






SOUTH YORKSHIRE PENSIONS AUTHORITY CORONAVIRUS RISK REGISTER AS AT 29.05.2020

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 Since Last Review	Last Review Date
G1	Governance	Authority and Local Pension Board meetings disrupted.	Inability to make key policy decisions, lack of effective scrutiny and oversight of the Authority's operations. Inability to deliver learning and development activity to new members appointed to the Authority (assuming that District Councils can hold some form of Annual Meeting) Assessment made on the assumption that disruption runs through to around September.	Clerk & Director	Scheme of delegation in place. Urgent business procedure allows decisions to be taken outside of formal meetings.	9	P=M I=M	12	P=H I=M	Application of any changes to regulations to allow meetings not to take place in person. Enhancement of urgent business procedure to allow consultation with a wider group of members prior to decisions being taken. As Local Board is not formally governed by the LGA 1972 the option exists if the current situation is prolonged to use "Zoom" or similar to hold a virtual meeting. The recess period prior to the elections currently runs to early June for meetings of the Authority and if necessary could be put back to July. Learning and Development could be provided on a targeted basis through "Zoom" or similar <i>Comment 30.04.20</i> <i>Emergency regulations allowing virtual meetings now in place and the ability to hold and support such meetings proved. In addition agendas can be structured so that items requiring decisions are prioritised.</i> <i>Comment 29.05.20</i> <i>Position unchanged will be reviewed in the light of the experience of the Authority Meeting on 11th June.</i>	Clerk Director Clerk Clerk and Director Director		29.05.20
G2	Governance	Disruption of formal governance arrangements for Border to Coast	Inability to sign shareholder resolutions. Reduction in oversight because of inability of the Joint Committee to meet. Reduced effectiveness of the Officer Operations Group (OOG) in relation to product development, potentially retarding progress or resulting in failure to achieve genuine consensus around design	Director	Shareholder resolutions require agreement of the Chair in consultation with the s41 members. This can be achieved remotely. However, there may be issues if District Councils are unable to hold annual meetings and appoint members for the 2020/21 Municipal Year. OOG already capable of meeting remotely, although not for protracted periods or for very long meetings.	9	P= M I= M	9	P=M I=M	Subject to changes in regulations the Joint Committee may be able to meet remotely, although this might impair its effectiveness. <i>Comment 30.04.20</i> <i>All officer level meetings are continuing virtually and regulations and technology now allow the Joint Committee to continue to meet if required. There may well be an impact on delivery timescales but at this stage it is not expected to be material and more likely to be impacted by market conditions impacting the timing of asset transitions.</i> <i>Comment 29.05.20</i> <i>Position unchanged, Joint Committee will go ahead virtually on 6th June.</i>	Director		29.05.20
G3	Governance	Disruption and reduction in the effectiveness of the control environment	Remote working makes operation of baseline control arrangements more difficult or impossible Covid 19 infections reduce the numbers of staff available so that current controls cannot be operated	Senior Management Team	Adaptation of previous control arrangements to a remote working scenario to ensure that controls continue to operate in the first instance. Electronic workflows that accommodate staff absence in dealing with sign offs Ensuring that more than one person is capable of performing any task within a control process Ongoing review of staff absences at regular SMT meetings allowing risks to be highlighted early	8	P=L I=H	6	P=M I=L	Gradual extension of the number of processes where electronic workflows are used. Identification of staff who could be trained to provide cover in areas where resilience is lower than others <i>Comment 29.05.20</i> <i>Probability score reduced in the light of the success of the various arrangements put in place to ensure that controls continue to function in a remote working environment, particularly in terms of authorisations.</i>	Senior Management Team		29.05.20
I1	Investment and Funding	Planned strategic changes no longer appropriate and/or assets out of line with benchmark / risk position.	Market fluctuations cause funding that was to be redirected between asset classes to no longer be available. Funding level changes as a result of market fluctuations cause a	Head of Investment Strategy	Equity protection strategy has now "rolled off" providing cash for reinvestment at appropriate points in the cycle. Ongoing monitoring of the funding level against updated asset valuations.	16	P=H I=H	12	P=VH I=M	Ability to convene meetings of the investment panel by conference call to review the position and take any necessary decisions	Head of Investment Strategy		29.05.20

