detailed personal and payroll data set of the non-teaching staff being taken on by the new organisation from the old school at least three months in advance of the proposed conversion date
- Have a Payroll System (or agent) and staff, together with HR staff, ready and able to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion
- Pay the actuarial fees associated with the creation of the academy as a new employer in the SYPA fund

Transferee Admission Bodies

Potential Transferee Admission Bodies considering pensions implications of bidding for a Local Authority or other public sector service contract where transferring staff would normally be eligible for the LGPS should:

- Liaise with the letting body well in advance of any proposed contract date in relation to the pension costs and liabilities involved in the running the contract
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be in a position to provide a bond or such guarantee as might be required by the letting body

- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of, or, where the appropriate, the Parent Company should be aware of, the financial implications for early termination of the contract, and also be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one of the contract
- Have other systems and staff in place to ensure continuity of the pensions administration function from day one of the contract

Community Admission Bodies

Community Bodies have absolute discretion in deciding whether to apply for admission to the Fund. Any organisation meeting the criteria for admission to the Fund as a Community Admission Body and considering applying should:

- Make their formal application at least six months prior to any proposed admission date
- Be aware of, and committed to meeting, the requirements of the Regulations in respect of Admission Bodies
- Ensure the lead-time is sufficient for the Actuarial work to be completed prior to the transfer date
- Be able to provide financial and personal data about the employees to be admitted under the terms of the Admission Agreement at least three months prior to any proposed admission date
- Be able to demonstrate strength of covenant
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Be aware of the Authority's Policy on the pursuit and recovery of debt, including Closure Costs, as detailed elsewhere in this document
- Have a Payroll System (or agent) and staff, together with HR staff, ready to take over the management of the employer's pensions' administration function in relation to the LGPS from day one following the conversion
- Have other systems and staff in place to ensure continuity of the pensions administration function upon conversion
- Ensure they can provide a third party financial guarantor in line with the Authority's policy on the admission of Community Bodies

Town & Parish Councils

Town and Parish Councils are precepting, resolution bodies. There is no compulsion upon them to offer employees membership of the LGPS. Town and Parish Councils considering using the LGPS in South Yorkshire should:

- Assess whether their budget will allow for the payment of employer contributions based on the pensionable payroll of the employees they wish to give access to Scheme to
- Be aware of the Funding Strategy of the South Yorkshire Fund
- Provide SYPA with at least six months' notice of their intent to implement a Resolution to use the LGPS for their staff
- Ensure an appropriate resolution is passed at least one month prior to the proposed implementation date detailing the staff or posts to be designated as pensionable and to provide SYPA with copies of the Council Approved Resolution(s)
- Be able to provide a full and detailed personal and payroll data set of the employees joining the Scheme at least three months in advance of the proposed admission date
- Ensure that where they operate their own payroll, the Payroll System, or where the Payroll Function is provided by a third party that the third party system, can provide the range of information required by the Scheme in the format required
- Familiarise themselves with the requirements of the Fund, Regulations and other legislation associated with the administration of the Scheme and with this Administration Strategy

NEW EMPLOYER REQUIREMENTS

All new employers to the Fund will be required to:

- Attend a scheme administration meeting with officers of the Authority to ensure they understand the administration requirements of the Scheme in relation to their role as a scheme employer
- Ensure that the appropriate people attend such a meeting so that where responsibilities and duties in relation to the Pension Scheme are split across different posts all responsible people are aware of their obligations in this respect
- Undergo training where training needs are identified by either the Administering Authority or the Employer. Such training may be held either on site at the Employer's premises or at SYPA HQ where access to systems may be more easily facilitated if necessary
- Submit electronic documentation in relation to the formal notification of new joiners to the Scheme and any subsequent contractual changes affecting their employee members' pensionable circumstances, through the Authority's Employer Web System or any replacement system introduced in the future. Paper documentation will not be accepted

- Nominate specific contacts with whom the Authority can work on the various aspects of Scheme Administration requiring specialist knowledge or authority

FEES FOR THE PROVISION OF INFORMATION AND ADDITIONAL NON-STANDARD WORK

The Authority recognises that Employers already contribute to the administration of the Scheme through an actuarial allowance built into their contribution rates by the Fund Actuary as part of the triennial valuation exercise and, as such, it will carry out all of its statutory and routine duties and obligations under the Regulations and any other legislation affecting it without further charge.

