




SOUTH YORKSHIRE PENSIONS AUTHORITY RISK REGISTER AS AT 15/08/2019

Risk No	Risk Type	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Current Score	Probability & Impact	Target Score	Probability & Impact	Risk Mitigation Action	Owner	Risk Change	Review Date	Commentary (if applicable)
G1	Governance	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 CIPFA Code of Practice (Code of Practice on Public Sector Pensions Finance, Knowledge and Skills, revised in 2013 Production of Annual Report which includes commentary on Members training activities; External training augmented by internal training.	4	I = M P = M	6	I = L P = VL	Review of Member self-assessments. Addition of the Regulator's on line toolkit as a mandatory training requirement. Strengthened internal training programme including member seminars and list of approved external events.	Clerk to the Authority Clerk to the Authority Fund Director		31.03.2020	Risk has increased due to 7 new members being appointed to the Authority following the recent elections. A review of this risk will take place prior to the December Authority meeting when it will be possible to judge the effectiveness of the additional mitigations
G2	Governance	Failure to ensure that the Local Pension Board is effective in carrying out its role.	Leading to Ineffective scrutiny of the way in which the Scheme Manager (the Authority) exercises its responsibilities Action by the Regulator.	Clerk to the Authority and Fund Director	Induction training and commitment to an ongoing programme of learning and development for all members.	2	I=H P=M	3	I=H P=L	Introduction of an independent element to ensure that the Board is not "officer" led. Stabilisation of Board membership.	Clerk to the Authority/ Fund Director Clerk to the Authority/ Fund Director		31.12.2019	New risk added in light of instability in the membership of the Board and the increased focus of the Pensions Regulator on the work of Local Pension Boards. To be reviewed after the October meeting of the Board.
I1	Investment and Funding	Failure to ensure that the Authority has appropriate access to its cash resources to meet its commitments to make payments. (Liquidity and credit risk.)	Leading to Financial loss; Negative impact on overall financial viability of the Scheme; Inability to meet pensioner payroll costs and investment commitments. Reputational damage.	Fund Director	The Fund has immediate access to its cash holdings with the majority of cash being deposited for no longer than a week. Levels of cash holding are monitored daily. Treasury activity reviewed weekly by management and twice yearly by elected members with an annual review of limits. Treasury Management Strategy sets limits for the duration and risk profile of deposits with financial institutions. Triennial actuarial review considers contribution rates and cash flow requirements.	5	I = M P = L	6	I = L P = L	Introduction of quarterly reporting of treasury activity to elected members. Fund actuary is due to provide a new software tool (pfaroe) which will allow the more detailed modelling of cash flow requirements using detailed liability data. Consideration being given to splitting frictional cash (required for day to day purposes from cash awaiting investment).	Fund Director		31.03.2020	Increased frequency of reporting to members is a consequence of the revised performance reporting arrangements. Splitting of cash holdings between frictional cash and cash awaiting investment would allow differential strategies to be developed avoiding the erosion of return that results from the holding of large amounts of cash.
I2	Investment and Funding	Failure to maintain the gains in funding levels achieved since the 2016 valuation, either as a result of falls in the market value of	Leading to The need to maintain high (and possibly unaffordable) levels of deficit contributions. The need to increase future service contribution rates which may create	Fund Director/ Head of Investment Strategy	An equity protection strategy was implemented in March 2018. The Investment Strategy already looks to shift out of more volatile "growth" assets into less volatile income earning assets.	3	I = H P = L	5	I = H P = VL	First principles review of the Investment Strategy to be undertaken alongside the triennial valuation from April 2019 for implementation from April 2020.	Fund Director/ Head of Investment Strategy		31.12.2019	Consultants appointed to support the review of the Investment Strategy.