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			requirement to change the balance between growth assets and other types of asset.			8		6		Maintenance of cash holdings in relatively short term loans in order to provide flexibility to reinvest. <i>Comment 30.04.20</i> <i>Market conditions are stabilising which does give greater clarity about the continuing appropriateness of the strategic asset allocation agreed in March. However, the market impacts of the crisis will take some considerable time to fully emerge and therefore the probability in this area needs to remain high.</i> <i>Comment 29.05.20</i> <i>Market conditions remain fragile and while March valuations of Alternatives assets do not, as yet, bear out the worst predictions these are a lagging indicator and the full market impacts seem unlikely to be seen until the June or September quarter ends, hence the current score is unchanged.</i>	Head of Investment Strategy		
12	Investment and Funding	Fire sale of assets	Assets required to be sold quickly in order to meet the imbalance between benefits payable and contributions	Head of Investment Strategy and Head of Finance and Corporate Services	Maintenance of higher than required levels of cash managed through the Treasury Management portfolio Agreement of pre-payment plans for contributions with major employers providing a cash cushion in the earlier part of the year allowing any required asset disposals to be more appropriately timed.	8	P=L I=H	6	P=L I=L	Enhanced monitoring and forecasting of cash flows <i>Comment 29.05.20</i> <i>Cash holdings are being maintained at a higher level than would otherwise be the case. At present there are no significant demands for rescheduling of contribution payments. However, at this stage there is no justification for reducing the probability</i>	Head of Investment Strategy and Head of Finance and Corporate Services		29.05.20
13	Investment and Funding	Contribution rates for employers are unaffordable due to business interruption	Employers (particularly TAB's and CAB's) unable to meet their liabilities due to not receiving income as a result of the interruption of their business due, for example, to school closures.	Head of Pension Administration	Existing assessment of employer risk and covenant identifying higher risk employers Ongoing communication and dialogue with employers and the Fund Actuary to identify possible options.	10	P=VH I=L	8	P=H I=L	Identification of the applicability of the policy responses for private sector DB schemes to LGPS and engagement with the Scheme Advisory Board <i>Comment 30.04.20</i> <i>Request have begun to come in from employers with regard to deferral contributions therefore the probability has increased. However, given that the employers affected are currently relatively small the impact at Fund level remains low.</i> <i>Comment 29.05.20</i> <i>Two employer requests have been received from relatively small employers. However, risks have been highlighted nationally around specific sectors and proactive contact is being made with employers in these sectors as necessary. While at this stage this risk has not emerged to the extent anticipated this may be due to the extraordinary level of government support which has recently been given an end date which may cause employers to reconsider, hence the risk level has not been changed.</i>	Head of Pension Administration		29.05.20