However, the Authority reserves the right to charge for work associated with the creation and termination of employers and for any work unique to an Employer (or Group of Employers) such as a bulk transfer of pension rights.

The Authority also reserves the right to make a charge for bulk routine work that is required as a matter of urgency in exceptional circumstances that would lead the Authority to incur additional costs to complete the work, for example by the use of overtime, or where the work is required, exceptionally, well within the agreed service standards for that work which could then compel the Authority to resource the work at a cost to other work, members or employers.

Any such charge or fee would always be made clear and agreed at the outset before any such work was commenced or service provided.

Possible examples of instances where the Authority may deem it appropriate to make such a charge are:

- A bulk redundancy exercise where an employer may require benefit estimates and employer costs more quickly than the agreed service standard time for providing such information
- Non-routine or bespoke actuarial work, (see later Section on Actuarial Services)
- Officer attendance at special meetings outside normal working hours

The above list is not exhaustive.

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP)

Under the Local Government Pension Scheme Regulations 2013, both Administering Authority and Employing Organisations are required to appoint an Adjudicator to review First Instance Decisions upon receipt of an application by the member or member's representatives. This is generally referred to as Stage 1 of the IDRP.

Where a Scheme Employer reviews a First Instance Decision under Regulation 74 and makes a consequential decision under Regulation 75 that results in the member making a referral to the Administering Authority for reconsideration of that decision, generally referred to as Stage 2 of the IDRP, then the Administering Authority Adjudicator will reconsider the First Instance decision and notify the employer and the member accordingly.

Where the Administering Authority makes a decision to uphold the member's appeal against the First Instance Decision and to refer the matter back to the employer for re-consideration then the Administering Authority may take the view that there has been a failing by the Employing organisation in the original decision making review process. Possibly as a result of the Employer concerned:

- Not taking into account all relevant evidence, or
- Taking into account non-relevant evidence, or
- Disregarding the relevant evidence and making a decision that would be perverse or contrary to Regulation

SYPA's Adjudicator will always be happy to discuss these referrals and to provide any assistance, advice and guidance where appropriate or requested in the interests of ensuring that correct decisions are reached for right reasons and the member receives fair and equitable treatment through the process.

ACTUARIAL SERVICES

Actuarial services are provided by the Fund Actuary.

This service is subject to periodic tender and the appointed Fund Actuary may change.

The Fund Actuary is independent.

The retention of the Fund Actuary is a Regulatory requirement for the Authority and a number of the services commissioned from him are also required by Regulation.

Where a service or exercise is provided to the Administering Authority or Fund as a result of a statutory requirement then the Authority will fund this work from its administration budget.

Where a non-statutory service, task, exercise or some bespoke work is offered by the Authority to employing organisations then it is on the understanding that the Actuarial fees or charges will be passed through either proportionately or as previously agreed to those employing organisations on a non-profit basis for the Authority and/or Fund.

Where a service, task, exercise or bespoke work is requested specifically by an employing organisation to be commissioned by the Authority then it is on the understanding that the

Actuarial fees or charges will be passed through to the employing organisation(s) concerned on a non-profit basis for the Authority and/or Fund.

Where an employing organisation chooses to approach the Fund Actuary independently, whether for advice, guidance, consultancy work or anything else then it is on the understanding that no charges will be incurred on behalf of the Authority or Fund and the employer concerned will be solely responsible for the settlement of any fees or charges arising.

It should be noted that the Fund Actuary will rarely invoice an employing organisation directly but will submit their bill for any work carried out to SYPA who will then recharge the amount invoiced to the employer concerned.

Where the Fund Actuary provides a schedule of standard charges for certain categories of work then SYPA will provide this to Employing organisations on request.

PAYROLL SERVICES AND PROVIDERS

All employing organisations must ensure that they procure payroll services and systems that:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Are able to provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

Where an employing organisation takes its Payroll Services from a third party or from a payroll located in another part of the organisation or parent company then responsibility for providing timely, quality data from the Payroll remains with the employing organisation concerned that is participating in the South Yorkshire Fund.

