

**South Yorkshire Pensions Authority Risk Register As At
22 November 2023**

Key:



IMPACT	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
		LIKELIHOOD				

Risk Score	
Risk Score	RAG Rating
0 – 5	Low
6-14	Moderate
15-25	High

Risk scores changed since last review:

Risk No	Risk Type	Risk Event	Prev Score	New Score	Risk Change at Review
G3	Governance	Breakdown of the control environment	6	4	↓
I1	Investment and Funding	Material changes to the value of investment assets and/or liabilities due to major market movements	12	9	↓
P2	People	Reduced levels of technical knowledge and senior management capacity during period of vacancy	12	9	↓
P3	People	Single point of failure due to unexpected vacancies or long term absence/s in specialist knowledge roles	N/A	12	+

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Risk No	Risk Type	Risk Event	Risk Causes	Risk Effects	Existing Preventative Measures (Designed to Reduce Likelihood Score) Existing Mitigation Measures (Designed to Reduce Impact Score)	Current Score	Likelihood & Impact	Target Score	Likelihood & Impact	Additional Preventative Actions (May Reduce Likelihood Score) Additional Mitigation Action (May Reduce Impact Score)	Comment on Current Status	Owner	Risk Change at Review	Last Review Date
G1	Governance	Failure of members of the Authority and Local Pension Board to maintain adequate levels of knowledge and understanding to enable them to fulfil their role.	Lack of suitable and appropriate training and development provided to members Ineffective identification of skill gaps	Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.	Member Learning and Development Strategy and associated mandatory training requirements in place. Annual effectiveness review and action plan Identify changes to legislation and key regulatory requirements that require enhanced knowledge and skills development Continuation of collaborative engagement of Independent Advisors, Internal Auditors and Officers	9	L=M I=M	6	L=L I=M	Any municipal year or ad hoc changes in members will be require new members to undertake mandatory training to ensure the Authority and Local Pensions Board has 100% compliance. Continuous review of the pensions landscape for legislative and regulatory change	20/11/2023 <i>This risk was previously on the register as two separate risks (G1 and G2), one applying to the Authority and one to the Local Pensions Board. As part of the November review it was agreed that these be merged into one risk for the purposes of the strategic register. The operational risk register will assess and manage any differences in training needs between the two.</i> <i>The Local Pension Board and Authority are currently 100% compliant with the mandatory training requirements, however there is no justification to change the score at this stage, due to upcoming changes in trade union membership.</i>	Head of Governance		20/11/2023
G3	Governance	Breakdown of the control environment	Lack of applied and documented processes supported by structured assurance procedures.	Exposure to the risk of loss due to fraud or error. Critical external audit reports leading to regulatory action.	Documented internal controls. Effective Internal Audit service to provide assurance to management in relation to the control framework. Senior Management review of controls to provide assurance as part of the process for developing the Annual Governance Statement. Ongoing replacement of aging systems which require manual controls with more modern systems which allow controls to be automated	4	L=L I=L	4	L=L I=L	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. Completion of system replacement and upgrade programmes. Extension of management assurance process to Team Managers. Adoption of Governance Assurance Framework suggested by Internal Audit	Comment 13/11/2023 <i>This risk was only identified in relation to the specific COVID risk register that was put in place to cover risks arising from lockdown and moving to fully remote working in 2020. The controls and processes and any changes since then have been fully embedded with assurance from internal and external audit and this risk score has now reached its target and will be removed from the register. The control environment is continually kept up to date and risk assessed as part of BAU activities such as the annual plans for internal audit work, the planning and interim work undertaken by external audit, and the review for annual governance statement assurance. Additionally, operational risk registers will deal with the management of controls and assurance at each Service level and any concerns will be escalated to SMT as part of the regular review.</i>	Assistant Director Resources		13/11/2023
G4	Governance	Failure to deliver key objectives included within the Corporate Strategy	Lack of consistent programme management framework Insufficient human resource dedicated to programme management Insufficient systems resource dedicated to programme management	We will not deliver the service to our scheme members set out in our mission statement.	Programmes and Performance Management Team Established Installed Programmes and Performance Management System Regular monitoring and review of objectives delivery	12	L=M I=H	6	L=L I=M	Development and implementation of a programme management framework Implementation and go live of Programme and Performance System	Comment 08/11/2023 <i>Since the last review an appointment to the Service Manager - Programmes and Performance role has been made and will be in post December 2023.</i> <i>At this stage there is no justification for a reduction in the score however it is expected that this risk will reduce at future reviews due to the increased resource being in place.</i>	Service Manager - Programmes and Performance		08/11/2023
I1	Investment and Funding	Material changes to the value of investment assets and/or liabilities due to major market movements	Major market volatility Significant change to inflation/deflation Geo-political events	Sharp and sudden movements in the overall funding level	Having a diversified 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	9	L=M I=M	9	L=M I=M	Ability to implement protection strategies if market circumstances indicate they are appropriate.	20/11/2023 <i>Evidence over the last 12 months indicates that the fund has broadly held its value during a period of market volatility indicating that the impact score can be reduced and the target score achieved.</i> <i>Given nature of the risk it will remain on the register.</i>	Assistant Director Investment Strategy		20/11/2023