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I4	Investment and Funding	Business continuity failures mean employers are unable to meet contribution payment deadlines.	Employers unable to submit monthly data returns on time which from April 2020 will generate the input for direct debit payments. Disruption to Fund cash flow	Head of Pension Administration and Head of Finance and Corporate Services	Ongoing dialogue with employers to identify problems early. Maintenance of significant available cash balances through the Treasury Management portfolio	16	P=M I=H	12	P=H I=M	Enhanced monitoring of contribution receipt and cash flow Redirection of Engagement Officer resource to maintain contact with employers to provide early warning of issues Focussed support to employers with the greatest difficulties, for example support with data submissions <i>Comment 30.04.20</i> <i>No change in current assessed level of risk. Further review will take place later in May when April's contributions are due to be paid over.</i> <i>Comment 29.05.20</i> <i>May contribution income does not appear to have been impacted by Covid-19 issues to any significant degree however the situation will continue to be reviewed. At this stage it is not appropriate to reduce the current score</i>	Head of Finance and Corporate Services Head of Pension Administration Head of Pensions Administration		29.05.20
O1	Operational	Issues with software, systems and technology	ICT infrastructure unable to support rapid increase in agile/homeworking. Lack of 'agile' telephony systems reduces effectiveness of newly created Customer Centre and lowers customer satisfaction levels.		Use of a variety of different means to gain remote access to the network reducing single point dependence. Purchase of additional software and hardware to support homeworking for all staff. Clear instructions to users around not making use of facilities which have a high impact on network capacity. Temporary use of voicemail service allowing members and employers to receive a call back.	9	P=M I=M	9	P=M I=M	Installation of additional network capacity as required. Adoption of minimal change position to maintain software stability in the short term. Testing web based telephony enhancements to promote intelligent routing of calls and allow restoration of Customer Centre. Increase use of live web chat facility. <i>Comment 30.04.20</i> <i>The ICT infrastructure is operating effectively and capacity on the internet connection has been increased and a higher specification server to replace a machine due for replacement is being ordered. Given the infrastructure has survived without disruption the probability score has been reduced.</i>	Corporate ICT and Digital Manager Corporate ICT and Digital Manager		30.04.20
O2	Operational	Significant reduction in productive capacity due to impact of the virus on sickness levels	Creation of backlogs of work and potential for missing key deadlines. Potential for backlogs of retirements to result in financial hardship and large arrears payments. Potential for backlogs of death cases to result in the need to recover large overpayments Failure to meet statutory deadlines for case processing and for issue of Annual Benefit Statements.	Senior Management Team	Monitoring of sickness levels and productivity through regular SMT Business Continuity calls. Clear criteria within which casework is prioritised. Risk of compliance failures raised with TPR at national level with request to consider flexibility if required. Annual Benefit Statement exercise to start in May rather than July to balance workloads. B	16	P=H I=H	12	P=H I=M	Reassessment of priority activities to concentrate on those activities that directly impact: <ul style="list-style-type: none"> - The retirement process - Pensioner deaths and deaths in service - Payment of staff and supplier - Collection of all forms of income Redeployment of resources from support areas (Engagement, Technical UPM Team) to casework and from other corporate areas to financial processing. <i>Comment 30.04.20</i> <i>While there has been no impact from Covid 19 on sickness levels so far the nature of the virus means that it is difficult at this stage to identify grounds to reduce the probability score.</i>	Senior Management Team		
O3	Operational	Slippage and delivery failure in relation to key projects within the Corporate Strategy and supporting strategies.	Failure to deliver service improvements on time	Senior Management Team	Agreement of specific priorities with each member of the Senior Management Team focussing only on the most important items	5	P=VH I=L	5	P=VH I=L	Agreement of revised deliverables and timescales with elected members in the light of the evolving situation. <i>Comment 30.04.20</i> <i>There will be some changes to delivery timescales, which will become clearer in the monitoring of Q 1 Corporate Strategy delivery, however at this stage this is not</i>	Senior Management Team		

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										<i>anticipated to impact on the ability to deliver the Authority's core functions.</i>			
O4	Operational	Delay in the production and audit of the Authority's Annual Report and Accounts (the Government has already delayed the audit process)	Delay in publication of key information for the purposes of public accountability. Concerns for scheme members due to the delay in publication causing uncertainty about the safety of their pensions.	Head of Finance and Corporate Services Treasurer	Publication of draft report and accounts (subject to audit) at the earliest possible stage. Maintenance of the current project plan for production of the accounts.	12	P=H I=M	10	P=VH I=L	Additional clear communication of year end position to scheme members through the website and e mail shot. <i>Comment 30.04.20</i> Plan agreed with the auditors which will allow production of draft accounts in line with the timescale in previous years but with the sign off of the audit delayed in line with the revised statutory timescales giving some time to address any issues around asset valuation. Hence probability score reduced.	Director		30.04.20
O5	Operational	Scheme members and other stakeholders concerned about market volatility	Increasing number of enquiries from scheme members diverting resources from other activity. Potential for scheme members to consider removing funds from the scheme when it is not in their best interests to do so.	Director Head of Pension Administration	Publication of LGA advice statement on the website Existing guidance and policies which aim to ensure scheme members have taken appropriate advice before transfer. Update provided to Authority members at the March Authority meeting in relation to the Fund's asset value together with the impact of equity protection and the Fund's currency balance.	12	P=H I=M	10	P=VH I=L	Additional clear communication of year end position to scheme members through the website and e mail shot. Additional regular updates for Authority and Local Pension Board members covering both asset valuation and other business continuity / interruption issues <i>Comment 30.04.20</i> A clear message around this was included in the April pensioner newsletter. There has not been a significant volume of queries from members and therefore it can be deduced either that the level of interest anticipated does not exist or the communications being undertaken are having the desired impact. Hence the probability score has been reduced	Director Director		30.04.20

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