




Appendix A

South Yorkshire Pensions Authority – Strategic Risk Register

The following report 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				

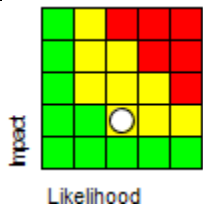
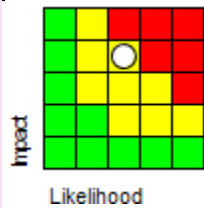

Next to each current risk score and matrix in the table, an icon is included to show the trend in the score since the previous review.

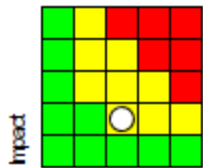
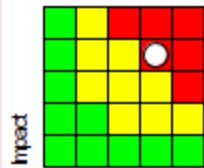

-  Indicates no change in score from the previous review.
-  Indicates the risk score has reduced since the previous review.
-  Indicates the risk score has increased since the previous review.

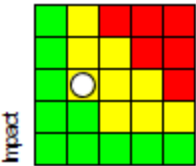
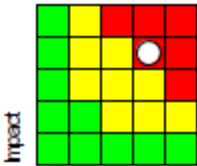
The results of the latest review resulted in two risks having their current scores reduced and one risk having the current risk score increased. Two new risks have been added to the register.

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

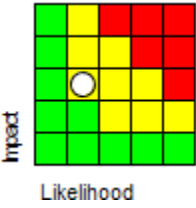

Risk Ref	Risk	Score	Trend
ADM-001	Poor Data Quality	12	▬
ADM-002	Backlogs in Workflows	16	▬
ADM-003	McCloud Rectification	16	New
GOV-001	Local Pension Board and Authority members' knowledge and skills	6	▬
GOV-003	Delivery of key objectives in corporate strategy	8	↓
GOV-004	Failure to apply data protection 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	12	↑
IAF-010	The Pensions Review	12	New
ORG-002	Cybersecurity attack	12	↓
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 person failure in specialist knowledge roles	12	▬

Risk: ADM - 001 Poor data quality		Risk Owner: Assistant Director - Pensions	
		Last Review: 30-Oct-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		Existing Mitigation Measures	
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. Targeted overtime with focus on priority casework		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:		Current matrix and score:	
 <p>Target Score = 6</p>		 <p>Current Score = 12</p>	
		Trend 	
Commentary from latest review:		<p>The data improvement plan has been updated. The primary focus is still the GMP Reconciliation and Rectification exercise and this is now to be completed by 31 December 2024.</p> <p>Data corrections for annual exercises have been undertaken but data improvement strategy is still to be implemented. The GMP data has now been updated to records for Pensioners and deferred members. Pensioners have been rectified now too. The impact of the revised plan will be monitored however there is no justification to reduce the score at present.</p>	

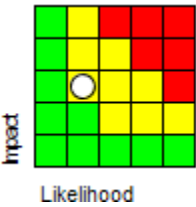
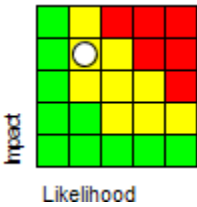
Risk: ADM - 002 Backlogs in workflows		Risk Owner: Assistant Director - Pensions	
		Last Review: 30-Oct-2024	
Risk effect:		Declines in the overall level of service performance. Regulatory penalties Reputational Damage	
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions	
Capacity 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:		Target Score = 6	Current matrix and score:
			
			Current Score = 16 Trend 
Commentary from latest review:	The overarching action plan was approved in February 2024 and is being monitored monthly. Whilst some progress has been made against some of the additional preventative and mitigating actions, like newly recruited staff undertaking training and now working on back logs too, and targeted action days, there is no justification to reduce the score at this stage.		

