




Appendix A

South Yorkshire Pensions Authority – Strategic Risk Register

The table below sets out the register of strategic level risks. The risk scores are shown on a matrix of impact and likelihood – this equates to scores as shown on this 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				

Next to each current risk score and matrix in the table, an icon is included to show the trend in the score since the previous review.

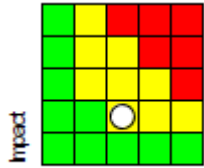
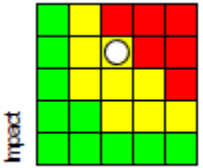

-  Indicates no change in score from the previous review.
-  Indicates the risk score has reduced since the previous review.
-  Indicates the risk score has increased since the previous review.

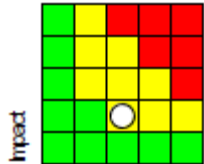
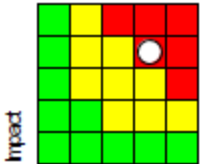
The results of the latest review resulted in two risks having their current scores reduced. There were no other changes to risk scores.

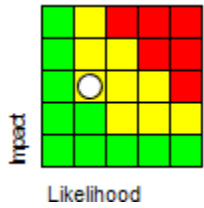
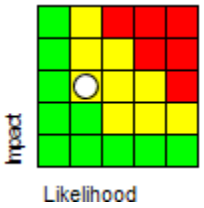
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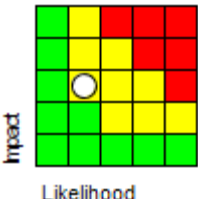
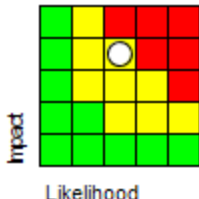
This table provides a high level summary of the risks on the register that follows:

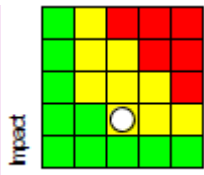
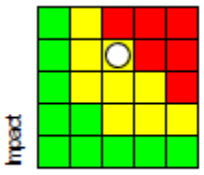

Risk Ref	Risk	Score	Trend
ADM-001	Poor Data Quality	12	
ADM-002	Backlogs in Workflows	16	
GOV-001	Local Pension Board and Authority members' knowledge and skills	6	
GOV-003	Delivery of key objectives in corporate strategy	12	
GOV-004	Failure to apply data protection requirements	12	
IAF-001	Material changes to the value of investment assets and/or liabilities	9	
IAF-002	Failure to mitigate the impact of climate change	20	
IAF-003	Border to Coast Strategic Plan	6	
IAF-004	Imbalance in cash flows	5	
IAF-005	Employer contributions become unaffordable	9	
ORG-002	Cybersecurity attack	16	
ORG-004	Failure of the Authority to comply with relevant regulations	12	
PEO-002	High level of vacancies within the organisation	9	
PEO-003	Single point of failure in specialist knowledge roles	12	

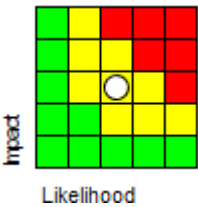
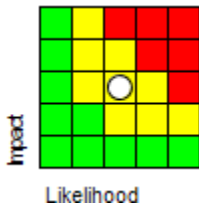
Risk: ADM - 001 Poor data quality		Risk Owner: Assistant Director - Pensions	
		Last Review: 19-Aug-2024	
Risk effect: Reputational Impact Regulatory and financial penalties Failure to deliver key projects such as McCloud rectification on time. Provision of inaccurate information and payment of benefits to members Inaccurate data impacting the valuation of liabilities during the triennial valuation. Increased delays to backlogs contributing to further increases			
Existing Preventative Measures Ongoing development of data improvement plan. Dedicated Programmes and Performance Team. Use of DART to run daily validations. Projects Team resource to target highlighted issues - bulk data corrections. Use of Hymans data cleansing tool as part of valuation process. Targeted overtime with focus on priority casework.		Existing Mitigation Measures 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	
		Linked Actions Capacity exercise outcomes Further preventative measures to be assessed to address route cause In house system improvements and efficiencies Robust contract management Targeted staff training	
Target matrix and score:  Likelihood Target Score = 6		Current matrix and score:  Likelihood Current Score = 12 Trend: 	
Commentary from latest review:		The data improvement plan has been updated. The primary focus is still the GMP Reconciliation and Rectification exercise, and this is still on track for completion Summer 2024. Data corrections for annual exercises have been undertaken but data improvement strategy is still to be implemented. Additionally, the GMP data has now been updated to records for Pensioners and deferred members. Actives still to be undertaken. The impact of the revised plan will be monitored however there is no justification to reduce the score at this stage.	