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12	Investment and Funding	Failure to mitigate the impact of climate change on the value of the Fund's investment assets and liabilities	Climate change issues	Significant deterioration in the funding level	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. Review of Investment Strategy following the 2022 Valuation to integrate the achievement of Net Zero within the Strategic Asset Allocation. Reporting in line with the requirements of TCFD and regular monitoring of the level of emissions from portfolios, with outline targets for reductions.	20	L=H I=VH	12	L=H I=M	Provide more comprehensive data on private market investments. Clear targets for emission reduction to be set for remaining 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.	20/11/2023 <i>There is no justification to reduce the score at this stage.</i>	Director		20/11/2023
13	Investment and Funding	Failure to manage the key risks identified in the Border to Coast Strategic Plan	Ineffective risk management within the Border to Coast business	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	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	L=M I=M	6	L=L I=M	Ongoing monitoring of Programme of specific risk mitigations set out in 2022 - 2025 strategic plan.	Comment 20/11/2023 <i>The implementation of the plan is ongoing however there are no major changes and no justification to reduce the score.</i>	Director		20/11/2023
14	Investment and Funding	Imbalance in cashflows	Insufficient investment income to support the payment of benefits	Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative impacts on individual pensioners.	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll. Process for monitoring and forecasting cashflows	5	L=VL I=VH	5	L=VL I=VH	Implementation of strategies to more regularly harvest income from investments. Further improvements in cashflow forecasting,.	Comment 20/11/2023 <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.</i>	Assistant Director Investment Strategy		20/11/2023
15	Investment and Funding	Employer contributions become unaffordable	Failure of the investment strategy to deliver returns Economic or financial failure of the employer Significant increase in liabilities	Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers	Investment strategy that is focused on long term returns and reduced volatility Reviews of employer covenant and ongoing monitoring of funding levels Phasing of increases and stabilisation mechanism in the valuation	9	L=M I=M	6	L=M I=L	More systematic review of employer covenants More systematic use of the funding monitoring tools that the actuary gives us access to Employer Team Manager - Debbie	Comment 09/11/2023: <i>As last update - 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.</i>	Director		09/11/2023
01	Operational	Cyber security attack	Failure to maintain effective cyber defences Malicious attack Human error (internal)	Significant disruption to the provision of services. Loss / unauthorised release of key data. Reputational damage and financial penalties	Regularly updated policies, software and hardware e.g. firewalls etc. to ensure multi layer cyber security defences. Regular penetration testing. Cyber Security Essentials Plus Certification Regular refresher training on cyber security for all staff with a requirement to achieve a minimum level of pass. Policies and Codes of Practice in place Targeted threat protections Regular internal and external audits Effective ICT business continuity plan in place. Incident response retainer with specialist security provider Cyber Security Incident Management Policy in place.	16	L=H I=H	12	L=M I=H	Ongoing review and implementation of ICT action plan to enhance cyber security defences	20/11/2023 <i>Additional staff cyber awareness training solution has now been implemented with a schedule of structured phishing exercises.</i> <i>Whilst the above action does further strengthen our assurances the risk score remains the same.</i>	Head of ICT		20/11/2023