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12 cont.		investments or an increase in the value of liabilities.	financial difficulties for employers given the economic environment in which they operate. Critical review by the Government Actuary as part of their s 13 Valuation.							Options for containing or reducing liabilities (e.g. a trivial commutation review) will be examined following the actuarial valuation. However, in the meantime data cleansing activity will be focussed on areas that impact the value of liabilities.				Focused data cleansing activity in relation to Unprocessed underway to maximise impact on the valuation process.
13	Investment and Funding	Failure to implement effective arrangements for the oversight of investment management functions being undertaken by Border to Coast Pensions Partnership.	Leading to Inability to adhere to Authority policies and potentially not be able to fulfil the Investment Strategy.	Head of Investment Strategy	BCPP is an FCA regulated body and as such is expected to adhere to the Stewardship Code and work within stipulated guidelines as set out in prospectus. These guidelines were set with discussion with underlying funds Alignment of policies with underlying fund policies Ensured that BCPP have sub funds to allow SYPA to fulfil its strategy. Ongoing collaboration about policy. Ongoing collaboration regarding potential changes to Authority strategy. Analysis of investment performance on a monthly/quarterly basis with detailed analysis on an annual basis.	2	I = VH P = M	5	I = M P = L	Receipt and review of audit and controls assurance information from Border to Coast and the Company's Depositary.	Head of Investment Strategy		30.09.19	As the process of pooling evolves a number of mitigations have now become more embedded as business as usual within the control environment. However, as Border to Coast is still a new organisation the probability of issues remains higher than when steady state is reached.
14	Investment and Funding	Failure to secure products through Border to Coast which address the requirements of the Fund's investment strategy.	Leading to Failure to achieve required investment return. Erosion of the overall value of the Fund. Negative impact on contribution rates at valuation points.	Head of Investment Strategy	Ongoing dialogue with both Border to Coast and partner funds in order to influence product development. Monitoring of developments in the market place and where appropriate championing these within discussions with Border to Coast and partner funds.	5	I = M P = L	5	I = M P = VL	Engagement with Border to Coast as an "implementation partner" in the development of the investment strategy.	Head of Investment Strategy		31.12.2019	Engagement remains positive in this area. It is now clear that the proposed product range will meet the requirements of the Investment Strategy, with changes being in the balance of assets between products
15	Investment and Funding	Impact of Climate Change on the value of the Fund's investment assets and its liabilities.	Leading to An increased gap between the value of assets and liabilities. Reduction in the level of investment income as companies failing to adapt to a low carbon economy become less able to pay dividends Changes in the liability profile of the Fund.	Fund Director and Head of Investment Strategy	Climate Change Policy in place in addition to the Responsible Investment Policy, supported by engagement activity with investee companies to encourage a planned and more rapid transition to a low carbon economy. Ongoing monitoring of the carbon intensity of equity portfolios every other year in place. Lower carbon tilt adopted within the equity portfolios and continued by Border to Coast. Investment in the extended opportunity set provided by the move to a low carbon economy targeted within the Alternatives portfolio, particularly infrastructure. Ongoing monitoring of demographic data by the actuary in place.	1	I = VH P = M	4	I = M P = M	Product from the Border to Coast Climate working party including providing more regular measurement of the carbon intensity of portfolios. Consideration of alternative investment approached as part of the Investment Strategy Review. Scenario planning within the context of the ongoing development and review of investment strategies.	Head of Investment Strategy Head of Investment Strategy Fund Director		31.03.2020	

