



SOUTH YORKSHIRE
PENSIONS AUTHORITY

Annual Report & Accounts 2013/2014

South Yorkshire Pension Fund



FCA No. 121977

“ Huge changes are taking place within the industry and the past twelve months has been occupied with preparing the Fund for those challenges ahead. ”

Contributing Members
49,931

Deferred Members
45,927

Pensioner Members
42,583

Scheme Employers
266

Total Contributions
220m

Total Membership
138,441

Net Assets of the Fund
5.55bn

Regent Street
18

The New Scheme
2014

Annual Report & Accounts 2013/2014

South Yorkshire Pension Fund

Notes & Numbers

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the
South
Yorkshire
Pension
Fund

mission STATEMENT

“To provide the best possible and most cost-effective pensions service to all of the employing bodies, pensioners, contributors and dependants, incorporating best practice in corporate governance at all times”

Our Strategic Objectives are:

1 THE BEST

To be the pensions administrator and investment manager of choice, providing a high quality cost effective and efficient service to all our customers.

2 INVESTMENT RETURNS

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

3 RESPONSIBLE INVESTMENT

To develop our investment policies within the framework of a responsible and sustainable investment strategy.

4 VALUING OUR EMPLOYEES

To develop the capacity and capability of our staff, both personally and professionally, by ensuring opportunity for all within a culture of transparency and fairness.

5 PENSIONS PLANNING

To encourage and support well informed pensions and investment planning amongst our member organisations and their employees.

6 EFFECTIVE AND TRANSPARENT CORPORATE GOVERNANCE

To uphold and exemplify effective governance whilst demonstrating prudence and propriety at all times.

Introduction

Councillor Keith Goulty Chair of the Authority

Believe it or not there are still people who think that the subject of pensions is boring and that local government pensions, in particular, is even more than boring. Whilst I used to have some sympathy with that view it is very clear that it is no longer the case. Huge changes are taking place within the industry and the past twelve months has been occupied with preparing the Fund for those challenges ahead.

My predecessor, Martin Lawton, mentioned in his introduction last year that the long drawn out negotiations surrounding the future shape of the Local Government Pension Scheme were weighing heavily on both Members and officers. Translating the proposals into substantive regulations took much longer than it should have done and the delays have added to an already heavy workload. Even as I write the proposals regarding governance issues are still awaited. There was also a so-called “consultation” on the future administrative structure of the Scheme with Ministers publicly suggesting that if the number of administering authorities and funds were reduced significant cost savings could be made. Many of the assertions made

lacked evidential support and were based on a superficial understanding of how the funds were managed. Whilst it is always right to review existing arrangements to ensure that best practice is followed everybody should remember that pension provision is not just a matter of cost: sound administration and good and responsive customer service is just as important to ordinary members.

Much of the year was taken up with carrying out the statutory actuarial valuation of the Fund as at end March 2013. The fact that the policy of keeping UK interest rates low and buying in government debt had resulted in historically low bond yields was mentioned last year because those yields are used by the actuary when he calculates the cost of the Fund’s liabilities. Moreover, as we all know, local government budgets are under severe pressure during a period of unprecedented reductions in central government funding and the prospect of significant increases in contribution rates was not at all helpful. The omens were not looking good and the valuation results were, indeed, unhelpful but I’m pleased to note that the subsequent increase in

bond yields during 2013 allowed some flexibility to be included in the negotiations and discussions with employers. It was a difficult process and the outlook over the next few years does not suggest that the financial pressures will become any easier or go away. Members took the opportunity to review the Authority’s responsible investment policy in the light of changes to councils’ public health duties and broader environmental issues. They agreed to reiterate their view that it is better to seek change from within rather than disengage from issues and published a new Policy Statement to that effect. The Fund remains alert to changes in this arena though and awaits the Law Commission’s review of the concept of fiduciary duty with interest.

I’m pleased to report that Neil MacKinnon was persuaded to return to the Fund as an independent advisor and joined Tim Gardener and Leslie Robb in their scrutiny role over the Fund’s investment strategy. It was announced during the year that the Clerk and Treasurer would retire at the end of March and that the South Yorkshire Joint Secretariat would become absorbed into Barnsley Council. As a customer of the Secretariat this has obvious, but as yet unknown, ramifications for the Authority and Fund. I would like to thank Steve Pick for his contribution to the Authority during his tenure as its Clerk.

During what was another tough year for the administering authority, as it struggled to

Introduction continued

balance the aims of affordability and stability of cost with prudence and sound governance, the support I have received from my fellow councillors has been gratefully received: their hard work is much appreciated by me. The need to balance the short and long term objectives of employers and to do it in a prudent way from the Fund’s perspective was not easy and it is to everybody’s credit that it was resolved as satisfactorily as it was.

Although it seems to be repeated every year it is nonetheless true that it remains appropriate for the Fund to take the long term view when it is faced by so many unknowns. Each of the issues

I’ve touched upon are challenging in their own right. Put them together and add in the continuing improvement in life expectations of our employee membership, the ongoing pressures on the covenant strength of our employers and the complexities of the larger issues facing the LGPS and you can see that the next twelve months will be no less challenging than those we have just come through.

Councillor Keith Goulty
Chair of the Authority





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the
PEOPLE

Report of the Clerk

Introduction

The rationale for establishing and maintaining local government pension funds is to ensure that over the long term they will have sufficient assets to meet all of the pension expectations of their contributors as they fall due but to do so in such a way that contribution rates can be kept as low as possible, as stable as possible and as affordable as possible. Such an aim is laudable but is frequently forgotten given all the other pressures local government faces. However, embarking upon an actuarial valuation focuses the mind and the last twelve months has been no exception.

Whilst investment returns exceeded the assumptions made by the Actuary in the 2010

valuation the impact in the fall of Government bond yields more than offset those gains. The rise in the cost of liabilities was always going to put pressure on employers' contribution rates, never mind falling at a time when they were facing real and unprecedented pressures on funding. But there are other factors in play as well this time. The cutbacks have already had consequences for Fund membership and affect both the volatility and potential affordability to employers. Whilst much of the fine tuning of the new 2014 Scheme is complex, it is clear that for many they now have an opportunity to earn a bigger pension than they did before and, at the same time, the introduction

of the single tier pension and the end of "contracting out" in 2016 will also have significant implications for employers.

The announced changes to the LGPS, moving away from a final salary to career average basis, resulted in a lot of work needing to be carried out to the Fund's administration systems and to those of the employers. But it is clear that Government intends to impose further change upon the LGPS. During the year there was a consultation process on new governance arrangements at individual fund level and a call for evidence focusing on improving investment returns and cutting costs and also visiting, albeit briefly, deficits as well.

The investment environment continued to be uncertain as the global economy struggled to return to sustainable growth. Such an environment provides opportunities as well as challenges and the Fund's investment strategy will be reviewed once the actuarial valuation is completed. During the year the Authority revisited its responsible investment strategy following pressure from a few pressure groups on particular issues. The Authority reiterated its belief in positive engagement and continues to support the Local Authority Pension Fund Forum in its campaigns on corporate governance.

At the end of the year Steve Pick retired as Clerk and Treasurer.

His duties and responsibilities have been transferred to senior officers of Barnsley Council. I have taken on the role of Clerk: Frances Foster is now Treasurer to the Authority and Andrew Frosdick is Solicitor and Monitoring Officer.

Report of the Clerk

Management of the Fund

South Yorkshire Pensions Authority is the administering authority for the South Yorkshire Pension Fund under the auspices of the Local Government Pension Scheme (LGPS) Regulations. Most local authority employees and pensioners (other than teachers and uniformed personnel) employed by the district councils of Barnsley, Doncaster, Rotherham and Sheffield are members of the Fund. In addition, a number of other bodies (notably schools and academies) are also participating employers. This report has been produced in accordance with the Regulations and covers the activities of the Fund during the financial year ended 31 March 2014. The governance of LGPS funds is encased in statute and the Regulations are regularly updated.

The Authority itself was established by Statutory Instrument in 1987. The twelve councillors who sit on the Authority are co-opted on to it from the four district councils. The Authority meets approximately every quarter and concentrates upon strategy and scrutiny matters. It ensures that the administration of the Fund accords with the statutory framework the LGPS operates under. Members have a fiduciary duty to the contributors and beneficiaries of the Fund to ensure contributions are collected, that benefits are calculated properly and paid promptly and that any surplus monies are properly and prudently invested. Members also have a fiduciary duty to the council tax payers of South Yorkshire in so far as any net

expenditure of the Authority in any year which cannot be charged to the Fund is liable to be apportioned between the district councils via a levy. In addition, net expenditure on residual employer liabilities which cannot be charged to the Fund is recoverable.

The Authority's meetings are open to the public and are webcast. It has established two Boards to manage the everyday aspects of its duties and responsibilities as an administering authority: the Boards also operate to a roughly quarterly cycle. One board focuses upon administration and audit matters whilst the other supervises investment issues. The terms of reference of the Boards and other information regarding the Authority's

structure, including details of the delegation arrangements to officers, can be found in the Governance Compliance Statement. In addition, the Authority hosts a consultancy Panel through which elected representatives of the Fund's membership can discuss matters with councilors. Regular meetings are held with the Fund's contributing employers and there are annual meetings for both employers and Fund members.

One of the key objectives of the Authority is to ensure effective stewardship of the Fund's affairs. In seeking to achieve this, officers and members are aware that the landscape and regulatory framework governing the LGPS continues to change and grow in complexity and that the pace of

change has noticeably quickened over the last few years. In recognition of these pressures the governance structure of the Fund is regularly reviewed.

All aspects of pensions administration, including calculating and paying benefits, are conducted in house. The Fund also operates advisory offices in the districts. All of the Fund's investments are managed internally, albeit with the assistance of advisors on real estate matters. Further details of the Fund's investment operations are set out in the Statement of Investment Principles. The Authority has a retained actuary, Mercer Limited, and has appointed an independent investment advisory panel to assist it in achieving its aims.

General legal advice is obtained from SYJS. More specialist property work is garnered from a pool of lawyers which includes Addleshaw Goddard; Burges Salmon; Cameron McKenna; Mills & Reeve and Pinsent Masons dependent upon the particular project requirements. Private equity work is primarily conducted by Maclay Murray & Spens. Other lawyers are used dependent upon the nature of the service required.

Members as at 31st March 2014

BARNSELY




INDEPENDENT
Councillor B Perrin
(up to 16.6.13)

LABOUR
Councillor K Richardson
(from 17.6.13)

LABOUR
Councillor R Wraith*
(Vice Chair)

DONCASTER




LABOUR
Councillor E Butler

CONSERVATIVE
Councillor B Ford

LABOUR
Councillor C McGuinness
(up to 28.5.13)

LABOUR
Councillor K Rodgers*
(from 29.5.13)


ROTHERHAM



LABOUR
Councillor K Goulty*
(Chair)

LABOUR
Councillor P Wootton

SHEFFIELD



LIBERAL DEMOCRAT
Councillor D Baker

LABOUR
Councillor L Rooney

LABOUR
Councillor B Lodge
(up to 31.5.13)

LABOUR
Councillor J Campbell
(from 1.6.13)

LABOUR
Councillor M Lawton*

LIBERAL DEMOCRAT
Councillor A Sangar

**Indicates Section 41 Members*

Members’ Attendance and Training Records

One of the responsibilities of an administering authority is to ensure that all staff and Members charged with the financial management and decision making affecting its pension fund are fully equipped with the knowledge and skills to enable them to discharge their duties and responsibilities.

The Authority regards Member training as a key priority and the approach adopted is a prudent and vigilant one. All newly appointed Members receive induction training and all Members are required to attend the Pensions Fundamentals training programme provided by the Local Government Employers organisation. Both the Authority as a whole and individual

Members are invited to discuss their training needs during the preparation of a training plan which itself reflects the recommended knowledge and skill requirements set out in the CIPFA Pensions Finance Knowledge and Skill Framework. A formal training report is considered and approved by Members each year.

The ordinary meetings of the Authority and its Boards embrace a wide range of topical issues, such as legislation changes, corporate governance matters, the assessment of liabilities, the economy etc and often incorporate presentations from independent advisors, such as the actuary, and consultants. Pensions Fundamentals

refresher courses are staged as appropriate. A programme of in-house training is also delivered by officers and additional training events, such as externally arranged conferences and seminars, are attended if they are appropriate. The use of online training tools is being explored. Members undertake a self-assessment review process which hopefully satisfies the requirement contained within Principle 4 of the Myners’ Principles on best practice.

A Member is nominated by his peers to lead on all issues pertinent to Members’ training needs but it is the Clerk who is responsible for ensuring that policies and strategies are implemented.

Members’ Attendance at Authority Meetings 2013/14

	20 June	22 Aug	20 Sept	10 Oct	21 Nov	16 Jan	13 Feb	20 Mar
D Baker	✓	✓	x	✓	✓	x	✓	✓
E Butler	✓	x	✓	✓	✓	✓	x	x
J Campbell	✓	✓	✓	x	✓	✓	x	✓
B Ford	✓	x	x	✓	x	x	x	x
K Goulty	✓	✓	✓	✓	✓	✓	✓	✓
M Lawton	✓	✓	✓	✓	✓	✓	✓	✓
K Richardson	✓	✓	✓	✓	✓	✓	✓	x
K Rodgers	✓	x	x	✓	✓	✓	✓	✓
L Rooney	✓	✓	✓	✓	x	✓	x	✓
A Sangar	✓	✓	✓	✓	✓	✓	✓	✓
P Wootton	✓	x	✓	✓	✓	✓	✓	✓
R Wraith	✓	✓	✓	✓	✓	✓	✓	✓

Members’ Attendance and Training Records

Board Meetings 2013/14

Members’ Attendance at Corporate Planning and Governance Board Meetings

	16 May	27 June	29 July	14 Nov	20 Mar
D Baker	x	✓	x	✓	✓
E Butler	x	x	✓	x	X
B Ford	✓	✓	✓	✓	X
K Goulty		✓	✓	✓	✓
M Lawton	✓				
L Rooney	✓	✓	x	✓	✓
P Wootton	✓	✓	✓	✓	✓
R Wraith	✓	✓	✓	✓	✓

Members’ Attendance at Investment Board Meetings

	23 May	19 Sept	12 Dec	13 Mar
J Campbell		✓	x	x
K Goulty	✓	✓	✓	✓
M Lawton	x	✓	✓	✓
B Lodge	x			
C McGuinness	x			
B Perrin	x			
K Richardson		✓	x	x
K Rodgers		✓	✓	✓
A Sangar	✓	x	✓	✓
R Wraith	✓	✓	✓	✓

Members' Attendance and Training Records

Member Training Events 2013/2014

Training Session	Date	D Baker	E Butler	J Campbell	B Ford	K Goult	M Lawton	K Richardson	K Rodgers	L Rooney	A Sangar	P Wootton	R Wraith
Actuarial Valuation Background Assumptions	23.05.13	x	x		x	✓	x			x	✓	x	✓
LGPS Trustees Conference	27/28.06.13	x	x	x	x	✓	✓	x	x	x	x	x	x
New Employer Admissions	27 .06.13	✓	x	x	✓	✓	x	x	x	✓	x	✓	✓
Governance Arrangements – response to DCLG Consultation	22.08.13	✓	x	✓	x	✓	✓	✓	x	✓	✓	x	✓
Fundamentals Refresher Training	09.09.13	✓	x	✓	x	x	✓	x	x	✓	✓	✓	✓
Future Structure of the LGPS	20.09.13	x	✓	✓	x	✓	✓	✓	x	✓	✓	✓	✓
Actuarial Valuation Update	10.10.13	✓	✓	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
Update on the LAPFF Work Programme	21.11.13	x	✓	✓	x	✓	✓	✓	✓	x	x	✓	✓
Treasury Management Workshop	27.11.13	x	x	x	x	✓	x	✓	x	x	✓	✓	✓
Future Structure of the LGPS	16.01.14	x	✓	x	x	✓	✓	✓	✓	✓	✓	✓	✓

Advisors and Officers

ACTUARY	Mercer Limited	
AUDITOR	KPMG LLP Public Sector Audit	
BANKERS	Co-operative Bank	
CUSTODIAN	HSBC Securities Services	
EXTERNAL ADVISORS	Bidwells	Agricultural Property
	Pensions and Investment Research Consultants Limited	Corporate Governance/ Voting Execution
	Standard Life Pension Funds Limited	Commercial Property
ADVISORS TO THE AUTHORITY	T J A Gardener	
	N MacKinnon	
	W L Robb	
OFFICERS	S Pick	Clerk & Treasurer
	J N Hattersley	Fund Director
	G Chapman	Head of Pensions Administration





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the
AUTHORITY

Report of the Clerk

Pensions Administration

It has been a busy year dominated by the preparation of LGPS 2014, the actuarial valuation and tendering for a new pensions administration system. Ordinarily you wouldn't attempt to work on all three issues at the same time but events were very much outside our control and we simply had no choice. It is therefore pleasing to report that we managed to complete all three projects on time and without a reduction in the standard of performance in our day to day activities.

Pensions Administration continues to be delivered by our

in-house team based locally in Barnsley and in our four district satellite offices. This local approach allows us to provide a personal service to our members and in addition to the thousands of letters and phone calls we conducted **2,712** one to one advisory sessions with our scheme members. Our Customer Service Excellence accreditation was up for renewal this year and I am pleased to report that we have retained the award for another three years. We achieved **100%** compliance in all **57** monitored categories and were awarded 'compliance plus'

for innovation in our spring newsletter to active members.

The Authority continues to operate a formal dispute resolution procedure in compliance with the Scheme regulations as well as a local customer service complaints procedure. During the year we had just one formal dispute and eight customer service complaints and all but two were responded to within our published timescales. The number of dispute and complaints represents **0.001%** of our total annual caseload.



During the year interest charges were levied on two employers because of late contribution payments and amounted to **£774.51**.

Continuing the style we have developed over the last few years we built upon the statistical information provided within the report. Hopefully you will find these both interesting and informative.

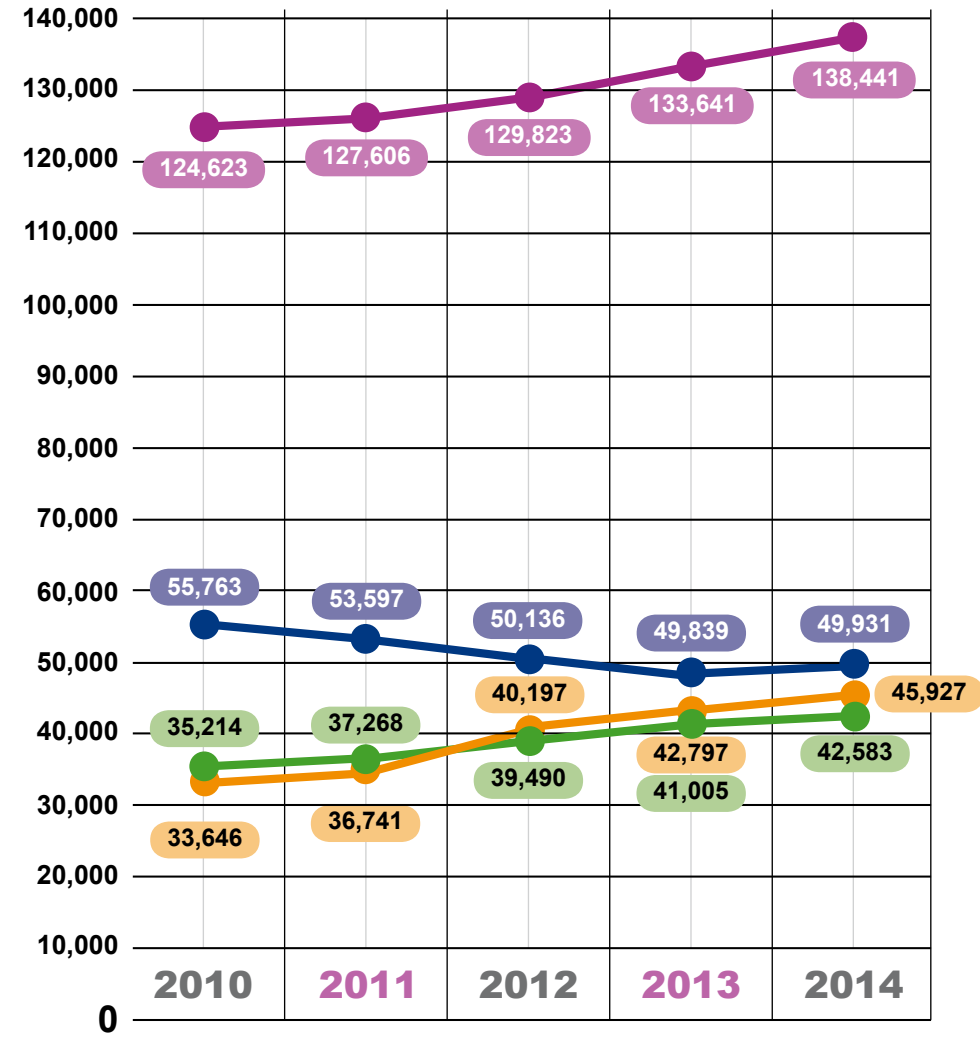
Gary Chapman,
Head of Pensions Administration

Report of the Clerk

Membership

Overall, Fund membership continues to grow. The Fund has **138,441** members compared with **133,641** at March 2013. There are three main categories of membership, **49,931** active contributing members, **42,583** members and dependants in receipt of a pension and **45,927** deferred members (members who have left employment and deferred their benefits until normal retirement age). Following a steady decline in active membership in recent years, this is the first year that the Fund has seen a slight increase in active contributing members most likely due to the implementation of auto-enrolment legislation.

- Total membership
- Active Members
- Deferred Members
- Pensioners (including dependants)



Report of the Clerk

Your Fund Statistics

ACTIVE MEMBERS

	2013	2014
Gender	Female	73%
	Male	27%
Annual Salary	Up to £15,000	33%
	£15,001 - £30,000	54%
	£30,001 - £45,000	11%
	£45,001 - £65,000	2%
	Over £65,001	Less than 1%
Averages	Current Age	44
	Age Joined Fund	34
	Salary	£20,230.84
	Current Membership	9 years
Age Profile	16 - 20	1%
	21 - 25	4%
	26 - 30	7%
	31 - 35	9%
	36 - 40	11%
	41 - 45	16%
	46 - 50	18%
	51 - 55	17%
	56 - 60	12%
	61 - 65	4%
	66 - 70	1%
	71 - 75	Less than 1%

Report of the Clerk

Your Fund Statistics

DEFERRED MEMBERS

	2013	2014
Gender	Female 70%	71%
	Male 30%	29%
Averages	Current Age 43	44
	Annual Pension £1,312.01	£1,321.51
Age Profile	16 - 20 Less than 1%.....	Less than 1%
	21 - 25 3%.....	3%
	26 - 30 9%.....	9%
	31 - 35 10%.....	11%
	36 - 40 11%.....	10%
	41 - 45 17%.....	16%
	46 - 50 19%.....	19%
	51 - 55 18%.....	18%
	56 - 60 11%.....	12%
	61 - 65 1%.....	1%
	66 - 70 Less than 1%.....	Less than 1%
	71 - 75 Less than 1%.....	Less than 1%

Report of the Clerk

Your Fund Statistics

PENSIONERS

(including dependants)

	2013	2014
Gender	Female 60%	61%
	Male 40%	39%
Averages	Current Age 69	69
	Age Pension Commenced 58	58
	Current Annual Pension £4,373.03	£4,457.20
	Time in Receipt of Pension ... 11 years	11 years
Age Profile	0 - 50 2%	2%
	51 - 55 2%	2%
	56 - 60 9%	9%
	61 - 65 23%	22%
	66 - 70 23%	24%
	71 - 75 15%	15%
	76 - 80 12%	12%
	81 - 85 8%	8%
	86 - 90 4%	4%
	91 - 95 1%	1%
	96 - 100 Less than 1%	Less than 1%
	101 - 105 Less than 1%	Less than 1%
	106 - 110 Less than 1%	Less than 1%
	Oldest pensioner 107	108

Report of the Clerk

Retirement Analysis

During 2013/2014 we processed and paid 2,480 new retirement cases, compared to 2,308 in 2012/2013. A breakdown showing the types of retirements processed are listed opposite.

