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.

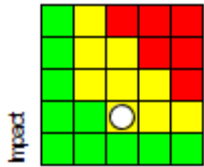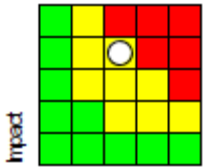Indicates the risk score has reduced since the previous review.
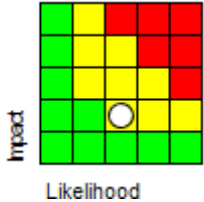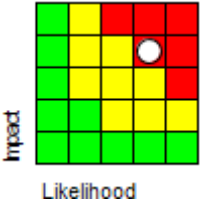
Indicates the risk score has increased since the previous review.

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

Risk Ref	Risk	Score	Risk Rating	Trend
ADM - 001	Poor data quality	12	🔺	▬
ADM - 002	Backlogs in workflows	16	🔴	▬
ADM - 003	McCloud Rectification	16	🔴	▬
GOV - 001	Local Pension Board and Authority Members Knowledge and Understanding	12	🔺	⬆
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	12	🔺	▬
IAF - 002	Failure to mitigate the impact of climate change	20	🔴	▬
IAF - 003	Border to Coast Strategic Plan	12	🔺	⬆
IAF - 004	Imbalance in cashflows	10	🔺	▬
IAF - 005	Employer contributions become unaffordable	12	🔺	▬
IAF - 010	The Pensions Review	20	🔴	⬆
ORG - 002	Cyber security 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 person risk in specialist knowledge roles	12	🔺	▬

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PENSIONS AUTHORITY

Risk:	ADM - 001 Poor data quality	Risk Owner:	Assistant Director Pensions
		Last Review:	01-May-2025

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	Linked Actions
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 Capacity exercise outcomes have been implemented and a dedicated team resourced	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:	 Impact Likelihood	Target score: 6	Current matrix and score:	 Impact Likelihood	Trend: ▬ Current Score = 12

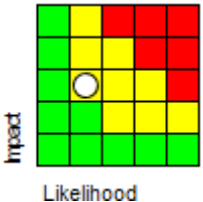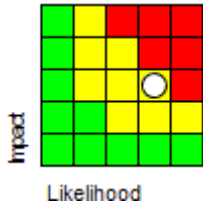| Commentary from latest review:	Data Quality Policy and Monitoring and Reviewing Data Annual activity drafted and taken to LPB April 25. Data improvement plan in place for Valuation 25. The GMP Reconciliation and Rectification exercise is complete. Data corrections for annual exercises have been undertaken and are now captured on the Monitoring and Reviewing activity Document. The GMP data has now been updated to records for Pensioners, deferred members and actives. The actuary portal has been used to identify initial areas for data correction that are important for the 2025 Valuation. The impact of the Introduction of the Policy and Monitoring will be monitored however there is no justification to reduce the score at present.

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Risk:	ADM - 002 Backlogs in workflows	Risk Owner:	Assistant Director Pensions
		Last Review:	01-May-2025

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 Outcomes of Capacity Planning implemented - Dashboard in place for teams to enable close monitoring of workloads in against workloads completed. Pre live launch testing processes in place.	Continuation of implementation of the action plan (particularly the automation of certain bulk processes) will provide some mitigation in the interim
		Review of processes and policies

Target matrix and score:

Impact / Likelihood

Target score: 6

Current matrix and score:

Impact / Likelihood

Trend: ▬

Current Score = 16

Commentary from latest review:

The overarching action plan that was approved in February 2024 is being monitored monthly. SMT are passed updates on progress which are discussed at regular meetings.

As the budget for overtime had been spent the rate of clearing the backlog cases had slowed. The new Service Manager Benefits is looking to set up a Taskforce team to work solely on this area. Again progress on this initiative will be closely monitored.

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.

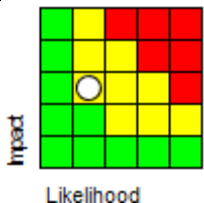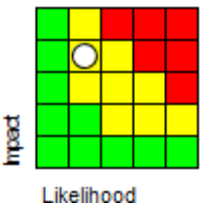There is no justification to reduce the score at this stage.

Risk:	ADM - 003 McCloud Rectification		Risk Owner:	Assistant Director Pensions
			Last Review:	01-May-2025

Risk effect:	Timescales to rectify members benefits not met. TPR fines and reputational damage.

Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
	SYPA and other Provider Clients working together to collectively drive the Provider to deliver the developments required to adhere to national guidance	McCloud - Rectification Plan plan to be implemented and team training put in place

Target matrix and score:	Target score: 6	Current matrix and score:	Current Score = 16	Trend:

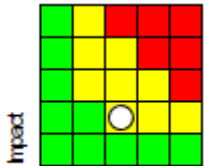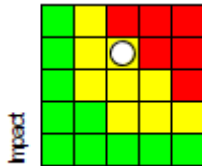| Commentary from latest review:	Latest Development delivery still delayed with delivery due late May 25. Concerns have been put in writing to the system provider. The Authority will look to exercise the right to extend the timeframe for completing the McCloud rectification. At this stage there is no justification to change the score

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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:	12-May-2025

Risk effect:	Poorly informed decision making Regulatory / legislative non-compliance Insufficient questioning and challenge of officers.

Existing Preventative Measures	Existing Mitigation Measures	Linked Actions
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	Member Learning and Development Strategy and associated mandatory training requirements in place.	Continuous review of the pensions landscape for legislative and regulatory change

Target matrix and score:		Target score: 6	Current matrix and score:		Trend: ⬆
					Current Score = 12

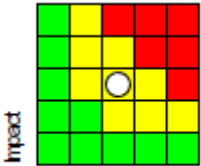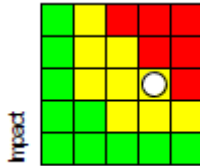| Commentary from latest review:	Changes to Authority and Local Pension Board membership from May 2025 could negatively impact on the current position. In view of this the likelihood has increased from low to high.

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Risk:	GOV - 003 Delivery of Key Objectives in Corporate Strategy	Risk Owner:	Head of Finance and Performance
		Last Review:	01-May-2025

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 initiated	Performance Framework - Further implement and embed
		Programme Management Framework - Further implement and embed

Target matrix and score:	Target score: 6	Current matrix and score:		Trend: Current Score = 8

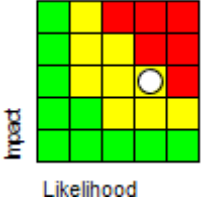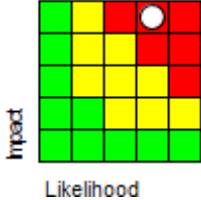| Commentary from latest review:	No update to the correct score - resourcing constraints have meant that progress has slowed. The project management methodology continues to be utilised and evolves. Over time a better picture of what is working well and lessons to be learnt will be worked into the methodology and communicated to the relevant owners of projects. Following some of the lessons learnt we will develop the protocols and procedures, communicate these to the relevant stakeholders, which should reduce the impact score. The supplementary performance management framework piece of work is ongoing. Further dashboards are required across the Authority and utilisation of these dashboards is needed. The information from this work will help ensure key objectives are met.

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Risk:	GOV - 004 Failure to apply data protection requirements.	Risk Owner: Assistant Director Resources
		Last Review: 01-May-2025

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. Phase 1 of information governance action plan fully completed. Data Protection Policies implemented and embedded. All mandatory staff training completed including team sessions to raise awareness of new processes.	Information Governance Action Plan Phase 2 completion

Target matrix and score:	Impact / Likelihood	Target score: 6	Current matrix and score:	Impact / Likelihood	Trend: Current Score = 12

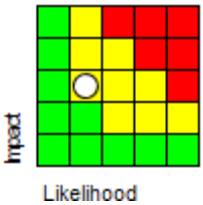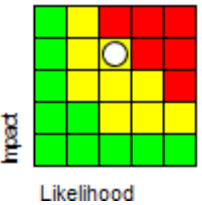| Commentary from latest review:	Work on Phase 2 of the Information Governance action plan is under way and a project established working on development of a new data retention policy and guidance and information asset registers. This will continue over several months and until complete, it is not appropriate to reduce the score for this risk.

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Risk:	IAF - 001 Material changes to the value of investment assets and/or liabilities	Risk Owner:	Assistant Director Investment Strategy
		Last Review:	07-May-2025

Risk effect:	Sharp and sudden movements in the overall funding level

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:**	**Trend:** Current Score = 12

Commentary from latest review:	Heightened market volatility remains. No change to score at this stage.

