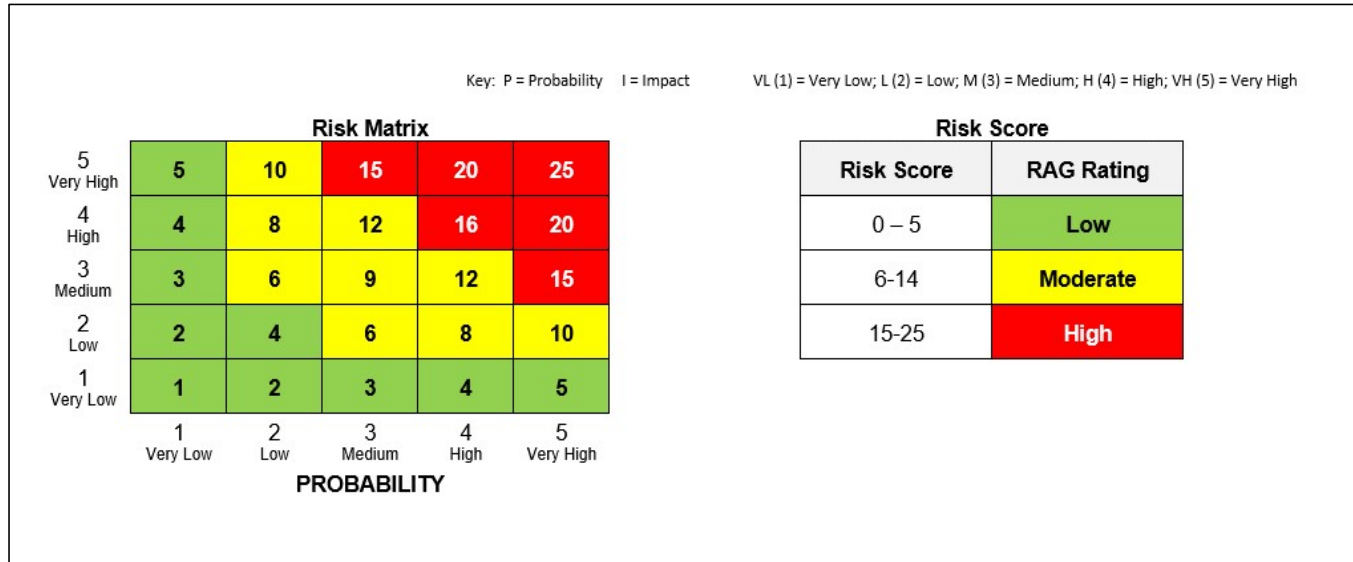


**South Yorkshire Pensions Authority Risk Register As At
20 May 2022**



Key:




Risks currently under particular focus are:

Risk No	Risk Type	Risk Title	Current Score	Risk Change at Review
G2	Governance	Failure of members of the Local Pension Board to maintain adequate levels of knowledge and understanding	9	↓
I3	Investment and Funding	Failure to manage the key risks identified in the Border to Coast Strategic Plan	9	↓

SOUTH YORKSHIRE PENSIONS AUTHORITY RISK REGISTER AS AT 20/05/2022

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 at Review	Last Review Date
G1	Governance	Failure of members of the Authority to maintain adequate levels of knowledge and understanding	Poor decision making not supported by appropriate advice. Regulatory criticism/action. Insufficient challenge being provided to officers	Corporate Manager - Governance	Member Learning and Development Strategy and associated mandatory requirements. Provision of on-line learning resources and knowledge assessment tools. Provision of internal seminars programme. Support for attendance at appropriate external events.	12	P=M I=H	6	P=L I=M	Additional support to complete knowledge assessments for all members. Examination of additional bite size learning options. Provide further internal seminars and examine options for more individualised "tuition". <i>Comment 17/05/2022 :</i> No change to risk score at this stage. This will be re-assessed in the light of finalised membership and comprehensive assessment of learning and development needs, to be completed during June 22.	Corporate Manager - Governance		17/05/2022
G2	Governance	Failure of members of the Local Pension Board to maintain adequate levels of knowledge and understanding	Poor decision making not supported by appropriate advice. Regulatory criticism/action. Insufficient challenge being provided to officers.	Corporate Manager - Governance	Member Learning and Development Strategy and associated mandatory requirements. Provision of on line learning resources and knowledge assessment tools. Provision of internal seminars programme. Support for attendance at appropriate external events. Additional support from the Board's Independent Adviser	9	P=M I=M	6	P=L I=M	Additional support to complete knowledge assessments for all members Examination of additional bite size learning options Provide further internal seminars and examine options for more individualised "tuition". <i>Comment 17/05/2022:</i> The Board has a stable membership and a sound level of knowledge and understanding based on the learning needs assessment that has been undertaken. In addition, it has been agreed to extend the contract of the current Independent Adviser which strengthens effectiveness of the Board, to the point where a further review may result in the target being reached. As a result the impact in relation to this risk has reduced from high to medium.	Corporate Manager - Governance		17/05/2022
G3	Governance	Breakdown of the control environment	Exposure to the risk of loss due to fraud or error. Critical external audit reports leading to regulatory action.	Senior Management Team	Documented internal controls. Senior Management review of controls to provide assurance as part of the process for developing the Annual Governance Statement. Effective Internal Audit service to provide assurance to management in relation to the control framework. Ongoing replacement of aging systems which require manual controls with more modern systems which allow controls to be automated	8	P=L I=H	4	P=L I=L	Completion of system replacement and upgrade programmes. Extension of management assurance process to Team Managers. Adoption of Governance Assurance Framework suggested by Internal Audit <i>Comment 17/05/2022:</i> The current status and experience over the last year warrants a change to the assessed probability of this risk from Medium to Low, resulting in a reduced current score.	Senior Management Team		17/05/2022