Where an employing organisation changes payroll providers in the financial year then that organisation must ensure that the new service provider's payroll must be able to:

- Store the personal and financial data of its scheme member employees that is required by SYPA in order to maintain its business and meet its duties and obligations as an Administering Authority
- Provide data extracts that meet the reporting requirements of the Administering Authority and the Scheme and are in the appropriate format to interface with the Authority's Computerised Pensions Administration System

The employing organisation concerned must also ensure that the new service provider has advance knowledge of the requirements of the Pension Scheme in terms of data supply and reporting, has a system in place that is able to meet those requirements and has sufficient notice of its duties and responsibilities to enable it to seamlessly take over the supply of data to ensure that the monthly posting of member contributions is maintained from the first month of the new provider's contract. Failure to ensure this will result in a finacial penalty being applied to the employing organisation responsible as outlined in Appendix A of this document.

Additionally, for scheme management, accounting and data control and quality purposes and to ensure continuity of the pensions administration side of the business for members, data on the previous payroll up to the date of termination and change must remain available for extraction and provision to SYPA as appropriate and necessary.

SERVICE STANDARDS – SERVICE LEVEL AGREEMENTS

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

Administering Authority to Employing Organisations

• Respond to employer queries	**5 working days**
• Individual retirement benefit estimates	**5 working days**
• Individual early retirement employer costs	**5 working days**
• Bulk retirement benefits estimates (20 or more)	**10 working days**
• Bulk early retirement employer costs	**10 working days**

All service standards for SLA purposes are measured by reference to the time taken by the Authority from the "event date" to the date of receipt by SYPA in its HQ Office at, Barnsley,

Employing Organisation to Administering Authority

• Notification of a new scheme joiner	**6 weeks**
• Notification of a member's contractual change	**4 weeks**
• Notification of a member leaving the Scheme with a right to immediate payment of benefits	**4 weeks**
• Notification of a member leaving the Scheme without a right to immediate payment of benefits	**6 weeks**
• Notification of the death of an active member	**1 week**
• Provide a written response to any query	**1 week**

SERVICE STANDARDS - CUSTOMER CHARTER

All service standards in the Customer Charters are measured by reference to the time taken by the Authority from the first day when it has all of the necessary information to hand to enable it to perform the task and exclude the day of receipt of the information or final part of the information required.

All Members

• Complaints	3 **working days**
• General Enquiries	5 **working days**
• Provision of information for Divorce Proceedings	5 **working days**
• Notification of death benefit entitlements to Dependants and/or representatives	5 **working days**

Active Members

• Setting up a new joiner record	5 **working days**
• Making changes to records	5 **working days**
• Providing information about Additional Benefits	12 **working days**
• Provision of Retirement Benefit Estimates*	5 **working days**
• Providing transfer value quotations	10 **working days**

Preserved Pensioner Members

• Notification of Entitlement	20 **working days**
• Provide an updated benefit statement	5 **working days**

Pensioner Members

• Information on re-employment	7 **working days**

*Subject to the Authority's policy in force at the date of the request.

FINANCIAL PENALTIES FOR NON-COMPLIANCE BY EMPLOYING ORGANISATIONS

The Authority has determined that there will be a range of financial penalties for non-compliance with the requirements of this Administration Strategy under Regulation 70 of the Local Government Pension Scheme Regulations 2013, "Additional Costs arising from Scheme Employers' level of performance".

In addition it has determined a Policy to apply under the umbrella of this strategy document whereby penalties imposed on the Administering Authority by third party agencies as a result of, whether directly or indirectly, the poor administrative performance or decision making process of a scheme employer, will be recovered from the Employing organisation concerned.

Penalties imposed on the Administering Authority by other Agencies

The penalties that will be recovered are as follows:

- Financial penalties imposed on the Administering Authority by Agencies such as the Pensions' Regulator for a breach of its statutory duties, such as the issuing of Annual Benefit Statements, but where the breach was occasioned by the poor performance of an employing organisation by reason of non-provision of member and/or financial data, provision of data not fit for purpose or the late provision of data or a combination of all these factors.

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.
- Financial Penalties imposed on the Administering Authority by HMRC, for instance Scheme Sanction Charges that arise as a result of the decision of a Scheme Employer, (for example, by allowing a member to claim benefits that will entail the Authority making an unauthorised payment).

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.
- Any penalties imposed by the Office of the Information Commissioner following a data breach where the breach was occasioned by the actions of a scheme employer.