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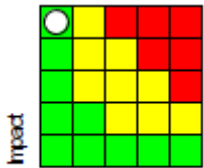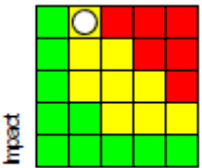
Risk:	IAF - 002 Failure to mitigate the impact of climate change	Risk Owner:	Director
		Last Review:	22-Apr-2025

Risk effect:	Significant deterioration in the funding level

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	Trend:
					Current Score = 20

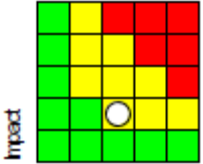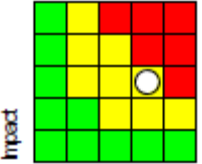| Commentary from latest review:	There remains no justification for reducing the score for this risk. While significant progress has been made in developing the Climate Impact portfolio wider factors in the economic and geo-political environment are exerting a countervailing pressure. A fuller reassessment will be possible when the scenario analysis accompanying the valuation, and the investment strategy review is available towards the end of the calendar year and the first quarter of 2026.

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Risk:	IAF - 003 Border to Coast Strategic Plan	Risk Owner:	Director
		Last Review:	22-Apr-2025

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	

Target matrix and score:	 Likelihood	Target score: 6	Current matrix and score:	 Likelihood	Trend: ⬆ Current Score = 12

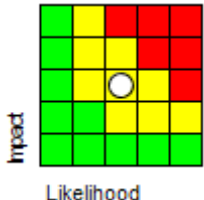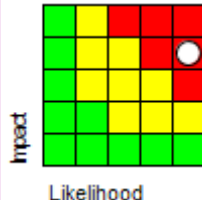| Commentary from latest review:	The fallout from the Government's Pensions Review (see Risk IAF010) will result in a significant re-prioritisation of the work planned in the 2030 Strategy. This could have a particular impact on SYPA as work likely to run at a slower pace includes work in relation to legacy assets (of which SYPA has the largest number) and on local investment which is a priority for SYPA. There is an inevitability to this given the work that will be required to bring new partners into Border to Coast, which is something that SYPA would support, however, the both the likelihood and impact of delays to work in these area which would be a negative for SYPA has increased.

Risk:	IAF - 004 Imbalance in cashflows	Risk Owner:	Assistant Director Investment Strategy
		Last Review:	07-May-2025

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	Linked Actions
Process for monitoring and forecasting cashflows	Maintenance of "cash buffer" of liquidity sufficient to cover more than one monthly payroll.	Further improvements in cashflow forecasting
		Implementation of strategies to more regularly harvest income from investments

Target matrix and score:	 Target score: 5	**Current matrix and score:**	 Current Score = 10	**Trend:**

Commentary from latest review: We will shortly start taking more income from Border to Coast - but this won't fully offset the full risk here. No change to rating at this time.
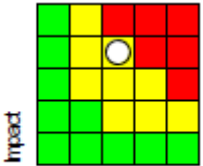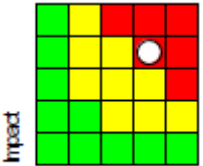
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Risk:	IAF - 005 Employer contributions become unaffordable	Risk Owner:	Assistant Director Pensions
		Last Review:	01-May-2025

Risk effect:	Increased contribution rates to the extent that they become unaffordable. Default on the making of contributions by employers

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	Target score: 6	Current matrix and score:	Likelihood	Trend: Current Score = 12

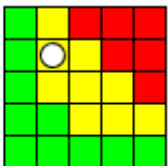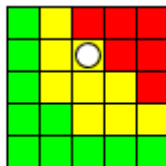| Commentary from latest review:	The overall financial environment for public services means that it is increasingly likely that some employers will find contributions affordability an issue. Covenants are monitored. Work is underway on the 2025 Valuation and communication plans in place and on target. Employer services have allocated named officers to all employers and engagement has increased. There is no reason at this point in time to reduce the risk especially being a valuation year and the majority of employer contribution rates from 1 April 2026.

