

## Pension Fund Risk Register

Committee

Pension Committee

Officer Reporting

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Papers with this report

Pension Fund Risk Register

### HEADLINES

The purpose of this report is to identify to the Pension Committee the main risks to the Pension Fund and to enable them to monitor and review going forward (see Appendix). There are two risks which are red.

### RECOMMENDATIONS

**That the Pensions Committee consider the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks.**

### SUPPORTING INFORMATION

The specific risk matrix for the Pension Fund allows better classification of the risks than would be possible through the Council's standard risk matrix. The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). The risks are also RAG rated to identify level.

There are currently 12 risks being reported upon. Whilst there are many more risks which could be identified for the Fund, those identified are the most significant and those which are actively managed.

Each risk has been explained, along with details of the actions in place to mitigate that risk. The progress comment column provides the latest update in respect of the impact of those mitigating actions. The Direction of Travel (DOT) has also been included.

There has been one downgrade following the latest review:

- Pen 11 'Threat of COVID 19 to Business Continuity'- likelihood reduced from low to very low – rating from E2 to F2.

### Inflation

Inflation is a key risk to the Fund and following an assessment of the portfolio in October 2021 it was agreed the investment strategy had sufficient inflation protection built in, however the situation is being monitored. Trend information still shows that inflation is expected to fall back towards the end of the year. As such no remedial action is required.

Separately, pension increases are based on September CPI and implemented in the following April. Based on current information the Fund has cashflow capacity to accommodate and increase of cash outflows without the need to draw on investment distributions. Therefore, no adjustment has been made to PEN04.

### **Employer Covenant**

The financial strength of employers within the fund was discussed and assessed in terms of their potential inclusion as a risk. With Hillingdon representing over 80% of the Fund, with maintained schools and academies making up most of the balance the overall risk to the fund is minimal. Furthermore, small, outsourced employers are admitted with a parent guarantee or bond to protect against default. In summary it was agreed not to add this as a risk.

### **FINANCIAL IMPLICATIONS**

The financial implications are contained in the risk register attached.

### **LEGAL IMPLICATIONS**

The legal implications are contained in the risk register attached.