

Appendix 2 Summary of Haringey Pension Risk Register

| London Borough of Haringey Pension Fund Risk Register | | | |
|---|------------|---|------------|
| Governance | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| GOV1 | Governance | The nature of appointments to the Pensions Committee and Board leads to frequent and/or extensive turnover of members resulting in a loss of technical and operational knowledge about the Pension Fund and therefore, an inexperienced Pensions Committee and Board. | 12 |
| GOV2 | Governance | Members have insufficient knowledge of regulations, guidance and best practice to make good and informed decisions. | 12 |
| GOV3 | Governance | Officers lack the knowledge and skills required to effectively advise elected members and/or carry out administrative duties. | 8 |
| GOV4 | Governance | Lack of engagement from employers and members means that communicating decisions becomes a "tick box" exercise resulting in a lack of accountability. | 10 |
| GOV5 | Governance | Weak procurement processes lead to legal challenge or failure to secure the best value for the value when procuring new services. | 5 |
| GOV6 | Governance | Failure to comply with legislation and regulations leads to illegal actions/decisions resulting in financial loss and / or reputational damage | 5 |
| GOV7 | Governance | Pension Fund objectives are not defined and agreed leading to lack of focus of strategy to facilitate the aims of the LGPS. | 4 |
| GOV8 | Governance | The Committee's decision making process is too rigid to allow for the making of expedient decisions leading to an inability to respond to problems and/or to exploit opportunities. | 4 |
| GOV9 | Governance | Known risks not monitored leading to adverse financial, reputational or resource impact. | 4 |
| GOV10 | Governance | Failure to review existing contracts means that opportunities are not exploited. | 6 |
| GOV11 | Governance | Pensions Committee and Board members have undisclosed conflicts of interest. | 3 |

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| Investments | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| INV1 | Investments | Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty including | 16 |
| INV2 | Investments | Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates. | 16 |
| INV3 | Investments | Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. It is widely anticipated that legislation and guidance will be issued on reporting and managing climate-related risks. | 12 |
| INV4 | Investments | Economic uncertainty caused by the implementation of some of the post-Brexit agreements | 4 |
| INV5 | Investments | The adequacy of the London CIV's resources regarding investment manager appointments and ongoing monitoring of the investment strategy implementation. | 12 |
| INV6 | Investments | The Fund has insufficient cash available to meet pension payments when they fall due, especially if | 15 |
| INV7 | Investments | The Pension Fund's actual asset allocations move away from the strategic benchmark. | 12 |
| INV8 | Investments | Investment managers fail to achieve benchmark/outperform targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.6m. | 15 |
| INV9 | Investments | Implementation of proposed changes to the LGPS (pooling) requires the fund to adapt its investment strategy | 6 |
| INV10 | Investments | Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy | 9 |
| INV11 | Investments | Strategic investment advice received from the investment consultants is inappropriate for the Fund | 9 |

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| Risk Ref | Risk Group | Risk Description | Risk Score |
| INV12 | Investments | Financial failure of an investment manager leads to negative financial impact on the fund | 8 |
| INV13 | Investments | High inflation is sustained over the long term leading to investment underperformance and higher costs for the Fund. Consumer Prices Index (CPI) inflation in Janaury came in at 10.1%. Inflation has remained elavated for longer than initially anticipated. | 25 |

| London Borough of Haringey Pension Fund Risk Register | | | |
|---|------------|--|------------|
| Accounting | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| ACC1 | Accounting | Risk of the Pension Fund's statement of accounts being delayed beyond statutory deadlines due to impacts of coronavirus pandemic. A delay beyond 30 November would mean the Fund would be unable to produce its annual report by the statutory deadline. | 16 |
| ACC2 | Accounting | Internal controls are not in place to protect against fraud/mismanagement | 10 |
| ACC3 | Accounting | The Pension Fund's Statement of Accounts do not represent a true and fair view of the Pension Fund's financing and assets. | 10 |
| ACC4 | Accounting | Risk of misstatement of figures in the Pension Fund's accounts and potential audit qualification due to material uncertainty over year end valuations | 12 |

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| Accounting | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| ACC5 | Accounting | The Pension Fund does not have robust internal monitoring and reconciliation process in place, leading to incorrect figures in the accounts | 8 |
| ACC6 | Accounting | Contributions received from employers participating in the Pension Fund are not in line with what is specified in actuarial reports and adjustment certificates, potentially leading to an increased funding deficit or surplus. | 8 |
| ACC7 | Accounting | The market value of assets recorded in the Statement of Accounts figures are incorrect leading to a material misstatement and potentially a qualified audit opinion. | 10 |
| ACC8 | Accounting | Inadequate monitoring of contributions and investment income leads to cash flow issues for the Pension Fund. | 8 |

| London Borough of Haringey Pension Fund Risk Register | | | |
|---|---------------------|--|------------|
| Funding/Liability | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| FL1 | Funding / Liability | There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments. LGPS benefits are uplifted by CPI inflation report in September preceding the new financial year (1 April). This figure came in at 10.1% in September 2022. | 15 |
| FL2 | Funding / Liability | Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Council's spending decisions | 15 |

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| Funding/Liability | | | |
| Risk Ref | Risk Group | Risk Description | Risk Score |
| FL3 | Funding / Liability | Impact of increases to employer contributions following the actuarial valuation. The next actuarial valuation is to take place as at 31 March 2022 | 10 |
| FL4 | Funding / Liability | Employee salary increases are significantly more than anticipated for employers participating in the Pension Fund. Persistently high inflation could potentially lead to unexpectedly high pay awards. | 12 |
| FL5 | Funding / Liability | Failure of an admitted body or scheduled body leads to unpaid liabilities being left in the Pension Fund to be met by other participating employers. Current economic conditions could potentially cause strain on smaller employers. | 12 |
| FL6 | Funding / Liability | Scheme members live longer than expected leading to higher than expected liabilities. | 12 |
| FL7 | Funding / Liability | Funding strategy and investment strategy are considered in isolation by the Pension Fund's decisionmakers and advisors | 10 |
| FL8 | Funding / Liability | Inappropriate Funding Strategy is set at the Fund and employer level despite being considered in conjunction with the investment strategy. | 10 |