Of the 66 ill health retirements processed, 44 cases were awarded enhanced membership under the ill health provisions of the Scheme. No pension or membership enhancements were granted by the employer for any of the early retirement cases.

Type of Retirement	2012/13	2013/14
Voluntary (age 60 to 65)	1,198	1,353
Normal (age 65)	79	91
Late (over age 65)	237	214
Ill health/Incapacity	71	66
Redundancy/Efficiency	583	604
Early (with employer's consent)	47	56
Flexible	93	96

Report of the Clerk

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 2014	2.7%
April 2013	2.2%
April 2012	5.2%
April 2011	3.1%
April 2010	0%
April 2009	5.0%
April 2008	3.9%

Report of the Clerk

Employer Admissions During the period 1 April 2013 to 31 March 2014

Date Admitted	Employer	Employer Type*
01/04/2013	Trustclean - Wath C of E School	Contractor (TAB)
01/04/2013	Trustclean - Mexborough St John's Primary	Contractor (TAB)
01/04/2013	Meynell Primary School	Scheduled Body
01/04/2013	Monteney Primary School	Scheduled Body
01/04/2013	Mansel Primary School	Scheduled Body
01/04/2013	Fox Hill Primary School	Scheduled Body
01/04/2013	East Dene Primary	Scheduled Body
01/04/2013	Coleridge Primary School	Scheduled Body
15/04/2013	Midshire Catering Ltd	Contractor (TAB)
01/05/2013	Sheffield City Region LEP	Community Admission Body
01/05/2013	Mellors - Hinde House/King Ecgbert School Catering Contract	Contractor (TAB)
01/05/2013	The Forest Academy	Scheduled Body
01/06/2013	Heather Garth Primary School	Scheduled Body
01/06/2013	Meadstead Primary Academy	Scheduled Body
01/07/2013	Lound Infant School	Scheduled Body
01/07/2013	Lound Junior School	Scheduled Body
01/07/2013	St Mary's Catholic Primary (Maltby)	Scheduled Body

Date Admitted	Employer	Employer Type*
01/07/2013	St Gerard's Catholic Primary - Thrybergh	Scheduled Body
01/07/2013	St Mary's Catholic Primary School (Herringthorpe)	Scheduled Body
01/07/2013	St Bede's Catholic Primary School	Scheduled Body
01/07/2013	Hinde House 3-16 School	Scheduled Body
08/07/2013	Creative Support Ltd	Contractor (TAB)
01/08/2013	Porter Croft C of E Primary Academy	Scheduled Body
01/08/2013	Bulloughs Cleaning Services Ltd	Contractor (TAB)
01/08/2013	Places for People Leisure Limited	Contractor (TAB)
01/08/2013	Wingfield Academy	Scheduled Body
01/08/2013	Firth Park Academy	Scheduled Body
01/08/2013	Chartwells - De Warenne Academy (Catering Contract)	Contractor (TAB)
01/09/2013	Littleworth Academy	Scheduled Body
01/09/2013	E-ACT Pathways Academy	Scheduled Body
01/09/2013	University Technology College (Sheffield)	Scheduled Body
01/09/2013	Whiston Worrygoose J&I School	Scheduled Body
01/09/2013	Whiston Junior & Infant School	Scheduled Body
01/09/2013	Canklow Woods Primary Academy	Scheduled Body

Report of the Clerk

Employer Admissions During the period 1 April 2013 to 31 March 2014

Date Admitted	Employer	Employer Type*
01/09/2013	Darfield Valley School	Scheduled Body
01/09/2013	ABM Catering - Wales High School (Catering Contract)	Contractor (TAB)
01/09/2013	Queens Road Academy	Scheduled Body
01/10/2013	Hoyland Common Primary School	Scheduled Body
01/10/2013	Thrybergh Academy & Sports College	Scheduled Body
01/11/2013	Hillsborough Primary School	Scheduled Body
01/11/2013	Balby Carr Academy	Scheduled Body
01/12/2013	Oakwood High School	Scheduled Body
01/12/2013	West Meadows Primary School	Scheduled Body
01/12/2013	Sandhill Primary Academy	Scheduled Body
01/12/2013	St Mary's Primary School (High Green)	Scheduled Body
01/12/2013	St Joseph's Catholic School (Rossington)	Scheduled Body
01/12/2013	Sacred Heart School, A Voluntary Academy	Scheduled Body
01/01/2014	Brookfield Primary Academy	Scheduled Body
01/01/2014	Outwood Academy City	Scheduled Body
01/01/2014	Dodworth St John the Baptist C of E Primary Academy	Scheduled Body
01/02/2014	Richmond Hill Primary Academy	Scheduled Body

Date Admitted	Employer	Employer Type*
01/02/2014	Maltby Redwood Primary Academy	Scheduled Body
01/02/2014	Totley Primary School	Scheduled Body
01/02/2014	Darton Primary School	Scheduled Body
01/02/2014	St Catherine's Catholic Primary School	Scheduled Body
01/02/2014	St Joseph's Catholic Primary (Dinnington)	Scheduled Body
01/03/2014	Churchill Contract Services	Contractor (TAB)
01/03/2014	Wincobank Nursery & Infant School	Scheduled Body
01/03/2014	Concord Junior School	Scheduled Body
01/03/2014	Wickersley School and Sports College	Scheduled Body

***Key:**

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.

Report of the Clerk

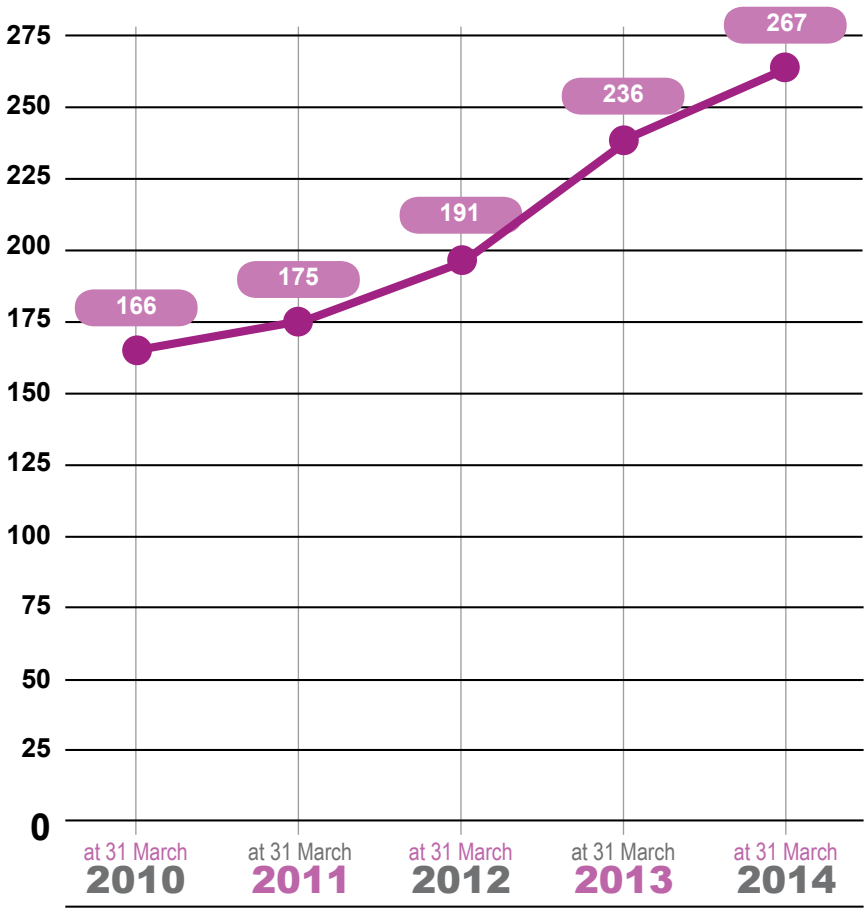
Employer Terminations During the period 1 April 2013 to 31 March 2014

Date Terminated	Employer	Reason for Termination
13/05/2013	Doncaster Racecourse Management Company Ltd	No Remaining Members
30/06/2013	Barnsley Development Agency	Wound Up
31/07/2013	Sheffield Taxi Services	No Remaining Members
31/07/2013	Carillion PLC - Sheffield Schools Central Cleaning Contract	Contract Expired
31/12/2013	Compass Contract Services UK Ltd (Sheffield Spring Academy)	Contract Expired
31/12/2013	Compass Contract Services UK Ltd (Sheffield Park Academy)	Contract Expired

Report of the Clerk

Scheme Employers

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 Police and 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.



Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
7HLT	53,768.86	92,253.64	0.00
ABM Catering - Wales High School Catering Contract	1,850.02	4,933.41	0.00
Action Housing & Support Ltd	93,877.60	157,267.36	53,499.84
Age Concern Doncaster	3,064.26	8,724.70	1,300.00
All Saints Catholic High School	47,086.54	94,747.42	16,392.05
Amey LG Limited - Sheffield Highways	653,537.26	1,598,135.00	0.00
Anston Parish Council	5,122.71	13,965.29	1,200.00
Armthorpe Academy	39,337.67	83,074.53	45,699.96
Armthorpe Parish Council	3,988.43	8,962.56	300.00
Armthorpe Shaw Wood Academy	27,701.06	52,706.23	24,399.96
Ash Hill Academy	52,509.48	107,734.34	69,900.00
Askern Town Council	964.02	3,065.50	400.00
Aston Academy	75,575.50	146,893.71	69,900.00
Aston-cum-Aughton Parish Council	975.86	2,530.68	323.00
Auckley J&I Academy	12,151.43	32,597.77	3,900.00
Balby Carr Academy	37,007.16	76,154.64	49,700.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Balfour Beatty Workplace	9,504.94	26,169.10	4,700.04
Barnburgh & Harlington Parish Council	524.05	1,797.95	300.00
Barnby Dun Primary Academy	17,166.45	36,362.51	19,600.00
Barnby Dun with Kirk Sandall Parish Council	1,091.80	3,865.30	-600.00
Barnsley Academy	37,783.25	70,971.55	18,300.00
Barnsley BIC Ltd	4,368.10	12,425.06	5,499.96
Barnsley College	473,561.97	808,712.55	145,599.96
Barnsley Development Agency	707.46	1,966.35	0.00
Barnsley MBC	6,260,961.82	11,975,625.02	7,720,700.00
Barnsley Norse Ltd	63,100.70	160,103.28	0.00
Barnsley Premier Leisure	119,127.22	207,921.22	57,099.95
Berneslai Homes	745,200.58	1,360,987.70	46,128.91
Bradfield Parish Council	4,817.50	13,840.75	-3,300.00
Bradfield School	24,292.60	55,951.53	32,700.00
Brierley Town Council	1,545.04	3,232.65	4,500.00
Brinsworth Academy	75,986.41	144,007.20	0.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Brookfield Primary Academy	3,110.66	6,426.72	6,640.00
Broomhill Infant School	8,767.79	17,620.27	1,200.00
Bulloughs Cleaning Services Ltd	542.71	1,460.69	0.00
Campsmount Academy	49,423.92	109,558.88	55,600.00
Canklow Woods Primary Academy	11,837.46	24,152.77	15,370.99
Capita - Outstanding Sheffield Programme	67,231.24	143,269.77	-40,800.00
Carillion Government Services	10,226.42	28,197.35	5,700.00
Carillion PLC - Sheffield Schools Central Cleaning Contract	892.81	2,321.16	0.00
Carlton Primary	10,360.51	21,246.95	15,000.00
Carrfield Academy	11,350.44	27,838.16	15,196.00
Castle Academy	8,412.60	21,576.41	10,700.00
Chartwells - De Warenne Academy Catering Contract	2,929.67	8,116.32	0.00
Chaucer School	61,887.28	132,712.48	87,900.00
Churchill Contract Services	169.26	550.88	0.00
Civica - Barnsley BSF	12,057.41	24,821.79	0.00
Civica - Sheffield BSF PFI 4	10,986.24	24,763.25	-5,400.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Civica Phase 2 ICT Function – Sheffield BSF	20,501.79	39,083.82	0.00
Clifford C of E School	7,476.42	12,466.10	2,500.00
Coleridge Primary School	15,935.19	29,063.38	23,600.00
Community Action Halfway Home	13,909.36	27,290.81	10,600.00
Compass Contract Services UK Ltd (Barnsley Academy)	1,956.29	5,087.06	-1,800.00
Compass Contract Services UK Ltd (Sheffield Spring Academy)	1,634.61	4,294.37	-450.00
Compass Contract Services UK Ltd (Sheffield Park Academy)	1,395.69	4,466.59	-974.97
Concord Junior School	933.32	3,038.74	0.00
Conisbrough Ivanhoe Primary Academy	11,931.08	26,132.75	13,700.00
Creative Support Ltd	4,857.89	12,427.07	0.00
Crispin & Borst - DMBC PFI	4,444.20	11,979.29	-3,300.00
Crookesbroom Primary Academy	10,136.81	20,524.19	14,100.00
Danum Academy	101,651.66	228,366.67	126,900.00
Danum Drainage Commissioners	1,584.17	3,504.69	2,800.00
Darfield All Saints Primary School	12,137.78	23,737.61	16,100.00
Darfield Valley School	5,737.40	19,305.80	9,110.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Darton Primary School	1,978.94	6,705.94	0.00
DCI Leisure Management - Pools	2,124.82	3,817.48	-1,433.32
De Warrene Academy	55,963.77	112,121.40	-15,000.00
Dearne Valley College	181,700.62	325,572.71	24,200.00
Dial a Ride	1,498.84	4,004.10	11,700.00
Dodworth St John the Baptist CE Primary Academy	2,599.40	4,973.78	6,950.00
Don Valley Academy & Performing Arts College	67,581.94	139,825.49	88,500.00
Doncaster College	320,371.13	638,109.84	214,200.00
Doncaster Community Transport	3,705.75	10,531.84	1,000.44
Doncaster Culture & Leisure Trust	64,111.02	131,198.80	105,399.83
Doncaster Deaf Trust	69,685.74	169,356.55	96,199.92
Doncaster MBC	7,165,858.30	14,099,838.76	8,142,750.00
Doncaster Racecourse Management Company Ltd	263.63	709.77	716.66
Dublcheck - Roughwood School	657.76	1,996.67	0.00
Dunsville Primary School	18,404.65	36,502.30	22,100.04
E-ACT Pathways Academy	12,852.14	23,585.76	14,560.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
East Dene Primary	17,167.24	32,576.30	22,900.00
Ecclesfield Parish Council	1,429.67	3,925.44	-2,100.00
Edlington Town Council	3,760.24	9,389.13	2,499.96
Fir Vale School Academy Trust	44,534.20	79,684.08	71,500.00
First South Yorkshire Limited	398,899.90	1,348,969.68	2,499,999.96
Firth Park Academy	44,191.48	85,400.71	66,130.00
Forge Community Partnership	10,888.78	17,258.61	5,900.00
Fox Hill Primary School	20,346.94	38,753.18	29,500.00
Gooseacre Academy	19,691.36	38,235.10	20,499.98
Grange Lane Infant Academy	9,927.16	25,319.44	13,200.00
Great Places Housing Association	21,725.47	34,507.02	7,700.04
Greengate Lane Academy	7,894.10	14,071.08	11,700.00
Groundwork Dearne Valley	4,968.27	10,719.14	0.00
Hall Cross Academy Trust	114,433.63	234,887.65	104,300.00
Hartley Brook Academy	36,238.45	65,483.40	47,000.00
Hatfield Academy	16,193.49	31,230.81	21,600.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Hatfield Town Council	4,969.87	13,249.70	2,500.00
Hatfield Woodhouse Primary	10,206.29	23,860.46	13,099.92
Heather Garth Primary School	14,191.62	27,274.68	21,200.00
Highfields Primary Academy	7,532.81	14,120.44	9,099.93
Highgate Academy	16,911.22	33,407.33	24,300.00
Hillsborough Primary School	8,099.79	16,231.04	16,220.00
Hinde House 3-16 School	40,609.15	79,172.18	65,630.00
Hoyland Common Primary School	15,722.82	25,616.30	24,829.99
Hungerhill Academy Trust	54,277.27	117,957.80	77,500.00
Independent Training Services Ltd	9,597.55	19,964.37	1,299.99
Interserve FM Ltd	3,593.25	8,692.50	72,800.04
JLIS - PFI FM sub-contract (Barnsley BSF)	38,315.96	120,864.08	0.00
JLIS Non-PFI Barnsley BSF	8,626.38	24,083.92	0.00
KAPS	133,958.05	334,858.42	-251,000.04
Kier Group PLC	1,019,884.85	2,408,460.21	-801,700.00
Kier Managed Services	10,888.18	29,901.98	-2,100.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Kier Support Services - Barnsley Housing Stock Maintenance	87,001.85	268,614.36	0.00
King Ecgbert School	47,202.97	94,912.56	63,100.00
Kirk Sandall Infant School	14,308.28	27,964.17	19,699.98
Leisure and Community Partnership Ltd - Pools	19,853.21	34,178.33	-22,633.36
Leonard Cheshire Disability	3,121.08	8,623.43	6,400.00
Littleworth Academy	12,838.33	27,172.94	30,200.00
Longley Park Sixth Form College	64,746.99	105,071.13	44,759.81
Lound Infant School	6,874.94	15,844.66	13,390.00
Lound Junior School	9,134.15	20,961.05	15,690.00
Maltby Academy	76,621.23	141,686.20	2,553.76
Maltby Redwood Primary Academy	1,792.74	3,503.55	4,330.00
Mansel Primary School	17,732.43	31,874.52	28,800.00
May Gurney Fleet and Passenger Services Ltd	6,245.09	30,072.58	0.00
Meadowhead School Academy Trust	60,422.99	113,761.87	87,700.00
Meadstead Primary Academy	12,027.04	28,565.56	17,630.00
Mellors - Hinde House/King Ecgbert School Catering Contract	2,927.01	8,887.68	0.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Mellors (Sheff schools 2011)	609.96	2,151.67	0.00
Mellors Catering Services - Longley Primary	373.60	1,188.64	0.00
Mellors Catering Services - Rawmarsh Comprehensive School	1,560.20	4,645.84	0.00
Mellors Catering Services Ltd	3,792.16	11,131.96	11,200.00
Meynell Primary School	22,576.67	49,749.50	32,100.00
Midshire Catering Ltd	1,832.90	4,798.91	0.00
Mitie PFI Ltd	1,020.48	2,300.52	600.00
Monteney Primary School	32,069.65	57,726.41	42,700.00
Morrison Facilities Service Ltd	221,066.43	458,065.02	0.00
National Childrens Bureau	199,492.32	315,735.34	101,900.00
Northern College	61,292.93	126,910.05	87,200.00
Northern Racing College	22,309.88	36,657.68	22,200.00
Notre Dame High School	63,624.32	113,103.86	10,700.00
NPS Barnsley Ltd	162,463.60	295,916.79	0.00
Oakhill Primary Academy	19,218.81	39,729.54	26,100.00
Oakwood High School	19,199.36	38,823.18	24,840.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Outwood Academy Adwick	57,635.32	117,815.87	0.00
Outwood Academy City	10,828.06	33,918.31	0.00
Parkwood Academy	54,545.88	93,363.33	-22,100.04
Penistone Town Council	2,040.67	6,383.00	1,200.00
Peter Duffy Ltd - BMBC Drainage Contract	3,242.89	8,581.24	0.00
Pheasant Bank Academy	11,783.12	26,265.29	15,800.04
Places for People Leisure Limited	40,489.33	94,831.17	0.00
Porter Croft C of E Primary Academy	7,456.23	14,647.30	13,760.00
Priory Campus Ltd	2,178.67	5,655.41	10,599.98
Queens Road Academy	6,090.90	12,369.65	10,000.00
RED Holdings - Graves Park	303.59	1,197.73	-200.00
Richmond Hill Primary Academy	2,737.86	9,430.23	0.00
Rossington All Saints Academy	78,946.70	146,050.67	67,500.00
Rossington Parish Council	951.53	3,131.53	1,300.00
Roth Don & South Humber Mental Health NHS Trust	37,272.08	81,851.98	8,750.00
Rotherham College of Arts & Technology	234,974.93	443,475.28	59,000.04

