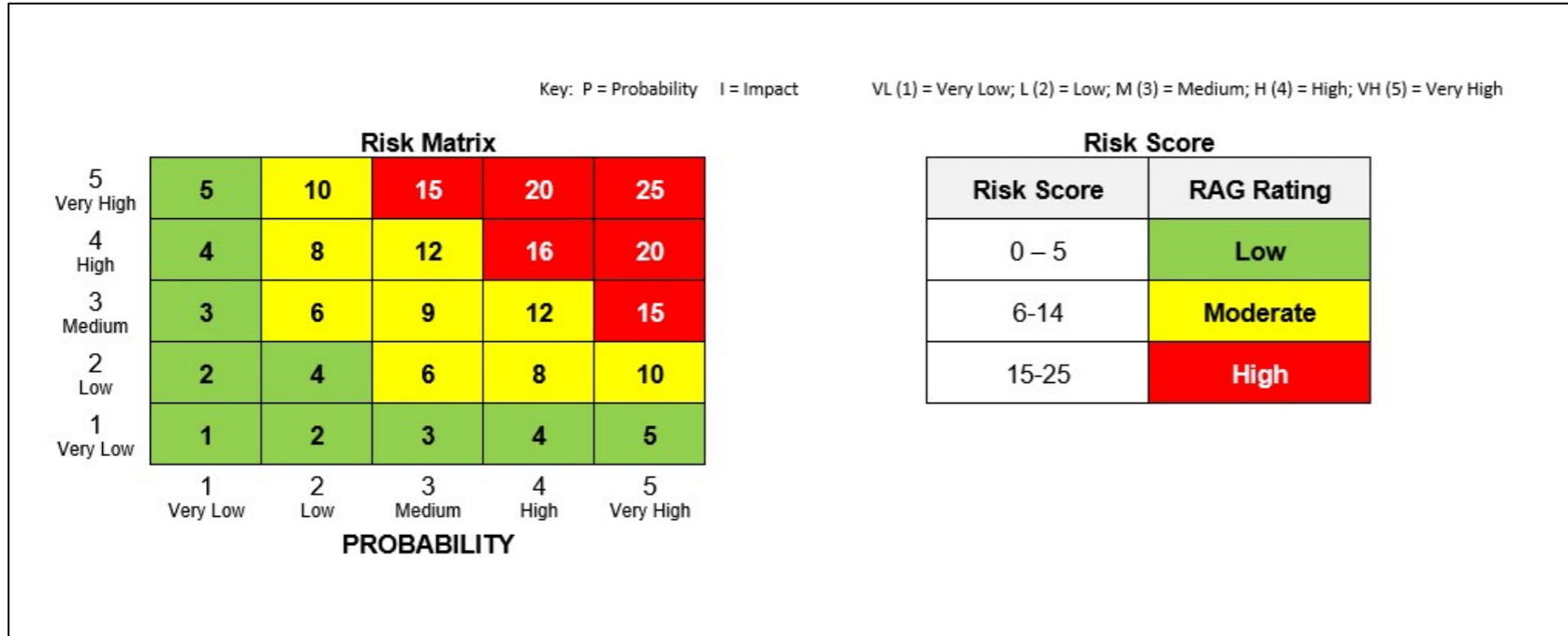




**South Yorkshire Pensions Authority Risk Register As At  
21 August 2023**

Key:



Risk scores changed since last review:


Risk No	Risk Type	Risk Title	Prev Score	New Score	Risk Change at Review
06	Operational	Mismatch of resources and workload in pensions administration resulting in backlogs	N/A	20	
05	Operational	Change to the CARE Revaluation date to bring it in line with the tax year	16	4	


**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.  <i>Comment 21/08/2023 :</i> <i>The current position is that 11 out of 12 Authority members are fully compliant, including the new Chair of the Authority.</i> <i>Members of SMT are delivering an additional layer of individual induction sessions on 23 August to new members.</i>  <i>A full members' CPD away day is scheduled for 30 November for all Authority and LPB members to attend. This is to strengthen knowledge and skills and enable members to engage and work collaboratively to increase expertise across the organisation.</i> <i>The last review indicated that there may be a need to increase the risk score due to changes in membership however, on the basis of the above, it is felt that the additional risk has been mitigated sufficiently to avoid an increase in the risk score and it remains unchanged.</i>	Head of Governance		21/08/2023
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	2023/24 will focus on supporting knowledge around the changing landscape; i.e. McCloud, Pensions Dashboard, TPR, Good Governance and the Procurement Bill. Bespoke training on specific topics has been identified to enhance LPB members knowledge.  <i>Comment 21/08/2023:</i> <i>Members of SMT are delivering an additional layer of four departmental/service specific induction sessions on 23 August to new members.</i> <i>A full members CPD away day is scheduled for 30 November for all Authority and LPB members to attend. This is to strengthen knowledge and skills and enable members to engage and work collaboratively to increase expertise across the organisation.</i> <i>The last review indicated that there may be a need to increase the risk score due to changes in membership however, on the basis of the above, it is felt that the additional risk has been mitigated sufficiently to avoid an increase in the risk score and it remains unchanged.</i>	Head of Governance		21/08/2023

