

Haringey Pension Fund
Risk Management Strategy and Process
December 2025

Introduction

Risk Management may be defined as - The process of identifying, analysing, controlling, and monitoring, in the most effective manner, the threats to the achievement of the strategic objectives and operational activities of the organisation. This definition accords with the “*Managing Risk in the Local Government Pension Scheme*” guidance issued by CIPFA in 2018.

Effective Risk Management is integral to both the sound governance and positive operation of the Haringey Pension Fund. This **Risk Management Strategy and Process** sets out in detail how the Fund manages and treats risk.

This Strategy and Process has been prepared with the support of the independent advisor to the fund (John Raisin Financial Services Limited) with particular reference to the CIPFA Guidance “*Managing Risk in the Local Government Pension Scheme*” and also the “*Haringey Pension Fund Risk Management Policy*.” This policy should be read and considered alongside this document.

In accordance with the CIPFA Guidance (2018) the Haringey Pension Fund Risk Management Policy articulates the Fund’s

- Risk philosophy, attitudes to, and appetite for risk.
- How Risk Management is to be implemented.
- Risk Management Responsibilities.
- The procedures in the Risk Management process.

This **Risk Management Strategy and Process** is the operational document which sets out in detail how the Fund manages and treats risk.

Risk Management Responsibilities

Risk Management properly implemented and applied integrates the identification, analysis, control, and monitoring of risk into both the culture and operations of an organisation (in this case the Haringey Pension Fund). However, there is a serious and genuine danger that Risk Management can become “stale” with for example, irregular genuine consideration of risk by Officers and the lacklustre.

scrutiny of the Risk Register by both Officers and those ultimately charged with the governance of the Fund. To seek to ensure a positive and proactive approach, on an ongoing basis, clear and specific Risk Management responsibilities are identified below for the Pensions Committee and Board, Fund Officers, and Fund Advisors.

Under the Constitution of the London Borough of Haringey the Pensions Committee and Board (PCB) discharges on behalf of the Council all the functions of an “Administering Authority” of the LGPS. Consequently, the responsibility for the effective implementation of Risk Management by the Fund lies ultimately with the PCB. Fund Officers, and in particular the Head of Pensions are responsible for the actual operation of Risk Management. Fund Advisors are expected to assist the PCB and Fund Officers in the application of Risk Management.

Therefore, the PCB responsibilities in relation to Risk Management include:

- The formal approval of all policies and statements relating to the management of risk by the Pension Fund. This specifically includes both the **Haringey Pension Fund Risk Management Policy** and the **Risk Management Strategy and Process**.
- The periodic review, at least every three years, of all policies and statements relating to Risk Management.
- To review, constructively challenge, and as appropriate amend, the complete Risk Register at each meeting of the PCB. This includes consideration of the adequacy of Internal Controls. As appropriate all or part of this review may take place in the Exempt part of the PCB Agenda.
- At least annually at a meeting of the Investment and Governance Working Group to consider the Risk Management arrangements of the Fund.
- To consider, at its discretion, and in depth any aspect of the application of Risk Management by the Haringey Pension Fund. This will primarily be undertaken as a group, at the Investment and Governance Working Group. Such considerations may include, for example, any or all of, policies, roles, processes, specific risks.

The Fund Officers responsibilities in relation to Risk Management include:

- The Head of Pensions (or equivalent) is the responsible Officer for the effective application, of Risk Management within the Haringey Pension Fund.
- The Head of Pensions will chair an “Officer Risk Management Group” which will also consist of the direct reports to the Head of Pensions. The Section 151 Officer may also attend this Group (at their discretion).
- The Officer Risk Management Group will meet at least monthly. It will monitor, identify, analyse, and seek to control Pension Fund risk including potential or emerging new risks. The Group will utilise and implement the **Procedures in the Risk Management Process** detailed in this document.
- Officers will consider risk and also record them in the **Risk Register** using the seven major “types” or areas, or categories of risk identified in the CIPFA Guidance (2018).
- The Officer Risk Management Group shall determine additional Controls and Mitigations (otherwise known as Internal Controls) to be put in place as a result of its monthly analysis of risk.