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Rotherham MBC	7,730,517.67	14,948,899.97	7,420,985.59
Rowena Academy	13,341.76	28,071.53	18,200.04
Royston & Carlton Community Partnership	870.54	1,929.24	3,600.00
Royston Parkside	14,431.21	28,723.73	20,600.00
Royston Summer Fields Primary	10,841.36	22,082.27	16,200.00
Sacred Heart School, A Voluntary Academy	3,256.55	7,747.57	7,600.00
Sandhill Primary Academy	3,227.62	6,100.10	5,450.00
Shafton Primary Academy	15,621.34	34,235.36	17,900.00
Shaw Trust	4,009.86	13,409.92	3,000.00
Sheff H + SC NHS Foundation Trust	114,752.25	234,897.67	113,700.00
Sheffcare Ltd	28,278.32	62,573.36	178,300.00
Sheffield City Council	12,361,090.98	23,676,534.62	17,661,000.00
Sheffield City Region LEP	1,310.87	907.50	0.00
Sheffield City Trust	121,940.57	234,667.95	0.00
Sheffield Community Transport	22,780.44	59,861.75	13,999.93
Sheffield Futures	136,822.01	264,099.21	120,100.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Sheffield Galleries & Museums	6,946.65	16,404.36	24,400.00
Sheffield Hallam University	3,056,713.19	5,051,726.70	1,162,268.05
Sheffield Industrial Museums Trust Ltd	16,062.29	35,229.65	3,600.00
Sheffield International Venues Ltd	157,005.99	277,194.44	100,100.00
Sheffield Mind Ltd	2,329.25	6,736.95	14,000.04
Sheffield Park Academy	53,290.01	100,636.19	11,100.00
Sheffield Springs Academy	62,348.04	116,002.45	4,500.00
Sheffield Students Union	2,273.35	6,783.92	8,499.96
Sheffield Taxi Services	80.24	255.36	-255.36
Sheffield Unison	3,674.50	7,124.00	5,100.00
Silkstone Parish Council	994.32	1,544.99	199.92
Silverdale School	48,912.43	103,798.64	66,100.00
Sir Thomas Wharton Community College	55,429.61	113,732.11	67,100.00
South Yorkshire Fire Authority	337,079.72	600,795.75	394,599.96
South Yorkshire Housing Association	11,145.60	21,262.79	23,400.00
South Yorkshire Passenger Transport Executive	406,371.81	711,959.94	1,115,800.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
South Yorkshire Pensions Authority	153,703.33	278,172.00	179,300.00
South Yorkshire Probation Trust	896,137.80	1,664,144.99	679,480.71
Southey Green Primary School & Nurseries	32,985.61	64,423.19	49,200.00
Sprotborough & Cusworth Parish Council	2,703.68	7,525.61	1,300.00
St Ann's RC Primary School	4,274.73	9,935.11	2,400.00
St Bede's Catholic Primary School	12,996.23	26,990.60	18,199.98
St Bernard's Catholic High School	38,326.93	68,460.84	43,965.81
St Catherine's Catholic Primary School	5,182.76	17,035.49	0.00
St Gerard's Catholic Primary - Thrybergh	6,640.81	13,914.16	10,140.00
St Helen's Primary Academy	16,909.15	32,420.22	24,313.64
St John Fisher Primary Academy Trust	9,460.48	24,088.84	1,300.00
St Joseph's Catholic Primary (Dinnington)	1,876.24	3,899.53	4,850.00
St Joseph's Catholic School (Rossington)	3,256.28	11,460.84	0.00
St Joseph's Primary School (Handsworth)	9,957.24	26,236.60	1,300.00
St Leger Homes of Doncaster	939,309.52	1,689,688.10	217,100.00
St Marie's School, A Catholic Voluntary Academy	14,209.79	25,940.57	20,200.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
St Mary's Academy Trust	15,273.17	32,238.03	11,800.00
St Mary's Catholic Primary (Maltby)	7,412.89	16,776.69	11,103.22
St Mary's Catholic Primary School (Herringthorpe)	8,712.57	21,484.74	13,020.02
St Mary's Primary School (High Green)	2,925.44	9,343.20	0.00
St Oswald's CoE Academy	9,271.62	21,846.38	9,800.00
St Patrick's Catholic Academy Trust	15,152.42	35,425.44	7,300.00
St Theresa's RC School	10,638.48	26,852.54	5,200.00
St Thomas of Canterbury Trust	12,934.48	30,210.01	18,900.00
St Wilfrid's Catholic Primary School	12,116.45	25,708.30	19,700.00
Stainforth Town Council	1,304.26	2,648.53	7,200.00
Stocksbridge Town Council	1,519.43	3,003.81	900.00
Stonham Housing Association	84.58	248.53	0.00
SYITA (Properties) Ltd	2,062.39	6,091.98	0.00
Tapton School	63,279.52	111,348.21	83,100.00
Taylor Shaw - Parkwood Academy Catering Contract	1,377.88	5,953.55	6,800.00
Taylor Shaw (Bradfield School)	837.83	3,001.07	0.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Taylor Shaw (Catering Sheff BSF PFI4)	1,346.28	4,541.88	-2,100.00
Taylor Shaw Ltd (Sheff School Meals Central Contract)	45,395.65	137,102.36	0.00
Taylor Woodrow Construction (Cleaning - Sheff BSF PFI4)	960.87	2,754.00	-900.00
Taylor Woodrow Construction (Sheff BSF PFI4)	4,197.08	11,606.58	-2,000.00
The Academy at Ridgewood Trust	63,531.49	127,491.76	23,600.00
The Centre for Full Employment	10,099.90	19,007.60	13,400.00
The Forest Academy	10,755.97	18,380.94	13,069.97
The Hayfield School	44,655.21	110,322.06	11,700.00
The Hill Academy	24,219.90	48,340.47	29,500.00
The Police and Crime Commissioner for South Yorkshire	3,465,329.74	5,724,403.42	1,263,900.00
The Roundhouse Community Partnership	1,707.96	4,072.80	0.00
The Sheffield College	645,411.51	1,366,202.34	210,800.04
Thomas Rotherham College	51,510.78	98,641.13	40,468.39
Thorne Moored Town Council	5,795.19	15,345.90	8,200.00
Thrybergh Academy & Sports College	24,074.47	45,204.10	34,500.00
Thrybergh Parish Council	1,777.32	4,219.39	108.00

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Thurcroft Junior Academy	10,199.67	21,610.11	13,800.00
Totley All Saints C of E School	9,108.83	23,003.51	3,600.00
Totley Primary School	1,827.70	4,215.67	5,590.00
Trinity Academy	65,531.34	136,969.20	10,800.00
Trustclean - Mexborough St Johns Primary	656.06	1,932.64	0.00
Trustclean - Wath C of E School	432.99	1,416.95	0.00
Trustclean Ltd (Athersley North)	841.57	2,211.06	0.00
Tuscan Connects Ltd	117,426.53	189,985.48	42,514.57
University Technology College (Sheffield)	7,999.40	13,491.36	0.00
Upperwood Academy	12,030.22	26,511.83	18,000.00
Valuation Tribunal	3,236.22	6,816.37	0.00
Veolia Environmental Services PLC	154,661.43	407,426.41	54,799.92
Vinci Construction UK Ltd (Bradfield School PFI - FM Contract)	2,040.21	6,269.33	0.00
Voluntary Action Barnsley	8,662.46	16,387.76	8,799.96
Voluntary Action Rotherham	1,596.40	3,792.12	0.00
Wales High School (Academy Trust)	81,445.98	161,107.75	0.00

Report of the Clerk

Employers' Contribution Returns for 2013 - 2014

Employer	Employees Contributions (£)	Employers Contributions (£)	Deficit Payment* (£)
Wentworth Castle & Stainborough Park Heritage Trust	12,048.48	23,419.01	19,299.96
West Meadows Primary School	3,795.47	12,882.89	0.00
Whiston Junior & Infant School	6,253.63	12,734.78	9,160.00
Whiston Worrygoose J&I School	8,565.46	18,537.13	12,010.00
Wickersley Parish Council	1,859.32	3,518.39	429.96
Wickersley School and Sports College	12,497.37	23,698.52	17,160.00
Willmott Dixon Partnership Ltd	191,180.03	408,339.39	0.00
Willow Primary	11,002.54	26,139.10	12,800.03
Wincobank Nursery & Infant School	969.21	3,236.55	0.00
Wingfield Academy	34,531.19	65,275.21	37,832.96
Yewlands Academy	56,873.39	106,682.46	91,500.00

All figures shown are basic contribution payments and do not include any arrears or cash injections that may have been paid by the employer.

***Key**
A **minus** figure indicates that the funding requirement is in surplus.
A **nil** figure indicates that no extra funding is required.



Report of the Clerk

Service Delivery

Our performance in terms of meeting our published service standards over the year ending 31 March 2014 is given in the following table:

Key Service Standard	Target Days	Number Processed	In Time	Performance	Previous Years	
					2012 - 2013	2011 - 2012
Setting up a record	5	10,404	10,383	99.8%	99.8%	98.9%
Transfers in	7	1,274	1,269	99.6%	99.7%	99.6%
General enquiries	5	2,837	2,834	99.9%	99.7%	99.8%
Additional benefits	12	353	353	100%	100%	98.2%
Pension rights on divorce	5	468	464	99.1%	99.4%	99.5%
Retirement estimates	5	4,264	4,249	99.6%	99.6%	98.2%
Refund of contributions	9	394	389	98.7%	100%	99.7%
Preserved benefits	20	6,689	6,658	99.5%	99.9%	99.9%
Transfers out	5	834	829	99.4%	99.4%	99.9%
Retirement benefits	5	3,745	3,733	99.7%	99.6%	99.5%
Death benefits	4	1,343	1,334	99.3%	99.5%	99.1%
Re-employment enquiries	7	21	21	100%	100%	100%
Pensions Increase at 55	Pay day after birthday	42	42	100%	100%	100%
All key tasks	----	32,668	32,558	99.7%	99.7%	99.5%

In addition to the key service standards, shown on the previous page, we have processed around 42,000 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. We are committed to ensuring our data is up to date and accurate and have developed a data analysis tool

which performs almost one hundred daily checks on all member records and reports on inconsistencies. We now have a dedicated team that investigates and clears these data queries.

We continue to provide newsletters to all our members as well as information booklets and other web based information. Paying our 42,000 plus pensioners is our top priority and we continue to do so without fail.

Annual pension forecasts are also issued to our active and deferred members.

During October we hold our scheme member Annual General Meeting and annual employers' forum.

Report of the Clerk

Service Delivery continued

Our performance rating against satisfaction levels given by employers and members for 2012 - 2013 & 2013 - 2014.

	VERY SATISFIED		SATISFIED	
EMPLOYERS	52.9%	43.9%	47.1%	56.1%
MEMBERS	54.3%	71.9%	43.3%	23.7%
	2012 -2013	2013 -2014	2012 -2013	2013 -2014
	DISSATISFIED		VERY DISSATISFIED	
EMPLOYERS	0%	0%	0%	0%
MEMBERS	1.7%	3.5%	0.7%	0.9%
	2012 -2013	2013 -2014	2012 -2013	2013 -2014

The ratings shown are derived from responses to our many consultation questionnaires. Each questionnaire ends with a specific question about overall satisfaction with SYPA. Whilst satisfaction levels are currently high we are constantly striving to innovate and improve our overall service delivery.

Report of the Clerk

National Fraud Initiative 2013

The biennial National Fraud Initiative exercise, in which we participate, has identified a number of cases where either pensioner members or deferred members have died and as yet we had not been informed.

The table below shows the results from this exercise so far.

Pensioner Deaths

Number identified	Identified total overpayment so far	Numbers of instances of fraud	Amount recovered to date	Amount irrecoverable to date	Action being taken
49	£31,326.96	0	£11,642.06	£351.64	Recovery is being pursued in every case. If voluntary repayment arrangements cannot be agreed then legal action will be taken.

*Deferred Pensioner Deaths

Number identified	Death Grants payable	Total amount paid to date
25	10	£17,060.77

*Overpayments do not arise from these cases as benefits are not in payment at the date of death. The report does allow us to identify benefits due to beneficiaries in the form of death grants and dependants' pensions that would not otherwise have been paid yet.

Report of the Clerk

National Benchmarking

Each year we participate in a national pension administration benchmarking survey which measures our performance along with our cost effectiveness against 52 other Local Government Pension Funds. The results enable us to make relevant comparisons in order to monitor how effectively we administer the pension scheme.

Opposite is a summary of the latest results from the benchmarking report issued on 3 September 2013. Due to the timing of the report this will always be one year out of step with the period covered by the annual report.

The benchmarking results once again show our costs to be below average. This is something we

3 rd September 2013	
Cost per member <i>(Benchmarking average</i>	£20.03 £21.42)
Number of scheme members per staff member <i>(Benchmarking average</i>	3,994 3,863)
Number of employers <i>(Benchmarking average</i>	234 163)
SYPA retirees opting for maximum cash lump sum <i>(Benchmarking average</i>	87% 55%)
Staff with more than 15 years experience <i>(Benchmarking average</i>	43% 33%)

have consistently maintained over the last ten years and the 2013 result is the lowest since 2004. Whilst the results do not give an indication of the quality of service the member can expect to receive from us we know from our external verification (Customer Service Excellence) and our consultation surveys that this is highly rated too.

From the bare facts we can derive that, in terms of cost, our overall unit costs are below average as are our combined staff and payroll costs. Only our overheads are shown to be above average. The overall cost per member has reduced for the third consecutive year despite the fact that the amount of workload continues to increase.

Performance Comparison

Service	Benchmarking Target	SYPA	Average Fund
Letter giving transfer in quote	10 days	100%	87.9%
Letter giving transfer out quote	10 days	100%	89.8%
Process refund and arrange payment	5 days	98.2%	87.6%
Letter giving estimated retirement benefits	10 days	100%	90.8%
Letter giving actual retirement benefits	5 days	99.7%	89.5%
Process and pay lump sum retirement grant	5 days	99.7%	90.9%
Letter acknowledging death of member	5 days	100%	92.4%
Letter giving amount of dependants' benefits	5 days	100%	87.5%
Calculate and notify deferred benefits	10 days	95.3%	81.9%

In terms of performance, ours continues to be constantly higher than the average in each of the key service standards. It is also noteworthy that, unlike a significant number of funds, we are able to provide performance data across the whole range of services.



Mrs Ida Harris (on the right),
who celebrated her
100th birthday on
15th February 2014

Report of the Clerk

Investment Management

Last year's commentary hedged its bets by arguing that although the world's financial markets had been propped up by symptomatic treatment rather than by a cure, the fact remained that the piles of money that the banks had created needed to go somewhere and equities were the least ugly alternative. The piece concluded that in such an environment investors would remain bullish and would do so as long as markets rose. Not much has changed! Perhaps the only thing that has,

in fact, changed is a growing recognition of just how overblown the financial markets of 2008 had become and how difficult it is going to be to repair the damage such exuberance caused.

The near universality of asset overpricing then and its consequences remain the driving force of markets today. Although the stimulation provided by the central banks of the advanced economies has, at long last, started to deliver some respite and there are tentative signs that

the global economy is recovering, the extent of the response remains disappointingly weak in a historical context. Moreover, the pick-up in growth hides significant regional inequalities.

Of course, it is important to remember that survival is under-appreciated and the Fund did more than survive. It actually performed quite well despite it being a period through which being a successful buyer and a seller was not easy. The world is neither monolithic nor stagnant

John Hattersley, Fund Director



and the Fund adapted its strategy as the situation evolved.

The first part of the year was dominated by concerns over the withdrawal of or the scaling back of Quantitative Easing by the American central bank. Those fears never went away and the speed of 'tapering', as it became known as, was an undercurrent throughout the year. This was a major reason why the markets of the developed economies outperformed those of the emerging markets. Another factor

Report of the Clerk

Investment Management continued

behind that split was anxiety over the pace and control of the downturn in China’s economy and its effect upon world trade. As the year progressed economic data in the developed economies generally improved so many equity markets overcame a mid-year wobble to close on or close to highs. The greater stability investors perceived led to an increased appetite for risk assets which resulted in the demand for safe haven assets, such as sovereign bonds, to reduce. As the year drew to a close geopolitical risks emerged which added to the pressures on developing markets.

The Fund was light in bonds during the year, especially sovereign bonds, but did switch between high yield and emerging market issues as circumstances changed. The private equity portfolio continued to prosper and return cash. The weighting to its overseas equity holdings was gradually increased through the year but as the belief grew that neither fixed income nor equity markets appeared to have adequately priced in the potential downside risks to their valuations the allocation to property was added to. As the year drew to a close there did not appear to

be a lot of inexpensive assets anywhere.

After consultation with the Fund’s independent investment advisors Members decided to curtail the currency hedging programme and began preliminary work on pre-empting the possible outcome of the actuarial valuation. It is important to ensure that the Fund’s investment strategy is compatible with the assumptions that the actuary has used in determining his certificate. However, the valuation took longer than expected to finalise so that work has been delayed. It is unlikely to be concluded before

the summer and will probably concentrate on rejigging the Fund’s allocation to corporate bonds and absolute return funds.

During the year Members undertook a thorough review of the Fund’s responsible investment policy. This was partly in response to overtures received from some specific pressure groups but also because Members wanted to be sure that the Fund remained in the vanguard of this important topic. Members reiterated the Authority’s long held belief that it is more responsible for a long-term investor to engage with the companies in which it invests in

order to affect change than it is to divest. The Authority also believes that companies that observe sound corporate governance tend to produce the best shareholder returns over time.

It is expected that the challenging market dynamics will continue for some time. The internal management team will endeavour to continue to deliver sound, cost effective management of the Fund in accordance with the long term horizons and requirements of the Fund. It is recognised that to be around for the long term short term performance also has to be delivered. The art and skill lies in

not being blown off course by short term turbulence but, instead, to focus upon the need to match the liabilities of the Fund.



4

investment
FIGURES &
REPORTS

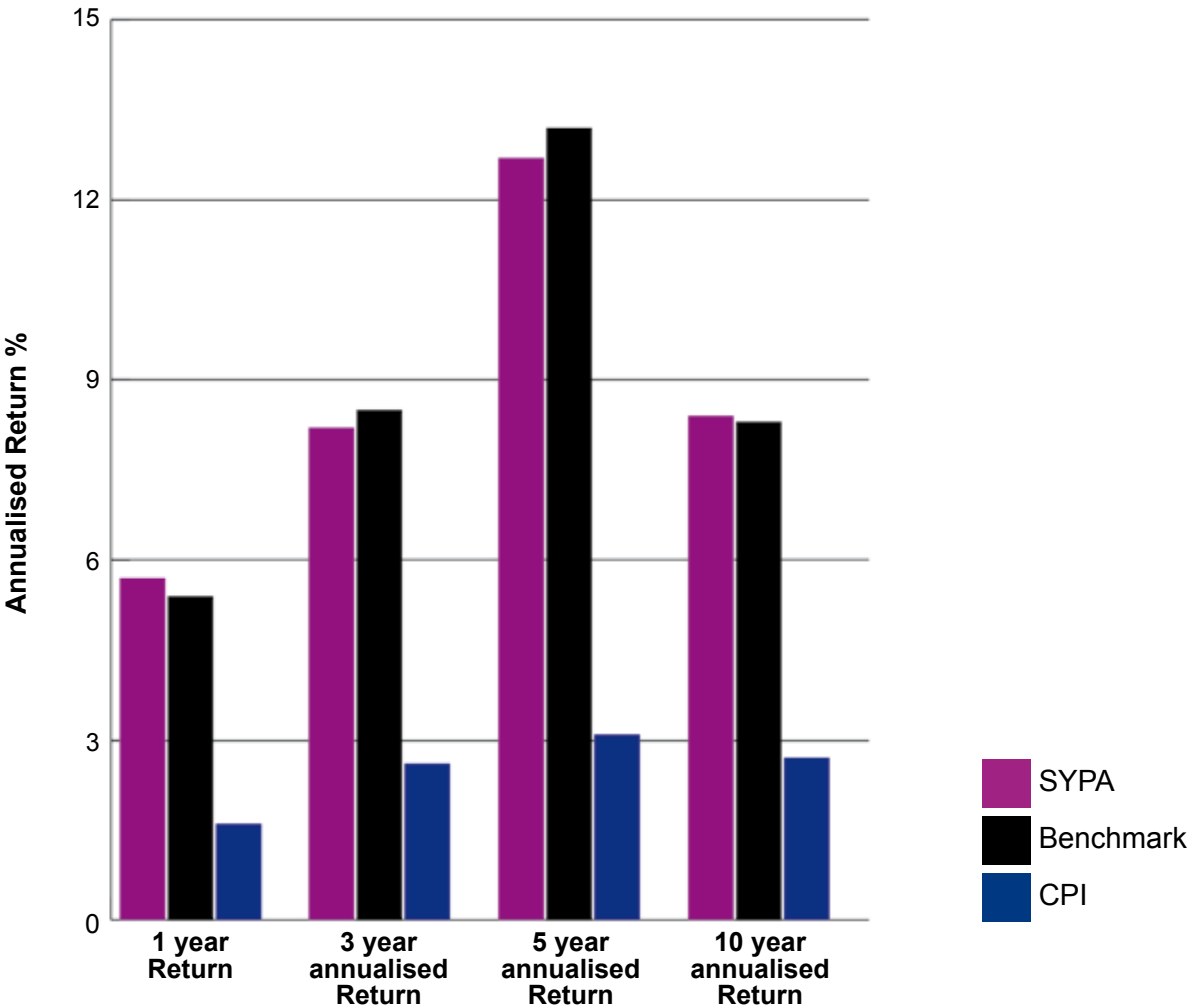
Report of the Clerk

10 Year Annualised Figures - Comparison with Benchmark

CATEGORY	1 Yr Return		3 Yr Annualised Return		10 Yr Annualised Return	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK EQUITIES	8.9	8.8	9.2	8.8	9	8.6
OVERSEAS EQUITIES						
Europe	17.2	17.3	7.7	7.0	10.1	9.7
US	10.4	11.0	12.4	13.1	8.8	8.4
Japan	0.2	-1.6	7.2	4.3	4.6	3.2
Pacific-x-Japan	-6.2	-6.5	1.5	1.2	12	11.4
Other Intl	-9.6	-10.8	-3.7	-4.3	10.6	11.6
TOTAL OVERSEAS	4.4	3.6	6.1	5.5	9.8	9.1
TOTAL FIXED INTEREST	-1.9	-1.8	9.3	9.9	6.6	6.9
PROPERTY	13.3	14.0	11.6	7.6	8.6	6.2
PRIVATE EQUITY	7.9	8.8	6.0	8.8	n/a	
ABSOLUTE RETURN FUNDS	2.9	4.4	1.6	4.4	n/a	
CASH	0.4		0.4		2.8	
TOTAL RETURN	5.7	5.4	8.2	8.5	8.4	8.3

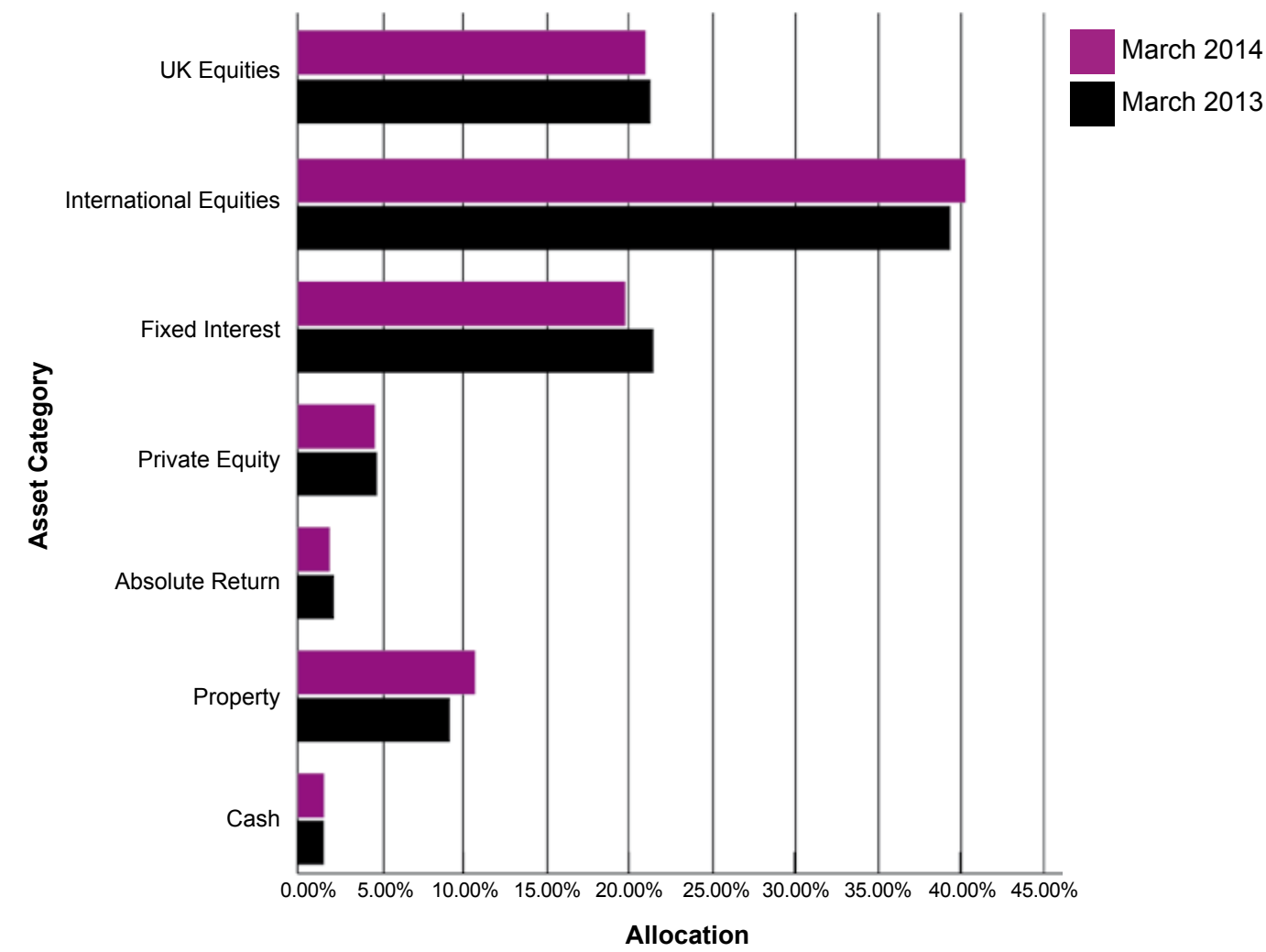
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Fund Performance