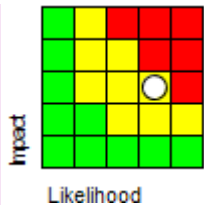
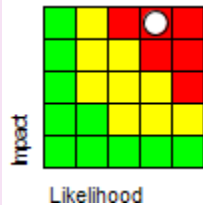
Risk: ADM - 002 Backlogs in workflows		Risk Owner: Assistant Director - Pensions
		Last Review: 19-Aug-2024
Risk effect: Decline in the overall level of service performance. Regulatory penalties Reputational Damage		
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Capacity 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.	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 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 Overarching action plan to be developed Review of processes and policies
Target matrix and score:	 <p>Likelihood</p> <p>Target Score = 6</p>	Current matrix and score:  <p>Likelihood</p> <p>Current Score = 16 Trend: ▬</p>
Commentary from latest review:	The overarching action plan was approved in February 2024 and being monitored monthly. Whilst some progress has been made against some of the additional preventative and mitigating actions, there is no justification to reduce the score at this stage.	

Risk: GOV - 001 LPB and Authority Members' Knowledge and Understanding		Risk Owner: Head of Governance and Corporate Services Last Review: 19-Aug-2024	
Risk effect: Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.			
Existing Preventative Measures 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		Existing Mitigation Measures Member Learning and Development Strategy and associated mandatory training requirements in place.	
		Linked Actions Continuous review of the pensions landscape for legislative and regulatory change	
Target matrix and score: 		Current matrix and score: 	
Target Score = 6		Current Score = 6 Trend: ▬	
Commentary from latest review:		Members currently undertaking LGPS Online Learning Academy modules. On target for full completion by September 2024. As a result of this, no justification to change the risk score. This risk is now at the target score but will remain on the register for continued monitoring due to the potential changes to membership throughout the municipal year.	

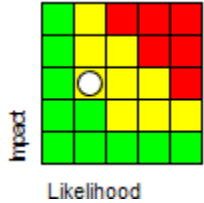
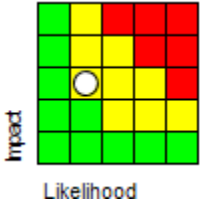

Risk: GOV - 003 Delivery of Key Objectives in Corporate Strategy		Risk Owner: Head of Finance and Performance
		Last Review: 19-Aug-2024
Risk effect: We will not deliver the service to our scheme members set out in our mission statement.		
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Regular monitoring and review of objectives delivery	Programmes and Performance Management Team Established Installed Programmes and Performance Management System	Development and implementation of a programme management framework Implementation and go live of Programme and Performance System
Target matrix and score:	 <p>Target Score = 6</p>	Current matrix and score:  <p>Current Score = 12 Trend: ▬</p>
Commentary from latest review:	Programme / Project Management framework continues to be rolled out across the organisation and is being received well. The service manager is tracking adoption of the framework and collating data to monitor success. Performance Management Framework has been further progressed but is still in early days of development. With these both in mind, risk is unchanged at present.	

Risk: GOV - 004 Failure to apply data protection requirements.		Risk Owner: Assistant Director - Resources
		Last Review: 19-Aug-2024
Risk effect: Financial or Regulatory penalties. Reputational damage to the organisation. Inability to deliver the service.		
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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.	Access to expertise through BMBC Corporate Assurance Team and DPO. ICT control measures. Data protection policies, procedures and training in place.	Data Protection Training Implement Information Governance Action Plan
Target matrix and score:	 Likelihood	Current matrix and score:
	Target Score = 6	 Likelihood
		Current Score = 12 Trend: 
Commentary from latest review:	<p>Updating of the full suite of Data Protection Policies is now well in progress and the majority of policies expected to be complete by end of October. Raising of awareness and training will be delivered to identified staff by the end of October 2024. The main policies that will be completed later than this are the Information Security Policy update and the Data Retention Policy.</p> <p>Internal Audit review undertaken on a selection of the new policies and procedures and a positive assurance opinion received.</p> <p>Phase 2 of the action plan is in progress.</p> <p>At this stage there is no justification to reduce the risk score.</p>	

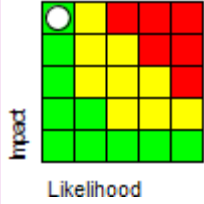
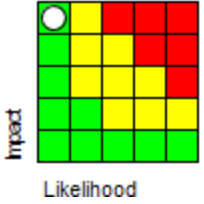
Risk: IAF - 001 Material changes to the value of investment assets and/or liabilities		Risk Owner: Assistant Director - Investment Strategy
Risk effect: Sharp and sudden movements in the overall funding level		Last Review: 19-Aug-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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.		Ability to implement protection strategies if market circumstances indicate they are appropriate.
Target matrix and score:	 Target Score = 9	Current matrix and score:
		 Current Score = 9 Trend: ▬
Commentary from latest review:	This risk remains at the target score. Given nature of the risk it will remain on the register for continued monitoring and ability to respond should circumstances change.	