- Prior to presentation to each meeting of the PCB the Officer Risk Management Group will formally review the Risk Register and make such amendments as it considers appropriate.
- The Head of Pensions will, as they consider appropriate specifically raise/discuss any concerns raised/identified in the Officer Risk Management Group with the Chair of the Pensions Committee and Board.
- Each member of the Officer Risk Management Group will ensure that the monitoring, identification, analysis and control of risk is integrated into the work of their own Team. They will raise with the Head of Pensions, as soon as practical, the identification of any new and significant risk or any existing risk which they consider has become significant – that is that has, in their view a Risk Score of 16 or above before the application of Controls and Mitigations.
- The Head of Pensions with the Officer Risk Management Group will ensure all Internal Controls operated by the Pension Fund (whether referred to in the Risk Register or not) are documented and regularly reviewed (at least annually), and that new Internal Controls are developed, as necessary.
- The Officer Risk Management Group will at least annually review the Risk Management arrangements of the Fund and formally report to the PCB.

The Fund Advisors (and in particular the Fund Actuary, London CIV, provider of Investment Consultancy Services, the Independent Advisor)

- Are expected to be aware of the Risk Management Policy, this Risk Management Strategy and Process, to assist the Officers and PCB in their effective implementation with particular emphasis on their areas of activity.
- The Independent Advisor will specifically provide support to the Pensions Committee and Board, in relation to the implementation of Risk Management by the Haringey Pension Fund.

The Pension Fund Risk Register

The **Pension Fund Risk Register** is the document that lists and explains the Risks facing the Fund, scores them, details the Controls and Mitigations applied, any Further Actions, and a revised Risk Score. The Risk Register will be amended in the light of the result of the application of the **Procedures in the Risk Management Process**.

Procedures in the Risk Management Process

The Risk Management process is in accordance with the Risk Management Cycle as set out in the CIPFA Guidance (2018). This is an ongoing cycle, or continuous loop, which considers risk from both a proactive and reactive perspective taking account also of past experience. The Risk Management cycle consists of:

- Risk Identification
- Risk Analysis
- Risk Control
- Risk Monitoring

Risk Identification

The Risk Identification process will be both proactive and reactive. Both horizon scanning for potential risks and reactive lesson learning from how past risks have manifested themselves will be utilised. Risks will be identified by various means including but not limited to:

- Areas of Risk identified in the CIPFA *“Managing Risk in the LGPS”* (2018)
- Areas of Risk identified in The Pensions Regulator *“General code of practice”* (2024)
- Relevant Guidance or national reports issued for example by MHCLG, SAB, The Pensions Regulator and CIPFA
- LGPC Bulletins
- Formal risk assessment exercises including specifically by the Officer Risk Management Group
- Meetings of the Investment and Governance Working Group
- Feedback from Pensions Committee and Board meetings
- Performance measurement including against the Fund Business Plan
- Internal Audit reports
- Fund Advisor reports
- External Audit findings and reports
- Liaison with the London CIV
- Legal determinations by Courts, The Pensions Regulator and Pensions Ombudsman.

Identified Risks will be documented on the **Pension Fund Risk Register** using the seven major “types” or areas, or categories of risk identified in the CIPFA Guidance (2018). The Risk Register will be the primary document for the subsequent analysis, control, and monitoring of risks.

Although the Officer Risk Management Group has a primary role in the identification of risk, new risks can emerge at any time and therefore must be an integral part of the day-to-day considerations of Fund Officers. Team Leaders should raise immediately with the Head of Pensions any new or existing risk that they consider has a score of 16 or above before the application of Controls and Mitigations.

Risk Analysis

Having identified potential risks, they then need to be analysed and profiled.

In assessing risk and recording it in the **Pension Fund Risk Register** a scoring system which considers both Impact and Likelihood will be used. Each Risk will be assigned a score ranging from 1 (Negligible impact, Very Low likelihood) to 5 (Critical impact, Very High likelihood). The two scores are then multiplied together to give a Risk Score.

Risks will first be assessed and scored for Impact and Likelihood before the application of Controls and Mitigations. They will then be assessed and scored for impact and likelihood after the application of Controls and Mitigations.

In terms of Impact the following scores will be applied:

- Critical - 5
- Major - 4
- Moderate - 3
- Minor - 2
- Negligible 1

In terms of Likelihood the following scores will be applied:

- Very High - 5
- High - 4
- Medium - 3
- Low - 2
- Very Low 1

The Officer Risk Management Group will develop Risk Impact Criteria and Risk Likelihood Criteria to assist in the scoring of Risks both before and after the application of Controls and Mitigations.

