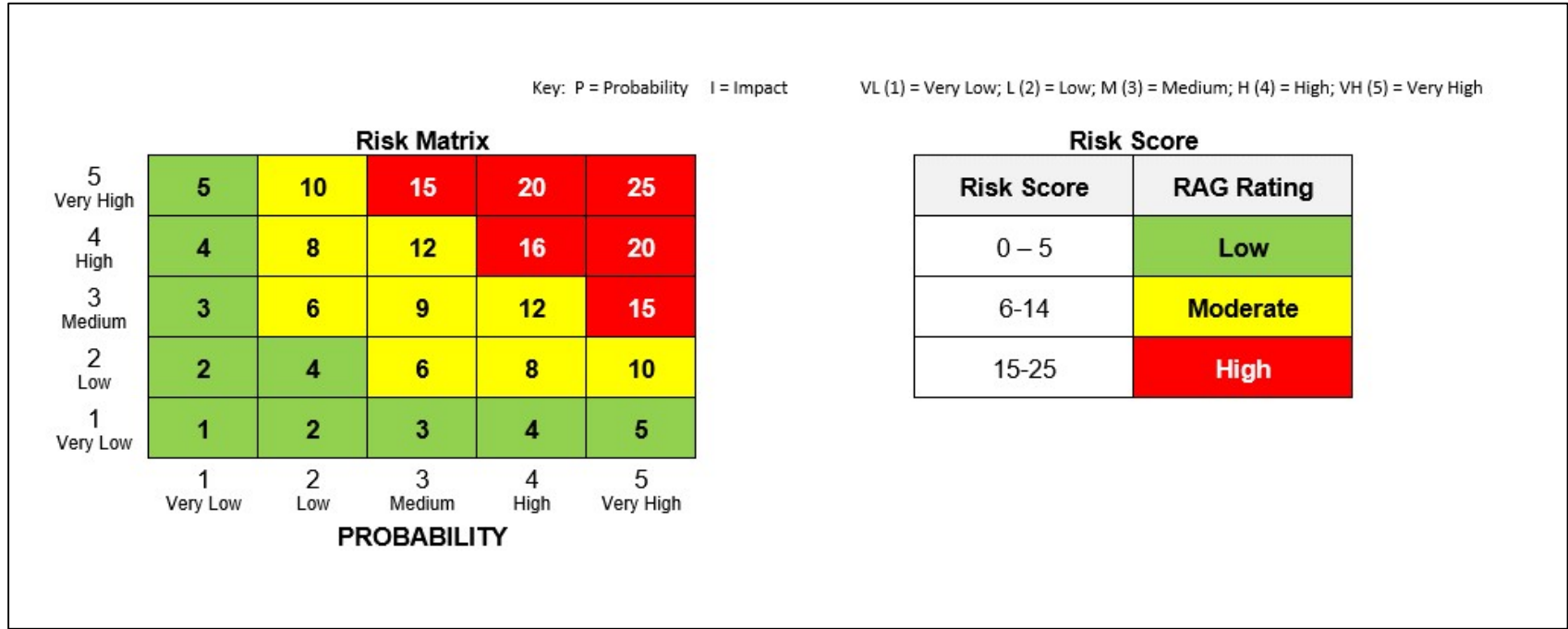


**South Yorkshire Pensions Authority Risk Register As At
20 May 2023**

Key:



Risk scores changed since last review:


Risk No	Risk Type	Risk Title	Prev Score	New Score	Risk Change at Review
O5	Operational	Change to the CARE Revaluation date to bring it in line with the tax year	20	16	↓
P2	People	Reduced levels of technical knowledge and senior management capacity during period of vacancy	20	12	↓