Risk: IAF - 002 Failure to mitigate the impact of climate change		Risk Owner: Director	
Risk effect: Significant deterioration in the funding level		Last Review: 19-Aug-2024	
Existing Preventative Measures 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.		Existing Mitigation Measures Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast	
		Linked Actions 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. Clear targets for emission reduction to be set for remaining portfolios.	
Target matrix and score:		Current matrix and score:	
Commentary from latest review:		While the latest emissions data shows a continuing downward trend in emissions, this needs to be seen in the context of only c50% of the Fund being covered by data at present. The implementation of the latest strategy review increasing allocations to climate positive investments should have a positive impact in future years. However, the action of the Fund alone will not reduce the overall risk to the sustainability of the Fund which is driven by the global rate of progress in reducing emissions.	

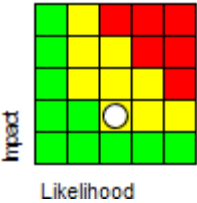
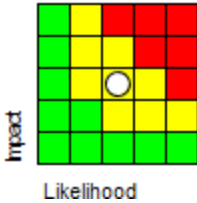
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Risk: IAF - 003 Border to Coast Strategic Plan		Risk Owner: Director	
		Last Review: 06-Aug-2024	
Risk effect: Decline in investment performance. Increased costs as a result of the need to move to more expensive products. Potential changes in the risk and volatility levels within the portfolio			
Existing Preventative Measures Programme of specific risk mitigations agreed as part of the 2022 - 2025 Strategic Plan and Budget		Existing Mitigation Measures 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 Ongoing monitoring of Programme of specific risk mitigations set out in 2022 - 2025 strategic plan•	
Linked Actions			
Target matrix and score:		Current matrix and score:	
 <p>Target Score = 6</p>		 <p>Current Score = 6</p>	
		<p>Trend: </p>	
Commentary from latest review: The Annual Review undertaken by the Investment Advisory Panel indicates significant progress in addressing people risks which, although they will always remain, have substantially reduced. While there are issues with specific investment products, they are not out of the ordinary course of business. Coupled with the degree of consensus around the development of the 2030 Strategy and the fact that Border to Coast operates in line with the preferred model set out in the Government's last consultation, there is a justification to reduce the risk score to target; although it should remain on the register given the overall significance of the pool entity to the Authority's operations.			

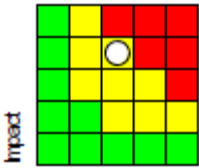
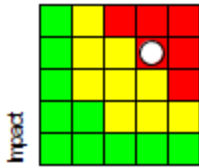
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Risk: IAF - 004 Imbalance in cashflows		Risk Owner: Assistant Director - Investment Strategy	
		Last Review: 19-Aug-2024	
Risk effect: Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative impacts on individual pensioners.			
Existing Preventative Measures		Existing Mitigation Measures	
Process for monitoring and forecasting cashflows		Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll.	
Linked Actions			
Further improvements in cashflow forecasting			
Implementation of strategies to more regularly harvest income from investments.			
Target matrix and score:		Current matrix and score:	
 <p>Target Score = 5</p>		 <p>Current Score = 5</p>	
Commentary from latest review:		Trend: ▬	
This risk still remains at target score but will remain on the register due to potential fluctuating circumstances.			

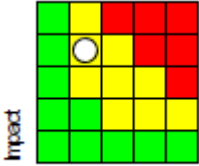
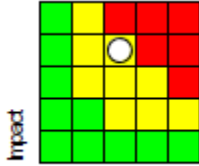
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Risk: IAF - 005 Employer contributions become unaffordable		Risk Owner: Director
Risk effect: Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers		Last Review: 19-Aug-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Phasing of increases and stabilisation mechanism in the valuation. Negotiated exit depending on the type of employer. Ability to undertake contribution reviews,	Investment strategy that is focused on long term returns and reduced volatility. Reviews of employer covenant and ongoing monitoring of funding levels.	More systematic review of employer covenants More systematic use of the funding monitoring tools that the actuary gives us access to
Target matrix and score:		Current matrix and score:
	Target Score = 6	
Commentary from latest review:	At this stage there is no evidence to support a reduction in the risk score, if anything the general pressure on public finances would indicate the opposite, although there is no empirical evidence to support such a movement either. As discussions begin leading up to the valuation process the overall position will become clearer.	

