London Borough of Haringey Pension Fund Risk Register											
Risk Ref	**Risk Group**	**Risk Description**	**Impact**	**Likelihood**	**Risk Score**	**Controls and Mitigations In Place**	**Further Actions**	**Revised Likelihood**	**Total Risk Score**	**Reviewed on**	**Change**
INV1	Investment Risk	Significant volatitility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainity.	4	4	16	1) Officers are actively engaging with the Fund's investment managers and advisors on an ongoing basis to assess the implications of the responses to the various geopolitical risks 2) The Pension Fund's investment consultant regularly provides advice to the Pensions Committee and Board on the Fund's investment strategy.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board.	3	12	30/08/2024	–
INV3	Investment Risk	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 climated-related risks.	4	4	16	1) The Fund's entire listed equity allocation is invested in low carbon strategies. The RAFI Climate Transition Fund aims to reduces carbon emissions by 7% annually in line with the Paris-Agreement. 2) The Fund also has several investments in renewable energy infrastructure funds.	**Treat** 1) Officers and the Fund's investment consultants will continue to monitor developments in legislation, investment products and reporting requires, and where necessary, making the appropriate recommendations to the Pensions Committee and Board. 2) The PCB is currently undertaking a thorough review of its responsible investment approach with the intention of establishing a framework for managing responsible investment issues.	3	12	30/08/2024	–
INV8	Investment Risk	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 £1.9m.	5	3	15	1) The Fund conducts a rigorious selection process to ensure that it appoints the most suitable investment managers based on available information during the tendering process of a new mandate. 2) Expert professional advice is provided by the Fund's investment consultant supporting manager selection and ongoing monitoring of performance. 3)The Fund's Custodian provides a manager monitoring service which is reported to the PCB on a quarterly basis. Recent performance shows that the Fund has outperformed the benchmark over the last year.	**Treat** 1) Officers to regularly monitor the Fund's investment performance and highlight any areas of concern to the Committee and Board when they arise**.**	2	10	30/08/2024	–
INV6	Investment Risk	The Fund has insufficient cash available to meet pension payments when they fall due, especially if inflation remains at sustained higher levels and contributions reduce as a result of the actuarial valuation outcome	5	3	15	1) The Fund reguarly reviews it cashflow management strategy to ensure that increases in benefit payments are matched with contributions and income received from investments. 2) The Fund currently receives income from its private equity, multi-asset credit and property funds and has the option to increase income from existing investments in listed equities and multi-asset strategies.	**Treat** 1) Officers regularly monitor the Fund's cashflow position. 2) An annual cashflow review at fund level is undertaken by the Head of Pensions and utilised to inform the Fund's investment strategy.	2	10	30/08/2024	–

INV11	Investment Risk	High inflation is sustained over the long term leading to investment underperformance and higher costs for the Fund. The current Consumer Prices Index (CPI) inflation rate is 2.2%. Inflation has remained elavated for longer than initially anticipated.	4	3	12	1) The Pension Fund's liability increases at the rate of CPI inflation. Officers regularly discuss the implications of inflation the Fund's actuary which helps inform the Fund's investment strategy. 2) Several of the Pension Fund's investment mandates are in inflation linked strategies such as property and renewable infrastruture. 3) The Pension Fund's investment consultant regularly provides advice to the Pensions Committee and Board on investment strategy including the impact of inflation on the Fund's investment performance.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board. 2) As part of the investment strategy review, the PCB will assess the impact of sustained higher levels of inflation on the investment portfolio's asset specific expected returns.	3	12	30/08/2024	
INV2	Investment Risk	Increasing risk of a financial downturn due to rising cost of living and global central banks increasing base interest rates.	4	3	12	1) The Pension Fund holds a well-diversified investment portfolio that includes a mixture of growth and defensive assets. The factors that drive the expected returns of these assets differ under various economic conditions. 2) The PCB regularly reviews investment performance and the Pensions Fund's investment consultant regularly provides investment strategy advice.	**Treat** 1) Officers will continue to monitor the situation as it develops, consulting with investment managers and advisors, and where necessary, making the appropriate recommendations to the Pensions Committee and Board.	3	12	30/08/2024	
INV5	Investment Risk	The adequacy of the London CIV's resources regarding investment manager appointments and ongoing monitoring of the investment strategy implementation.	4	3	12	**Tolerate** 1) The LCIV has to reach consensus among its 32 member funds, meaning there is a persistent risk that the full completement of mandates in the Fund many not be replicated by the LCIV, particularly the illiquid mandates. 2) The LCIV is currently making changes to its operating model which will be monitored by officers. Any significant implications will be brought to the attention of the PCB.	**Treat** 1) Officers regularly participate and contribute to various LCIV working groups**.**	2	8	30/08/2024	
INV7	Investment Risk	The Pension Fund's actual asset allocations move away from the strategic benchmark.	4	3	12	1) The Fund continually reviews its asset allocation and rebalances the portfolio in line with the Investment Strateguy Statement. The Fund's asset allocation is included as part of the PCB's quarterly update report. 2) The Pension Fund's passive equity investments are rebalanced by the investment manager based on pre-agreed thresholds.	**Treat** 1) Officers will regularly monitor the strategic asset allocation and make recommendations for any necessary adjustments**.**	2	8	30/08/2024	
INV9	Investment Risk	Implementation of proposed changes to the LGPS (pooling) requires the fund to adapt its investment strategy	4	3	12	1) The Department for Levelling Up, Housing and Communities (DLUHC) is expected to issue its consultation on the pooling guidance before the end of the year.	**Tolerate** 1) Officers to consult and engage with the MHCLG, LGPS Scheme Advisory Board, advisors and consultations once the consultation has been issued	3	12	30/08/2024	

INV4	Investment Risk	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	3	3	9	1) The Pension Fund's investment and funding strategy statements are regularly reviewed and discussed at the Pensions Committee and Board meetings. As at the last funding update, the Pension Fund is well funded. 2) The Pension Fund has appointed actuarial and investment consultants to provide advice on matters relating to investment and funding. 3) The PCB is presented with the Pension Fund's Annual report each year.	**Treat** 1) Officers to regularly monitor the Fund's investment performance and highlight any areas of concern to the Committee and Board when they arise. 2) Further training on investment strategy will be provided in the upcoming months	2	6	30/08/2024	
INV10	Investment Risk	Strategic investment advice received from the investment consultants is inappropriate for the Fund	3	3	9	1) The Fund has appointed Mercer, one of the largest global investment consultants, to provide strategic investment advice to the PCB. In addition to this, the fund has also engaged an experienced independent advisor to challenge/confirm investment strategy decisions. This ensures that the advice provided is subject to peer review to ensure that it is fit for purpose.	**Treat** 1) The investment consultant's objectives are set on a regular basis, and performance reviewed annually.	2	6	30/08/2024	
INV12	Investment Risk	Financial failure of an investment manager leads to negative financial impact on the fund	4	2	8	1) Officers receive and review internal control reports from investment managers on an annual basis. 2) The Pension Fund's investment consultants regularly reviews and assigns ratings to the Fund's investment strategies.	**Treat** 1) Officers to continue to work closely with the investment consultants and independent advisor to monitor the financial and operational performance of investments managers.	1	4	30/08/2024	