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	Head of 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 to complete knowledge assessments for all members. Examination of additional bite size learning options. Members have completed the majority of mandatory training required by December 2022. As at May 2023 all members of Authority are 100% compliant against mandatory training requirements	9	P=M I=M	6	P=L I=M	Provide further internal seminars and examine options for more individualised "tuition". Given the municipal year changes in members in early spring further mandatory training will be required with new members to ensure the Authority has 100% compliance. 2023/24 will focus heavily on enhancing the knowledge and skills of the Authority with many changes expected to the pensions landscape i.e. McCloud, Pensions Dashboard, TPR, Good Gov Code and the Procurement Bill. Changes to the Chair and Vice Chair in 23/24 will require additional support and training with individuals in these roles to ensure a seamless continuation of assurance, monitoring and scrutiny from the Authority. <i>Comment 09/05/2023 :</i> <i>The current position remains stable however there may be an increase to the risk score at the next review due to change in membership and rotation of chair and vice chair. There is no justification to change the score at this stage.</i>	Head of Governance		09/05/2023
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.	Head of 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 As at May 2023 all members of LPB are 100% compliant against mandatory training requirements.	6	P=L 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". 2023/24 will focus on seeking assurance that the knowledge and skills is improved with the changing landscape detailed below i.e. McCloud, Pensions Dashboard, TPR, Good Gov Code and the Procurement Bill. Bespoke training has been identified to enhance LPB members knowledge; Employer responsibilities and employer risk Responsible investment with the wider framework Administration performance and improving LPB understanding of how to interrogate data Cyber Security/Risk management and measurement of tolerance <i>Comment 09/05/2023:</i> <i>The current position remains stable however there may be an increase to the risk score at the next review due to change in membership and rotation of chair and vice chair. There is no justification to change the score at this stage.</i>	Head of Governance		09/05/2023
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.	Director	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	6	P=L I=M	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 Internal audit work in the year and other sources of assurance such as the actuary's review of valuation data continue and indicate that any potential control failure is unlikely to fundamentally destabilise the organisation. <i>Comment 09/05/2023:</i> <i>The Internal audit plan continues to be progressed with monthly action updates, no fundamental issues have been raised as part of the process. There is no justification to change the score at this stage.</i>	Assistant Director Resources		09/05/2023

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. Appointed to redefined role	12	P=M I=H	6	P=L I=M	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. The Corporate Strategy target date for the Project Management Toolkit implementation has been amended to May 23. Work is underway on developing a document called 'Project Management - The SYPA Way' which is outlining a 'right sized' approach to project management depending on the scope and complexity of each project. A suite of supporting documentation and templates are also being designed and tested. 'Critical friend' support is being offered by a Principal Auditor from BMBC. <i>Comment 09/05/2023:</i> <i>We continue to progress the development of the project management methodology and the introduction of new systems for the delivery and oversight of projects which will, when implemented, reduce the score.</i>	Service Manager - Programmes and Performance		09/05/2023
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	Assistant Director 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.	12	P=M I=H	9	P=M I=M	Ability to implement protection strategies if market circumstances indicate they are appropriate. <i>Comment 09/05/2022:</i> <i>There is no justification for a change in the score at this stage.</i>	Assistant Director Investment Strategy		09/05/2023
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	Review of Investment Strategy following the 2022 Valuation to integrate the achievement of Net Zero within the Strategic Asset Allocation. Clear targets for emission reduction to be set for all portfolios. Additional engagement with Border to Coast to identify potentially climate positive investments. Analysis of end of year climate data to gain a detailed understanding of the current emissions trajectory. <i>Comment 09/05/2023:</i> <i>It is likely that there will always be a high probability score associated with this issue. Whilst the new investment strategy includes for a separate category for renewables (5% with 2% already invested) and a 2.5% allocation for timber land investment there is no justification for reducing the score at this stage.</i>	Director		09/05/2023
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 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 plan. <i>Comment 09/05/2023:</i> <i>It appears that the actions outlined in the strategic plan are having some positive impact but as yet there is no justification for reducing the risk score.</i>	Director		09/05/2023

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
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.	Assistant Director Investment Strategy	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll. Process for monitoring and forecasting cashflows	5	P=VL I=VH	5	P=VL I=VH	Further improvements in cashflow forecasting,. Implementation of strategies to more regularly harvest income from investments. <i>Comment 09/05/2023:</i> <i>The risk is at the target score. It will however remain on the register as the position can fluctuate and requires monitoring</i>	Assistant Director Investment Strategy		09/05/2023
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 Following the valuation results the impact in the overall funding position has resulted in a number of smaller employers without a guarantee engaging in discussions over exit from the fund. These employers represent those for whom affordability is the most significant issue and facilitating their exit will ultimately reduce this risk. <i>Comment 09/05/2023:</i> <i>While the results of the 2022 valuation were broadly favourable affordability remains a key risk and there is no justification for reducing the score</i>	Director		09/05/2023
01	Operational	Failure to maintain effective cyber defences	Significant disruption to the provision of services. Loss / unauthorised release of key data.	Head of ICT	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. Cyber Security Essentials Plus Certification Recent implementation of a new phishing attack prevention solution.	16	P=H I=H	12	P=M I=H	Additional testing of disaster recovery arrangements <i>Comment 09/05/2023:</i> <i>A third party provider has been engaged to carry out a Microsoft 365 security assessment during May. Outcomes should further strengthen assurance in this area however there is still no justification to reduce the score.</i>	Head of ICT		09/05/2023
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.	Assistant Director Pensions	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 Work continues to progress data cleansing <i>Comment 09/05/2023:</i> <i>The position remains the same. Additional mitigation is a commitment to taking a more strategic approach to data management. The action plan for this is being reviewed by SMT. The outcome and action plan for this will be reflected at the next review of the risk register. There is no justification to reduce the score at this stage.</i>	Assistant Director Pensions		09/05/2023