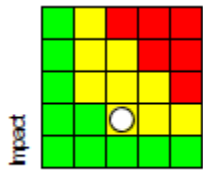
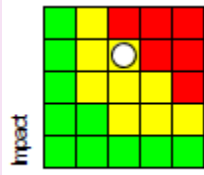

Risk: ADM - 003 McCloud Rectification – System Developments Not Delivered on Time		Risk Owner: Assistant Director - Pensions Last Review: N/a - New risk added on 11 November 2024	
Risk effect: Timescales to rectify members' benefits not met. TPR fines and reputational damage.			
Existing Preventative Measures SYPA and other Provider Clients working together to collectively drive the Provider to deliver the developments required to adhere to national guidance		Existing Mitigation Measures	
		Linked Actions McCloud Rectification Plan to be put in place and team training implemented. In relation to the system provider - Attend User Groups, hold our account manager accountable at client meetings	
Target matrix and score: 		Current matrix and score: 	
Target Score = 6		Current Score = 16 Trend ▬	
Commentary from latest review:		This is a new risk added at the latest review of the register. If the pensions administration software system provider does not deliver system developments to the required deadlines, SYPA will not be able to adhere to required timescales to rectify members benefits protected by McCloud regulations.	

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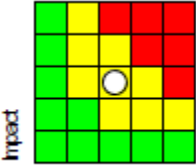
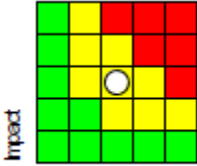

Risk: GOV - 001 Local Pension Board and Authority Members Knowledge and Understanding		Risk Owner: Head of Governance and Corporate Services
		Last Review: 30-Oct-2024
Risk effect: Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.		
Existing Preventative Measures Annual effectiveness reviews and action plans 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: 	
Commentary from latest review:	Core training 100% compliant, and all members completed the National Skills Assessment. We are at target and have been for the past two reviews. However this risk remains on the strategic register as the level of risk can change quickly due to turnover of membership and therefore needs to be kept under review.	

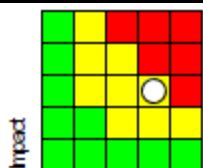
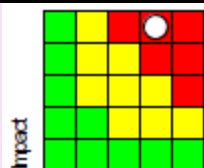

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Risk: GOV - 003 Delivery of Key Objectives in Corporate Strategy		Risk Owner: Head of Finance and Performance
		Last Review: 31-Oct-2024
Risk effect: We will not deliver the service to our scheme members set out in our mission statement.		
Existing 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 Programme Management framework implemented	Implementation and go live of Performance Framework
Target matrix and score:	 <p>Target Score = 6</p>	Current matrix and score:  <p>Current Score = 8 Trend ↓</p>
Commentary from latest review:	<p>The project management methodology has now been rolled out to all service managers. There has been uptake across the organisation for a number of different projects. The P+P service manager will continue to monitor uptake, to ensure that we have consistent usage of the methodology.</p> <p>The performance management framework piece of work is due to be completed by 31 December 2024. The P+P service manager has made significant progress with this action, with 75% having been completed. The most significant dashboards and KPIs for the Benefits team have been made to help understand the backlog.</p> <p>With the progress having been made the likelihood score has been moved from a 3 to a 2. This will continue to be monitored with the progress of the performance management framework piece of work.</p>	

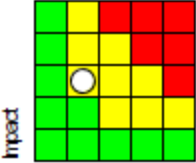
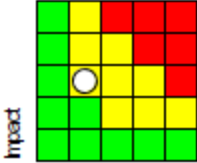

Risk: GOV - 004 Failure to apply data protection requirements.		Risk Owner: Assistant Director – Resources
		Last Review: 30-Oct-2024
Risk effect: Financial or Regulatory penalties. Reputational damage to the organisation. Inability to deliver the service.		
Existing Preventative Measures	Existing Mitigation 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:	 Target Score = 6	Current matrix and score:
		 Current Score = 12 Trend 
Commentary from latest review:	Progress as reported in the previous review is continuing well with training for staff under way and due to be completed before the end of this calendar year. At this stage there is no justification to reduce the risk score.	

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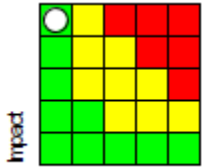
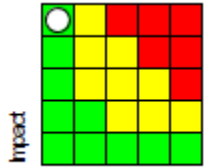

Risk: IAF - 001 Material changes to the value of investment assets and/or liabilities		Risk Owner: Assistant Director - Investment Strategy
Risk effect: Sharp and sudden movements in the overall funding level		Last Review: 11-Nov-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked 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:	No justification to change the score at this stage. Will remain on the register and be monitored.	

