

Report for: Pensions Committee and Board – 12 July 2022

Title: Haringey Pension Fund Risk Register

Report authorised by: Thomas Skeen, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1. This paper has been prepared to update the Pensions Committee and Board on the Pension Fund's risk register and provide an opportunity for the Committee and Board to further review the risk score allocation.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is requested:

- 3.1. To note and provide any comments on the Pension Fund's risk register. The area of focus for review at the meeting is Investments.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Pensions Regulator requires that the Pension Committee and Board (PCB) establish and operate internal controls for the Pension Fund. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.
- 6.2. The PCB previously approved a full version of the risk register on 20 September 2016 and from each meeting after this date, different areas of the register have been reviewed and agreed so that the risk register remains current.
- 6.3. The Pension Fund’s risk register covers administration, governance, investment, accounting, funding, and legislation risks. Appendix 1 to this paper includes an assessment of the investment risks which have been reviewed and updated for the PCB to provide feedback on at the meeting. The other risk areas will be presented to the PCB in forthcoming meetings.

Risk Scoring

- 6.4. The Pension Fund’s risk scoring assesses the impact and likelihood of an identified risk occurring. This is assessed based on a score of 1 (low impact, unlikely to occur) – 5 (high impact, likely to occur). Each score is grouped using the RAG (Red-Amber-Green) rating system below.

RAG Rating	Scoring Range
	25 - 15
	15 - 10
	Less than 10

Key identified risks

- 6.5. The Pension Fund has identified a few key risks of particular concern over the short to medium term. These have been summarised in the table below.

Key identified risk	RAG Rating	Update on Risk	Action Taken to manage risk
INV13 – High inflation		CPI inflation in May 2022 came in at 9.1% and the Bank of England expects inflation to reach double figures in the spring. This has increased concerns that high inflation may be proving to more persistent than initially thought.	The Fund has several investment mandates in inflation linked strategies such as property and renewable infrastructure which should provide some level of inflation protection. The Pensions Committee and Board recently reviewed the Fund’s property allocation and agreed to commit an additional £30m to the Aviva Lime Property.



INV14 – Increasing risk of a market downturn		This is a new risk that has been added this quarter due to the increasing risk of a market downturn.	Officers will continue to monitor the situation as it develops, consulting with investment managers where necessary, making the appropriate recommendations to the Pensions Committee and Board.
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6.6. Officers will continue to keep the Pension Fund’s risk register under constant review.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Statutory Officer Comments (Director of Finance (including procurement), Head of Legal and Governance (Monitoring Officer), Equalities)

Finance and Procurement

8.1. There are no financial implications arising from this report.

Head of Legal and Governance (Monitoring Officer)

8.2. The Head of Legal and Governance has been consulted on the content of this report and there are no legal issues.

Equalities

8.3. Not applicable.

9. Use of Appendices

9.1. Appendix 1: Haringey Pension Fund Risk Register – Investment Risks

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.