  The penalty will be paid by the Authority but will be recovered from the Employing Organisation concerned.

The list is not exhaustive and the Authority reserves the right to utilise the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

Financial penalties for non-compliance by employing organisations

Financial penalties as detailed here may be applied by SYPA where failure of an employing organisation to:

- Meet the requirements of the Administration Strategy
- Meet the requirements of the Regulations
- Meet the requirements of other legislation

Results in:

- Additional work for the Authority or its Agent(s)
- Additional cost(s) for the Authority or its Agent(s)
- Failure of the Authority to meet its own obligations under Regulation, other legislation or guidance
- Complaints by organisations or Members
- Appeals by members or their representatives

Then the Authority will impose either a fixed penalty or a charge based on the cost of the work occasioned.

The table in **Appendix A** provides details of the fixed penalty.
Any such penalties imposed will be recovered from the Employing Organisation concerned through additions to any existing deficit or deductions from any existing surplus with effect from the next contribution year (1st April).

INTEREST

It is the Authority's Policy, supported by Regulation in a number of areas, to charge interest for late payment on the following items and at the following rates. Late is defined as being a month or more after the due date:

- Payment of Employees' Pension Contributions, including any additional contributions paid by the employee, remitted to the Fund
- Payment of lump sum employer contributions arising from an employer decision to backdate membership for an individual or group of individuals (but cannot apply to Admission Agreements)
- Payment of Employer's Pension Contributions remitted to the Fund

Employee and Employer Contributions have to be with the Fund by the 19th of the month following the month of deduction. (Pensions Act 1993).

- Payment of any Lump Sum Deficit Contributions owed to the Fund

Deficit payments are calculated as an annual amount due by the Fund Actuary. That annual figure is then sub-divided into 12 equal payments for remittance on a monthly basis by Employers. To allow for the spread of payments over a 12 month period and to compensate the Fund for lost investment return an element of interest is already included in the monthly amounts to be paid. Late payment of these amounts will however incur additional interest.

- Any rechargeable payments due in respect of Injury Allowances, Gratuities and Added Compensatory years
- Any costs arising from initial and annual invoices in respect of strain on the Fund costs arising from the early release of retirement benefits
- Lump sum payments arising from the granting of additional pension
- Any fees or charges arising from the use of additional or bespoke Actuarial Services or Employer initiatives
- Any fees or charges arising from the voluntary participation in Accounting Standards Exercises
- Any costs arising from the termination or exit from the Fund of a solvent employing organisation
- Any liability settlement charge arising from a claim on a Bond Agreement or similar charge that would have arisen from such a claim but where no Bond was required by the outsourcing employer. In these latter circumstances the liability falls to the employer concerned

Annual Invoices carry an element of interest in their costs already at the point of issue to allow for the spread of the cost over three years (or less). However, further interest will be incurred if annual invoices are settled late.

The rate of interest charged on all of the above items is 1% above the Bank of England Base Rate compounded with quarterly rests.

DEBT RECOVERY POLICY AND PROCEDURE

The Authority has a Debt Recovery Policy and Strategy in place.

It is the Authority's Policy to attempt recovery of ALL debts whether invoiced or not.

The Policy applies to individual Scheme Members, their dependants, their representatives, employing organisations, third party or outside agencies, purchasers of goods or services from the Authority and any other person or persons upon whom the Authority has a reasonable claim for payment.

The debt recovery procedure is as follows:

- Once the amount of the debt and the debtor is identified the Authority will issue an account
- If no response is received within one month of the date of issue of the account the Authority will issue one reminder
- No further reminders will be issued
- If no response is received within one month of the date of issue of the reminder the debt will be passed to the Authority's Debt Recovery Agents who will pursue the debt using the full force of the law if necessary
- Any additional costs incurred as a result of the debt recovery process, including interest for late payment, agent's fees and legal fees will be added to the total amount to be recovered
- Any party receiving an account from the Authority should immediately contact the number provided with a view to settling the debt in full or arranging a payment plan

No debt will be written off unless there is no prospect of recovery for any reason, for example there are no assets of value belonging to the debtor, (organisation insolvency), or the debtor's estate or where there is no estate and no surviving family.

Where the debt is in respect of overpaid pension and the pensioner has died recovery proceedings will be commenced against the estate through the pensioners surviving family, dependants or personal representatives.