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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 21/08/2023:</i> <i>The supplier of the investment accounting system went into liquidation unexpectedly. This meant that access to relevant data became unavailable. An alternative locally based system was put in place as a temporary measure pending completion of the work to review services that can be provided by a custodian. This has proved successful and other organisations affected by the supplier liquidation have contacted us in relation to our temporary system.</i>  <i>Other than the above, where effective mitigations were put in place, there has been no change to the position of this risk and therefore no change to the score. This risk will be looked at in more detail at the next review as part of the transfer of the register onto the new risk management system.</i>	Assistant Director Resources		21/08/2023
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 21/08/2023:</i> <i>This post is now vacant again but recruitment is currently taking place, the advert went live on 14 August and the closing date is 10 September. Interviews will be held on 25 September.</i>  <i>The Project Management Toolkit is now in place and the Projects and Performance Officer is engaged in the projects across the organisation. The Interim Assistant Director - Pensions is leading on key areas and we are compensating with inputs to high risk projects.</i>  <i>The above mitigations justify keeping the score at the same level at this review.</i>	Service Manager - Programmes and Performance		21/08/2023
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 21/08/2023:</i> <i>.The position remains the same with no material changes, there is no justification to amend the score.</i>	Assistant Director Investment Strategy		21/08/2023

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
12	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. 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.	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 21/08/2023:</i> The new strategies have been introduced but these are still in the initial stages of implementation and too early to have had a material positive impact. There is no justification to reduce the score at this stage.	Director		21/08/2023
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 plan.  <i>Comment 21/08/2023:</i> The implementation of the plan is ongoing however there are no major changes and no justification to reduce the score.	Director		21/08/2023
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 21/08/2023:</i> Still at target score on this risk. There are no changes since the last review but it will remain on the register due to potential fluctuating circumstances.	Assistant Director Investment Strategy		21/08/2023
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 21/08/2023:</i> Whilst the actual funding level has improved the underlying position remains the same. There is no justification for a reduction in the score at this stage.	Director		21/08/2023
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 21/08/2023:</i> Office 365 security assessment has been completed and the ICT team are working through outcomes and actioning recommendations. Cyber Ess Plus assessment was completed successfully July 23. The ICT Team are currently investigating additional staff cyber awareness training, this solution will also allow implementation of structured phishing exercises .  Whilst the above mitigations do further strengthen our assurances the risk score remains the same.	Head of ICT		21/08/2023

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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 21/08/2023:</i> The action plan is ongoing and the TPR score is high in relation to data quality. An exercise is taking place with GBG to undertake personal detail checks and enrichments and this may reduce the score at the next review however at this stage there is no justification to reduce the score.	Assistant Director Pensions		21/08/2023
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 21/08/2023:</i> The final internal review of the suite of Data Protection documents has taken place and will be presented to SMT for review and approval in September. The breach reporting process is under review with a view to enhancing the internal SharePoint workflow.  Contact has been made with training providers to provide outline scope for on line Data Protection training with a view to this being delivered in the Autumn.  Whilst there is no justification to reduce the score at this stage it is likely that the probability score will reduce at the next review.	Assistant Director Pensions		21/08/2023
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 21/08/2023:</i> The position remains the same with no imminent publication of the revised code expected. Work continues to ensure assurance with the existing code however there is no justification to reduce the score at this stage.	Head of Governance		21/08/2023
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	4	P=L I=L	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 21/08/2023:</i> All software updates are in place and delays did not result in any missed statutory deadlines. This risk can now be removed from the register.	Director		21/08/2023

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O6	Operational	Mismatch of resources and workload in Pensions Administration resulting in backlogs	Backlogs of work impacting on ability to process current workload resulting in declines in the overall level of service performance.	Assistant Director Pensions	Existing performance management framework. Capacity planning exercise has been undertaken. An action plan considering a range of specific actions to address aspects of problems identified has been developed and is being worked through.	16	P=H I=H	6	P=M I=L	Capacity planning exercise and focus group outcomes will be considered by members over the Autumn. However this may take some time to have an impact. Continuation of implementation of the action plan (particularly the automation of certain bulk processes) will provide some mitigation in the interim.	Assistant Director Pensions		21/08/2023
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. 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.  <i>Comment 21/08/2023:</i> While work continues to put in place further mitigations and complete the pay and benefits review, recent recruitment activity has proven successful. At this stage there is no cause to change the score.	Director		21/08/2023
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	Appointment of an interim Senior Manager focussed on delivering key pieces of work  Set up and deliver a robust recruitment process as soon as practical including use of executive search  <i>Comment 21/08/2023:</i> A permanent appointment to the vacancy has been made and the successful candidate will be in post in November. Further potential actions to address the deficits in technical knowledge have been identified and will be presented to elected members for discussion over the Autumn. At this stage it is not felt appropriate to reduce the score although some reduction is likely later in the year.	Director		21/08/2023