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O1	Operational	Failure to ensure the Authority protects the data it owns and the data it handles against inadvertent release and cyber-security threats.	Leading to Loss of personal information resulting in reputational damage and censure by Information Commissioner; Loss of trust from partner organisations; Successful attacks by hackers or third parties; Disruption and delays.	Fund Director	Data backup 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 the training programme; BOLD and GDPR training made available Independent Data Protection Officer established ; Contract management arrangements regarding the software provided by SY Pensions to third parties includes performance management consideration; Physical security of offices improved following relocation to Gateway Plaza Mandatory data protection training with annual refresher in place. Regular updating of software and encryption of hard drives. Annual ICT health checks through penetration testing and achievement of Cyber Essentials Plus Accreditation.	3	I = H P = L	5	I = M P = L	Bi Annual review of Business Continuity Plan. Data breaches reported to Local Pension Board quarterly for scrutiny. Data Protection Officer Assurance programme introduced. Reduction of in-house 'manual' mailing of personal data. Move to secure online communications with members where possible (e.g. Annual Benefit Statements). Cyber Security training identified for all staff.	IT Manager Head of Pensions Administration Head of Pensions Administration Head of Pensions Administration		31.12.2019	Achievement of Cyber Essentials Plus accreditation in the last period together with successful annual testing of business continuity arrangements. Annual Data Protection audit providing Reasonable Assurance. Breach Reporting Policy updated.
O2	Operational	Failure to meet statutory requirements for disclosure of information to scheme members.	Leading to Poor customer service and reputational damage. Censure and potential fines from the Pensions Regulator and other statutory bodies; Potential for inaccurate data to flow into the 2019 actuarial valuation process and to impact the correct calculation of member benefits.	Head of Pensions Admin	Production of the ABS is dependent on receipt of timely returns from employers. The updated Administration Strategy from March 2018 incorporates SLA's and improves upon them in terms of fines being levied for employers who are non-compliant; Production process for 2018 was brought forward to ensure sufficient contingency time; Joiner/leaver processes configured to meet statutory disclosure requirements.	4	I = M P = L	6	I = L P = VL	Introduction of monthly data collection from April 2018 removes reliance on year-end returns so production process will begin in June rather than July from 2019; ABS's to be issued online from 2019 which further reduces the production schedule and process can be managed fully in house; Administration performance reporting to Authority to focus on statutory compliance from 2019-20; Data Quality Improvement Plan to be implemented.	Head of Pensions Administration		31.08.2019	All 12 monthly returns for 2018/19 received from all employers and production preparations underway. First statements expected June 2019. Members have access to own data through upgraded portal.
O3	Operational	Closure of Government Guaranteed Minimum Pension service and reconciliation exercise.	Leading to Significant under/overpayments of existing pensions in payment causing member hardship and reputational damage; Workload pressures of adjustment to excess volumes of member records. Failure to maintain adequate records going forward.	Head of Pensions Admin	Reputable external provider appointed to meet initial HMRC deadline of 31 October 2018; External provider currently handling responses finally received from HMRC to all mismatch queries raised and report of reconciliation due by 30 September. HMRC due to issue final report of GMP liability for the scheme by end of 2019.	2	I = H P = M	5	I = M P = L	Liaison with LGPS funds to aim to ensure consistent approach to rectification once reconciliation finalised. Assurance work to be commissioned once HMRC issue final liability report.	Head of Pensions Administration		30.09.2019	HMRC extended own deadlines for processing queries raised by funds to July 2019. HMRC are now due to issue final report of GMP liability for the scheme by end of 2019.
P1	People	Failure to maintain a suitably qualified and experienced workforce which reflects the community which the Authority serves.	Leading to Continuing imbalances in the Authority's workforce which create the potential for a sudden loss of a significant amount of experience. Skills gaps through a lack of succession planning. Reputational damage through criticism of the lack of diversity in the workforce. Impact on productivity and organisational resilience.	Fund Director	A structured career grade scheme supported by highly structured and exam based training is in place for a key group within the pension administration workforce. Procedures within pension administration are well documented. Identification of potential single points of failure and production of plans to eliminate them. Production of an HR and Organisational Development Strategy targeting these issues.	4	I = M P = M	5	I = L P = M	Full implementation of the HR and Organisational Development Strategy. Formalise workforce and succession planning arrangements Implement Management. Development Programme covering all staff with supervisory and wider management responsibilities. Identification of potential single points of failure and production of plans to eliminate them.	Fund Director		31.03.2020	The implementation of the restructure of the Administration Service together with the development of further elements of the HR Strategy including mandatory training and management development are

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														likely to allow this risk to be reduced by the end of the year.

Key: P = Probability I = Impact VL (1) = Very Low; L (2) = Low; M (3) = Medium; H (4) = High; VH (5) = Very High