SPECIAL REQUIREMENTS FOR EDUCATIONAL ESTABLISHMENTS

For business continuity purposes and for ensuring that scheme members of Educational Establishments are able to be provided with, and have access to, the same level of service as scheme members in other organisations during educational holiday breaks such as end of term and half term holidays as well as the extended summer break holiday, Educational Establishments must:

- Provide contact details of Payroll, HR, Finance and Business officers who are able to continue to conduct the pensions administration side of the employers business during any closedown or holiday period including third party service providers where appropriate
- Ensure officers are available to deal with routine pensions administration tasks and queries during any closedown or holiday period
- Ensure specialist personnel are available to maintain the Accounting Standards Exercises during any closedown or holiday period, especially given that these exercises affect other employers and are Actuary driven

If at any point in the future SYPA experiences difficulties in business continuity with any Educational Establishment during a holiday break because the organisation has failed to ensure that contacts are available then it reserves the right to introduce and impose finacial penalties on the organisation(s) concerned.

Member complaints submitted as a result of the above failure will be forwarded to the organisation concerned for a response to the member concerned.

The Authority will not be responsible for the effects of any failure of Educational Establishments to have arrangements in place during closedown or holiday periods that will enable an establishment to:

- respond to invitations,
- respond to data collection requests
- respond to queries on such information
- provide member information and documentation as normal to ensure member benefits are not delayed
- enable records to be kept up to date and
- ensure that the normal daily business of pensions administration is able to be continued for that establishment

ADMINISTRATION GUIDE FOR EMPLOYERS

To assist all participating employing organisations with the task of administering the employers' functions in relation to the Local Government Pension Scheme, the Authority has produced an online administration guide.

The guide can currently be found on EPIC and should be referred to whenever an employer is in any doubt about what is required of them in terms of their pension scheme administrative duties and obligations.

In addition, help, advice and guidance will always be available from Member Services Management Teams for employers falling within their purview.

Contact can be made by e-mail, telephone or letter.

APPENDIX A

Tables of charges and financial penalties

Charges

Implementation of a Pension Splitting order	**£350 + VAT**
Provision of information in relation to Accounting Standards Exercises	Currently **£100 + VAT** but subject to review
Provision of additional transfer value within 12 months should the Authority introduce a charging policy. The current policy reserves the right to charge.	**£350 + VAT**
Bespoke Pensions Administration work	At the appropriate hourly rate to recover the actual cost of the work only
Rechargeable Actuarial work	At the appropriate hourly rate to recover the actual cost of the work only

Penalties

Monthly Returns from April 2020 Failure to submit an accurate monthly return permitting the correct collection of contributions by direct debit by the 5th of the month following the month of employees' contribution deduction	A fixed penalty of **£500** plus a further fixed penalty of **£50 per day** for every further day late following that deadline
Service Level Agreements Failure to submit member event information in line with the requirements of the SLA	**£25** per case
Discretionary Policy Statements Failure to devise and publish any statement of policy on the use of discretionary powers under the Regulations by any statutory deadline	A fixed penalty of **£500** plus a Further fixed penalty of **£250** for every further week late following that deadline
Payroll Provider Service Failure to ensure that any new Payroll Service Provider is able to maintain the continuity of the monthly posting system	A fixed penalty of **£1000** for every monthly report that fails to be submitted from month 1 of the new contract by the standard monthly deadline **plus** the standard penalty for late submission of monthly returns
Direct Debit Mandate Failure to complete a mandate to consent to the collection of contributions via direct debit prior to 1 April 2020 or the date of joining the SYPA fund or date of change in banking arrangements if later	A fixed penalty of **£500** plus a further fixed penalty of **£50** per day for every further day late following that deadline