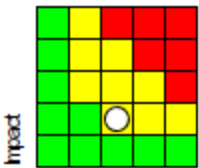
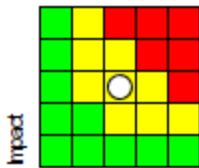

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Risk: ORG - 002 Cyber security attack		Risk Owner: Head of ICT	
		Last Review: 19-Aug-2024	
Risk effect: Significant disruption to the provision of services. Loss / unauthorised release of key data. Reputational damage and financial penalties			
Existing Preventative Measures		Existing Mitigation Measures	
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.	
Linked Actions			
Ongoing review and implementation of ICT action plan to enhance cyber security defences.			
Target matrix and score:		Current matrix and score:	
 <p>Likelihood</p> <p>Target Score = 12</p>		 <p>Likelihood</p> <p>Current Score = 16</p>	
Commentary from latest review:		Additional security measures are being procured which may enable us to reduce the risk score at next review.	
Trend: ▬			

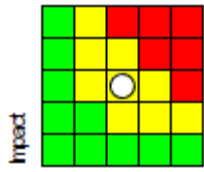
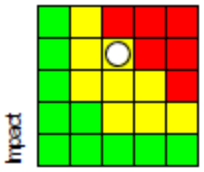

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Risk: ORG - 004 Failure of the Authority to comply with relevant regulations		Risk Owner: Head of Governance and Corporate Services
Risk effect: Enforcement action by relevant regulatory authorities		Last Review: 19-Aug-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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	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.	Central tracker that is regularly reviewed to ensure timely updates to all policies, procedures and frameworks Delivery of additional Data Protection training in roles and responsibilities for all staff, middle managers, and SMT Implement and embed the Information Governance action plan in collaboration with Internal Audit at each stage of review More detailed assessment of compliance with emerging regulatory requirements. TPR General Code with associated action plan and enhanced regular reporting.
Target matrix and score:	 <p>Likelihood</p> <p>Target Score = 8</p>	Current matrix and score:  <p>Likelihood</p> <p>Current Score = 12 Trend: ▬</p>
Commentary from latest review:	Currently creating a quarterly timetable to review compliance against the TPR Code and monitor progress on actions planned. A Policy Tracker has been created and all the relevant documentation is in the process of being collated. No justification to reduce the risk score at this stage.	

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Risk: PEO - 002 High level of vacancies within the organisation		Risk Owner: Assistant Director - Resources	
		Last Review: 15-Aug-2024	
Risk effect: Inability to deliver the service Negative impact on staff wellbeing Poor staff retention resulting in loss of specialist knowledge			
Existing Preventative Measures 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 to secure specialist roles. Develop action plan following 2023 employee survey.		Existing Mitigation Measures Career grade scheme in place to develop in house specialists. Targeted advertising including using social media Introduction of hybrid working and existing flexi scheme.	
		Linked Actions Develop talent attraction via Employee Value Proposition Increase in staffing following capacity planning	
Target matrix and score:  Likelihood Target Score = 6		Current matrix and score:  Likelihood Current Score = 9 Trend: 	
Commentary from latest review:		Likelihood now reduced from High to Medium following implementation of preventative actions - pay and benefits review, and successful recruitment to additional posts established from the capacity planning exercise.	

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Risk: PEO - 003 Single point of failure in specialist knowledge roles		Risk Owner: Assistant Director - Resources	
		Last Review: 19-Aug-2024	
Risk effect: Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.			
Existing Preventative Measures		Existing Mitigation Measures	
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.		Revised pay and benefits package Range of policies for supporting wellbeing Documented procedures and work instructions Learning and development plans and knowledge transfer	
		Linked Actions	
		Identify Single Points of Contact	
		Knowledge Transfer	
		Succession Planning	
		Third Party Support	
Target matrix and score:		Current matrix and score:	
 <p>Target Score = 9</p>		 <p>Current Score = 12 Trend: </p>	
Commentary from latest review:		No change to the score. Specific actions around recruitment and succession planning for AD-IS and for Independent Investment Adviser (IIA) have been completed. New AD-IS appointed due to commence 7 Oct 2024. IIA recruitment taking place in Sept 2024 for one adviser. Some progress being made in specific service areas on the actions around succession planning and accessing third party support, but further progress to be made before a change in score would be justified.	