

## SY PENSIONS AUTHORITY RISK REGISTER AS AT

27/09/2017

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability and Impact	Target Score	Probability and Impact	Risk Mitigation Action	Owner	% comp	Review Date	Commentary (If Applicable)
	001	Failure to ensure there are appropriate succession plans in place to ensure employees are given opportunities to demonstrate their capability to 'step-up' to more senior roles	Leading to... Knowledge gaps; Negative impact on existing / remaining employees; Business Continuity and resilience issues; Negative impacts on service delivery; Poor performance and non-delivery of targets; Reputational damage; Potential knock on effects where knowledge gaps could appear in areas where employees have been promoted from;	Head of Paid Service	Training of employees; Sharing of information; Use of minutes and central resources to ensure employees are well informed; Involvement in all issues of management teams to ensure continuity; No immediate competitors for recruitment in the Pensions industry; Procedures well documented; Currently carrying some vacancies to provide some flexible options; Need to provide full Business Case prior to any recruitment being undertaken; External HR support in place; Authority Management Committee in place; BMBC HR support;	2	P - H F - M OI - M	4	P - H F - L OI - L	Access to online training for all staff now available. Fund Director to report to the Authority 5/10/17 on structural proposals post pooling including succession planning and qualification levels for new posts. Delivery of internal Training Programme 17/18	Head of Paid Service  Head of Paid Service / Head of Pens Admin		31/12/2017  31/12/2017	This has been updated to recognise the development of the online training plan. The risk scoring remains the same until the training has been implemented and then reviewed at that point. The restructure in pensions administration has elevated a number of key staff which is positive for retention
	002	Failure to ensure that the Elected Members knowledge and understanding of Pensions related activities is robust, and meets the statutory requirements in terms of Section 248a of the Pensions Act 2004	Leading to... Improper scrutiny and challenge by Elected Members; Mistakes, Errors and omissions and non-compliance with statutory requirements; Failure to ensure contributions are collected; Failure to ensure benefits are calculated properly; Failure to ensure surplus monies are properly and prudently invested; Reputational damage in terms of censure from regulators;	Clerk to the Authority	Induction training provided to new Members which comprises a three day external training course; One day internal refresher course in 2013; Periodic awareness presentations delivered to Members; A self assessment framework for Members and Chairs is in operation but needs refining - this should assist in identifying training requirements; Lead Member for training identified; Working to the spirit of the CIPFA Code of Practice (Code of Practice on Public Sector Pensions Finance Knowledge and Skills, revised in 2013) - Treasurer is the nominated CIPFA officer; Production of Annual Report which includes commentary on Members training activities; External training augmented by internal training;	5	P - M F - VL OI - L	6	P - L F - VL OI - L	Review of Members self assessments	Treasurer		31/12/2017	