Risk: IAF - 002 Failure to mitigate the impact of climate change		Risk Owner: Director
Risk effect: Significant deterioration in the funding level		Last Review: 30-Oct-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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.	Climate Change Policies and Net Zero Goals adopted by both the Authority and Border to Coast	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:	 Likelihood Target Score = 12	Current matrix and score:
		 Likelihood Current Score = 20 Trend 
Commentary from latest review:	The position remains as previously noted. The actions of SYPA in isolation will never be sufficient to wholly mitigate the potential impact of climate change on the value of the fund's investments	

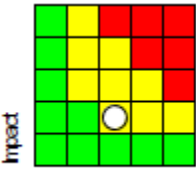
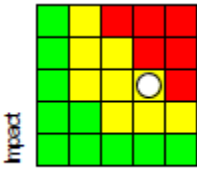

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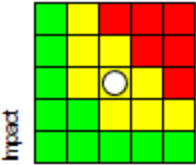
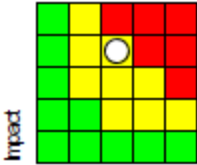
Risk: IAF - 003 Border to Coast Strategic Plan		Risk Owner: Director
		Last Review: 30-Oct-2024
Risk effect: Decline in investment performance. Increased costs as a result of the need to move to more expensive products. Potential changes in the risk and volatility levels within the portfolio		
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Programme of specific risk mitigations agreed as part of the 2022 - 2025 Strategic Plan and Budget	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	No further actions at this stage
Target matrix and score:  Target Score = 6	Current matrix and score:  Current Score = 6 Trend 	
Commentary from latest review: No developments have taken place which would indicate a justification for changing the risk score, although as previously indicated, given the significance of the pool to the success of delivering the Authority's strategy the risk should remain on the register.		

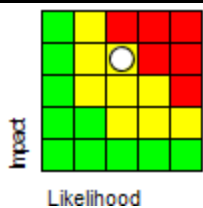
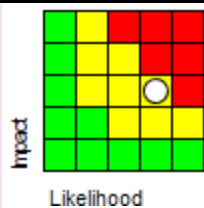

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Risk: IAF - 004 Imbalance in cashflows		Risk Owner: Assistant Director - Investment Strategy	
		Last Review: 11-Nov-2024	
Risk effect: Inability to pay pensions without resorting to borrowing or "fire sale" liquidation of investments. Potential negative 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>Likelihood</p> <p>Target Score = 5</p>		 <p>Likelihood</p> <p>Current Score = 5</p> <p>Trend </p>	
Commentary from latest review:		This risk still remains at target score but will remain on the register due to potential fluctuating circumstances.	

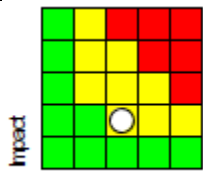
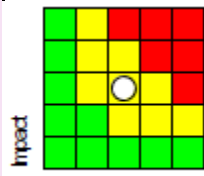
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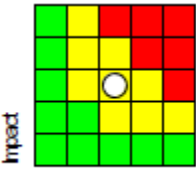
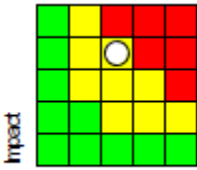

Risk: IAF - 005 Employer contributions become unaffordable		Risk Owner: Assistant Director - Pensions
Risk effect: Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers		Last Review: 15-Oct-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Phasing of increases and stabilisation mechanism in the valuation Negotiated exit depending on the type of employer 2. 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:	 Likelihood	Current matrix and score:
Target Score = 6	 Likelihood	Current Score = 12 Trend 
Commentary from latest review:	The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue. As a result, the likelihood of this risk has increased from 3 (Medium) to 4 (High)	