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PENSIONS AUTHORITY

Risk:	IAF - 010 The Pensions Review	Risk Owner:	Director
		Last Review:	22-Apr-2025

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	Linked Actions
The existing strong partnership through B2C		Ensure that steps are taken to address requirements as far as possible in advance of regulation
Strong governance arrangements as evidenced in the Independent Governance Review		Influence Final Guidance and Regulation

Target matrix and score:	 Likelihood	Target score: 9	Current matrix and score:	 Likelihood	Trend: ⬆ Current Score = 20

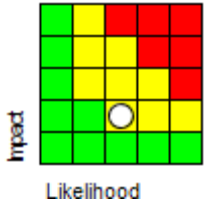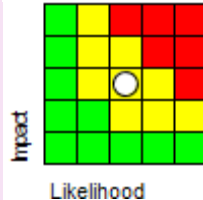| Commentary from latest review:	The announcement by the Government that 2 pools (21 individual funds) should seek to cease their current operations and join an existing pool clearly changes the dynamic around this risk. It is now inevitable (very high likelihood) that further funds will seek to join Border to Coast. This will impact the rate at which the 2030 Strategy can be implemented and will also consume a significant amount of Senior Management and elected member time over the remainder of this financial year and beyond. There is clearly a risk that progress across the breadth of the Partnership's work will slow as the extended partnership goes through the expected process of "storming and norming" until stabilisation of the new relationships is reached. Officers and elected members will need to spend considerable time building alliances within the extended partnership once its membership becomes clear.

SOUTH YORKSHIRE PENSIONS AUTHORITY

Risk:	ORG - 002 Cyber security attack	Risk Owner:	Head of ICT
		Last Review:	08-May-2025

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	Linked Actions
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	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	Development of Internal Facing Cyber Security Strategy

Target matrix and score:	Target score: 12	Current matrix and score:	Trend: ⬆ Current Score = 16

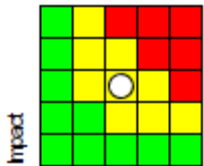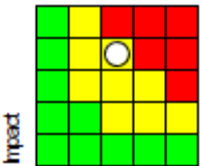| Commentary from latest review:	The Cyber Awareness Training solution continues to be utilised, to promote staff awareness. Further enhancements to cyber security defences have been made, including a review of Remote Access facilities and the implementation of a new Virtual Private Network (VPN) service for employee and third party access. The National Cyber Security Centre has advised of a heightened cyber threat for UK organisations due to the volatile situation in Ukraine and the potential for state-sponsored attacks on NATO members, which includes the UK. The risk score has been increased to reflect this threat.

Risk:	ORG - 004 Failure of the Authority to comply with relevant Regulations	Risk Owner:	Head of Governance and Corporate Services
		Last Review:	29-Apr-2025

Risk effect:	Enforcement action by relevant regulatory authorities

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 General Code in place.	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:	Likelihood	Target score: 8	Current matrix and score:	Likelihood	Trend: Current Score = 12

Commentary from latest review:	During the current TPR quarterly review, some actions were completed, increasing the level of compliance, however not yet sufficient to reduce this risk score at the moment.

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PENSIONS AUTHORITY

Risk:	PEO - 002 High level of vacancies within the organisation	Risk Owner: Assistant Director Resources
		Last Review: 01-May-2025

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	Linked Actions
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.	Develop talent attraction via Employee Value Proposition

Target matrix and score:	Likelihood	**Target score: 6**	**Current matrix and score:**	Likelihood	**Trend:** **Current Score = 9**

Commentary from latest review:	There is no change to the assessment at this quarter. The action relating to career grade scheme is well progressed and should be finalised in the next 3 to 4 months. The new People Strategy is now in place, and we will review and update the risk mitigation actions to reflect relevant plans from this strategy this over the next quarter.

SOUTH YORKSHIRE
PENSIONS AUTHORITY

Risk:	PEO - 003 Single person risk in specialist knowledge roles	Risk Owner:	Assistant Director Resources
		Last Review:	01-May-2025

Risk effect:	Failure to deliver service and reduced service quality. Reputational damage. Impact on staff morale and wellbeing.

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:	 Likelihood	Target score: 9	Current matrix and score:	 Likelihood	Trend: Current Score = 12

Commentary from latest review:	Some progress has been made as part of work carried out analysing business continuity impact for each service. The actions required for mitigating this risk are not yet sufficiently progressed to justify a reduction in score. The work to finalise the Business Continuity Plan in the next quarter will contribute to managing this risk and there is also an action to create a Workforce Plan in the 2025 - 2028 People Strategy that will contribute to managing this risk.