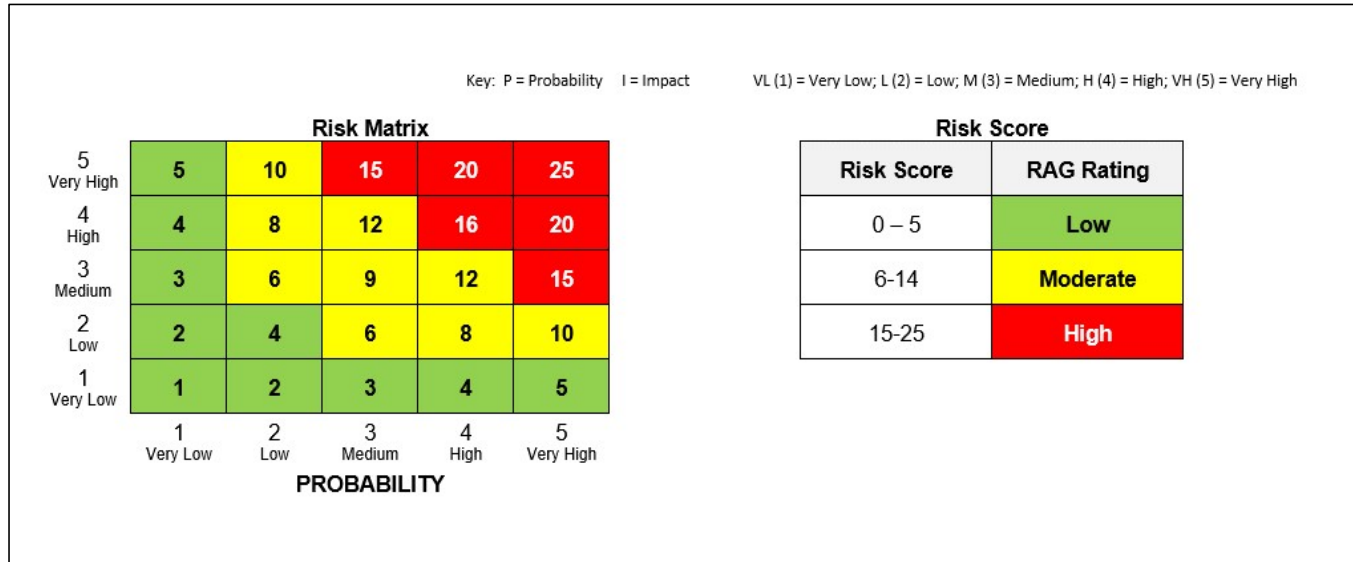


**South Yorkshire Pensions Authority Risk Register As At  
17 August 2022**

Key:



SOUTH YORKSHIRE PENSIONS AUTHORITY RISK REGISTER

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 16/08/2022 :</i> <i>Whilst improvement has been made, and Authority members have completed the Hymans online learning module, we are still not fully compliant. The expectation would be that by December 2022 members will have completed the majority of mandatory training required, at which point the risk score could be reduced significantly. Further work has identified additional training which has now been diarised throughout the coming year which will strengthen Governance and Compliance throughout the organisation.</i>	Corporate Manager - Governance		16/08/2022
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 16/08/2022:</i> <i>The comments still stand from the May review, in that the Board has a stable membership and sound level of knowledge. We would hope to further reduce the score in December 2022 with the mandatory training replicating that for the Authority members. Further work has identified additional training which has now been diarised throughout the coming year which will strengthen Governance and Compliance throughout the organisation.</i>	Corporate Manager - Governance		16/08/2022
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 16/08/2022:</i> <i>The consensus at the last review was that the probability was low, impact would however still remain high therefore no justification for further change at this stage.</i>	Senior Management Team		16/08/2022