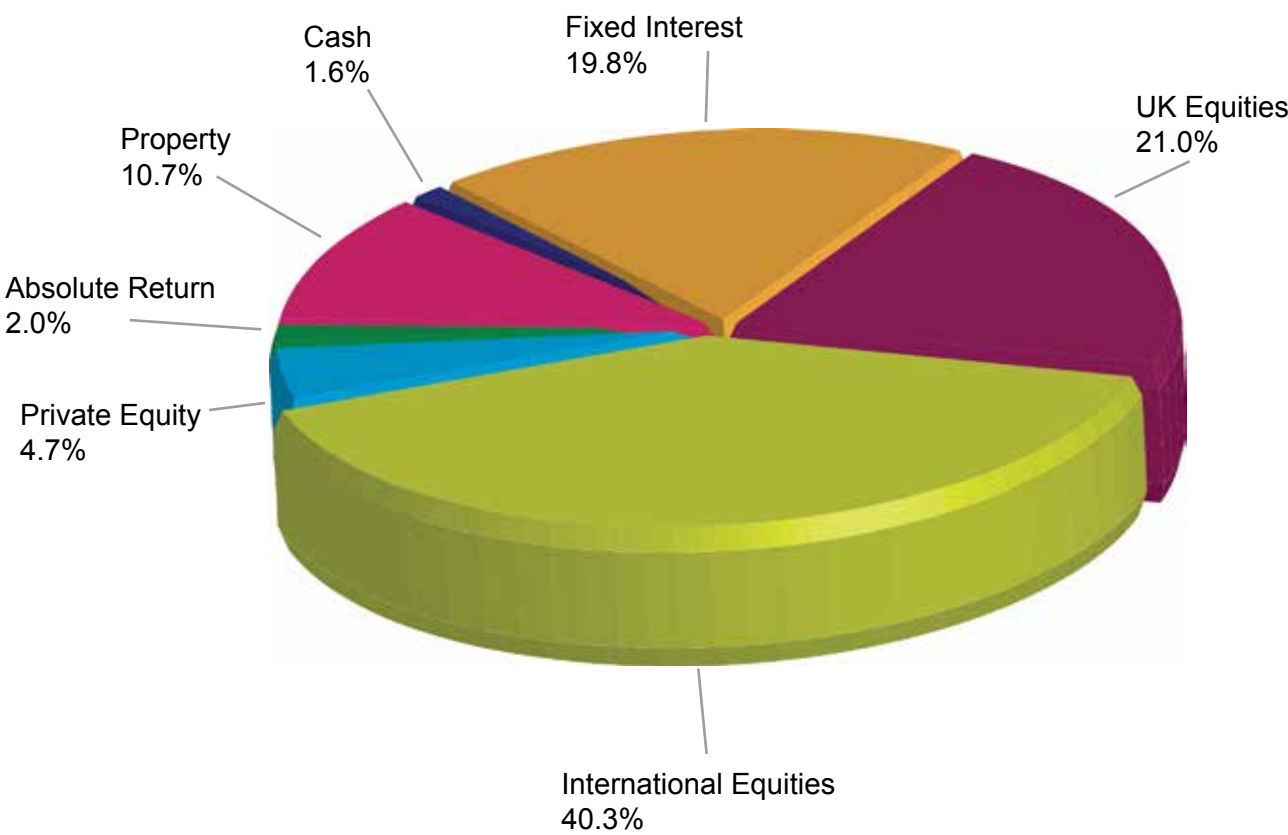
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Portfolio Weights



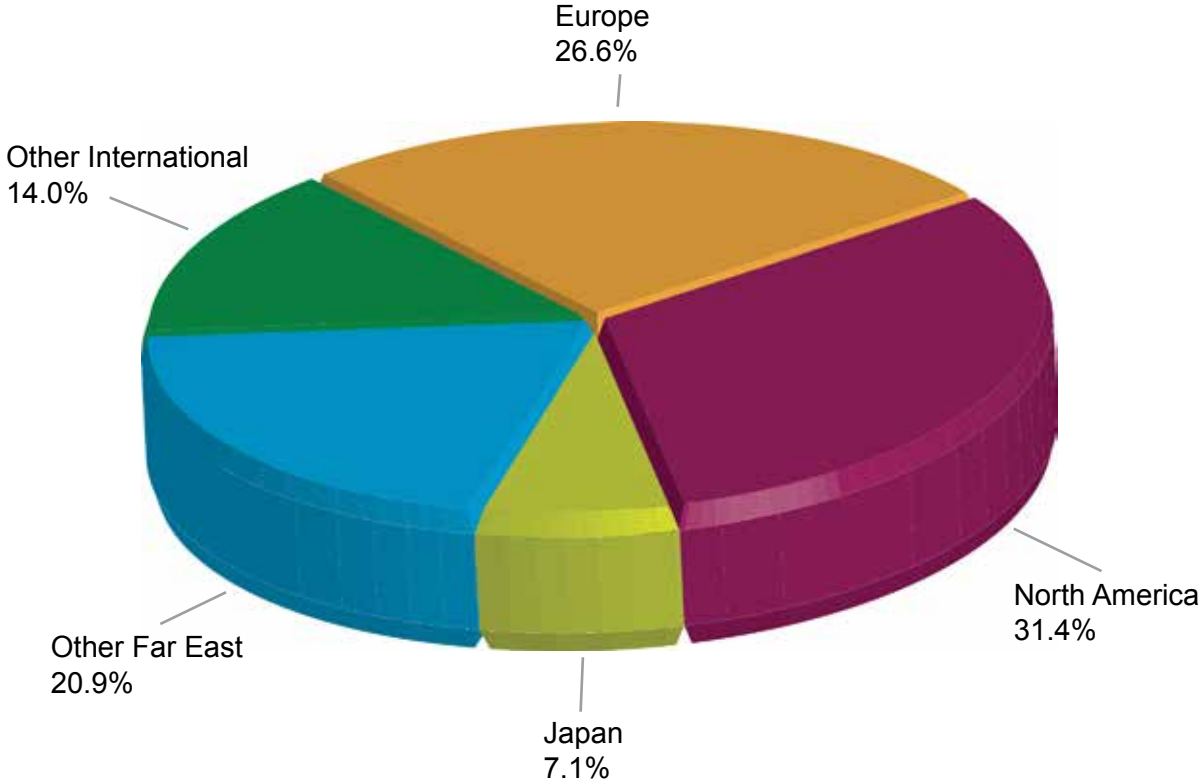
Report of the Clerk

Asset allocation by asset class as at 31 March 2014



Report of the Clerk

Asset allocation for overseas equities as at 31 March 2014



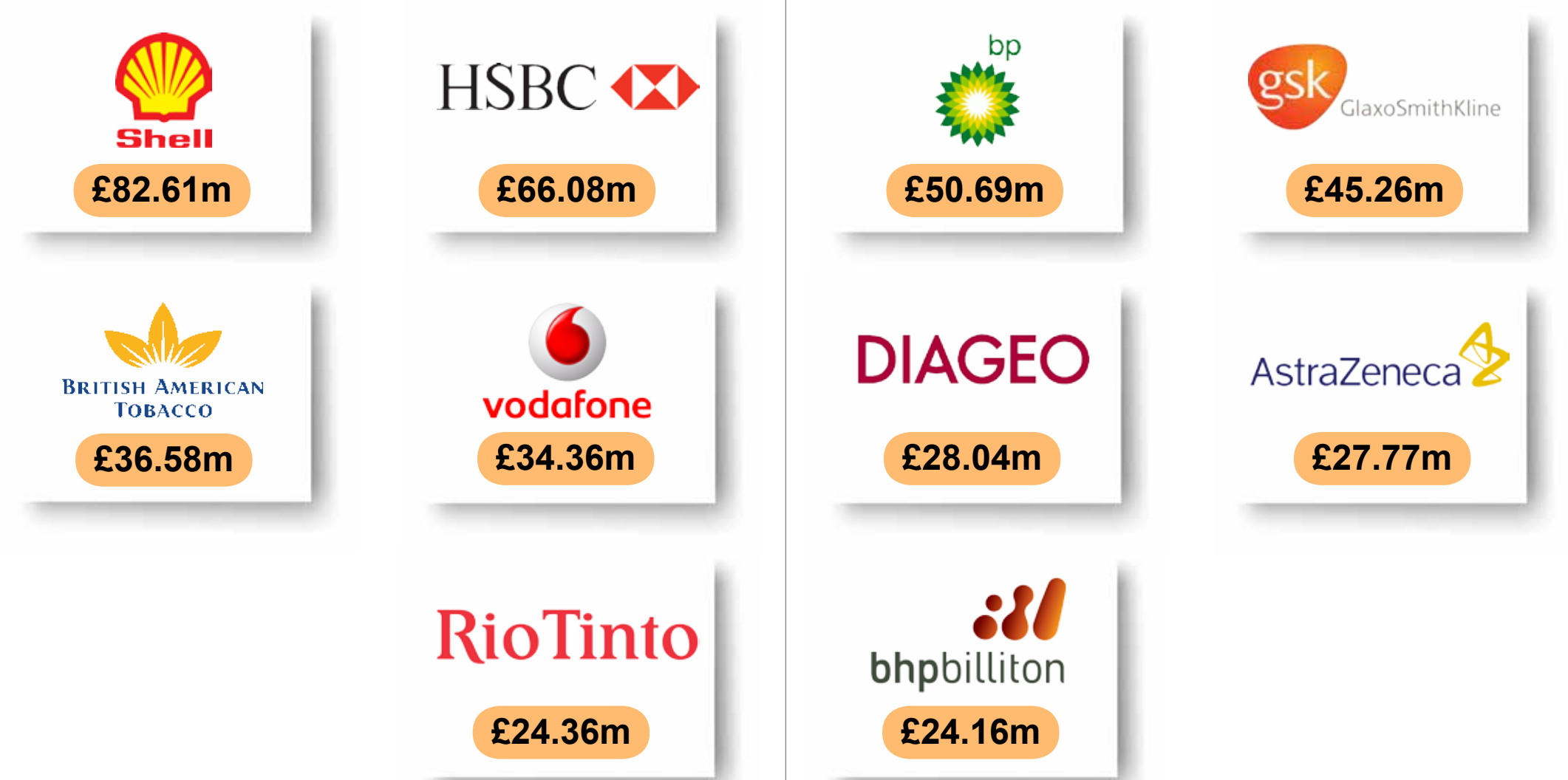
Report of the Clerk

Ten largest directly held listed bond holdings by market value:-

31 March 2014	£m
UK Index Linked 0.75% 2047	68.44
UK Index Linked 2.00% 2035	55.83
UK Index Linked 0.50% 2050	48.30
UK Index Linked 1.25% 2055	47.58
UK Index Linked 1.125% 2037	47.06
UK Index Linked 0.75% 2034	42.91
UK Index Linked 0.625% 2042	40.29
Network Rail 1.375% 2037	31.79
UK Index Linked 1.25% 2032	26.84
UK Index Linked 0.125% 2068	22.59

Report of the Clerk

Ten largest directly held listed equity holdings by market value - at March 2014



Report of the Clerk

Statistics

	March 13	March 14
UK equity indices		
FTSE 100	6412	6616
FTSE All Share	3381	3559
Overseas equity indices		
S&P500 (USA)	1569	1858
Euro Stoxx 50 (Europe)	2624	3172
Topix 100 (Japan)	1035	1187
Hang Seng (Hong Kong)	22300	22066
Key commodities		
Brent Crude Oil	110	108
Gold US\$	1605	1294
Key currencies		
GBP-USD	1.52	1.66
GBP-EUR	1.19	1.20
EUR-USD	1.28	1.37
USD-JPY	94.32	102.83

	March 13	March 14
UK Government bond yields		
UK 1 Year Gilt yield	0.22%	0.44%
UK 2 Year Gilt Yield	0.20%	0.72%
UK 10 Year Gilt Yield	1.77%	2.74%
UK statistics		
UK GDP YoY% change	0.5%	3.1%
UK CPI YoY Change	2.8%	1.6%
UK unemployment rate	7.8%	6.8%
UK Base Rate	0.5%	0.5%
Average earnings YoY % chg	0.7%	1.7%
Current Account Deficit % GDP	-3.8%	-4.4%
Budget Deficit % GDP	-6.0%	-5.8%
House prices YoY % chg NWide	+0.8%	+9.5%

Report of the Clerk

These two graphs illustrate in broad terms the strength of the recovery in equity markets after the 2008 financial crisis.

MSCI World Index 15 years



Source: Morningstar.

FTSE All-Share (UK) Index 15 years

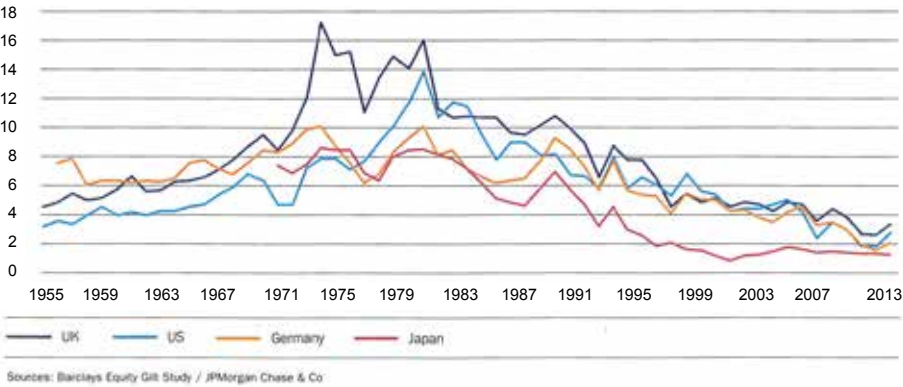


Source: Morningstar.

Report of the Clerk

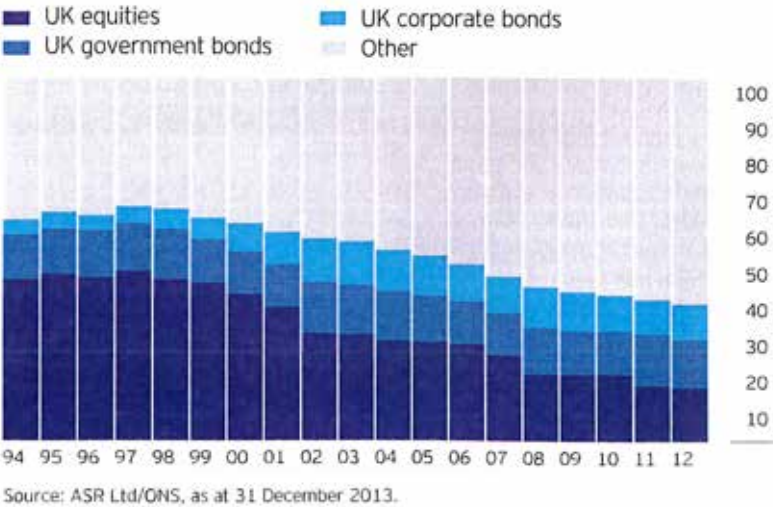
This graph traces the history of government bond yields for the major world economies. It shows that there has been a significant and prolonged fall since the early 1980s. Apart from illustrating the low interest returns current purchasers of such bonds will receive, it also shows that for many bonds issued at times of higher prevailing yields, there will be substantial capital losses as they trade back down to par over the remaining years of their lives.

Government Bond Yields












This chart indicates the asset allocation history of UK institutions and shows how the weighting given to UK equities has fallen from a peak in 1997 of almost 47% to about 15% by mid-2011. This is partly a function of the volatility of equities during the periods 2000-2003 and 2008-2009 but also reflects the pressure from regulators and actuaries on funds to increase their secured and less 'risky' income. This pressure has also, in part, contributed to the reduction in bond yields shown in the earlier graph.

Holdings as % of total assets by insurance companies, pension funds and investment trusts



Report of the Clerk

Treasury Management Deposits with Institutions

Bank Deposit Accounts		Rating as at 31 March 2014	Balances as at 31 March 2013 £'000	Balances as at 31 March 2014 £'000
HSBC		F1+ -Fitch	7,040,000	5,207,000
Bank of Montreal		F1+ -Fitch	-	15,000,000
Bank of Nova Scotia		F1+ -Fitch	15,000,000	15,000,000
Commonwealth Bank of Australia		F1+ -Fitch	-	15,000,000
Canadian Imperial Bank of Commerce		F1+ -Fitch	-	15,000,000
Oversea Chinese Banking Corporation		F1+ -Fitch	-	15,000,000
Landesbank Baden-Wuerttemberg		F1+ -Fitch	15,000,000	-
Santander UK		F1 -Fitch	10,000,000	-
Nat West		F1 -Fitch	10,000,000	10,000,000

Report of the Clerk

Property

The Fund holds direct UK property assets, valued at approximately £500m, in a diversified portfolio of agricultural, industrial, office and retail properties. In addition, there are investments in some specialist UK and European property funds.



The largest direct commercial holdings by market value are shown below:

£m		
Queen Victoria Street, London	Office	27.25
High Street, Epping	Retail	23.70
Winterhill Retail Park, Milton Keynes	Retail warehouse	21.77
Stockbridge Road, Chichester	Student accommodation	20.90
Deeside Centre, Connahs Quay	Retail warehouse	19.10

Report of the Clerk

Property

- 1. Queen Victoria Street, London.
- 2. High Street, Epping.
- 3. Winterhill Retail Park, Milton Keynes.
- 4. Stockbridge Road, Chichester.
- 5. Deeside Centre, Connahs Quay.





5

GOVERNANCE

Report of the Clerk

Corporate governance, responsible investing and shareholder activism

At its simplest corporate governance is about ensuring that the companies in which the Fund invests are using robust and responsible operational processes and policies. These are essential for financial success. At the same time the Fund recognises that social, environmental and external considerations can also affect financial return. There is evidence that those companies which adopt best practice in corporate governance matters ultimately outperform those that do not. Therefore, in order to reach its investment objectives it is reasonable for the Authority to pursue such considerations when making investment decisions.

In order to act at all times in the best long-term interests of all its members the Authority looks to protect and enhance the economic value of the companies in which it invests on their behalf. It believes that there are some overarching principles of corporate governance that apply globally but recognises that practices do vary considerably. It recognises its responsibilities as an investor and has considered how environmental, social and governance issues can be taken into account when managing investment portfolios. 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 disinvest from companies solely or principally because of social or ethical or environmental reasons. As responsible institutional investors the Fund seeks to influence companies' governance arrangements, environmental, human rights and other policies by positive use of shareholder power. During the year the Authority conducted a thorough review of its responsible investing policy and decided to publish a summary statement on its website. The Authority is also aware that, in response to a broader debate taking place regarding the concept of fiduciary duty arising out of the issues raised by the financial crisis, the Law Commission is consulting

with stakeholders at the moment. It is awaiting the outcome with interest.

The Fund regards its voting rights as an asset and uses them carefully. The Authority has established a set of voting guidelines which cover corporate governance issues and has engaged a third party service provider to ensure that its votes are executed in accordance with its policies. Its voting record is published on the Fund's website. The Authority reviews its voting guidelines and shareholder engagement policies annually.

The Fund has limited resources and 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 and circumstances allow. The Authority is an active member and supporter of the Local Authority Pension Fund Forum and encourages LAPFF in its campaigns and initiatives. The Authority is a member of the IIGCC which is a forum for collaboration on climate change for European investors.

In 2009 the original Myners' Principles were reformed and adapted to meet the needs of the LGPS. Administering authorities are required to state compliance with these, on a 'comply or explain basis', within their Statement of Investment

Principles. There is no requirement that authorities implement every element of the Principles but the Authority aims to do so. At the moment it does not fully comply because it has not yet prepared a fully documented training policy for Members.

The Authority is supportive of the UK Stewardship Code and endorses the 'comply or explain' approach it follows. The Authority believes it complies with the majority of the recommendations of the Code.

Report of the Clerk

Risk Management

The effective management of risk is a key consideration which lies at the heart of the Authority's operations and this is reflected in the Authority's governance arrangements.

The Authority recognises that potentially the greatest risk the Fund faces is to have a fundamental mismatch between its assets and liabilities: the latter fall largely outside of its control. Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund whilst at the same time maximising the opportunity to achieve gains across the portfolio. The returns achieved from investment will, to a considerable degree, be determined by and reflect the level of risk which the Authority deems to be acceptable when setting its strategy. Given the

unique characteristics of the Fund, the Authority has determined a strategy which aims to reduce the level of uncontrolled risk in such a manner that is appropriate with its liability structure. This is partly achieved through asset diversification thereby reducing exposures to market risk (price risk, currency risk and interest rate) and this is reflected in the Fund's customised benchmark which is itself determined by the Investment Board. Liquidity risk is also managed to ensure that the Fund's forecast cash needs are met. The benchmark, which reflects the risk and return expectations of the Authority, is reproduced within the Statement of Investment Principles. It is, of course, not possible to control the absolute return on investments. Over the longer term, however, by recognising the types of risks outlined the Authority seeks to

achieve the returns required to achieve the objectives of the Funding Strategy Statement (FSS). Further information regarding those objectives and how they relate to the actuarial valuation can be found in the FSS.

Both the Authority and the service operate risk registers and these are regularly reviewed by officers and subsequently reported upon to the Corporate Planning and Governance Board. That Board also reviews risk policy at its meetings.

The Authority recognises that risk is inherent in many of its activities and seeks to control risk rather than try to eliminate it. Without taking risks it will be difficult for the Fund to achieve the performance it needs if it is to meet its objectives.

Diana Terris
Clerk

Publications

As required by the LGPS Regulations a number of statutory documents are published by the Authority separately. The Government has recognised that amalgamating all of the prescribed disclosures into the annual report will result in an unwieldy document and has advised that the statutory requirement to publish these can be satisfied via references to them within the report. Accordingly, although the Statement of Investment Principles, Voting Guidelines and Responsible Investment Policy Statement are incorporated into this document all the others can be found on the Authority's website (www.sypensions.org.uk):-

- Consultation and Communication Policy
- Funding Strategy Statement
- Shareholder Engagement Statement
- Governance Compliance Statement



6

the
REPORTS

Report of the Advisors 2013 - 2014

Neil MacKinnon was reappointed as an investment advisor at the start of the year to work alongside Tim Gardener and Leslie Robb, both appointed in 2012.

Markets

The last 12 months have seen an improving economic background, with growth picking up and inflation still subdued. As a result, the United States Federal Reserve has started to withdraw economic stimulus it put in place at the height of the financial crisis, by scaling back or “tapering” its quantitative easing programme. Equity markets continued to rise, underpinned by strong corporate profits growth. Many developed markets made new highs, and amongst these, the Japanese market continued to respond well to initiatives to generate growth in the economy. Risk assets generally performed well.