Original version April 2016 – V1

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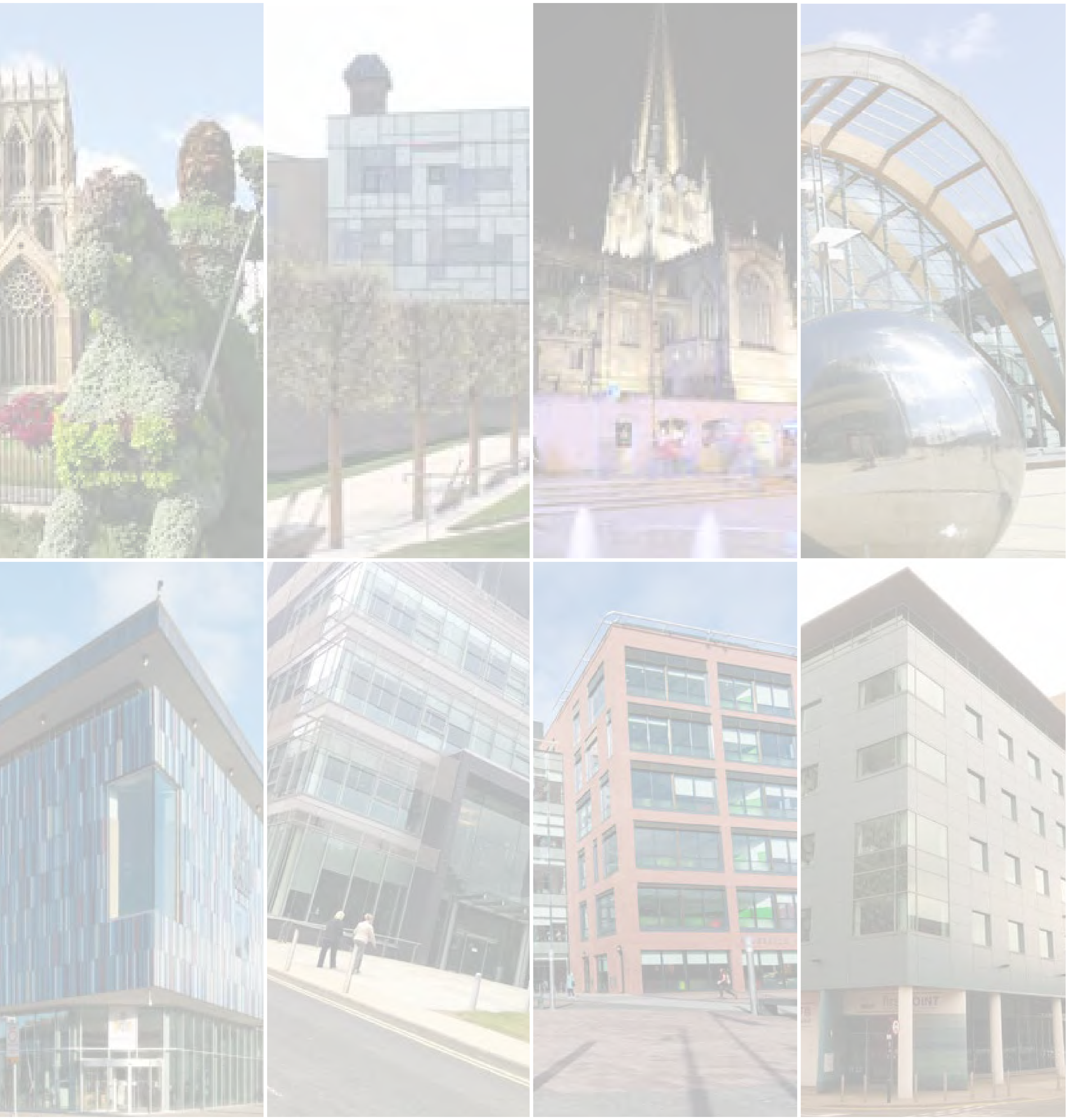

South Yorkshire Pension Fund

Governance Compliance Statement – Effective June 2019

1. Introduction

1.1 As a statutory public service scheme the LGPS has a different legal status compared to trust based schemes and therefore, the governance arrangements are different as well. This is especially true given the interface with local democratic practice since it is elected councillors who ultimately bear responsibility for the stewardship and management of local authority pension funds. Publication of this Statement is a statutory requirement under s 55(1) of the Local Government Pension Scheme Regulations 2013, which requires:

An administering authority must prepare a written statement setting out-

(a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;

(b) if the authority does so-
- (i) the terms, structure and operational procedures of the delegation,
- (ii) the frequency of any committee or sub-committee meetings,
- (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and

(d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

An administering authority must keep a statement prepared under paragraph (1) under review, and make such revisions as are appropriate, following a material change to any of the matters mentioned in that paragraph.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

1.2 This statement has been revised following a review of the Pensions Authority's governance arrangements which became operational from the beginning of the 2019/20 Municipal Year.