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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 16/08/2022:</i> A successful appointment has been made and the new Programmes and Performance Team Manager is now in post. Due to the recent nature of the appointment the score will remain as is. It is however likely that, following new systems implementations, both elements of the score will be reduced at the next review.</p>	Director		16/08/2022
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 16/08/2022:</i> There has been significant market volatility in the first part of the year which has resulted in some reduction in the value of the fund. However this has to some degree been mitigated by the overall mix of assets held and the lower volatility approach used in most of the products in which the Authority has invested. At this stage there is no basis for reducing the risk score.</p>	Head of Investment Strategy		16/08/2022
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	<p>Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast.</p> <p>Asset allocation tilted to favour more climate positive investments.</p> <p>Reporting in line with the requirements of TCFD and regular monitoring of the level of emissions from portfolios, with outline targets for reductions.</p> <p>Work commenced to provide more comprehensive data on private market investments.</p>	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>Analysis of end of year climate data to gain a detailed understanding of the current emissions trajectory.</p> <p><i>Comment 16/08/2022:</i> There remains no basis for adjusting this score down however, in the last quarter targets for the main listed portfolio have been set and the latest estimated trajectory for the achievement of net zero in these indicates a date of around 2045. Whilst not in line with the 2030 goal this does represent an improvement on our previous position.</p>	Director		16/08/2022

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13	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 Programme of specific risk mitigations agreed as part of the 2022 - 2025 Strategic Plan and Budget	9	P=M I=M	6	P=L I=M	Ongoing monitoring of Programme of specific risk mitigations set out in 2022 - 2025 strategic plane.  <i>Comment 16/08/2022:</i> There continues to be evidence that points in the right direction, however the risk score remains the same at this stage, with a potential to be revised at the next review.	Director		16/08/2022
14	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 16/08/2022:</i> At the last review was no justification to reduce the score. The same comment applies to this review, particularly given the higher level of inflation which will significantly increase the amount of benefits from April. Work will need to be done to forecast cashflows following the valuation and agreement of prepayment with employers in order to ensure current levels are maintained.	Head of Investment Strategy		16/08/2022
15	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 16/08/2022:</i> At this stage there is no justification to reduce the score.	Director		16/08/2022
01	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 Cyber Security Essentials Plus Certification  <i>Comment 17/08/2022:</i> The annual Cyber Security Essentials Plus accreditation recertification has been successful. Whilst this does not reduce the risk probability, as it is an existing measure, it is worth noting that the standards have continued to be raised year on year and we were already working to this increased level. At this stage there is no justification for a change in the score.	Corporate Manager - ICT & Digital		17/08/2022
02	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 17/08/2022:</i> Unforeseen admin system issues as a result of the upgrades delivered by the system provider have meant that expected improvements have not been delivered as yet . An overarching review of the current system provider will take place in the Autumn. At this stage there is no justification for a reduction in the score.	Head of Pensions Administration		17/08/2022

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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 17/08/2022:</i>  <i>At this stage there is no justification for a reduction in the score, however it is likely that this could be reduced at the end of 2022 following the implementation of:</i>  <i>Data protection refresher training for all staff due to be completed by the end of September 2022.</i> <i>Review of Information Management Policies, including the development of a formal information sharing agreement by December 2022.</i> <i>DPIA process to be piloted and rolled out to whole organisation early 2023.</i>	Head of Pensions Administration		17/08/2022
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 17/08/2022:</i> <i>There is no justification at this stage to reduce the score. Existing systems are in place for individual areas however the implementation of the new risk/compliance system may warrant a reduction in the overall risk score in December 2022. TPR Single Code has not yet been issued yet and is expected no earlier than the end of 2022, further compliance requirements will be reviewed at that stage.</i>	Corporate Manager - Governance		17/08/2022
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 16/08/2022:</i> <i>The pay and benefit review is planned to take place in the Autumn.</i> <i>Recruitment is continuing taking place, some areas are problematic, however impact to this will be assessed after the pay and benefit review.</i> <i>At this stage there is no justification to reduce the score.</i>	Director		16/08/2022