By contrast, government bond prices fell, yields rising from artificially low levels as investors

anticipate the impact of tapering-reduced purchases by Central Banks and a more normal supply/demand balance in the future. However, bond yields remain at historically very low levels.

Problems do remain, most notably the stubbornly high level of government debt in developed economies, very low growth in the eurozone and the difficulties China faces in moving to a more balanced, less export driven economy. Emerging Markets have suffered from adverse capital flows, weak commodity prices and specific political and economic difficulties in countries such as Brazil and Turkey. The pound continued to appreciate against its main trading partners.

Advisor role

The continuing role of the Advisors is to work closely with the Chairman and his fellow councillors and the officers to ensure there is an appropriate and robust system of governance. This involves monitoring those managing investments to ensure that reporting is accurate, transparent and compliant and ensuring that there are sufficient skilled resources to discharge the needs of the Authority, both now and in the future.

The advisors have been involved in the actuarial valuation and from an investment perspective, are supportive of the approach being taken. An investment strategy review is being carried out, following the valuation. Although most of the initial work has been completed, at the time of writing, the conclusions have

yet to be agreed. It is envisaged that any changes will be implemented over the balance of the calendar year.

The advisors support the maintenance of the current bias towards real assets, primarily equities, but also property, as these provide the best match to inflation linked liabilities whilst offering the prospect of the longer term returns sufficient to reduce the actuarial deficit. A review of the bond and absolute return components of the current benchmark is underway and some changes are envisaged in these areas.

Over the last 12 months, following a review of the options for the management of Emerging Markets portfolios, initial investments were made in a number of external

funds whose managers have expertise in African, Latin American and Eastern European investments. Cash was invested slowly to take account of short term weakness in these markets and keep some powder dry to invest more as uncertainties reduce. All Asian investments in Emerging Markets continue to be managed in house.

During the year, following a review by the officers, currency hedging of the equity portfolios was terminated. It was felt by both the advisors and officers that the arguments for hedging were fairly evenly balanced and the case to hedge could no longer be justified when costs and the practicalities of holding excess cash to cover potential commitments, were taken into account.

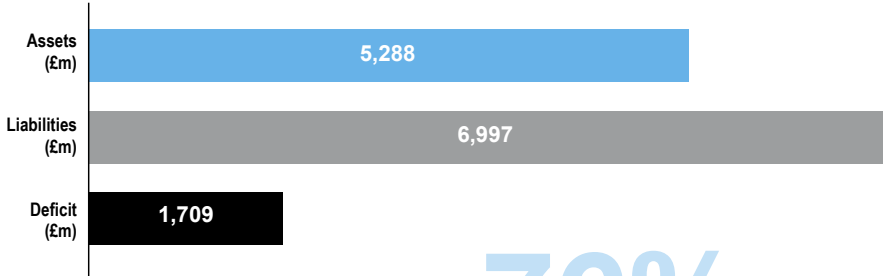
Statement by the Consulting Actuary

Accounts for the year ended 31 March 2014

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 2013 to determine the contribution rates with effect from 1 April 2014 to 31 March 2017.

On the basis of the assumptions adopted, the Fund's assets of £5,288 million represented 76% of the Fund's past service liabilities of £6,997 million (the "Funding Target") at the valuation date. The deficit at the valuation date was therefore £1,709 million.



76%
Funded

The valuation also showed that a common rate of contribution of 12.8% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient in the long term, together with contributions paid by members, to meet all liabilities arising in

respect of service after the valuation date. It allows for the new LGPS benefit structure effective from 1 April 2014. After the valuation date, there were significant changes in financial markets. In particular there was an increase in gilt yields, which underpin the liability assessment.

This improved the funding position materially to 80% with a resulting deficit of £1,330 million. This improvement was taken into account when setting the deficit contribution requirements for employers where required to stabilise contribution rates. On average across the Fund, the updated deficit would be eliminated by a contribution addition of £79 million per annum increasing at 2.6% per annum (equivalent to 9.4% of projected Pensionable Pay at the valuation date) for 22 years if all assumptions are borne out in practice.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2014.

In practice, each individual employer's position is assessed separately and the contributions required are set out in our report. The certified contribution rates for each employer also included specific allowances (zero for some employers) to meet the additional liabilities arising from ill-health and voluntary early retirements. Payments to cover additional liabilities arising from early retirements on the grounds of redundancy or efficiency (or ill-health / voluntary early retirements where the employer's allowance is exceeded) will also 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.

[continues overleaf >>](#)

Statement by the Consulting Actuary

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

	For past service Liabilities (Funding Target)	For future service liabilities (Common Contribution Rate)
Rate of return on investments (discount rate)	4.6% per annum	5.6% per annum
Rate of pay increases (long term)	4.35% per annum*	4.35% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.6% per annum	2.6% per annum

* allowance was also made for short-term public sector pay restraint over a 3 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2016. Based on the results of that valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2017.

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 2014 (the 31 March 2013 assumptions are included for comparison):

	31 March 2013	31 March 2014
Rate of return on investments (discount rate)	4.2% per annum	4.5% per annum
Rate of pay increases	4.15% per annum*	4.15% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% per annum	2.4% 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. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2014. During the year, corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.5% p.a. versus 4.2% p.a.). The pay increase assumption at the year-end has also been updated to allow for a short-term public sector pay restraint adjustment, consistent with that adopted for the actuarial valuation.

The value of the Fund’s promised retirement benefits for the purposes of IAS26 as at 31 March 2013 was estimated as £7,483 million. The effect of the changes in actuarial assumptions between 31 March 2013 and 31 March 2014 as described above is to decrease the liabilities by c£517 million. Adding interest over the year increases the liabilities by c£314million, and allowing for net benefits accrued/paid over the period increases the liabilities by another c£22 million (including any increase in liabilities arising as a result of early retirements/ augmentations).

Finally, allowing for the impact of actual vs. expected membership experience, which emerged at the 2013 actuarial valuation, gives a reduction in liabilities of c£24 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 2014 is £7,278 million.

Paul Middleman
Fellow of the Institute and
Faculty of Actuaries
Mercer Limited
May 2014

Independent Auditor's Report

to the members of South Yorkshire Pensions Authority



We have audited the financial statements of South Yorkshire Pensions Authority for the year ended 31 March 2014 on pages 18 to 79. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit

work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply

with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword and the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2014 and of Authority's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014; and,
- have been prepared properly in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Matters that we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 5 to 15 does not reflect compliance with 'Delivering Good

Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or,

- the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under section 8 of the Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or,
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission’s Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2013, we have considered the results of the following;

- our review of the annual governance statement;
- locally determined risk-based work on the timeliness and quality of information received from contributing bodies.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of South Yorkshire Pensions Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

**John Graham Prentice
for, and on behalf of, KPMG
LLP Appointed Auditor**

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
24th July 2014

*SYPA note;
The page numbers stated in this
opinion relate to the full statement of
accounts and not to this annual report.*



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FINANCE

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;
- approve the Statement of Accounts.

I confirm that these Accounts were approved at the Corporate Planning and Governance Board meeting held on the 24th July 2014.

Signed on behalf of the Pensions Authority by the Chair of the meeting approving the Accounts:

Date: 24th July 2014

Statement of Responsibilities for the Statement of Accounts

The Treasurer’s Responsibilities

The Treasurer is responsible for the preparation of the Authority’s Statement of Accounts which, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (“the Code”), is required to present fairly the financial position of the Authority at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

In preparing the 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 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.

In accordance with Regulation 8(2) of the Accounts and Audit Regulations 2011, I certify that the attached Statement of Accounts presents a true and fair view of the financial position of South Yorkshire Pensions Authority at 31 March 2014 and its income and expenditure for the year then ended.

The date represents that on which the Accounts are authorised for issue.

F. Foster, Treasurer

Date: 24th July 2014

Fund Account

2012/13 £'000		2013/14 £'000	£'000	Note
Dealings with members, employers and others directly involved in the Fund				
216,582	Contributions receivable	220,003		7
12,894	Transfers in from other pension funds	12,177		8
229,476			232,180	
(226,801)	Benefits payable	(235,167)		9
(12,060)	Payments to and on account of leavers	(14,335)		10
(3,875)	Administration expenses	(4,050)		11
(242,736)			(253,552)	
(13,260)	Net additions/(withdrawals) from dealings with members		(21,372)	
Returns on investments				
131,163	Investment income	149,999		12
485,735	Profit and losses on disposal of investments and changes in value of investments	138,003		15
(1,462)	Taxes on income	(1,831)		13
(1,807)	Investment management expenses	(2,102)		14
613,629			284,069	
600,369	Net increase (decrease) in the net assets available for benefits during the year		262,697	
4,687,897	Net assets of the Fund at 1 April		5,288,266	
5,288,266	Net assets of the Fund at 31 March		5,550,963	

Net Assets Statement

31 March 2013 £'000		31 March 2014 £'000	£'000	Note
Investment assets				
521,091	Fixed Interest Securities	508,490		
3,177,284	Equities	3,374,202		
607,142	Index-Linked Securities	581,649		
437,410	Pooled Investment Vehicles	440,734		
409,824	Property	511,594		19
25,126	Forward currency contracts	214		18
20,494	Cash - Foreign currency	13,555		
59,497	Cash - Sterling	90,208		
15,924	Other investment balances	15,637		
5,273,792			5,536,283	
Investment liabilities				
(-)	Forward currency contracts	(-)		18
(216)	Other investment liabilities	(1,495)		
(216)			(1,495)	
5,273,576	Net investment assets		5,534,788	17
21,135	Current assets		22,737	26
1,654	Long Term Debtors		1,788	27
(8,099)	Current liabilities		(8,350)	28
5,288,266	Net assets of the Fund available to fund benefits at 31 March		5,550,963	

Notes to the Pension Fund Accounts

1. Description of the Fund

a) General

The South Yorkshire Pension Fund (“the Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by South Yorkshire Pensions Authority. It is a funded contributory defined benefit pension scheme which provides pensions and other benefits for pensionable employees of the 4 district councils of South Yorkshire and a range of other scheduled and admitted bodies within South Yorkshire. All aspects of pensions administration, including calculating and paying benefits, are conducted in house in accordance with the Local Government Pension Scheme (LGPS) Regulations. All of the Fund’s investments are managed internally, albeit with the

assistance of advisors on real estate matters, in accordance with the LGPS regulations. The Authority has a retained actuary, Mercer Limited, and has appointed an independent investment advisory panel. The Authority meets approximately every quarter and concentrates upon strategy and scrutiny matters. It has appointed two Boards to manage everyday aspects of its duties and responsibilities as an administering authority under the LGPS: the Boards operate to an approximately quarterly cycle. The Authority’s Statement of Investment Principles (SIP) and Funding Strategy Statement (FSS) were reviewed during the year. Copies of both, along with more detail of the activities of the Fund are posted on the Fund’s website (www.sypensions.org.uk).

b) Membership

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.

There are 266 employer organisations contributing to the fund as at 31 March 2014, these are listed in Schedules A and B.

The following table summarises the position with regard to membership of the Fund as at 31 March:

	31 March 2014	31 March 2013
Active Contributors	49,931	49,839
Pensioners & Dependents	42,583	41,005
Deferred Pensions	45,927	42,797
Totals	138,441	133,641

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 7.5% of pensionable pay for the financial year ending 31 March 2014. Under the new LGPS scheme active member contribution rates will range from 5.5% to 12.5%, with an assumed average rate of 6.1% with effect from 1 April 2014.

Employee contributions are matched by employer’s contributions which are set based on triennial actuarial funding valuations. The rates applying in 2013/14 were set in the valuation as at 31 March 2010 and employer contributions for 2013/14 range from 9.5% to 22.5% of pensionable pay (common rate of 12%). The latest actuarial valuation was as at 31 March 2013 and the Employer’s

contribution rate required to cover the cost of the accruing benefits and expenses range from 9.7% to 27.5% of pensionable pay (common rate of 12.8%).

Notes to the Pension Fund Accounts

d) Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service. There are a range of benefits provided under the scheme including early

retirement, disability pensions and death benefits.

Benefits are index-linked in order to keep pace with inflation. In June 2010, the Government announced that the method of indexation would change from

the retail prices index to the consumer prices index. This change took effect from 1 April 2011.

The main benefits are summarised below:

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump sum	Automatic lump sum of 3/80 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

LGPS 2014

The LGPS scheme changes with effect from 1 April 2014 and benefits and contributions will change.

The main changes are:-

- Move to Career Average – pensionable pay for each year is used to calculate the pension accrual for that year. Each year’s pension accrual is then revalued (increased) by inflation, then each year’s revalued pension accrual is added together to arrive at the total pension to build up a Pension Account.
- Accrual rate of 1/49
- Contribution rates for employees (9 bandings) ranging from 5.5% to 12.5%

2. Basis of preparation

The Statement of Accounts summarises the Fund’s transactions for 2013/14 and its position at the year end of 31 March 2014. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14*, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which is recognised by statute as representing proper accounting practice.

The accounts summarise the transactions of the Fund and show the net assets at the disposal of the Authority. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 25 of these accounts.

Notes to the Pension Fund Accounts

3. Accounting policies

Fund account - revenue recognition

A. Contributions income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in 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

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see note 8).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

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

C. Investment Income

i. Interest income

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

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

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

Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is recognised on a straight-line basis. 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.

v. Movement in the net market value of investments

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. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

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. Administration expenses

All administration expenses are accounted for on an accruals basis. All costs incurred by South Yorkshire Pensions Authority (the administering authority) in respect of administration expenses are charged directly to the Fund.

G. Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the corporate bond fund manager, 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.

Notes to the Pension Fund Accounts

In addition the Fund has negotiated with the corporate bond fund manager that an element of their fee be performance related. This performance related fee was nil in 2013/14 (nil in 2012/13).

All costs incurred by South Yorkshire Pensions Authority (the administering authority) in respect of investment management expenses are charged directly to the Fund.

Net assets statement

H. Financial assets

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 by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

- i. Market-quoted investments*
Quoted securities are valued at closing bid prices on the relevant stock market.
- ii. Fixed interest stocks*
Fixed interest stocks are included in the valuation on a “clean” basis (that is, excluding the value of interest accruing from the previous interest payment date to the valuation date).
The “clean” basis has been used for accounting for fixed interest stocks, including for purchase and sale activity on these stocks, as it enables the capital and income elements of total investment returns to be accounted for distinctly.

- iii. Unquoted investments*
The fair value of investments for which market quotations are not readily available is determined as follows:
Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.
Directly held investments include investments in limited partnerships, shares in unlisted companies, trust and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation

of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
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.
- iv. Limited partnerships*
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
- v. Pooled investment vehicles*
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

- vi. Freehold and leasehold properties*
Investment properties are independently valued in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards January 2014 on a market value basis. by two firms of chartered surveyors. Jones Lang LaSalle values the commercial portfolio every quarter (valuation prices are as at 31 March 2014) and Smiths Gore valued the agricultural portfolio as at 31 December 2013 and supplemented this with an additional certificate at 31 March 2014.

Notes to the Pension Fund Accounts

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, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Any gains or losses arising on conversion or translation are dealt with as part of the change in market value.

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.

The value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contracts were matched at the year end with an equal and opposite contract.

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. Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability.

From this date any gains or losses arising from changes in the fair value of liability are recognised by the Fund.

M. Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed at the period end using a roll forward of the results of the triennial valuation (as at 31 March 2013) allowing for the different financial assumptions required under IAS19.

As permitted under IAS26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to these accounts (Note 25).

N. Additional Voluntary Contributions (AVCs)

In accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093) Additional Voluntary Contributions (AVCs) have not been included in either the Authority's Fund Account or Net Assets Statement, as they are paid directly to the AVC providers by employers of contributors. AVCs are specifically for the provision of additional benefits for individual contributors. AVC funds returned to the Scheme and benefits paid as a result of this are included in the Fund account as part of Transfer values received and Benefits paid respectively.

Details of AVC investments are however shown in note 29.

4. Critical judgements in applying accounting policies

Unquoted private equity fund investments

It is important to recognise the highly subjective nature of determining the fair value of private equity funds. Private equity funds are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equity funds at 31 March 2014 was £271.08 million (£258.62 million at 31 March 2013).

Pension Fund liability

The pension fund liability is calculated every three years by the Fund's actuary, Mercer Limited, with annual updates in the intervening years. The methodology used is in line

with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in Notes 24 and 25. This estimate is subject to significant variances based on changes to the underlying assumptions.

Notes to the Pension Fund Accounts

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

The Pension Fund Accounts contain estimated figures that are based upon assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Pension Fund Accounts at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Mercers) is engaged to provide the Authority with expert advice about the assumptions to be applied.	The funding level at the 2013 actuarial valuation was 76% The effects on the funding level of changes in individual assumptions can be measured. For instance, a 0.25% increase in inflation would reduce the funding level by 5% (£326m). A 0.5% reduction in real salary growth would increase the funding level by 3% (£173m). A 1 year increase in life expectancy would reduce the funding level by 2% (£150m).
Private equity funds	Private equity funds are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity fund investments in the financial statements are £271.08m. There is a risk that this investment may be under or overstated in the accounts.
Hedge fund of funds	The fund of funds is valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the funds' directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of hedge fund of funds in the financial statements is £13.5m. There is a risk that this investment may be under or overstated in the accounts.

Notes to the Pension Fund Accounts

6. Events after the Balance sheet date

There have been no events since 31 March 2014, and up to the date when these accounts were authorised that require any adjustments to these accounts. In December 2013 the Government announced that as part of a wider reform of the Probation Service it was intended to transfer those employees currently eligible for LGPS membership out of their existing thirty five funds into one central LGPS fund to be administered by one administering authority. The Statutory Instrument confirming the transfer was published in May and is due to come into force on 1 June 2014. However, the actuarial and administrative work involved in effecting the transfer is considerable and it is not clear

when the actual transfer will occur. At this stage only indicative figures can be shown but it is estimated that there will be just over 1400 Fund members subject to transfer and that the corresponding assets are valued at roughly £100m.

7. Contributions receivable

Contributions represent the total amount receivable from the various employing authorities and admitted bodies in respect of their own contributions and those of their pensionable employees. When an employer retires staff early, on redundancy or efficiency grounds, a strain on the Fund is generated through the early payment of their benefits. From 1 April 1999 the Authority implemented a scheme that requires employers to reimburse the Fund for that strain by making capital injections over a phased period of up to 3 years. These capital injections are accounted for in full when they occur. Lists of scheduled bodies and admitted bodies contributing to the Fund are shown in Schedule A and B.

Analysis of contributions receivable:-	2013/14 £'000	2012/13 £'000
From Employers		
Normal Contributions	152,382	150,516
Augmentation	5	4
Deficit Funding	1,929	2,010
Additional cost of early retirement	12,360	10,570
	166,676	163,100
From Members	53,327	53,482
	220,003	216,582

Analysis by employer type:-	2013/14 £'000	2012/13 £'000
Administering Authority		
South Yorkshire Pensions Authority	664	692
Scheduled Bodies		
Barnsley MBC	28,677	29,396
Doncaster MBC	30,819	31,302
Rotherham MBC	31,392	32,185
Sheffield CC	58,298	56,057
Other Scheduled Bodies	52,133	50,724
Admitted Bodies	18,020	16,226
Totals	220,003	216,582

Notes to the Pension Fund Accounts

8. Transfers In

	2013/14 £'000	2012/13 £'000
Individual transfers in from other LGPS funds	6,672	6,795
Individual transfers in from other schemes	5,505	6,099
Totals	12,177	12,894

9. Benefits payable

Analysis of benefits payable:-	2013/14 £'000	2012/13 £'000
Retirement Pensions	182,904	174,079
Commutation of benefits and lump sum retirement benefits	46,494	47,374
Lump sum death benefits	5,769	5,348
Totals	235,167	226,801

Analysis by employer type:-	2013/14 £'000	2012/13 £'000
Administering Authority		
South Yorkshire Pensions Authority	520	370
Scheduled Bodies		
Barnsley MBC	33,082	30,664
Doncaster MBC	35,654	34,935
Rotherham MBC	34,489	35,177
Sheffield CC	75,108	71,735
Other Scheduled Bodies	41,264	39,049
Admitted Bodies	15,050	14,871
Totals	235,167	226,801

Notes to the Pension Fund Accounts

10. Payments to and on account of leavers

	2013/14	2012/13
	£'000	£'000
Individual transfers out to other LGPS funds	7,640	4,624
Individual transfers out to other schemes	6,617	7,358
Refunds of contributions	87	90
State scheme premiums	(9)	(12)
Totals	14,335	12,060

11. Administration Expenses

	2013/14	2012/13
	£'000	£'000
Employees	2,161	2,215
General admin costs	1,061	824
Actuarial fees	315	200
External audit fees	38	33
District Council Expenses	381	373
VAT Liability	94	230
	4,050	3,875

12. Investment Income

	2013/14	2012/13
	£'000	£'000
Interest from fixed interest securities	24,262	25,209
Dividends from equities	98,361	81,672
Income from index-linked securities	5,802	5,733
Income from pooled investment vehicles	2,443	2,272
Net property income	17,424	14,498
Interest on cash deposits	434	498
Other	1,273	1,281
	149,999	131,163
Irrecoverable withholding tax	(1,831)	(1,462)
Total Investment Income	148,168	129,701

Income from property is shown net of landlord’s expenses amounting to £1.669m (£1.570m in 2012/13).

Notes to the Pension Fund Accounts

13. Taxes on Income

	2013/14	2012/13
	£'000	£'000
Withholding tax - equities	1,831	1,459
Withholding tax - pooled	-	3
	1,831	1,462

14. Investment Management Expenses

	2013/14	2012/13
	£'000	£'000
Internal Equipment Expenses	301	294
Internal Management Expenses	792	734
External Management Expenses	808	779
VAT Liability	201	-
	2,102	1,807

15. Change in Market Value of Investments

The change in market value of investments during the year comprises all the increases and decreases in the market value of investments held at any time during the year, including all realised and unrealised profits and losses.