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02	Operational	Poor data quality	Employers providing inaccurate data. Software not updated accurately Software inconsistency in calculations Inaccurate input of detail (staff) Out of date data due to casework backlogs	Reputational Impact Regulatory and financial penalties Failure to deliver key projects such as McCloud rectification on time. Provision of inaccurate information and payment of benefits to members Inaccurate data impacting the valuation of liabilities during the triennial valuation. Increased delays to backlogs contributing to further increases	Implementation of front end validation of employer data submissions. Use of DART to run daily validations (200 per day) New system testing, releases and updates Dedicated systems team in place Issues and errors reported to System Providers Checking process in existing systems. Targeted staff overtime worked with focus on priority casework Ongoing development of data improvement plan. Dedicated Programmes and Performance Team Use of DART to run daily validations (200) Projects Team resource to target highlighted issues - bulk data corrections. Use of Hymans data cleansing tool as part of valuation process.	12	L=M I=H	6	L=M I=L	Further development of a robust data improvement plan Further preventative measures to be assessed to address route cause Capacity exercise outcomes to be implemented and a dedicated team resourced Targeted staff training for consistency of processes Systems Team to carry out review to ID in house improvements and efficiencies to system. Ensure robust contract and performance management with External Providers	<i>Comment 20/11/2023</i> <i>The existing data improvement plan will be reviewed and built on to identify a clear programme of actions and implementation dates.</i> <i>Whilst there are a number of ongoing actions being progressed there is no justification at this stage to reduce the risk score.</i>	Assistant Director Pensions		20/11/2023
03	Operational	Failure to retain or circulate personal or sensitive data in line with data protection requirements.	Information Governance Framework not yet implemented and embedded Cyber Attack (Illegal access of personal or sensitive data)	Financial or Regulatory penalties. Reputational damage to the organisation. Inability to deliver the service.	Access to expertise through BMBC Internal Audit Team and DPO. ICT control measures. Data protection policies, procedures and training in place. Data breach process followed to identify areas for improvement. Close liaison with DPO. Reporting to ICO and implementing any recommendations. Implementation of data recovery plan.	12	L=M I=H	6	L=M I=L	Implement and embed the Information Governance action plan in collaboration with Internal Audit at each stage of review. Delivery of additional Data Protection training in roles and responsibilities for all staff, middle managers, and SMT.	<i>22/11/2023</i> <i>Work is ongoing to further develop and embed the updated suite of Data Protection Policies. These should be in place and ready to share with staff by the end of 2023 with training early in the new year.</i>	Assistant Director Resources		22/11/2023
04	Operational	Failure of the Authority to comply with relevant Regulations	Lack of access to latest regulatory updates Authority policies and procedures not kept up to date in line with regulatory updates Delays in issue of regulatory updates	Enforcement action by relevant regulatory authorities	Service areas are aware of key points of reference for relevant regulations Reporting of compliance within relevant standards. Basic assessment of compliance with TPR CoP 14 in place. Regular reviews of key policies and processes Ongoing process of awareness raising and training for staff in relation to operational matters Oversight of key updates and awareness of milestone approvals	12	L=M I=H	8	L=L I=H	More detailed assessment of compliance with emerging regulatory requirements. TPR Single Code with associated action plan and enhanced regular reporting. Additional training for Authority and Pension Board Members to enable improved oversight. Central tracker that is regularly reviewed to ensure timely updates to all policies, procedures and frameworks Review potential of building compliance actions on Pentana for items such as TPR Single Code	<i>Comment 23/11/2023</i> <i>This risk has previously focused on pensions regulations however, from a strategic perspective, this needs to capture overall regulatory compliance. Each service area will review this at an operational risk level and a central policy tracker will be put in place which will identify the regulatory source and ensure that updates are carried out in a timely manner.</i> <i>At this stage there is no justification for the reduction in this risk score.</i>	Head of Governance		23/11/2023
06	Operational	Backlogs in work flows	Mismatch of resources and workload Priority of work to be processed Systems limitations Changes to regulations - late statutory guidance	Declines in the overall level of service performance. Regulatory penalties Reputational Damage	Improved processes and staff training Targeted overtime to focused areas Changes to work tray allocations Pre live launch testing processes in place. 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	L=H I=H	6	L=M I=L	Overarching action plan to be developed Review of processes and policies 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.	<i>Comment 20/11/2023</i> <i>Further review and action planning need to be implemented before there is any justification to change the risk score/</i>	Assistant Director Pensions		20/11/2023

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P1	People	High level of vacancies within the organisation	Limited availability of LGPS specialists and current labour market. Change in working practices since the COVID pandemic - recruitment market much more challenging	Inability to deliver the service Negative impact on staff wellbeing Poor staff retention resulting in loss of specialist knowledge	Career grade scheme in place to develop in-house specialists. Targeted advertising including using social media Hybrid working and existing flexi scheme. Capacity planning to identify additional resources. Regular one to ones, review of workload and work life balance. Promotion of wellbeing initiatives. Provision of Counselling, Occupational Health and Employee Assistance Programme. Investment in training and development. Market supplements where necessary and evidenced to recruit & retain key specialist roles.	12	L=H I=M	6	L=M I=L	Implementation of Pay & Ben review and talent attraction via Employee Value Proposition Increase in staffing following capacity planning Develop action plan following 2023 employee survey	<i>Comment 15/11/2023</i> <i>The pay and benefits review is being progressed and in the final stages of approval. The score for this risk will remain at this level until the review outcomes have been implemented and success measured.</i>	Director		15/11/2023
P2	People	Reduced levels of technical knowledge and senior management capacity during period of vacancy	Loss of key members of staff - single point of failure	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.	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	9	L=M I=M	9	L=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 22/11/2023:</i> <i>This risk was in relation to a specific SMT vacancy which has now been successfully appointed to. This risk has now been fully mitigated and reached the target score and will be removed from the risk register.</i>	Director		22/11/2023
P3	People	Single point of failure due to unexpected vacancies or long term absence/s in specialist knowledge roles	Experienced staff leave or are absent for an extended period Organisational size limits deputising roles Some roles are responsible for broad range of specialist areas	Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.	Revised pay and benefits package Range of policies for supporting wellbeing Documented procedures and work instructions Learning and development plans and knowledge transfer Organisational Resilience Plan. Lessons learned to identify single points of failure. Ability to call on external third party support. Regular one to ones, review of workload and work life balance. Promotion of wellbeing initiatives. Provision of Counselling, Occupational Health and Employee Assistance Programme.	12	L= M I= H	9	L= M I= M	Further measures to identify single points of failure across all teams Enhance knowledge transfer Further develop succession planning Implementation of Pensions Administration Review Identify specialist areas to call on third party support	<i>22/11/2023</i> <i>This is a new risk to address the potential of future single points of failure and the challenges this could create in specialist roles</i>	Director		22/11/2023