	003	Failure to ensure that required pay and contributions data from customers is provided in an accurate and timely manner	Leading to... Negative impacts on operational targets; Inaccurate information being given to employees and pensioners resulting in complaints, customer dissatisfaction and reputational damage;	Head of Paid Service	District Group Meetings between officers; Regular reports on progress submitted to Corporate Planning and Governance Board; Standard item on South Yorkshire Treasurers Association meetings; Practitioner officer working group established; Ongoing liaison with External Audit; Pensions regulator responsible for regulating schemes and is able to fine and censure those responsible for inaccurate or late information; Enhanced and more robust Service Level Agreements between customers and Authority; Pension Strategy approved by Authority - reviewed and revised version in place for 01/04/2016 - incorporates SLA's and improves upon them in terms of fines being levied for customers who are non-compliant;	2	P - M F - H OI - M	3	P - L F - H OI - H	Pensions Administration Strategy Implemented  Monthly postings to be implemented for 18/19	Vice Chair (Corporate Planning and Governance Board)  Head of Pens Admin		31/12/2017  31/12/2017	Positive steps forward in this area but the risk remains high until the change to monthly posting has been implemented. The software has been delivered and testing is going well. Employers are keen to be part of the test.
	004	Failure to ensure that social, environmental and other factors such as the use or endorsement of fossil fuel, obesity and tobacco by companies in which the Fund invests are considered when making investment decisions	Leading to... Non-achievement of investment objectives; Failure to protect and enhance the economic value of the companies the Fund invests in; Reputational damage;	Fund Director	Internal policy documents in place; Awareness information circulated within Investments Team; Membership of various pressure groups; Reports to Members Oversight Board; Awareness of balance between risk (investing in companies that may have an interest in fossil fuel, obesity and tobacco) against reward (high yield investments); Members have embraced the approach exhorted by Professor John Kay in his 2012 'Review of equity markets and long term decision making' and the phrase 'voice over exit'; Pensions Climate Change Policy Document published and feedback received; Statement of Investment Principles in place; Performance reports include information on investments made;	4	P - M F - M OI - M	5	P - L F - L OI - L	Reports to members have been submitted during the year.	Head of Investments		30/11/2017	Members are kept up to date with reports as appropriate.
	005	Failure to ensure that the deposits held with banks and other financial institutions is repaid on the agreed due date (Credit Risk)	Leading to... Financial loss; Negative impact on overall financial viability of the scheme;	Fund Director	Treasury Management Strategy requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority; Maximum sum to be invested identified for each institution; Credit monitoring arrangements in place; Financial references obtained for institutions that the Authority may potentially invest in;	5	P - L F - M OI - L	6	P - L F - L OI - L	Ongoing monitor and review	Head of Investments		31/03/2018	Treasury Management strategy reviewed and approved March 2017. Monitoring reports submitted during the year.
	006	Failure to ensure that the Authority has appropriate access to its cash resources to meet its commitments to make payments (Liquidity Risk)	Leading to... Financial loss; Negative impact on overall financial viability of the scheme; Inability to meet pensioner payroll costs and investment commitments;	Fund Director	The Fund has immediate access to its cash holdings with the majority of cash being deposited for no longer than a week, and no cash being deposited for more than a month; The latest triennial actuarial valuation undertaken in 16/17; Assumptions within Actuarial report (mortality and commutation rates) unchanged for previous evaluations; The Authority works to the principle of 'collect, handle, secure and invest';	5	P - L F - M OI - L	6	P - L F - L OI - L	Actuarial review in 2016 completed : new contribution rates in place from April 2017. Treasury management operations kept under review	Head of Investments		30/11/2017	Actuarial review completed by March 2017