Risk: IAF - 010 The Pensions Review		Risk Owner: George Graham	
		Last Review: N/a – New risk added 27 November 2024	
Risk effect: Destabilisation of the B2C pensions partnership. Inability to deliver the investment strategy. Regulatory action against the Authority if we fail to meet the Governance standard			
Existing Preventative Measures		Existing Mitigation Measures	
The existing strong partnership through Border to Coast Strong governance arrangements as evidenced in the Independent Governance Review			
		Linked Actions	
		Ensure that steps are taken to address requirements as far as possible in advance of regulation	
		Influence Final Guidance and Regulation	
Target matrix and score:		Current matrix and score:	
 <p>Likelihood</p> <p>Target Score = 9</p>		 <p>Likelihood</p> <p>Current Score = 12</p> <p>Trend ▬</p>	
Commentary from latest review:		This is a new risk added at the latest review of the register to ensure that any risks emerging from the Pensions Review outcomes and current Government consultation for the LGPS are considered and managed.	

Risk: ORG - 002 Cyber security attack		Risk Owner: Head of ICT	
		Last Review: 07-Nov-2024	
Risk effect: Significant disruption to the provision of services. Loss / unauthorised release of key data. Reputational damage and financial penalties			
Existing Preventative Measures Effective ICT business continuity plan in place. Incident response retainer with specialist security provider Cyber Security Incident Management Policy in place. Further enhancement of Cyber Security defences		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	
		Linked Actions The original identified actions are complete to date however additional actions are currently being reviewed alongside the Independent Governance Review action plan and TPR Code of Practice.	
Target matrix and score:  <p style="text-align: center;">Likelihood Target Score = 12</p>		Current matrix and score:  <p style="text-align: center;">Likelihood Current Score = 12 Trend </p>	
Commentary from latest review:		Implementation of MDR (Managed Detection and Response) service with 24/7 monitoring has resulted in significant improvements to our cyber incident detection capabilities, which will effectively reduce threat investigation and remediation response times. Combined with the included full scale incident response function, this will reduce the impact of a cyber-attack enough to decrease the impact score from 4 (High) to 3 (Medium).	

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: 30-Oct-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
Regular reviews of key policies and processes	Service areas are aware of key points of reference for relevant regulations	Central tracker that is regularly reviewed to ensure timely updates to all policies, procedures and frameworks
Ongoing process of awareness raising and training for staff in relation to operational matters	Reporting of compliance within relevant standards.	Delivery of additional Data Protection training in roles and responsibilities for all staff, middle managers, and SMT
Oversight of key updates and awareness of milestone approvals	Regular assessment of compliance with TPR General Code	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:		Current matrix and score: 
Commentary from latest review:	Progress is continuing to be made on all of the linked actions; however these have not yet reached a stage of completion that would justify a change to the risk score.	

Risk: PEO - 002 High level of vacancies within the organisation		Risk Owner: Assistant Director – Resources
		Last Review: 30-Oct-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		Existing Mitigation 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		Career grade scheme in place to develop in house specialists. Targeted advertising including using social media Introduction of hybrid working and existing flexi scheme. Increase in staffing following capacity planning outcomes.
		Linked Actions
		Develop talent attraction via Employee Value Proposition
Target matrix and score:	 <p>Likelihood</p> <p>Target Score = 6</p>	Current matrix and score:  <p>Likelihood</p> <p>Current Score = 9</p> <p>Trend ▬</p>
Commentary from latest review:		No further change to the score is required from this review.

Risk: PEO - 003 Single person risk in specialist knowledge roles		Risk Owner: Assistant Director – Resources
Risk effect: Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.		Last Review: 30-Oct-2024
Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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. Arrangements for third party support are in place where appropriate	Revised pay and benefits package Range of policies for supporting wellbeing Documented procedures and work instructions Learning and development plans and knowledge transfer	Identify Single Person Risk Knowledge Transfer Succession Planning
Target matrix and score:	 Target Score = 9	Current matrix and score:
		 Current Score = 12 Trend 
Commentary from latest review:	No significant changes or actions undertaken in this area during the last quarter. The mitigation action to ensure third party support available where required has been marked complete as sufficient arrangements are in place. The next actions to be undertaken will focus on identification and management of single person risk in each of the service areas across the organisation. No change to the score at this stage.	