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 at Review	Last Review Date
G4	Governance	Weak or ineffective project management arrangements	Failure to deliver key projects included within the Corporate Strategy	Director	Some project management training delivered for key staff. Limited project management support.	16	P=H I=H	6	P=L I=M	<p>Appoint to redefined role of Project / Programme Manager.</p> <p>Provide all managers responsible for leading and delivering projects with a standard toolkit to follow to ensure consistent planning and delivery. Institute a more formal and documented process of reporting on the progress of projects.</p> <p><i>Comment 17/05/2022:</i> At this stage no change to the current score is justified. The recruitment process is in hand and it is anticipated that an appointment will be made shortly.</p>	Director		17/05/2022
I1	Investment and Funding	Material changes to the value of investment assets and/or liabilities due to major market movements	Sharp and sudden movements in the overall funding level	Head of Investment Strategy	Investment Strategy focussed on relatively lower risk and less volatile investments. Element of inflation protection built into the asset allocation both through specific assets (such as index linked gilts) and proxies such as property and infrastructure.	15	P=M I=VH	9	P=M I=M	<p>Ability to implement protection strategies if market circumstances indicate they are appropriate.</p> <p><i>Comment 17/05/2022:</i> Given the current uncertainty in the market there is no justification for reducing the score.</p>	Head of Investment Strategy		17/05/2022
I2	Investment and Funding	Failure to mitigate the impact of climate change on the value of the Fund's investment assets and liabilities	Significant deterioration in the funding level	Director	Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast. Asset allocation tilted to favour more climate positive investments. Reporting in line with the requirements of TCFD and regular monitoring of the level of emissions from portfolios, with outline targets for reductions. Work commenced to provide more comprehensive data on private market investments.	20	P=H I=VH	12	P=H I=M	<p>Review of Investment Strategy following the 2022 Valuation to integrate the achievement of Net Zero within the Strategic Asset Allocation.</p> <p>Clear targets for emission reduction to be set for all portfolios.</p> <p>Additional engagement with Border to Coast to identify potentially climate positive investments.</p> <p><i>Comment 17/05/2022:</i> At this stage there is no evidence to support a change in the score for this risk. However work on the review of the investment strategy will actively consider the delivery of our net zero goal as part of its work over the coming year. Work is also in hand to analyse end of year climate data to gain a more detailed understanding of the current emissions trajectory.</p>	Director		17/05/2022
I3	Investment and Funding	Failure to manage the key risks identified in the Border to Coast Strategic Plan	Decline in investment performance. Increased costs as a result of the need to move to more expensive products. Potential changes in the risk and volatility levels within the portfolio	Director	Process of engagement between the Company and stakeholders to agree the Company's Strategic Plan and Budget containing appropriate mitigations. Succession and contingency planning arrangements in place within the Company	9	P=M I=M	6	P=L I=M	<p>Agreement of a programme of specific risk mitigations as part of the 2022 - 2025 Strategic Plan and Budget</p> <p><i>Comment 17/05/2022:</i> The Company's Strategic Plan, including spend to address key risks, was agreed in March and the new plan focuses in part on people risks and succession planning. Recent recruitment indicates some success in mitigating this risk, and in view of this the impact score has been reduced to medium.</p>	Director		17/05/2022