	Mkt Value at 1/4/13	Purchases at Cost	Sale Proceeds	Change in Mkt Value	Mkt Value at 31/3/14
	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	521,091	64,897	(50,484)	(27,014)	508,490
Equities	3,177,284	524,147	(414,145)	86,916	3,374,202
Index-Linked Securities	607,142	36,234	(36,253)	(25,474)	581,649
Pooled Investment Vehicles	437,410	61,056	(79,621)	21,889	440,734
Property	409,824	66,455	(5,150)	40,465	511,594
Total Purchases/(Sales)		752,789	(585,653)		
Foreign currency contracts	25,126	44,843	(111,156)	41,401	214
	5,177,877	797,632	(696,809)	138,183	5,416,883
Cash - Foreign currency	20,494			(1,321)	13,555
Cash - Sterling	59,497			1,141	90,208
				138,003	
Other investment assets	15,924				15,637
Other investment liabilities	(216)				(1,495)
NET INVESTMENT ASSETS	5,273,576				5,534,788

Notes to the Pension Fund Accounts

15. Change in Market Value of Investments continued

Previous year comparative:

	Mkt Value at 1/4/12	Purchases at Cost	Sale Proceeds	Change in Mkt Value	Mkt Value at 31/3/13
	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	509,504	36,373	(65,986)	41,200	521,091
Equities	2,659,992	446,805	(307,622)	378,109	3,177,284
Index-Linked Securities	546,511	30,865	(30,759)	60,525	607,142
Pooled Investment Vehicles	421,386	52,199	(60,353)	24,178	437,410
Property	378,701	11,023	(-)	20,100	409,824
Total Purchases/(Sales)		577,265	(464,720)		
Foreign currency contracts	10,023	134,631	(79,325)	(40,203)	25,126
	4,526,117	711,896	(544,045)	483,909	5,177,877
Cash - Foreign currency	8,705			755	20,494
Cash - Sterling	118,116			1,071	59,497
				485,735	
Other investment assets	13,885				15,924
Other investment liabilities	(246)				(216)
NET INVESTMENT ASSETS	4,666,577				5,273,576

Cash deposits in Icelandic Banks

The Authority continues to pursue the recovery of its deposits with the Icelandic banks and their UK subsidiaries which collapsed in October 2008. The Fund had five deposits which were of different sizes and lending periods and were spread across four banks. The bulk of the monies have been recovered (Glitnir has been satisfied in full subject to currency conversion and the Landsbanki claim has been sold). The anticipated recovery rates and distribution periods for the monies deposited with the UK subsidiary banks vary so it is not possible to be certain as to either the totality or timing of the recovery from those deposits. An element of the monies recovered from Glitnir was received in Icelandic kronur (ISK) which

is a restricted currency: this sum is held in an ISK interest bearing escrow account in Iceland. As at 31 March 2014 the sum so held was ISK393,807,811 which equates to roughly £2m at the prevailing exchange rate on that date. The ISK element cannot be released until currency controls are lifted so the timing of the realisation and the prevailing exchange rate at that time cannot be predicted. The distribution paid on the Glitnir claim is subject to a claim as it was determined that the exchange rates used should have been at the date of the payment rather than the date of the claim. This has resulted in a repayment request from the winding up board of Glitnir which amounts to approximately £0.2m. The LGA are in negotiation with the winding up board in relation to this decision.

Recoveries from all four banks amount to £1.141m during the year 2013/14 (£1.071m during 2012/13). The Authority wrote off both principal (£18.5m) and interest (£123,010.96) due on the five deposits during 2008/09 and has had returns of £15.292m in total so far. The whole recovery process is still likely to take a number of years.

Notes to the Pension Fund Accounts

Bank	Principal	Returns received to date	Amount held in Escrow on behalf of the Fund
	£'000	£'000	£'000 (est)
Heritable Bank	2,500	2,361	
Kaupthing Singer & Friedlander	5,000	4,098	
Landsbanki islands	1,000	921	
Glitnir	10,000	7,912	2,000
Totals	18,500	15,292	2,000

16. Investment Position

Although the early part of the year was marked by concerns over the withdrawal of or the scaling back of Quantitative Easing by the American central bank and the latter part by the slowdown of growth in China and other emerging markets the background was of a gradual improvement in the fortunes of the developed economies.

The Fund was light in bonds during the year, especially sovereign bonds, but did switch between high yield and emerging market issues as circumstances changed. The private equity portfolio continued to prosper and return cash. The allocation to overseas equities was gradually increased but as the belief grew that neither fixed income nor equity markets appeared to have adequately priced in the potential

downside risks to their valuations, the weighting to property was increased.

The Fund's market value (not including current net assets) rose over the year and closed at just over £5,534m (£5,273m in 2012/13) producing an overall return of 5.7% (13.6% in 2012/13). The Fund's benchmark return was 5.4% (12.9% in 2012/13).

The total value of purchases and sales made during the year is as follows:

	2013/14	2012/13
	£'000	£'000
Purchases	752,789	577,265
Sales	585,653	464,720

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £2.412m (£2.038m in 2012/13). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately shown.

17.
Net
Investment
Assets

	31/03/14 £'000	31/03/13 £'000
Fixed Interest Securities		
UK public sector quoted	-	-
UK corporate bonds	343,707	355,324
Overseas public sector quoted	77,188	75,331
Overseas other quoted	87,595	90,436
	508,490	521,091
Equities		
UK quoted	1,158,274	1,120,122
Overseas quoted	2,215,928	2,057,162
UK unquoted	0	0
	3,374,202	3,177,284
Index Linked Securities		
UK public sector quoted	530,947	467,995
Overseas public sector quoted	0	0
UK corporate bonds	50,702	139,147
	581,649	607,142
Pooled Investment Vehicles		
UK		
Limited Partnerships	68,589	55,682
Unit Trusts	12	6,203
Other managed funds	23,448	19,274
Overseas		
Limited Partnerships	202,495	202,939
Hedge fund of funds	13,491	13,574
Other managed funds	53,660	67,900
UK Property	55,473	45,597
Overseas Property	23,566	26,241
	440,734	437,410
Property		
UK Freehold	400,536	318,691
UK Leasehold	95,625	85,875
UK Other	15,433	5,258
	511,594	409,824
Derivative Contracts		
Forward currency contracts	214	25,126
	214	25,126
Cash - Foreign currency	13,555	20,494
Cash - Sterling	90,208	59,497
Investment income due (outstanding dividend entitlement and recoverable withholding tax)	15,631	14,954
- Broker balances receivable	6	970
Other investment liabilities (broker balances due)	(1,495)	(216)
Total Investment Assets	5,534,788	5,273,576

The Fund has one investment that represents more than 5% of the net investment assets of the Scheme:

Security	Market Value 31 March 2014 £'000	% of total fund	Market Value 31 March 2013 £'000	% of total fund
Henderson All Stocks Credit Fund	341,542	6.17	351,415	6.66

Notes to the Pension Fund Accounts

18. Derivative Contracts

In order to manage risk and foreign exchange exposure and volatility in the portfolio the Fund had, since November 2011, entered into forward currency contracts with the custodian bank whereby the parties agree to exchange two currencies on a specified future date (monthly) at

an agreed rate of exchange. The overseas assets that were subject to passive hedging were the US dollar and Euro denominated elements of the overseas bond and property fund portfolios plus the United States and European equity portfolios. This policy resulted in approximately half of the Fund's overseas assets being hedged.

This policy was revised in September 2013 and the currency hedging is now restricted to the Euro denominated element of the property fund portfolio. This has resulted in a significant drop in the level of hedging activity and scale of open forward currency contracts.

Open forward currency contracts at 31 March 2014

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		£'000		£'000	£'000	£'000
Up to one month	GBP	21,707	EUR	21,493	214	
					214	(-)
Net forward currency contracts at 31 March 2014						214

Prior year comparative

Open forward currency contracts at 31 March 2013

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		£'000		£'000	£'000	£'000
Up to one month	GBP	755,526	USD	1,128,000	13,405	
Up to one month	GBP	382,124	EUR	440,000	10,996	
Up to one month	GBP	25,185	EUR	29,000	725	
					25,126	(-)
Net forward currency contracts at 31 March 2013						25,126

Notes to the Pension Fund Accounts

19. Investment Property

The Fund has investment in property of £511.594m (£409.824m) of which £496.161m (£404.566m) is in direct property (see Note 17) which is classified as Investment Property.

The following items of income and expense have been accounted for in the investment income line in the Fund Account.

	2013/14	2012/13
	£'000	£'000
Rental income from investment property	18,830	15,932
Direct operating expenses arising from investment property	(1,669)	(1,570)
Net gain/(loss)	17,161	14,362

There are no restrictions on the Fund's ability to realise the value inherent in its investment property or on the Fund's right to the remittance of income and the proceeds of disposal. The Fund has one Development Funding Agreement at 31 March 2014 (none at 31 March 2013 with an outstanding commitment of just under £3m).

The following table summarises the movement in the fair value of investment properties over the year:

	2013/14	2012/13
	£'000	£'000
Balance at start of the year	404,566	373,443
Additions		
Purchase	46,940	5,386
Construction	3,425	4,986
Subsequent Expenditure	4,993	651
	55,358	11,023
Disposals	(4,400)	(-)
Net gains/losses from fair value adjustments	40,637	20,100
Balance at end of the year	496,161	404,566

Notes to the Pension Fund Accounts

20. Investment Commitments

Outstanding investment commitments at 31 March 2014 were £192.520m (£173.396m at 31 March 2013).

The figures are based on commitments made to private equity limited partnerships and infrastructure funds (some of which are designated in Australian Dollars, Euros and US Dollars) which have not yet been drawn down.

31 March 2014		31 March 2013	
Currency '000	£ equivalent £'000	Currency '000	£equivalent £'000
£36,093	36,093	£51,794	51,794
€49,265	40,721	€27,985	23,600
US\$178,425	107,085	US\$132,825	87,379
AUS\$15,500	8,621	AUS\$15,500	10,623
	192,520		173,396

21. Stocklending

The value of stocklending as at 31 March was as follows:

	31/03/14	31/03/13
	£'000	£'000
Index-Linked Securities	135,194	137,323
UK Equities	136,541	56,558
Overseas Bonds	20,123	14,194
Overseas Equities	89,707	31,373
Value of stock on loan	381,565	239,448
Value of collateral held	409,845	253,109

Collateral held was in the form of Gilt DBV's (collection of Gilt edged securities), FTSE 100 DBV's (collection of FTSE 100 equities), overseas bonds and UK and overseas equities.

22. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The Fund's financial instruments are the investment assets and debtors and creditors, these are all disclosed on the Net Assets Statement. The assets and debtors are all carried at fair value. The creditors are carried at amortised cost.

The Net Assets Statement also includes property which is classified as investment property (see Note 19).

a) Classification of Financial Instruments

The items in the Net Assets Statement (excluding investment property) are made up of the following categories of financial instrument (see next page):

	31 March 2014	31 March 2013
	£'000	£'000
FAIR VALUE THROUGH PROFIT OR LOSS		
Financial Assets		
Fixed Interest Securities	508,490	521,091
Equities	3,374,202	3,177,284
Index-Linked Securities	581,649	607,142
Pooled Investment Vehicles	440,734	437,410
Forward currency contracts	214	25,126
Other investment balances	15,637	15,924
Total	4,920,926	4,783,977
Financial Liabilities		
Forward currency contracts	(-)	(-)
Other investment balances	(1,495)	(216)
Total	(1,495)	(216)
LOANS AND RECEIVABLES		
Financial Assets		
Cash – Foreign currency	13,555	20,494
Cash - Sterling	90,208	59,497
Current assets	22,737	21,135
Long Term Debtors	1,788	1,654
Total	128,288	102,780
FINANCIAL LIABILITIES AT AMORTISED COST		
Financial Liabilities		
Current liabilities - creditors	(8,350)	(8,099)
Total	(8,350)	(8,099)

See note 3(h) re method of valuation of asset classes. Debtors and creditors are included at cost.

b) Net gains and losses on
Financial Instruments

	31 March 2014	31 March 2013
	£'000	£'000
Financial Assets		
Fair value through profit and loss	97,718	463,809
Loans and receivables	(180)	1,826
Financial Liabilities		
Fair value through profit and loss	(-)	(-)
Financial liabilities measured at amortised cost	-	-
Total	97,538	465,635

Notes to the Pension Fund Accounts

c) Fair value of Financial Instruments

The following table summarises the carrying values of the categories of financial assets and liabilities presented in the Net Assets Statement:

	Carrying amount	Fair Value	Carrying amount	Fair Value
	31 March 2014		31 March 2013	
	£'000	£'000	£'000	£'000
Financial Assets				
Trading and other financial assets at fair value through profit or loss	4,920,926	4,920,926	4,783,977	4,783,977
Loans and receivables	128,288	128,288	102,780	102,780
Total financial assets	5,049,214	5,049,214	4,886,757	4,886,757
Financial Liabilities				
Trading and other financial assets at fair value through profit or loss	(1,495)	(1,495)	(216)	(216)
Financial liabilities at amortised cost	(8,350)	(8,350)	(8,099)	(8,099)
Total Financial Liabilities	(9,845)	(9,845)	(8,315)	(8,315)

See note 3(h) for method of valuation for asset classes. Debtors and creditors are included at cost.
Gains/losses are reflected in the change in market value and in investment income in the Fund Account. (See note 15).

d) Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. Previously we classified fixed income instruments as level 1 but on reflection this year they have been classified as level 2 because of the composite pricing of these instruments. Previous year figures have been amended to reflect this change.

Level 1
Financial instruments at Level 1 are those where the fair value are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities and funds.

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
Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3
Financial instruments at level 3 are those 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 would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgment 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 following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Notes to the Pension Fund Accounts

2014	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial assets at fair value through profit or loss	3,474,149	1,159,409	287,368	4,920,926
Loans and receivables	128,288			128,288
Total financial assets	3,602,437	1,159,409	287,368	5,049,214
Financial Liabilities				
Financial assets at fair value through profit or loss	(1,495)			(1,495)
Financial liabilities at amortised cost	(8,350)			(8,350)
Total Financial Liabilities	(9,845)			(9,845)
Net financial assets	3,592,592	1,159,409	287,368	5,039,369

2013	Quoted market price	Using observable inputs	With significant unobservable inputs	
Value at 31 March 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial assets at fair value through profit or loss	3,309,394	1,198,038	276,545	4,783,977
Loans and receivables	102,780			102,780
Total financial assets	3,412,174	1,198,038	276,545	4,886,757
Financial Liabilities				
Financial assets at fair value through profit or loss	(216)			(216)
Financial liabilities at amortised cost	(8,099)			(8,099)
Total Financial Liabilities	(8,315)			(8,315)
Net financial assets	3,403,859	1,198,038	276,545	4,878,442

Notes to the Pension Fund Accounts

23. Nature and extent of risks arising from Financial Instruments

The Fund’s activities expose it to a variety of financial risks:

- market risk - the possibility that financial loss might arise for the Fund as a result of changes in such measures as interest rates and stock market movements.
- credit risk - the possibility that other parties might fail to pay amounts due to the Fund
- liquidity risk - the possibility that the Fund might not have funds available to meet its commitments to make payments

The management of risk is described within the Fund’s Statement of Investment Principles (SIP) which is included in the published report and

accounts and also posted on the Fund’s website (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.

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 2013.

As a pension fund the primary risks which affect it are market risk and credit risk.

a. Market Risk

Market Risk – Price Risk –

The Fund publishes its SIP which details how the real risk of negative returns due to price fluctuations is managed.

Because different asset classes have different risk and return characteristics they will react differently to external events and will not necessarily do so in a pre-determined or correlated manner to each other. 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 following movements in market price risk are reasonably possible for the 2014/15 reporting period.

Asset type	Potential market movements (+/-)	
	31 March 2014	31 March 2013
Bonds	4.5%	5.24%
UK Equities	12.03%	12.94%
Overseas Equities	11.22%	14.39%
Index Linked securities	12.24%	10.19%
Private Equity	5.56%	7.86%
Absolute return	3.81%	4.29%
Property	4.25%	5.48%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Notes to the Pension Fund Accounts

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset type	Value as at 31 March 2014	Percentage change	Value on increase	Value on decrease
2014	£'000	%	£'000	£'000
Bonds	508,490	4.50	531,372	485,608
UK Equities	1,158,274	12.03	1,297,615	1,018,934
Overseas equities	2,215,928	11.22	2,464,555	1,967,300
Index linked securities	581,649	12.24	652,842	510,455
Private equity	254,810	5.56	268,977	240,642
Absolute return	106,886	3.81	110,958	102,814
Property (unit trusts)	79,038	4.25	82,398	75,679
Forward currency contracts	214	0	214	214
Cash - Foreign currency	13,555	0	13,555	13,555
Cash - Sterling	90,208	0	90,208	90,208
Other investment assets	15,637	0	15,637	15,637
Other investment liabilities	(1,495)	0	(1,495)	(1,495)
Net investment assets	5,023,194		5,526,836	4,519,551

Asset type	Value as at 31 March 2013	Percentage change	Value on increase	Value on decrease
2013	£'000	%	£'000	£'000
Bonds	521,091	5.24	548,396	493,786
UK Equities	1,120,122	12.94	1,265,065	975,178
Overseas equities	2,057,162	14.39	2,353,188	1,761,137
Index linked securities	607,142	10.19	669,010	545,275
Private equity	248,007	7.86	267,500	228,513
Absolute return	117,565	4.29	122,609	112,521
Property (unit trusts)	71,838	5.48	75,775	67,901
Forward currency contracts	25,126	0	25,126	25,126
Cash - Foreign currency	20,494	0	20,494	20,494
Cash - Sterling	59,497	0	59,497	59,497
Other investment assets	15,924	0	15,924	15,924
Other investment liabilities	(216)	0	(216)	(216)
Net investment assets	4,863,752		5,422,368	4,305,136

Notes to the Pension Fund Accounts

Market Risk – Interest Rate Risk – This primarily impacts upon the valuation of the Fund’s bond holdings and, to a lesser degree, the return it receives on cash held. A rise in interest rates would lead to the income earned on variable rate investments increasing but would cause the value of fixed rate investments to fall. The Fund’s correlation to interest rates will vary depending upon the profile of investments held.

The Fund manages its cash investments with a view to obtaining the best returns possible whilst ensuring the security of the deposits. The Fund also holds foreign currency balances which could be affected by interest rate movements but are more sensitive

to exchange rate movements (see Market risk – Currency risk).

The Fund’s direct exposure to interest rate movements as at 31 March 2014 and 31 March 2013 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	As at 31 March 2014	As at 31 March 2013
	£’000	£’000
Cash - Sterling	90,208	59,497
Total	90,208	59,497

Interest rate risk – sensitivity analysis
The Authority recognises that interest rates can vary and can affect both income to the fund and the value of the net assets.

The one standard deviation of the 10 year government bond yield (annualised) amounts to just over 0.9%.

The following analysis assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets of a +/- 0.9% (0.87% at 31 March 2013) change in interest rates:

Asset type	Carrying amount as at 31 March 2014	Change in year in the net assets	
2014	£’000	+0.9% £’000	-0.9% £’000
Cash - Sterling	90,208	812	(812)
Total change in assets available	90,208	812	(812)

Asset type	Carrying amount as at 31 March 2013	Change in year in the net assets	
2013	£’000	+0.87% £’000	-0.87% £’000
Cash - Sterling	59,497	518	(518)
Total change in assets available	59,497	518	(518)

Notes to the Pension Fund Accounts

Market Risk – Currency Risk – the Fund holds cash balances in foreign currency and has investments quoted in foreign currency. The risk of exchange rate movements is accepted as part of the overall management strategy of the Fund.

The following table summarises the Fund’s currency exposure as at 31 March 2014 and as at the previous year end:

Currency exposure - Asset type	Asset value as at 31 March 2014	Asset value as at 31 March 2013
	£'000	£'000
Overseas fixed interest securities	164,783	165,767
Overseas quoted securities	2,215,928	2,057,162
Overseas limited partnerships	202,495	202,939
Overseas hedge fund of funds	13,491	13,574
Overseas other managed funds	53,660	67,900
Overseas property funds	21,590	26,241
Forward currency contracts	214	25,126
Cash - Foreign currency	13,555	20,494
Total overseas assets	2,685,716	2,579,203

Currency risk – sensitivity analysis

The potential volatility of the aggregate currency exposure within the fund based on historical data for the last 3 years associated with foreign exchange rate movements is 7.47% (6.51% at 31 March 2013).

A 7.47% (6.51%) strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets as follows:

Currency exposure – Asset type	Asset value as at 31 March 2014	Change in year in the net assets	
2014	£'000	+7.47% £'000	-7.47% £'000
Overseas fixed interest securities	164,783	177,092	152,473
Overseas quoted securities	2,215,928	2,381,457	2,050,398
Overseas limited partnerships	202,495	217,622	187,369
Overseas hedge fund of funds	13,491	14,498	12,483
Overseas other managed funds	53,660	57,669	49,652
Overseas property funds	21,590	23,203	19,977
Forward currency contracts	214	230	198
Cash - Foreign currency	13,555	14,568	12,543
Total change in assets available	2,685,716	2,886,339	2,485,093

Currency exposure – Asset type	Asset value as at 31 March 2013	Change in year in the net assets	
2013	£'000	+6.51% £'000	-6.51% £'000
Overseas fixed interest securities	165,767	176,559	154,975
Overseas quoted securities	2,057,162	2,191,083	1,923,241
Overseas limited partnerships	202,939	216,150	189,728
Overseas hedge fund of funds	13,574	14,458	12,690
Overseas other managed funds	67,900	72,320	63,480
Overseas property funds	26,241	27,949	24,533
Forward currency contracts	25,126	26,762	23,490
Cash - Foreign currency	20,494	21,828	19,160
Total change in assets available	2,579,203	2,747,109	2,411,297

Notes to the Pension Fund Accounts

b. Credit Risk

Credit Risk - arises from deposits with banks and financial institutions, as well as credit exposures to the Fund’s customers. The risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority. The Treasury Management Strategy also imposes a maximum sum to be invested with each institution. Deposits are limited to £15m with any counterparty and counterparties must have a short term debt credit rating of F1 or better.

As detailed in note 15 the Fund did have cash deposited with some Icelandic banks in 2008 and is actively pursuing recovery of those funds.

The strategy for treasury management and internal

procedures were fully reviewed following this event and the Fund expects full repayment on the due dates of deposits placed since then.

The Fund’s benchmark allowance for cash at 31 March 2014 was a maximum of 10% of the Fund (same at 31 March 2013). The actual cash holdings were 1.63% (1.13%).

Interest received on advances during 2013/14 was just over £0.403m (£0.448m) at an average rate of 0.36% (0.41%) (as the Fund maintains short term deposits only, the rate of interest is closely aligned to the Bank of England base rate which has remained at 0.5% since March 2009). For illustration purposes an increase of 0.25% in interest rates achieved would have resulted in an increase of £0.280m (£0.273m) in interest received provided that bank balances had remained the same.

c. Liquidity Risk

Liquidity Risk - the Fund ensures it has adequate cash resources to meet its commitments. This is particularly the case for cash to meet pensioner payroll costs and investment commitments.

The Fund has immediate access to its cash holdings with a majority of cash being deposited for no longer than a week and no cash being deposited for more than a month. Also the Fund holds Government bonds amounting to £530.9m (£467.9m at 31 March 2013) which can be realised within a week in normal market conditions, if necessary, to meet expected or unexpected demands for cash.

All financial liabilities are due to be paid in less than one year.

24. Actuarial Position

The Authority’s appointed actuary, Mercer Limited, carried out an actuarial valuation of the assets and liabilities of the Fund as at 31 March 2013. The market value of the Fund’s assets at the date of the valuation was £5,288m. The previous valuation had been completed as at 31 March 2010 (market value £4,076m). The valuation was conducted in accordance with the requirements of Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended).

The actuary has taken a long term view when setting the future service basis. The assumptions adopted are (2010 valuation assumptions shown in brackets):-

	Past service	Future service
Discount Rate	4.6%p.a. (5.9%p.a.)	5.6%p.a. (6.7%p.a.)
Pensionable Pay increases	4.35%p.a. (4.75%p.a.)	4.35%p.a. (4.75%p.a.)
Pensions increases	2.6%p.a. (3.0%p.a.)	2.6%p.a. (3.0%p.a.)

Mortality assumptions	31 March 2013	31 March 2010
Retired members’ mortality – base tables	CMI Self Administered Pension Schemes (SAPS) tables with scheme and member category specific adjustments	CMI Self Administered Pension Schemes (SAPS) tables with scheme and member category specific adjustments
Retired members’ mortality – future improvements	CMI 2012 model methodology with 1.5%p.a. long term trend	CMI 2009 model methodology with 1%p.a. long term trend

The above mortality rates relate to members retiring in normal health.

