

Report for: Pensions Committee and Board – 22 November 2022

Title: Risk Register

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury,
tim.mpofu@haringey.gov.uk

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 Pension 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 recommended:

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 the Funding/Liability related risks.

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 funding and liability related 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 for an in-depth review 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). The overall score for each risk is grouped using the RAG (Red-Amber-Green) rating system below.

RAG Rating	Scoring Range
	25 - 16
	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	Actions taken to manage and mitigate risks
INV13 – High inflation		Consumer Prices Index (CPI) inflation in September 2022 came in at 10.1%, which was higher than consensus expectations. This has increased concerns that high inflation may remain at higher levels for a longer period.	The Pension Fund has several investment mandates in inflation linked strategies which should provide some level of inflation protection. The Pension Fund will be reviewing its investment strategy in depth following the actuarial valuation exercise.
INV14 – Increasing risk of a market downturn		The Bank of England’s Monetary Policy Committee (MPC) has stated that it will take the necessary actions to return inflation to the 2% target. Following the November MPC meeting, the Bank of England Governor confirmed that the	Officers will continue to monitor the situation as it develops, consulting with investment managers where necessary, and making the appropriate recommendations to the Pensions Committee and Board.

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		UK may already been in a recession which is expected to last over the next few years.	The Pension Fund will be reviewing its investment strategy in depth following the actuarial valuation exercise.
ACC1 – Delay of publication of Statement of Accounts		<p>Although the Council has now published the draft Statement of Accounts for 2021/22, the external audit for is still outstanding</p> <p>This means that the Pension Fund's Annual Report for 2021/22 will not an unaudited annual report in order to meet the statutory deadline.</p>	Officers are actively engaging with the external auditors to complete this activity soon as possible.

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 (Monitoring Officer) has been consulted on the content of this report. Members should refer to the matters referred to in paragraph 6.5 of this report and the risks that these poses to the Pension Fund. Actions taken must not only manage but also mitigate the risk.

Equalities

8.3. Not applicable.

9. Use of Appendices

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

9.2. Appendix 2: Haringey Pension Fund Summary Risk Register

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.