2. Governance of the South Yorkshire Pension Fund

2.1 The Authority does not operate under a cabinet structure. The Chair and Vice-Chair are nominated from and elected by its own membership but the Authority as a whole carries the strategic responsibilities of an administering authority.

2.2 Under Section 41 of the Local Government Act 1985 arrangements are made enabling the district councils to raise questions at council meetings. The Authority is required to nominate a member or members to answer questions on the discharge of the Authority's functions. One member from each district has been nominated as the Section 41 spokesperson.

2.3 The Authority has created two committee's to support it in its work:

2.4 The **Audit Committee** which is responsible for fulfilling 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:
- the suitability of, and any changes in accounting policies;
- 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.

2.5 The **Staffing Appointments and Appeals Committee** which is responsible for the following functions.

(1) To exercise all the Authority's functions in respect of:
a) Appeals by staff (where a right of appeal exists).
b) Complaints against senior officers.

(2) To exercise the Authority's functions in relation to the appointment of Statutory Officers and Chief Officers, subject to legislative requirements regarding the approval of statutory officer appointments by the Authority.

(3) To approve proposals for changes to the organisation of the Authority's staffing where more than 5 posts are affected.

(4) Determining appeals and requests under the Local Government Pension Scheme Regulations not otherwise delegated to officers.

(5) To make appointments of Independent Investment Adviser (s) on behalf of the Authority.

(6) To approve arrangements for the procurement of external fund managers, the Fund Actuary and Custodian.

3. Representation

3.1 Unlike other Administering Authorities within the Local Government Pension Scheme the Authority's constitution is laid down in the Local Government Reorganisation (Pensions etc.) (South Yorkshire) Order 1987 made under the Local Government Act 1985. The four district councils in South Yorkshire nominate members to the Authority, from their own elected members, in the specified proportion -

Constituent Council	Number of Members
Barnsley	2
Doncaster	3
Rotherham	2
Sheffield	5

3.2 In addition, 3 non-voting observers nominated by the Regional Secretaries of the three largest trade unions recognised by the National Joint Council for Local Government Services are provided with the facility to attend and participate in meetings of the Authority and its committees, other than in matters concerned with staffing and labour relations.

3.3 The Audit Committee is chaired by the Authority's Vice-Chair and contains 4 other Authority Members (including the Chair). Representatives from the trade unions, who are nominated by their regional Secretaries/Organisers, attend as observers.

3.4 The Staffing Appointments and Appeals Committee is chaired by the Authority's Chair and contains 4 other Authority members (including the Vice Chair). Representatives from the trades unions, who are nominated by their regional Secretaries/Organisers, attend as observers.

3.5 Both Committees have full delegated powers but only the Elected Members have voting rights.

4. Reasons for Current Representation

4.1 Myners' first Principle states that decisions should only be taken by persons or organisations with the skills, information and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take. All members of the Authority are required to undertake the LGA fundamentals training and the Pensions Regulator's Public Sector Toolkit and are exposed, on the occasions that they review investment performance and strategy, to presentations on topical issues and differing types of investment. In addition, a Learning and Development Strategy is in place which identifies individual learning needs and aims to address them through both internal and external means.

4.2 Formal statutory responsibility for the LGPS and fund investment remains with the administering authority that is answerable for the effective and prudent management of the scheme. Current representation of the Authority provides the appropriate balance between accountability and inclusion as required by best practice with members having full voting rights as a matter of course.

5. Arrangements Outside of Formal Governance

5.1 The Authority is committed to inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. A separate Communications Policy Statement can be viewed on our website, and is included with the Annual Report as required by the relevant regulations.

5.2 The Authority holds an annual meeting, usually in October, to which members and employers are invited. Members attending receive presentations on the financial position of the Fund, a review of investment and administration performance together with news of topical issues. Occasionally, a guest speaker will be invited to address national issues or pension related subjects. Attendees are encouraged to raise questions.

5.3 The Authority has established, with effect from 1 April 2015, a Local Pension Board in accordance with Regulatory requirements comprising equal numbers of employer and scheme member representatives.