Notes to the Pension Fund Accounts

Commutation assumption

It is assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. 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 £1p.a. of pension given up.

This assumption is unchanged from the previous actuarial valuation.

The funding objective is to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis including allowance for projected final pay. The funding plan, in accordance with the Funding Strategy Statement (FSS), is to achieve the funding objective over a maximum period of 22 years (25 years at 2010 valuation). The notional funding deficit revealed by the valuation was £1,709m at 31 March 2013 (£1,085m deficit at 31 March 2010). This represents a funding level of 76% at 31 March 2013 (79% at 31 March 2010).

The funding plan is set out in the FSS, as prepared by South Yorkshire Pensions Authority. Individual

employer funding plans, and the resulting certified contributions, have been determined in accordance with the FSS. Depending on individual circumstances, different approaches to the funding of benefits have been adopted, as part of the FSS consultation process.

The Authority's contribution rate for 2013/14 was 11.7% with an additional payment of £179,300 and the rate for 2014/15 is 13.2% with an additional payment of £184,000.

The contribution rates for the four district councils for 2014/15 are:-

Employer	Contribution Rate 2014 / 2015	
	%	Additional Payment
		£'000
Barnsley MBC	12.5	10,356
Doncaster MBC	12.9	11,556
Rotherham MBC	12.3	9,240
Sheffield City Council	12.4	22,740

25. Actuarial Present Value of Promised Retirement Benefits

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 IAS19 rather than the assumptions and methodology used for funding purposes.

For the purpose of IAS26/IAS19 the actuary has treated all benefits as vested obligations.

In order to assess the value of the benefits on this basis, the actuary has used the following financial assumptions:

	31 March 2014	31 March 2013
Rate of return on investments (discount rate)	4.5% p.a.	4.2% p.a.
Rate of pay increases	4.15% p.a.	4.15% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% p.a.	2.4% p.a.

The demographic assumptions are the same as those used for funding purposes (in the actuarial valuation).

During the year, corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year end than at the beginning of the year (4.5% p.a. versus 4.2% p.a.).

The pay increase assumption at the year end has also been updated to allow for the short term public sector pay restraint adjustment, consistent with that adopted for the actuarial valuation.

On this basis, the value of the Fund's promised retirement benefits for the purposes of IAS26 as at 31 March 2014 was £7,278m (£7,483m).

The effect of the changes in actuarial assumptions between 31 March 2013 and 31 March 2014 as described above is to decrease the liabilities by c£517 million. Adding interest over the year increases the liabilities by c£314 million, and allowing for net benefits accrued/paid over the period increases the liabilities by another c£22 million (including any increase in liabilities arising as a result of early retirements/augmentations).

Notes to the Pension Fund Accounts

Finally, allowing for the impact of actual vs. expected membership experience, which emerged at the 2013 actuarial valuation, gives a reduction in liabilities of c£24m

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2014 is therefore £7,278 million.

26. Current Assets

Debtors:

	31 March 2014	31 March 2013
	£'000	£'000
Contributions due - employers	9,461	9,309
Contributions due - employees	3,581	3,591
Additional costs of early retirement	3,497	3,894
Sundry debtors	6,198	4,341
	22,737	21,135

Analysis of debtors:

	31 March 2014	31 March 2013
	£'000	£'000
Central government bodies	10	10
Other local authorities	14,556	15,948
NHS bodies	9	30
Public corporations and trading funds	855	662
Other entities and individuals	7,307	4,485
	22,737	21,135

27. Long Term Debtors

Long term debtors are all additional costs of early retirement due later than 2013/14.

	31 March 2014	31 March 2013
	£'000	£'000
Central government bodies	-	-
Other local authorities	1,654	1,523
NHS bodies	-	-
Public corporations and trading funds	8	67
Other entities and individuals	126	64
	1,788	1,654

Notes to the Pension Fund Accounts

28. Current Liabilities

Creditors:

	31 March 2014	31 March 2013
	£'000	£'000
Sundry creditors	(1,623)	(1,964)
Payroll deductions	(1,847)	(1,790)
Benefits payable	(974)	(477)
Advance property rents	(3,713)	(3,691)
Holding accounts	(193)	(177)
	(8,350)	(8,099)

The cash balance is held by the Authority and the Fund Net Assets Statement includes a creditor of £1.551m (creditor of £1.834m in 2012/13) for sums due to the Authority at the year end.

Analysis of creditors:

	31 March 2014	31 March 2013
	£'000	£'000
Central government bodies	(1,848)	(1,773)
Other local authorities	(1,552)	(2,287)
NHS bodies	-	-
Public corporations and trading funds	(420)	(406)
Other entities and individuals	(4,530)	(3,633)
	(8,350)	(8,099)

29. Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) made by pension fund contributors are managed by Equitable Life, Scottish Widows and Prudential. The fund value of AVCs with these managers and contribution received during the year are shown opposite:

	Fund Value		Contributions received	
	31/3/14	31/3/13	2013/14	2012/13
	£'000	£'000	£'000	£'000
Equitable Life	2,427	2,561	18	20
Scottish Widows	5,484	5,808	313	374
Prudential	3,922	2,951	1,599	1,525

Notes to the Pension Fund Accounts

30. Related Party Transactions

There are no material transactions with related parties other than those which have been properly recorded and disclosed elsewhere in the Fund accounts.

South Yorkshire Pensions Authority is a related party to the Fund as the administering authority and all transactions are shown either in the Authority's statements or in the Fund account.

One officer of the Authority is a director of Waldersey Farms Limited and F H Bowser limited (see note 33).

All employers listed in schedules A and B attached 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 signed declarations are made where 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 14).

31. Contingent Assets

Twelve admitted body employers in the 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.

32. Compensation Payments

The Fund makes compensation payments in respect of non-statutory pension benefits (e.g. compensatory added years). These costs are not chargeable to the Fund, but are recovered from the employing authorities.

During 2013/14, the Fund made payments in respect of non-statutory pension benefits of £15.073m (£15.043m in 2012/13).

Analysis of compensation payments

	2013/14 £'000	2012/13 £'000
Administering Authority		
South Yorkshire Pensions Authority	17	19
Scheduled Bodies		
Barnsley MBC	2,599	2,578
Doncaster MBC	1,945	1,940
Rotherham MBC	1,355	1,333
Sheffield CC	6,698	6,682
Other Scheduled Bodies	2,393	2,426
Admitted Bodies	66	65
Totals	15,073	15,043

Notes to the Pension Fund Accounts

33. Subsidiary Companies

The Authority had, within its portfolio, two wholly owned subsidiary companies; Waldersey Farms Limited and F H Bowser 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 Property - Other UK, to reflect the exposure of the Pensions Authority. One officer of the Authority is a director of the company.

The latest available accounts for Waldersey Farms Limited show the following information:

Waldersey Farms Limited has a year end of 31 December.

Waldersey Farms Limited	2013/14	2012/13
	£	£
Pension Fund investment at book cost at 31 March	4,508,112	5,258,112
(Debenture loan included within above)	3,143,100	3,893,100
Pension Fund investment value at 31 March		
(included in net asset statement)	4,508,100	5,258,100
	31/12/2013	31/12/2012
	£	£
Profit (loss) on ordinary activities before taxation	1,348,254	1,006,197
Profit (loss) after taxation	1,036,685	760,778
Rent paid to SYPA	1,536,305	1,551,972
Dividend paid to SYPA	204,750	136,500
Retained profit (loss)	4,086,417	3,254,482
Net assets	5,951,417	5,119,482

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

The ten year debenture granted to Waldersey by the Authority on 1 April 2005 is for £4m, of which £3.143m (£3.893m in 2012/13) has been drawn down.

Notes to the Pension Fund Accounts

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 Property - Other UK, to reflect the exposure of the Pensions Authority. One officer of the Authority is a director of the company.

The latest available accounts for F H Bowser Limited show the following information:

F H Bowser accounts were produced as at 24 March 2014 (the completion date).

F H Bowser Limited	2013/14
	£
Pension Fund investment at book cost at 31 March	11,096,781
Pension Fund investment value at 31 March (included in net asset statement)	10,924,997
	24/3/2014
	£
Fixed Assets	7,226,453
Current Assets	2,634,727
Current Liabilities	(3,234,195)
Net assets	6,626,985

A full Statement of Accounts for F H Bowser Limited can be obtained from the Company at 18 Regent Street, Barnsley.

The company balance sheet has been produced using the historic cost of its asset, no revaluation has been done in the completion accounts.

Notes to the Pension Fund Accounts

SCHEDULE A - Scheduled Bodies contributing to the Fund

South Yorkshire Pensions Authority (Administering Authority)
Barnsley Metropolitan Borough Council
Doncaster Metropolitan Borough Council
Rotherham Metropolitan Borough Council
Sheffield City Council
South Yorkshire Passenger Transport Executive
SYITA (Properties Ltd)
SY Probation Trust
South Yorkshire Fire Authority
The Police and Crime Commissioner for South Yorkshire
Barnsley College
Doncaster College
Rotherham College of Arts & Technology
Thomas Rotherham College
Dearne Valley College
Sheffield College

Notre Dame School
St John Fisher RC Junior & Infants School
All Saints RC School
St Ann’s RC Primary School
St Joseph’s Primary School
St Theresa’s RC School
St Patrick’s RC School
Totley All Saints Church of England School
Broomhill Infants School
Clifford C of E Grant Maintained School
Hayfield School
Sheffield Hallam University
Askern Town Council
Bradfield Parish Council
Brierley Town Council
Ecclesfield Parish Council
Edlington Town Council
Stainforth Town Council
Thorne-Moorends Town Council

Penistone Town Council
Stocksbridge Town Council
Barnby Dun Parish Council
Hatfield Town Council
Sprotborough Parish Council
Rossington Parish Council
Thrybergh Parish Council
Berneslai Homes
Armthorpe Parish Council
Barnburgh & Harlington Parish Council
Anston Parish Council
Aston-Cum-Aughton Parish Council
Longley Park Sixth Form College
University Technology College (Sheffield)
Trinity Academy
St Leger Homes of Doncaster
Wickersley Parish Council
Valuation Tribunal
Barnsley Academy

Silkstone Parish Council
Sheffield Springs Academy
Sheffield Park Academy
De Warenne Academy
Outwood Academy Adwick
Maltby Academy
Brinsworth Academy
Wales Academy
Parkwood Academy
St Mary’s CofE Primary (Barnsley)
Oakhill Primary Academy
Rossington All Saints Academy
Ash Hill Academy
Auckley Junior & Infant Academy
Don Valley Academy & Performing Arts College
Grange Lane Infant Academy
Pheasant Bank Academy
Danum School Technology College
Rowena Academy

The Academy at Ridgewood Trust
Conisbrough Ivanhoe Primary Academy
Hall Cross Academy Trust
Hungerhill Academy Trust
Aston Academy
Yewlands Technology College
The Hill Academy
Highgate Academy
Carrfield Academy
Gooseacre Academy
Darfield All Saints Academy
Upperwood Academy
Carlton Primary
Royston Parkside
Royston Summer Fields
Shafton Primary Academy
St Helen’s Primary Academy
Campsmount Technology College
Highfields Primary
Hatfield Woodhouse Primary

Crookesbroom Primary Academy
Willow Primary
Armthorpe Academy
Barnby Dun Primary Academy
Castle Academy
St Oswald’s C of E Academy
Armthorpe Shaw Wood Academy
Kirk Sandall Infant School
Dunsville Primary School
Sir Thomas Wharton Community College
Thurcroft Junior Academy
St Bernards Catholic High School
Tapton School
Hartley Brook Academy
Hatfield Academy

Notes to the Pension Fund Accounts

SCHEDULE A - Scheduled Bodies contributing to the Fund

Meadowhead School Academy Trust
Chaucer School
St Thomas of Canterbury Trust
King Ecgbert School
St Marie’s School A Catholic Voluntary Academy
Fir Vale School
Bradfield School
Southey Green Primary School & Nurseries
Silverdale School
Greengate Lane Academy
The Forest Academy
Meadstead Primary Academy
Heather Garth Primary School
Queens Road Academy
Littleworth Academy
Darfield Valley School
Hoyland Common Primary School
West Meadows Primary School

Dodworth St John the Baptist CE Primary Academy
Darton Primary
Balby Carr Academy
St Josephs Catholic School (Rossington)
Richmond Hill Primary Academy
Thrybergh Academy & Sports College
East Dene Primary
Coleridge Primary School
St Bedes Catholic Primary School
St Gerards Catholic Primary
St Marys Catholic Primary School (Herringthorpe)
Wingfield Academy
St Marys Catholic Primary (Maltby)
Canklow Woods Primary Academy
Whiston Junior & Infants School
Whiston Worrygoose Junior & Infant School

Oakwood High School
Sandhill Primary Academy
Brookfield Primary Academy
St Josephs Catholic Primary (Dinnington)
Maltby Redwood Primary Academy
Wickersley School & Sports College
St Wilfred’s Catholic Primary School
Meynell Primary School
Mansel Primary School
Monteney Primary School
Fox Hill Primary School
Hinde House 3-16 School
Lound Infant School
Lound Junior School
Firth Park Academy
Porter Croft CofE Primary Academy
E-ACT Pathways Academy

Hillsborough Primary School
St Marys Catholic Primary School (High Green)
Sacred Heart School, A Voluntary Catholic Academy
Outwood Academy City
Totley Primary School
St Catherines Catholic Primary School
Concord Junior School
Wincobank Nursery & Infant School

Notes to the Pension Fund Accounts

SCHEDULE B - Admitted Bodies contributing to the Fund

Voluntary Action Barnsley	Community Action Halfway House Assoc	Rotherham, Doncaster & South Humber Health	DCI Leisure Management – Pools	KAPS	Mellors Catering Services (Sheff Schools)
Danvn Drainage Commissioners	Sheffield Industrial Museums Trust Ltd	Independent Training Services Ltd	Leisure & Comm Partner – Pools	Compass (Sheffield Springs Academy)	Amey LG Limited
National Childrens’ Bureau	Sheffield Futures	Roundhouse Community Partnership	Capita – Outstanding Sheffield Prog	Compass (Sheffield Park Academy)	Vinci Construction UK Ltd (Bradfield School)
Sheffield Branch of UNISON	Sheffield International Venues Limited	Forge Community Partnership	Taylor Woodrow Const (CleanSheff PFI 4)	Taylor Shaw-Parkwood Academy	Taylor Shaw (Bradfield School)
Sheffield Students Union	South Yorkshire Housing Association	Kier Group	Veolia	Carillion (AMBS) Ltd	Creative Support Ltd
Doncaster Deaf Trust	Sheffcare Limited	Sheffield NHS Care Trust	Mitie PFI Ltd	Civica Phase 2 ICT Function – Sheff BSF	Chartwells – De Warenne Academy Catering Co
Action Housing Association Ltd	Sheffield Taxi Services	Balfour Beatty Workplace Ltd	Kier Managed Services Ltd	Peter Duffy Ltd	Trustclean Ltd – Wath CofE School
Northern College	Stonham Housing Association	May Gurney Fleet & Passenger Services	Bulloughs Cleaning Services Ltd	Barnsley Norse Ltd	Places for People Leisure Ltd
Voluntary Action Rotherham	Interserve FM Ltd	Mellors Catering Services	Great Places Housing Association	Doncaster Culture & Leisure Trust	ABM Catering – Wales High School
Sheffield MIND	Barnsley Development Agency	Tuscan Connects	Trustclean Ltd – Mexborough St Johns Primary	Dublcheck Cleaning (Roughwood Primary School)	Churchill Contract Services
Northern Racing College	Sheffield Galleries and Museums Trust	Carrillion Integrated Solutions	Civica (Sheffield BSF PFI 4)	Mellors Catering Services (Rawmarsh Com School)	Mellors – Hinde House/ King Ecgbert Scl Catering
Barnsley Business Innovation Centre Ltd	Barnsley Premier Leisure	Kier Support Services	Taylor Woodrow Const (Sheff PFI 4)	Mellors Catering Services (Longley Park School)	Sheffield City Region LEP
Barnsley Dial-a-Ride	Royston and Carlton Community Partnership	Midshire Catering Ltd	Willmott Dixon Prtn Ltd – Roth 2010 Hsg Mnt	Taylor Shaw (Sheff School Meals)	
Doncaster Community Transport	Shaw Trust	NPS Barnsley Ltd	Morrison Facilities Services Ltd	Sheffield City Trust	
Sheffield Community Transport	Wentworth Castle	Civica – Barnsley BSF	Compass (Barnsley Academy)	Seven Hills Leisure Trust	
Groundwork Dearne Valley	Doncaster Racecourse Management Co Ltd	ILIS PFI FM sub contract (Barnsley BSF)	Taylor Shaw (catering BSF PFI 4)	Trustclean Ltd (Athersley North)	
Priory Campus		ILIS Non-PFI Barnsley BSF	RED Holdings – Graves Park		
Age Concern Doncaster		Crispin & Borst – DMBC PFI			
Leonard Cheshire Foundation					
The Centre for Full Employment					



8

Policies & PRINCIPLES

Statement of Investment Principles

at 1st October 2013

1) Background

1.1

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 so-called administering authorities. South Yorkshire County Council, which was created by the 1972 Local Government Act, was the first administering authority for the South Yorkshire Pension Fund but was itself abolished in 1986. After a period of transition under the auspices of a Residuary Body administration of the Fund was vested in this Authority which was created by Statutory Instrument in 1987.

1.2

Administering authorities are required to publish a Statement of Investment Principles which records the investment policy of the Fund and which refers to certain stipulated key issues. This Statement meets those obligations and in preparing it the Authority has consulted those persons it considered appropriate. The Statement is regularly reviewed and has also established policies on corporate governance and voting matters.

2) Introduction

2.1

The investment powers of the Authority are set out in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009: SI 2009/3093 as amended. The Regulations establish the matters

that the Authority must consider when carrying out its responsibilities. In addition, common law requires the Authority to manage the Fund in the best financial interests of its members and beneficiaries at all times.

2.2

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 senior officer, the Clerk and Treasurer. The Board comprises seven councillors drawn from the Authority and selected in accordance with the Authority's Constitution and meets not less than four times per year. The Authority also liaises with representatives of the employers and stakeholders (including the trades unions).

2.3

The 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 on an as when required basis.

2.4

The Authority is authorised and regulated by the Financial Conduct Authority.

3) Investment objectives and the management of investment risk

3.1

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] (which needs to be read in conjunction with this Statement) which is 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 maintaining employer contribution rates to be kept 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.

3.2

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 benchmark. 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.

Statement of Investment Principles

at 1.10.2013

3.3

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.) within 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.

3.4

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.

3.5

There are many types of risk but the following are the key ones which are regularly monitored by the Authority.

3.6

There is counterparty risk in every transaction and the Authority aims to control this by using reputable service providers who operate effective controls. It has appointed an external bank to have custody of the Fund's publicly listed financial securities and has the deeds of its direct property investments held by external solicitors. Where advisory or management agreements are entered into these are fully documented and accord with best practice and the Fund's internal operating procedures are subject to independent audit. The Authority has appointed independent investment advisors to assist it in the scrutiny of the internal investment management activity and has appointed an independent party to provide performance measurement services.

3.7

Investing overseas exposes the Fund to fluctuations in exchange rates but allows it to spread risk across global markets and sectors and potentially enhance returns. The Fund's customised benchmark manages such exposure and as part of that approach the Authority passively hedges against its overseas property portfolio currency risk.

3.8

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. This is known as funding risk. An inappropriate strategy may lead to poor performance which is a relative risk. This can largely be controlled by granting the Fund's managers sufficient freedom to meet their targets but setting them range constraints. Poor

absolute returns stemming from market conditions cannot always be avoided but the effect can be reduced by diversifying the Fund's portfolios across a broad spectrum of assets and markets.

3.9

Because 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 expected differences and the correlation between them. It is important to recognise that returns, volatility, risks and correlations between asset classes vary over time.

3.10

The adoption of a customised benchmark, as previously described, is an integral part of the risk management process.

The current customised benchmark was approved in December 2012 and became effective from 1 January 2013: it is as follows (see next page):-

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3.10 continued

Bonds	23		
UK Index Linked	12	+3	9-15
UK Corporate Bonds	7	+3	4-10
Emerging Market Bonds	2	+3	0-5
High Yield Bonds	2	+3	0-5
Quoted Equities	60		
UK	20	+5	15-25
Overseas	40	+5	35-45
NAm	11.5	+5	6.5-16.5
Europe	9.5	+5	4.5-14.5
Japan	3.75	+5	0-8.75
Pacific	8.5	+5	3.5-13.5
EM	6.75	+5	1.75-11.75
Private Equity	3.5	+5	0-8.5
Absolute Return	2.0	+5	0-7
Property	10	+3	7-13
Cash	1.5	+10	0-10

3.11
Demographic factors including the uncertainty around longevity/ mortality projections (e.g. longer life expectancies) can also contribute to funding risk. It is recognised that there are limited options currently available to fully mitigate or hedge this aspect of risk. The Funding Strategy Statement, formal triennial actuarial valuations and periodic updates allow the Authority to keep track of the Fund's liabilities.

3.12
There is also 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, if necessary, to meet expected or unexpected demands for cash. The Authority is aware of the liquidity constraints that affect

individual asset classes and manages its cashflows to ensure future payments can be met.

3.13
The financial capacity and willingness of sponsoring employers to support the Fund is a key consideration and one which is regularly reviewed by the Authority. Whilst ensuring the stability of employers' contribution rates is a leading objective it is recognised that absolute cost to the employers is also important. This implies that employers will undertake to adopt appropriate and economic policies in those areas where they have discretion and where the costs of their actions fall directly or indirectly on the Fund.

3.14
There are other non-financial but financially material risks which can affect Fund performance such as corporate governance and environmental issues and

governmental or regulatory intervention. The Authority has developed a Responsible Investment strategy in recognition of this.

4) Organisational matters and management arrangements

4.1
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. Although the Authority has adopted the maximum headroom limits on partnerships, unit trusts, unquoted companies, collective investment vehicles and similar entities permitted under the Regulations it does not necessarily utilise the full allocation. 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.

4.2
The Fund is managed internally although on real estate matters it does seek additional assistance from specialist external advisors. The fees payable to these advisors are determined via a tender process or by negotiation. The Authority periodically reviews the terms to satisfy itself that the fees are in line with, or better than, best market practice. Performance related fees are negotiated when it is thought to be in the best interests of the Fund to do so. The real estate advisors operate under contracts which clearly state the terms of their appointment and are in accordance with the Regulations.

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4.3 Management Arrangements

Investment		
Name of Advisor	Nature of Brief	Appointed
Pensions & Investment Research Consultants Ltd	Corporate Governance /Voting execution	January 2012
Bidwells	Agricultural Property	October 2005
Standard Life Pension Funds Limited	Commercial Property	April 2002*

Custodial

The custody and safekeeping of those assets not directly held by the Authority is provided by the following custodian:-

Name of Custodian	Date of Signed Client Agreement
HSBC	March, 1996*

Actuarial

Name of Actuary	Date of Appointment
Mercer Limited	April 2000

*Date of original appointment. Contractual arrangements amended since.

4.4

As referred to in 2.3 the Authority also employs independent investment advisors. Their fees, as well as those payable to the actuary and the custodian bank are negotiated upon appointment but are reviewed as appropriate. The fees payable will vary, dependent upon the nature of the work.

4.5

The Authority’s treasury management strategy is reviewed annually.

