

**Report for:** Pensions Committee and Board – 21 March 2023

**Title:** Risk Register

**Report authorised by:** Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

**Lead Officer:** Tim Mpofu, Head of Pensions and Treasury,  
[tim.mpofu@haringey.gov.uk](mailto: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 Investment 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 initially 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 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
<b>INV13 – High inflation</b>		Consumer Prices Index (CPI) inflation in January 2023 came in at 10.1%. Inflation has remained elevated for longer than initially anticipated, although expectations are that it has likely peaked.	<p>The Pension Fund has several investment mandates in inflation linked strategies which should provide some level of inflation protection.</p> <p>The Pension Fund will be conducting a thorough review of its investment strategy following the actuarial valuation exercise. This will include an assessment on the impact of inflation on the Fund’s cashflows and asset specific expected returns.</p>
<b>ACC1 – Delay of publication of Statement of Accounts</b>		Although the Council has now published the draft Statement of Accounts for 2021/22, the external audit	The Fund’s external auditors, BDO will provide a progress update to the PCB at this meeting.

Key identified risk	RAG Rating	Update on Risk	Actions taken to manage and mitigate risks
		<p>for 2020/21 is still outstanding.</p> <p>This means that the Pension Fund's has not had audited Annual Report for two years, resulting in failure to publish the audited reports in accordance with the statutory requirements.</p>	<p>Officers are continuing to actively engage with the external auditors to complete this activity soon as possible.</p>
<b>INV2 – Increasing risk of a market downturn</b>		<p>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 February MPC meeting, the Bank of England Governor further rate rises expected during 2023.</p>	<p>Officers will continue to monitor the situation as it develops, consulting with investment managers were necessary, and making the appropriate recommendations to the Pensions Committee and Board.</p> <p>The Pension Fund will be conducting a thorough review of its investment strategy following the actuarial valuation exercise which will consider the investment risks and opportunities given the prevailing macroeconomic environment.</p>

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

### Finance and Procurement

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

### Legal

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.

8.3. Section 70 of the Pensions Act 2004 imposes a reporting requirement on the administering authority where there is reasonable cause to believe that a duty which is relevant to the administration of the scheme and imposed by legislation has not been complied with and the failure is one which is of “material significance” then a report must be made to the Pension Regulator.

#### Equalities

8.4. Not applicable

### **9. Use of Appendices**

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

9.2. Appendix 2: Haringey Pension Fund Summary Risk Register

### **10. Local Government (Access to Information) Act 1985**

10.1. Not applicable.