The RAG (Red-Amber-Green) rating system will result in a Colour code for each Risk both before and after the application of Controls and Mitigations. This is as follows:

Red: Score of 25-16

Amber: Score of 15-10

Green: Score less than 10

The Red, Amber, Green rating system is a guide to the severity of risk. An initial Red score indicates a clearly unacceptable level of risk which requires immediate and robust corrective action in the form of Controls and Mitigations and close monitoring. However, a Green overall score does not necessarily mean that the risk can be ignored, or treated lightly, particularly where Impact is Critical or Major even if the Likelihood is Low or even Very Low.

Risk Control

Risk Control is concerned with the actions taken to reduce the severity of a risk and the likelihood of a risk occurring. Risk Controls, also known as Internal Controls, may comprise actions to avoid, reduce or transfer risk.

As The Pensions Regulator "*General Code of Practice*" (2024) points out, Public Service Pension Schemes are required, by law, to establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and the requirements of the law.

Possible courses of action against risk are:

- **Risk elimination (or avoidance):** Ceasing an activity or course of action.
- **Risk reduction:** Taking action to mitigate the impact and or likelihood of the occurrence of the risk. For example, selecting an action that has a lower probability of risk or putting in place procedures to manage the risk when it arises.

- **Risk transfer:** For example, transferring a risk to another party through a contractual arrangement.

In practical terms, risk elimination or transfer may commonly be less practical than risk reduction. The Haringey Pension Fund recognises that it is not possible to eliminate all risks. Consequently, accepting and actively managing risk is a key element of the Fund's approach to risk management.

As CIPFA points out in "*Managing Risk in the Local Government Pension Scheme*" (2018) a key determinant in selecting the action to be taken is the potential impact on the Fund's objectives in the light of its risk appetite. A balance between the cost of risk control actions against the possible result of the risk occurring is equally important:

How the control will be implemented and the skills of the person performing the control

The level of reliance that can be placed on information technology processes (whether fully automated or not) and the testing of such processes

Whether a control can prevent future recurrence or merely detect an event that has already happened

The frequency and timeliness of a control process

How the control will ensure secure data management

Processes for identifying errors or control failures

What would be appropriate approval and authorisation controls

Whether professional advice is needed when designing internal controls

There are a very wide range of Risk Controls, also known as Internal Controls, that may be applied depending on the nature of the risk. These may or may not include the direct application of Information Technology. For example separation of duties is a clear Internal Control in a range of circumstances but is not directly an IT related control.

The Pensions Regulator "*General Code of Practice*" (2024, page 49) states that when designing Internal Controls governing bodies should consider and, to maintain internal controls governing bodies should:

- regularly consider the performance of internal controls in mitigating risks, and where appropriate, achieving long-term strategic aims.
- consider obtaining independent or third-party assurance about controls.
- obtain assurance that service providers are meeting their own standards for internal controls.

Risk Monitoring

Risk Monitoring is the final part of the Risk Management Cycle. In monitoring risk management activity the Fund will consider whether:

- The risk controls taken achieved the desired outcomes.
- The procedures adopted and the information gathered for undertaking the risk assessment(s) were appropriate.

- Greater knowledge of the risks and potential outcomes would have improved the decision making process.
- There are any lessons to learn for the future assessment and management of risks.

In addition, the overall Risk Management arrangements of the Fund, will be subject to review by the Officers and the PCB at least annually.

LGPS Risk Types

The consideration of Risk will to be undertaken using the seven major “types” or areas, or categories of risk identified in the CIPFA Guidance (2018). These are:

- Asset and Investment Risk.
- Liability Risk.
- Employer Risk.
- Resource and Skill Risk.
- Administrative and Communicative Risk.
- Reputational Risk.
- Regulatory and Compliance Risk.

The Risk Register itself will be reconfigured with risks listed under each of the seven headings in the CIPFA Guidance.

Taking account of The Pension Regulator “*General Code of Practice*” (2024) both Cyber risk and the risk of Scams will be specifically considered, on an ongoing basis, as part of the Haringey Pension Fund’s approach to Risk Management. These risks will be incorporated, as appropriate into the risk types listed above.

Monitoring and Review of this Risk Management Strategy and Process

This Risk Management Strategy and Process was approved by the Pensions Committee and Board on 01 December 2025. It will be formally reviewed at least every three years or sooner, as appropriate.