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	007	Failure to ensure the Authority protects the data it owns, and the data it handles	Leading to... Loss of personal information resulting in reputational damage and censure by Information Commissioner; Loss of trust from partnering organisations; Successful attacks by hackers or third parties; Disruption and delays;	Head of Paid Service / Fund Director	Data back up undertaken daily and backed up information removed from site; Disaster Recovery procedures and Business Continuity Plan in place; External Audit by third party organisations the Authority works with; Security of emails via GSX accounts or the use of Mimecast software; IT Security Policy in place; Reporting of incidents to Information Commissioner; Information Governance training included in training programme; BOLD training available via BMBC; Data Protection Officers no longer in post within SY Pensions; Contract management arrangements regarding the software provided by SY Pensions to third parties includes performance management consideration; Liaison with Landlord regarding improvements to physical security of Regents Street Offices such as lock on doors undertaken; Mandatory Data Protection training in place;	3	P - L F - H OI - H	5	P - VL F - M OI - H	Bi-Annual review of BCP  Roll-out of Windows 10 to enable hard drives to be encrypted  Review of where data is stored to ensure is can not be extracted  Provision of online training to employees 16/17. Investigate GDPR and provide relevant training if necessary	IT Manager IT Manager IT Manager IT Manager		31/03/2018 Complete 31/12/2017 31/03/2018	The IT plan is tested on an annual basis. No issues from the last test. The review of data storage is well underway. The online training course has been completed. The impact of GDPR from May 2018 needs to be considered.
	008	Failure to ensure that the reconciliations between SY Pensions and the DWP relating to the end of the contracting out window (31/03/2016) are undertaken within an appropriate timescale	Leading to... SY Pension will have to guarantee minimum pension levels, and essentially have to underwrite the risk of miscalculation or lack of / poor information;	Head of Paid Service	Details from central Government are still emerging; Current lack of resources within SY Pensions makes this a challenging area to comply with; Approval received to outsource arrangements to I.T.M. Ltd;	2	P - H F - M OI - M	4	P - M F - M OI - M	Review of work undertaken by I.T.M. Ltd to ensure members benefits are correct. Reconciliation work has been undertaken and recalculations ready to be done.	Head of Pens Admin		31/12/2017	Progress has been made but recalculations are now in a queue along with other work waiting to be done. Recalculation plan being developed.
	009	Transition to the new investment 'pooling' arrangements is not well managed	Poorer value for money Negative impact on the staff involved in the transition Reputational damage for SYPA and the LGPS	Clerk to the Authority	Member Steering Group in place (MSG) Chair of SYPA fully engaged in MSG Officer Steering Group with SYPA senior officers involved Sec151/Monitoring Officer oversight of arrangements Regular reports to SYPA & LPB	3		3		Member and officer participation in pooling arrangements and supports individual workstreams	Fund Director		Nov-17	Regular reporting in place at SYPA meetings. Key BCPP appointments now made. SYPA structure post transfer being reported to the authority for approval on 5th October.
	10	Transfer of the Sheffield City Region Comined Authority (SCRCA) Passenger Transport Fund to the Greater Manchester pension Fund effective 1.4.17	Whilst this relates to the PTF rather than SYPA there is nonetheless a potential reputational impact if this is not well managed by SYPA officers.	Fund Director	Project Magpie has been set up by GMP supported by Hymans (Actuary) and the Head of Pensions is a member of the project team. Consultation is currently underway via DCLG expecting to confirm the transfer, retrospectively, from 1.4.17 with some months of post transfer transition.	4		6		Maintain as standing item on SMT Head of Pensions a member of the project team and reports to SMT Head of Investments engaged as required on asset transfers. Head of Finance exercises oversight of financial implications.	Fund Director/ Head of Pensions / Head of Investments/ Head of Finance		30/11/2017	SMT standing agenda item. Data transfer to take place during October 2017 and Asset Transfer no later than 31st January 2018
	11	The MiFID II (Markets in Financial Instruments Directive) arrangements are somewhat complex European driven changes which could impact adversely on all LGPS funds.	The changes are currently set to take effect from 3 January 2018, part of a process of harmonising regulations for investment services across market operations in the European Economic Area. The main issue that funds could face is a re-classification from 'per se professional' to 'retail' client status. Funds could see significant restrictions on their investment activities as retail clients e.g. in terms of the types of investment funds and asset classes which they could invest in.	Fund Director / Head of Investments	The Financial Conduct Authority (FCA) is the body responsible for implementing the requirements in the UK, in the context of the EU and UK regulatory frameworks. Funds will however, have the opportunity to "opt-up" to 'elective professional client', i.e. professional client status. The FCA believes that the ability to access financial markets will not be fundamentally affected by broader changes if classified as a professional client. The specific procedure for opting-up will include both qualitative and quantitative assessments	3		5		There are no immediate financial consequences for the Fund. BCPP officers working with the FCA and others to forge an acceptable way forward for the operation of LGPS funds within MiFID II is crucial to future operating practices. Opt up process to be reported to Investment Board 14.9.17	Fund Director / Head of Investments		30/11/2017	Kept under review within BCPP Officer operating Group. LGA now have an opt-up process as guidance for funds. To be reported to Iboard 14.9.17 and applied in practice.
	12	The implementation of the General Data Protection Regulations (GDPR) in May 2018.	The GDPR will impact on the way that we can lawfully collect, use, retain and share information about members. With new duties to report breaches and the potential for significant financial penalties it is important to ensure that we are ready to comply with the GDPR.	Fund Director	We are compliant with the current Data Protection Act with regard to data security and staff awareness. However under GDPR all our current data sharing agreements must be reviewed and we also need to advise scheme members of their privacy rights and the possibility of them requesting that cease to hold aspects of their personal data. IT security is also being enhanced.	2		5		IT Staff are attending a three day training course in October which will assist in the development of further IT security. Following the training a project team will be created to proportionately examine our data relationships. A BOLD training course will be rolled out to staff when available. We are party to an LGPS working group to share developments	Head of Pens Admin		30/11/2017	Report to the authority on progress due November 2017

**Key:**  
**P = Probability**  
**F = Financial Impact**  
**OI = Other Impacts**  
**VL (1) = Very Low**  
**L (2) = Low**  
**M (3) = Medium**  
**H (4) = High**  
**VH (5) = Very High**