Statement of Investment Principles

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5) Responsible Investment

5.1

The Authority 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 there are some overarching principles of corporate governance that apply globally but recognises that practices vary considerably. It recognises its responsibilities as a long-term investor and has considered how environmental, social and governance issues can be taken into account when managing investment portfolios but does so within the duties placed upon it under statute and general legal principles. 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 disinvest from companies solely or principally because of social or ethical or environmental reasons. The Authority has published a separate Responsible Investment policy statement.

5.2

The Authority recognises the importance of the voting rights attached to its shareholdings and exercises its votes on its British, European and North American listed equity investments whenever possible. The Authority's has published its own voting policy and this is regularly reviewed. Voting decisions, nonetheless, are made on a case-by-case basis bearing in mind a company's circumstances. It has appointed a contractor to ensure that its votes are effectively executed and voting decisions are published on the

Fund's website. Constructive shareholder engagement, with the aim of promoting and supporting good corporate governance principles and practice, will be pursued whenever circumstances and constraints allow. The Authority's Shareholder Engagement Statement recognises that its expectations are based upon the legal and regulatory framework of the market in which the company operates.

5.3

The Fund will liaise with other shareholders and investors to pursue its goals. 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.

5.4

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. There is no requirement that authorities implement every element of the

Principles but they should be regarded as best practice.

5.5

The Authority publishes a separate paper outlining its compliance with the principles. In summary, the Authority complies fully with Principles 2 to 6 inclusive and substantially complies with Principle One. A fully documented training policy for Members is being developed but in the meantime Members participate in regular training programmes which are provided both internally and externally.

5.6

The Authority is supportive of the UK Stewardship Code and endorses the 'comply or explain' approach it follows. The Authority believes it complies with the majority of the recommendations of the Code.

6) Consultation and review

6.1

This Statement needs to be read in conjunction with the investment section of the Fund's annual report and the risk disclosures contained within the Fund's accounts. It is kept under regular review by the Board. A revised Statement will be published when there has been any material change of policy or where circumstances require it to do so. Significant changes are only made after consultation with the leading employers and the Authority's advisors.

6.2

Copies of this statement and the Authority's investment powers are supplied to the managers and custodian so that they are aware of any constraints it imposes on them. The Statement is published on the Fund's website and copies are made available to members upon request.

Responsible Investment: Corporate Governance Policy at September 2013

Voting Guidelines- Introduction

The Authority 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 there are some overarching principles of corporate governance that apply globally but recognises that practices vary considerably. It recognises its responsibilities as an investor and has considered how environmental, social and governance issues can be taken into account when managing investment portfolios. It 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 disinvest from companies solely or principally because of social or ethical or environmental reasons. In seeking to achieve its investment objectives the Authority recognises the importance of the voting rights attached to its British listed investments and exercises them whenever possible. The Authority's voting policy is regularly reviewed and published as is its shareholder engagement statement. Although votes are generally cast in favour of

incumbent boards voting is assessed on a case-by-case basis and in the light of a company's unique circumstances. It has appointed a contractor to ensure that its votes are effectively executed and voting decisions are published on the Fund's website. Constructive shareholder engagement, with the aim of promoting and supporting good corporate governance principles and practice, will be pursued regularly reviewed and published as is its shareholder engagement statement. Although votes are generally cast in favour of incumbent boards voting is

assessed on a case-by-case basis and in the light of a company's unique circumstances. It has appointed a contractor to ensure that its votes are effectively executed and voting decisions are published on the Fund's website. Constructive shareholder engagement, with the aim of promoting and supporting good corporate governance principles and practice, will be pursued whenever circumstances and constraints allow. The Authority's expectations are based upon the legal and regulatory framework of the market in which the company operates.

The voting guidelines reflect the six key themes which appear on the agenda of company meetings. These are:-

- Boards and directors
- Auditors and audit related issues
- Capital structure
- Remuneration and benefits
- Social, ethical and environmental issues
- General corporate governance matters

The following notes highlight the main issues considered by the Authority when determining its voting policy, the Authority's preferred outcome and the methodology employed to translate the policy into votes. They are not exhaustive. Because the Authority is well aware of the inherent difficulties of imposing too rigid a guideline on a wide range of situations, the guidelines will be interpreted flexibly according to the specific circumstances of each company and meeting. The guidelines are reviewed annually or as and when events make such a review appropriate.

Responsible Investment: Corporate Governance Policy at September 2013

Section One- Listed Companies (excluding Investment Trusts)

1. Reports and Accounts

If the Chairman (see 5 below) is not standing for election vote against the proposal to adopt the report and accounts where:-

- 1. The roles of Chief Executive and Chairman are combined (unless temporary and specifically justified in the report)
- 2. NEDs comprise less than one half of the board, excluding the Chairman (unless the situation is temporary and there is evidence that new NED(s) are to be appointed).
- 3. The company has made a political donation that has not been authorised by shareholders
- 4. The Board consists of fewer than three directors or exceeds eighteen
- 5. The audit committee is not fully independent, except for companies outside of FTSE350 where the committee is comprised of fewer than two

- thirds non-executive directors (unless the situation is temporary and there is evidence that new NED(s) are to be appointed)
- 6. There is an executive director on the remuneration committee.
- 7. The Chairman is not independent upon appointment

Vote against the proposal to adopt the report and accounts where:-

- 8. There is no UK Corporate Governance Code ("Code") compliance or appliance statement
- 9. There are dual voting rights for ordinary shares
- 10. A new director is not put to the vote at the first meeting
- 11. Directors are insulated from election and are not standing
- 12. The accounts have been qualified
- 13. The auditors have been replaced upon a qualification to the accounts

- 14. There is non-compliance with other relevant legal/regulatory requirements
- 15. A dividend has been declared and the dividend is not put to the vote
- 16. Audit, remuneration and nomination committees do not exist
- 17. The remuneration report has not been put to shareholders for the vote
- 18. There is no quantifiable environmental reporting (does not apply to investment trusts)
- Abstain on the proposal to adopt the report and accounts where:-
- 19. Board evaluation is not carried out
- 20. There is no statement regarding the company's policy on board diversity

2. Dividend Policy

Vote against where earnings do not cover proposed dividend

before exceptional items and no clear justification given.

3. Political Donations

Vote against all resolutions to approve political donations.

4. Takeovers, Mergers, Acquisitions, Disposals

Query resolutions related to takeovers, mergers, acquisitions and disposals and other capital restructuring. Take into account the governance profile of board responsible for making the recommendation and the effect on shareholder interests.

5. Chairman

Vote against the chairman when:

- 1. The roles of Chief Executive and Chairman are combined (unless temporary and specifically justified in the report)
- 2. The Chair has been a former director or employee of the same company and the time lapse is less than five years

- 3. There is no resolution to approve the report and accounts

- 4. NEDs comprise less than half of the board, unless the situation is temporary and there is evidence that new NED(s) are to be appointed (if no Chairman is standing vote against report and accounts, see 1.1 above)

- 5. The Chairman is not independent upon appointment
- 6. The Board consists of fewer than three directors or exceeds eighteen
- 7. The audit committee is not fully independent, except for companies outside of FTSE350 where the committee is comprised of fewer than two thirds non-executive directors (unless the situation is temporary and there is evidence that new NED(s) are to be appointed)
- 8. The company has made a political donation that has not been authorised by shareholders

- 9. There is an executive director on the remuneration committee

6. Non-Executive Directors

Vote against non-executive director where not independent even if by so voting it will lead to the number of NEDs falling below at least one half of the board.

7. Audit Committee Members

Vote against any member of the audit committee who has a link with the auditors (unless ten years has elapsed since the association).

8. Biographical Information

Vote against a director where:

- 1. Insufficient biographical information has been provided to allow shareholders to exercise judgement
- 2. Concerns have been identified as to the suitability of a director

Responsible Investment: Corporate Governance Policy at September 2013

Section One- Listed Companies (excluding Investment Trusts)

- 3. More than five other directorships are held, except the CEO where no more than one other should be held
- 4. Less than 50% of meetings have been attended

9. Non-Executive Directors' Independence

Vote against a director where:

- 1. The director is not subject to re-election every year unless an explanation is given, except for companies outside of FTSE350 where the director is not subject to re-election at least every three years
- 2. They were a former executive of the company and the time lapse has been less than five years
- 3. The director has or has had a material business or professional relationship with the company and the time lapse has been less than three years
- 4. The director has been on the board for nine years or more

- 5. The director is linked to the controlling shareholder if independent directors comprise 50% or less of the board except where mechanisms are in place to prevent linked directors forming a majority for votes on major decisions
- 6. There are other reasons where independence is seen to be impaired
- 7. They receive remuneration other than Board fees and the reimbursement of expenses (ie bonuses, share options, consultancy fees etc)
- 8. They have close family ties with any of the company's advisers, directors or senior employees
- 9. They hold cross-directorships with other directors

10. Service Contracts

Vote against directors with service contracts of more than one year or where liquidated damages exceed one year's

remuneration unless initial appointment is for a maximum period of two years and reduces to one year or severance payments equivalent to one year. Also vote against chairman of remuneration committee.

11. Alterations to Share Based Incentive Schemes

Vote against new or amended share based incentive schemes if:

DISCLOSURE

- 1. No disclosure and justification for performance targets in long term schemes
- 2. No disclosure of targets and % payout for annual bonus scheme (if bonus paid) in the previous financial year
- 3. Unexplained discretionary bonus paid or any non-performance related bonuses (eg golden hellos) or ex-gratia payment

POTENTIAL EXCESSIVENESS

- 4. Any long term bonus scheme which may award more than 100% of salary in any year
- 5. Any annual bonus scheme that may award more than 100% of salary in any year
- 6. Any combination of incentive schemes that may award more than 150% of salary in any year (consideration should be given to companies with low base salaries)

PERFORMANCE TARGETS

- 7. Primary performance target of real EPS is not sufficiently demanding
- 8. Primary performance target using a vesting scale which pays out 20% or more of salary at median. Maximum vesting for less than 80th percentile performance
- 9. Use of only one performance criterion for a long-term scheme
- 10. Options re-priced (down) during the year

ISSUANCE

- 11. The maximum issuance of shares under incentive schemes is not to exceed 10% of issued capital

Abstain against new or amended schemes if there is no scheme that enables all employees to benefit from business success and no explanation for this is offered.

12. Employee Share Save Schemes

Abstain on votes for the establishment, renewal or extension of employee share save schemes where they are not open to all employees.

13. Remuneration Policy or Report

This guideline affects resolutions that put the Remuneration Policy or Report to the vote.

Vote against the report where:

- 1. There is no remuneration committee

COMMITTEE COMPOSITION

- 2. There is an executive director on the Committee

DISCLOSURE

- 3. No disclosure and justification for performance targets in long term schemes
- 4. The nature of performance measures are not disclosed
- 5. Unexplained discretionary bonus paid or any non-performance related bonuses (eg golden hellos) or ex-gratia payment
- 6. Significant change in policy during the year that is not explained
- 7. New share scheme (including personal scheme) has been or is to be introduced and has not been put to the vote

CONTRACTS

- 8. Contracts policy not in line with best practice (see guideline 11 above)

Responsible Investment: Corporate Governance Policy at September 2013

Section One- Listed Companies (excluding Investment Trusts)

- 9. No explanation and justification for compensation paid during the year
- 10. There are liquidated damages or change in control provisions in excess of one year

POTENTIAL EXCESSIVENESS

- 11. Any long term bonus scheme which may award more than 100% of salary in any year
- 12. Any annual bonus scheme that may award more than 100% of salary in any year
- 13. Any combination of incentive schemes that may award more than 150% of salary in any year (consideration should be given to companies with low base salaries)
- 14. Bonuses are pensionable and the scheme is defined benefit
- 15. Bonuses are paid when the company has made a loss

PERFORMANCE TARGETS

- 16. Primary performance target is not sufficiently demanding

- 17. Primary performance target using a vesting scale which pays out 20% or more of salary at median
- 18. Maximum vesting for less than 80th percentile performance
- 19. Use of only one performance criterion for a long-term scheme
- 20. Options re-priced (down) during the year

Abstain where:

- 21. There is no scheme that enables all employees to benefit from business success unless a full explanation is offered
- 22. Performance targets are changed retrospectively
- 23. Other contentious issued have been identified

14. APPOINTMENT OF AUDITORS

Vote against auditors where:

- 1. Non-audit fees are more than 75% of audit fee in the year

- under review and on a three year aggregate basis unless full explanation is offered in the accounts
- 2. The finance director has a link with the auditors (unless five years has elapsed since the association)
- 3. The auditor has missed an issue which resulted in a restatement

Abstain on the auditors where:

- 4. Non-audit fees are not disclosed on a global basis regardless of the size of non-audit fees
- 5. The auditors have been replaced upon a qualification to the accounts

It is to be assumed that all non-audit fees are unacceptable apart from sums received for regulatory, takeover and merger or tax compliance work and identified as such.

15. Scrip Dividend

Generally vote for scrip dividend resolutions but vote against if no cash dividend alternative.

16. Share Repurchase/Buy Backs

Vote against share repurchase where:

- 1. Authority exceeds 15% of issued share capital
- 2. Disclosure fails to meet Listing Rule requirements
- 3. It is not in the best interest of shareholders

Abstain on the share repurchase where the resolutions require any ordinary majority only.

17. Authority to Issue Shares

Vote against share issue where:

- 1. Authority exceeds 66% of share capital (after share schemes, warrants and convertible shares)
- 2. Disclosure fails to meet Listing Rule requirements

- 3. Where company has done a “cashbox” placing in excess of 5% of share capital

18. Disapplication of Pre-emption Rights

Vote against share issue where:

- 1. Authority exceeds 5% of share capital
- 2. Disclosure fails to meet Listing Rule requirements

19. Increase Authorised Share Capital

Abstain on resolution to increase share capital if no explanation for seeking the authority is disclosed.

20. Articles of Association

Vote according to best practice on resolutions to adopt new articles or amend existing articles where the changes adversely affect accountability to shareholders or are otherwise not in the interests of shareholders on balance.

Vote against proposals to amend borrowing limits if it is not justified in the meeting documents and the limit is not excessive.

21. New Employee Share Option Scheme (ESOP)

Support if it applies to all employees in practice and is within institutional guidelines.

22. Discretionary Payment to Directors

Vote against unless part of a payment under an existing scheme for which performance targets were published and disclosure is sufficient to show how these were achieved.

23. Liability of Auditors to be Capped

Vote against any resolution seeking to agree a cap on the liability of the auditors.

Responsible Investment: Corporate Governance Policy at September 2013

Section Two- Listed Investment Trusts

1. Report and Accounts

If the Chairman (see 4 below) is not standing for election vote against on the proposal to adopt the reports and accounts where:

- 1. NEDs comprise less than one half of the board (unless the situation is temporary and there is evidence that new NED(s) are to be appointed)
- 2. The company has made a political donation that has not been authorised by shareholders
- 3. Where the size of the Board consists of fewer than three directors or exceeds seven
- 4. The Chair does not meet the independence standard set out in section 8
- 5. Executive Chairman (or quasi exec Chairman) and no NED appointment in prospect
- 6. The contract with the management company exceeds one year
- 7. The management contract has not been reviewed within the last year

8. The company has made a political donation that has not been authorised by shareholders

If the Chairman or most senior member of the committee is not standing for election vote against on the proposal to adopt the report and accounts where:

- 9. The audit committee is not wholly comprised of less than two thirds non-executive directors (unless the situation is temporary and there is evidence that new NED(s) are to be appointed)
- 10. There is an executive director on the remuneration committee

Vote against the proposal to adopt the report and accounts where:

- 11. There is no Code compliance or appliance statement
- 12. Where there are dual voting rights for ordinary shares
- 13. Where a new director is not put to the vote at the first meeting

14. Directors are insulated from election and are not standing

15. The accounts have been qualified

16. The auditors have been replaced upon a qualification to the accounts

17. There is non-compliance with other relevant legal/regulatory requirements

18. Where a dividend has been declared and the dividend is not put to the vote

19. Audit and management engagement committees do not exist

20. Where more than one director has served for nine years or more

21. The company has made a political donation during the year which has not been approved by shareholders (if no Chairman is standing vote against report and accounts, see 1.1 above)

22. The remuneration report has not been put to shareholders for the vote

23. The company does not have an institutional voting policy and does not publicly disclose voting activity

24. The company does not disclose its policies regarding social, environmental and ethical issues covering the companies in which it invests.

2. Dividend Policy

Vote against where revenue (less management fee) does not cover proposed dividend and no clear justification given.

3. Political Donations

Vote against all resolutions to approve political donations.

4. Directors

CHAIRMAN

Vote against the Chairman when:

- 1. The Chair does not meet the independence standard set out in section 7
- 2. There is no resolution to approve the report and accounts

3. NEDs comprise less than one half of the board, unless situation is temporary and there is evidence that new NED(s) are to be appointed (if no Chairman is standing vote against report and accounts, see 1.1 above)

4. Executive Chairman (or quasi exec Chairman and no NED appointment in prospect

5. The size of the Board consist of fewer than three directors or exceeds seven

6. The contract with the management company exceeds one year

7. The management contract has not been reviewed within the last year

8. The company has made a political donation that has not been authorised by shareholders

9. The audit committee is not fully independent, except for companies outside of FTSE350 where the committee is comprised of fewer than two

thirds non-executive directors (unless the situation is temporary and there is evidence that new NED(s) are to be appointed)

If there is no remuneration report vote against the Chairman where:

10. There is an executive director on the remuneration committee

5. Biographical Information

Vote against a director where:

- 1. Insufficient biographical information has been provided to allow shareholders to exercise judgement
- 2. Concerns have been identified as to the suitability of a director
- 3. Less than 50% of meetings have been attended

6. Non-Executive Directors' Independence

Vote against a director where:

- 1. The director is not subject to re-election at least every three years

Responsible Investment: Corporate Governance Policy at September 2013

Section Two- Listed Investment Trusts

- 2. They are a current or former executive of the company or management company and the time lapse has been less than three years
- 3. The director sits on more than two trusts managed by the same management company
- 4. The director has had a material business or professional relationship with the company or management company and the time lapse has been less than three years
- 5. The director has been on the board for nine years or more and the company has no published policy on tenure
- 6. The director is linked to the controlling shareholder if independent directors comprise 50% or less of the board except where mechanisms are in place to prevent linked directors forming a majority for votes on major decisions

7. Service Contracts

Vote against directors with service contracts of more than one year.

8. Remuneration Policy or Report

This guideline affects resolutions that put the Remuneration Policy or Report to the vote.

Vote against the report where:

COMMITTEE COMPOSITION

- 1. There is an executive director on the Committee

DISCLOSURE

- 2. No disclosure and justification for performance targets in long term schemes
- 3. No disclosure of targets and % payout for annual bonus scheme (if applicable) in the previous financial year

CONTRACTS

- 4. Contracts policy not in line with best practice
- 5. No explanation and justification for compensation

paid during the year

- 6. There is no objective to reduce contracts to one year for all executive directors (new or existing)

- 7. Newly appointed executive directors have been awarded fixed term contracts in excess of one year

- 8. There are liquidated damages or change in control provisions in excess of one year

- 9. Directors bonuses are pensionable and the scheme is defined benefit

- 10. Other contentious issues have been identified

9. Appointment of Auditors

Vote against auditors where:

- 1. Non-audit fees are more than 75% of audit fee in the year under review and on a three year aggregate basis unless full explanation is offered in the accounts

- 2. Any director on the audit committee has a link with the auditors (unless ten years has elapsed since the association)

Abstain on the auditors where:

- 3. Non-audit fees are not disclosed on a global basis regardless of the size of non-audit fees
- 4. The auditors have been replaced upon a qualification to the accounts

It is to be assumed that all non-audit fees are unacceptable apart from sums received for regulatory, takeover and merger or tax compliance work and identified as such.

10. Scrip Dividend

Generally vote for scrip dividend resolutions but vote against if no cash dividend alternative.

11. Share Repurchase/Buy Backs

Vote against share repurchase where:

- 1. Authority exceeds 15% of issued share capital
- 2. Disclosure fails to meeting Listing Rule requirements

Abstain on the share repurchase where the resolutions require any ordinary majority only.

12. Authority to Issue Shares

Vote against issue where:

- 1. Authority exceeds one third of share capital (after share schemes, warrants and convertible shares)
- 2. Disclosure fails to meet Listing Rule requirements

13. Disapplication of Pre-emption Rights

Vote against share issue where:

- 1. Authority exceeds 10% of share capital
- 2. Disclosure fails to meet Listing Rule requirements

14. Increase Authorised Share Capital

Abstain on resolution to increase share capital if:

- 1. No explanation for seeking the authority is disclosed
- 2. The resolution includes authority for directors to act where their actions may raise concerns which are unrelated to the consequences of the share capital increase (bundled)

15. Articles of Association

Vote according to best practice on resolutions to adopt new articles or amend existing articles where the changes adversely affect accountability to shareholders or are otherwise not in the interests of shareholders on balance.

Vote against proposals to amend borrowing limits if it is not justified in the meeting documents and the limit is not excessive.

Responsible Investment: Corporate Governance Policy at September 2013

Section Three- Listed Exchange Traded Funds (ETFs)

Due to the nature of the entity it is the policy of the Authority not to vote at all on any issue at any meeting of a listed Exchange Traded Fund.

September 2013



Responsible Investment Policy

at July 2013

In terms of managing the South Yorkshire Pension Fund the Authority's primary objective is to ensure that the Fund can meet its pension liabilities. In order to achieve that it has to produce superior financial returns without taking on undue levels of risk and to do so within the legislative and operational constraints which govern the operation of the Fund. Capturing the required investment returns involves identifying opportunities that offer greater than normal reward and the Authority believes that businesses that operate to high standards of corporate social responsibility (CSR) have the potential to protect and enhance investment returns. The Authority supports the view that environmental, social and governance best practice should be encouraged so long as the potential for financial return is not

reduced or risk isn't increased. It favours companies committed to high standards of CSR and to the principles of sustainable development. The Authority believes that good corporate governance includes the management of the company's impact on society and the environment, as these are increasingly becoming a factor in contributing towards maximising long term shareholder value. Environmental, social and governance (ESG) factors can be integral to the long-term sustainability of businesses regardless of where they are listed or the countries in which they operate. Given that significant ESG issues play out over the medium to longer term, it is important that investors consider companies' approaches to these issues on a case by case basis.

However, the Authority must be cognisant of its legal and statutory obligations and responsibilities and it applies its responsible investment policy within that context. One of those duties is to ensure a proper diversification of investments and, therefore, it has determined not to actively invest or disinvest from companies solely or largely for social, governance or environmental reasons. Instead, it adopts a positive engagement approach whereby social, environmental and governance matters are discussed with company management with the aim of improving procedures and attitudes. The Authority believes that this is the most effective way to improve the attitude of business towards CSR. In the Authority's view, simply divesting from particular companies is a denial of responsibility.

Considerations such as these have led the Authority to develop a policy that revolves around using its shareholder power and influence, either singly or in collaboration with other like-minded institutional investors, by voting and using other contacts to positively influence company behaviour. It acknowledges the arguments occasionally put forward by special interest groups on specific ESG issues but it will not allow such considerations to detract it from undertaking its statutory and fiduciary duties. This approach does not prevent the Authority from applying social, environmental or governance criteria on a case by case basis if considered appropriate.

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Produced by

South Yorkshire Pensions Authority ·

18 Regent Street ·

Barnsley ·

S70 2HG ·

Telephone 01226 772923 ·



www.sypensions.org.uk

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