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 at Review	Last Review Date
I4	Investment and Funding	Imbalance in cashflows	Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative impacts on individual pensioners.	Head of Investment Strategy	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll. Process for monitoring and forecasting cashflows	10	P=L I=VH	5	P=VL I=VH	Further improvements in cashflow forecasting., Implementation of strategies to more regularly harvest income from investments. <i>Comment 17/05/2022:</i> At this stage there is no justification to reduce the score.	Head of Investment Strategy		17/05/2022
I5	Investment and Funding	Affordability of contributions	Negative impact on employer financial viability. Default on the making of contributions by employers.	Director	Investment strategy focussed on less volatile investments. Focus in the valuation process on delivering longer term stability in contribution rates. Retention of elements of any surplus to manage the risks to contribution stability.	9	P=M I=M	6	P=M I=L	Adjustments to balance of the investment strategy between growth and protection according to market circumstances <i>Comment 17/05/2022:</i> The valuation process is likely to produce broadly the same outcome with overall affordability remain the same. At this stage there is no justification to reduce the score.	Director		17/05/2022
O1	Operational	Failure to maintain effective cyber defences	Significant disruption to the provision of services. Loss / unauthorised release of key data.	Corporate Manager - ICT & Digital	Regularly updated firewalls and other protections. Regular refresher training on cyber security for all staff with a requirement to achieve a minimum level of pass. Regular penetration testing.	16	P=H I=H	12	P=M I=H	Additional testing of disaster recovery arrangements <i>Comment 17/05/2022:</i> Working towards annual recertification of Cyber Security Essentials Plus accreditation, this will maintain the current accreditation rather than add to our current mitigations. In view of this there is no justification to reduce the score of this risk.	Corporate Manager - ICT & Digital		17/05/2022
O2	Operational	Impact of poor data quality on operational project delivery	Failure to deliver key projects such as McCloud rectification on time. Provision of inaccurate information to members such as Annual Benefit Statements. Inaccurate data impacting the valuation of liabilities during the triennial valuation.	Head of Pensions Administration	Ongoing data improvement plan. Projects Team put in place to resource specific exercises to address data improvement. Implementation of front end validation of employer data submissions.	12	P=M I=H	6	P=M I=L	Additional actuarial validation checks undertaken on an ongoing basis <i>Comment 17/05/2022:</i> The new projects team s in it's early days, initial indications are that it is having a positive effect but it is too early to measure this meaningfully. At this stage there is no justification for a reduction in the score.	Head of Pensions Administration		17/05/2022
O3	Operational	Data Protection and GDPR	Unauthorised release of personal data. Action by the Information Commissioner.	Head of Pensions Administration	Review process built into processes involving the release of information. Secure e-mail facility used where personal information involved. Mandatory staff training in relation to data protection issues repeated on a regular basis. Regular internal audit work to review and test controls.	12	P=M I=H	6	P=M I=L	Increase in the volume of member correspondence managed through the member portal <i>Comment 17/05/2022:</i> Following a recent Advisory audit, work is ongoing with Internal Audit and BMBC to review and develop further our suite of policies and procedures. In particular focusing on Information Sharing Agreements and Document Retention. A Gateway approval document has been drafted, which captures the need for Data Impact Assessments etc. as part of the procurement process. At this stage the is no justification for a reduction in the score, however a further review will take place when the above has been progressed.	Head of Pensions Administration		17/05/2022

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O4	Operational	Regulatory Compliance	Enforcement action by relevant regulatory authorities	Senior Management Team	Reporting of compliance with relevant standards. Ongoing process of awareness raising and training for staff in relation to operational matters such as TPR Scams requirements. Basic assessment of compliance with TPR CoP 14 in place.	12	P=M I=H	8	P=L I=H	More detailed assessment of compliance with emerging TPR Single Code and other regulatory requirements with associated action plan and enhanced regular reporting. Additional training for Authority and Pension Board Members to enable improved oversight. <i>Comment 17/05/2022:</i> There is no justification at this stage to reduce the score. However the potential of implementing an enhanced management system will be reviewed, further supporting the internal management reporting and early risk identification.	Corporate Manager - Governance		17/05/2022
P1	People	Ability to recruit and retain an appropriately skilled and qualified workforce	High level of vacancies	Director	Pay and benefits package with emphasis on employee wellbeing. Career grade scheme in place for Pensions Officers.	12	P=H I=M	6	P=M I=L	Review of pay and benefits package. Introduction of additional personal development opportunities. Introduction of a structured approach to succession planning. <i>Comment 17/05/2022:</i> It is intended to report the pay and benefit review to members in the Autumn. Steps have been taken to utilise different routes to recruit with some initial success in terms of widening the application pool. This pilot will reviewed later in the year to consider if it will be continued. At this stage there is no justification to reduce the score.	Director		17/05/2022