5.4 The Authority provides each participating organisation with an employer's guide to the Scheme. In addition, regular newsletters are produced to keep employers up to date with scheme developments and administration issues. These are provided via our dedicated employers' website and can also be made available in hard copy. Employers' attention is drawn to relevant Circulars from National Bodies whenever these are published so that they can view the national perspective as well as the local view.

5.5 A variety of meetings are used to communicate with employers. In addition to the Annual Fund Meeting described earlier, the Authority normally holds an annual employers' forum. This is primarily aimed at topical and administrative issues but is also valuable in providing an opportunity for employer representatives to raise questions and discussion points. Further to these, ad-hoc meetings are called to consider specific issues as and when appropriate. Every employer is offered at least one annual meeting with the Authority's officers on a one-to-one basis to discuss any topic either side wishes to raise, although experience shows that very few take advantage of this facility.

5.6 Officers attend the quarterly meeting of finance department representatives from the four district councils and the other South Yorkshire joint authorities as and when required.

6. Comparison with "Best Practice" Principles

6.1 The Authority is required to make a statement as to the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.

6.2 The appendix to this document provides that statement, setting out against each of the principles the extent of compliance supported by further explanation or comments where further action is to be considered.

Appendix A

Principle A – Structure

	Compliant*
a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	**Yes**
b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	**Mainly**
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	**Yes**
d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority's separate legal status ensures that a), c) and d) are complied with and ensure representation (proportionate to size) of the major local authority employers. It is not practical for the many non-local authority employers, whose activities are diverse, to be separately represented. Trades unions representatives attend meetings of the Authority and Committees. The Local Pension Board as required by regulations operates alongside the formal Authority structure but is intrinsically linked with it.

Principle B – Representation

	Compliant*
a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- i) employing authorities (including non-scheme employers, eg, admitted bodies); ii) scheme members (including deferred and pensioner scheme members), iii) independent professional observers, and iv) expert advisors (on an ad-hoc basis).	**Mainly**
b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision making process, with or without voting rights.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please see the answer to A(b) above.

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority appoints 2 independent investment advisers who attend meetings of the Authority and give advice to members during discussion of investment related matters.

Approved by the Authority 13.6.19

Principle C – Selection and role of lay members

	Compliant*
a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Induction courses are held for all new members who are also required to attend initial basic training via the LGA 3-day programme and the Pensions Regulator's Public Sector Toolkit.

A series of member seminars to address new topics or cyclical issues such as the actuarial valuation are included in the programme of meetings and members (whether elected or Trade Union observers) are able to attend approved conferences and external seminars details of which are circulated to all members at the beginning of the year.

Principle D – Voting

	Compliant*
a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	**Yes**

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Order creating the Authority and its constitution provides full voting rights to all elected Members. TU representatives do not have voting rights.

Principle E – Training/Facility time/Expenses

	Compliant*
a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	**Yes**
b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	**Yes**
c) That the administering authority considers the adoption of training plans for committee members and maintains a log of all such training undertaken.	**Mainly**

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Induction and in-house training events are made available to all members of the Authority, and Committees, including Trade Union Observers. In addition, all Authority members are required to undertake the Fundamentals course provided by the LGA and the Pensions Regulators Public Service Toolkit within the first year of their appointment.

Members are offered individual training plans. Records of training received are logged and published.

Principle F – Meetings (frequency/quorum)

	Compliant*
a) That an administering authority's main committee or committees meet at least quarterly.	**Yes**
b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	**Yes**
c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

The Authority and Committees meet at least quarterly. In addition annual forums are held for both fund employers and Scheme members

Principle G – Access

	Compliant*
a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

The only exception to this general principle is that Trade Union Observers are not permitted access to papers concerned with individual staffing matters, such as the appraisal for the Head of Paid Service.

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Principle H – Scope

	Compliant*
a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Principle I – Publicity

	Compliant*
a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	**Yes**

* Please use this space to explain the reason for non-compliance (regulation 73A(1)(c)/1997 Regulations)

Please use this space if you wish to add anything to explain or expand on the ratings given above :-

Details of the Authority's governance arrangements are published both on its website and in its annual report. The details of the Authority's meetings are publicised both on the website and social media and the public parts of meetings of the full Authority are webcast.

The Authority maintains a specific policy that the number of items to be considered in private is minimised thus opening up the maximum amount of its business to scrutiny by scheme members and the wider public.