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
03	Operational	Data Protection and GDPR	Unauthorised release of personal data. Action by the Information Commissioner.	Assistant Director Pensions	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. The DPIA and ISA have been approved by SMT	12	P=M I=H	6	P=M I=L	Increase in the volume of member correspondence managed through the member portal The Information Governance action plan is progressing and the Governance Team are working closely with Internal Audit at each stage of review. The Data Protection Policy has been reviewed and this, along with revised Data Breach, DSAR and Data Moderation Panel documents are with Internal Audit for review and will be presented to SMT once comments have been received. <i>Comment 09/05/2023:</i> <i>There is no change to the score at this stage. The next quarter will see a review and enhancement to the processes and procedures for DPIA, Data Breaches, DSARs etc. in readiness to launch full suite of information management documents in the Autumn.</i>	Assistant Director Pensions		09/05/2023
04	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 09/05/2023:</i> <i>The Single Code is still awaited. Members of the Authority and LPB will receive training as part of the 23 November CPD away day.</i> <i>There is no justification to reduce the score at this stage.</i>	Head of Governance		09/05/2023
05	Operational	Change to the CARE Revaluation date to bring it in line with the tax year	Inability of software suppliers to deliver amended software on time impacting the ability to deliver Annual Benefit Statements (ABS) and Pensions Saving Statements (PSS) in line with statutory deadlines	Director	Management of the ABS and PSS processes as distinct projects subject to detailed planning and resourcing processes Engagement between DLUHC and software suppliers	16	P=H I=H	4	P=L I=L	Input to LGA response to consultation on change of revaluation date highlighting the regulatory and reputational impacts of this risk materialising. Identification of additional resources and/or workarounds to ensure delivery of statutory obligations. <i>Comment 09/05/2023:</i> <i>The Government decided to make the new regulations. Software updates are expected imminently and will be tested as soon as they arrive.</i> <i>There remains a risk that this process will impact the timelines for the production of the annual benefits statements. The position continues to be monitored with regular updates to SMT.</i> <i>The probability of the risk score has been lowered to high.</i>	Director		09/05/2023

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
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	<p>Review of pay and benefits package.</p> <p>Introduction of additional personal development opportunities.</p> <p>Introduction of a structured approach to succession planning.</p> <p>Output from pay and benefits review is currently being examined in order to identify specific proposals for consideration by the Authority. In the interim specific risk issues are being dealt with on a case by case basis using existing mechanisms and delegated power.</p> <p><i>Comment 09/05/2023:</i></p> <p><i>SMT are currently considering additional actions that could support improvements in the overall delivery of training for pensions officers which will serve to further mitigate this risk.</i></p> <p><i>The score remains unchanged at this stage.</i></p>	Director		09/05/2023
P2	People	Reduced levels of technical knowledge and senior management capacity during period of vacancy	Impact of a period of vacancy at senior management level reducing the ability of the organisation to deliver on key projects and potential inability to address certain technical issues.	Director	Interim management arrangements involving the whole of the Senior Management and other managers making best use of available capacity Identification and prioritisation of key projects	12	P=H I=M	9	P=M I=M	<p>Appointment of an interim Senior Manager focussed on delivering key pieces of work</p> <p>Set up and deliver a robust recruitment process as soon as practical including use of executive search</p> <p><i>Comment 09/05/2023:</i></p> <p><i>The appointment of an experienced interim has resulted in some reduction in the level of risk. SMT are considering further actions which could strengthen the overall level of technical knowledge within the service and once completed these will be brought to members for approval.</i></p> <p><i>Probability has been reduced to high and impact to medium for this score.</i></p>	Director		09/05/2023