

**SOUTH YORKSHIRE PENSIONS AUTHORITY RISK REGISTER AS AT 4.12.19**

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
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; Programme of internal seminars; 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.	9	I = M P = M	2	I = L P = VL	Review of Member self-assessments.  Addition of the Regulator’s on line toolkit as a mandatory training requirement.	Clerk to the Authority  Clerk to the Authority		31.03.2020
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.  Introduction of an independent element to ensure that the Board is not “officer led”.  Stabilisation of Board membership.	12	I=H P=M	8	I=H P=L	Additional learning development opportunities being provided.	Clerk to the Authority/ Fund Director		31.3.2020
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. New software available from the Actuary to assist with cashflows and funding level.	3	I = M P = VL	4	I = L P = L	Introduction of quarterly reporting of treasury activity to elected members.  Consideration being given to splitting frictional cash (required for day to day purposes from cash awaiting investment).	Fund Director		31.03.2020
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 investments or an increase in the value of liabilities.	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 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.	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.	8	I = H P = L	4	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. 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.	Fund Director/ Head of Investment Strategy		31.3.2020
I3	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.	8	I = H P = L	6	I = M P = L	BCPP have agreed a process for the provision of controls assurance with all the audit firms involved in the LGPS.	Head of Investment Strategy		31.3.2020



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03	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 the final report of the totality of GMP liability for the Fund is expected from HMRC by 31 December 2019. Once this is received from HMRC the external provider will be engaged to carry out a full final reconciliation across the database before we move to rectification. The final reconciliation is expected to be a two month project.	12	I = H P = M	6	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		31.07.2020
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.	9	I = M P = M	6	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

Key: P = Probability I = Impact

VL (1) = Very Low; L (2) = Low; M (3) = Medium; H (4) = High; VH (5) = Very High

**Risk Matrix**

5 Very High	5	10	15	20	25
4 High	4	8	12	16	20
3 Medium	3	6	9	12	15
2 Low	2	4	6	8	10
1 Very Low	1	2	3	4	5
	1 Very Low	2 Low	3 Medium	4 High	5 Very High

**PROBABILITY**

**Risk Score**

Risk Score	RAG Rating
0 – 5	Low
6-14	Moderate
15-25	High

A '5X5' Risk matrix covering **Probability** and **Impact** (including 'Financial' and 'Other Impacts' is used when assessing the level of Risk.

This analysis should be undertaken by Managers and Supervisors **with experience in the area in question**.

The Risk 'Score' is identified by considering the probability of the event occurring, and the highest recorded impact of the risk, should it manifest.

A numeric value is applied to each of the selections for Probability and Impact, and these are referenced in the Risk Matrix to give a 'RAG' rated Risk 'Score'.