









APPENDIX 1 – Corporate Risks and High Level Mitigations as at January 2023

Risk Description	Mitigation	Risk
<p>Acute Socio-Economic Factors</p> <p>Failure or lack of capacity to react to wider economic and socio-economic trends including changes to central government fiscal policy, inflation and interest rate changes, recession, changes in numbers of homeless, market forces (e.g. London housing market), international and domestic migration; all of which threaten to create either funding shortfalls or compromise the delivery of council services.</p> <p>The current levels of high inflation causing global supply chain disruption (increases in production costs, wages, raw materials, energy, transportation, labour) leads to complex procurement issues particularly in the construction and maintenance sectors such as significant increases in tender prices, lack of contractors suitably qualified and experienced to be appointed within the available budget, or lack of appetite from bidders limits the council's ability to meet targets or complete projects</p>	<ul style="list-style-type: none"> • Flexible Medium Term Financial Strategy, which incorporates changing economic trends, reviewed regularly and reported to cabinet • Capital programme subject to continual review and update to ensure delivery of council priorities • Regular monitoring of performance against the council delivery programme by strategic directors and cabinet members • Active but flexible social regeneration, transformation and development programmes which may be deferred, cancelled or scaled down as high interest rates increase revenue costs • Active local economy engagement to communicate issues and to help mitigate risks to business and employment • Delivery, implementation and monitoring of new economic strategy • Regular update of fees and charges and review of new income generating schemes and grants to help mitigate financial impacts and risk of cuts 	
<p>Cost of Living</p>		




<p>Impact of cost of living crisis following directly after the Covid-19 pandemic and post pandemic recovery. This will continue to add a strain on the welfare benefits systems and increase demand for council services such as social care and health, welfare and emergency support and temporary accommodation.</p> <p>The return to higher levels of inflation, the unpredictability and specific incidences of high inflation rates (e.g. building and energy costs) create revenue and/or capital budget gaps when compared to the level of resources available, creating conflict within the council budget structure</p> <p>There is a risk that the necessary resources required to support business and residents from the adverse impact of rising costs are not available from government and this will impact adversely on the funding of other council services and create budget gaps</p>	<ul style="list-style-type: none"> • Maintenance of reserves and appropriate allocation of earmarked council reserves • Inclusion of contingency within budgets • Budget challenge process implemented and followed • Budget monitoring and regular reporting on changes in the cost of delivering services with mitigating actions taken where adverse variances are predicted and adjusting forecasts as necessary • Continual lobbying of government to meet the needs and demand pressures created by the cost of living crisis and aftermath of the pandemic • Continued close monitoring of impacts on council services and local economy • Pan London engagement to communicate with government, the voluntary sector and other agencies • Delivery, implementation and monitoring of new economic strategy • Embedding of Southwark Stands Together programme and related cohesion work to ensure fair and balanced community recovery • Engagement of senior managers with Integrated Care Boards to strengthen the partnerships between the NHS and local government to build health equality within Southwark • Cross departmental programme board to coordinate activity • Fast and effective delivery of support through Cost of Living Fund • Liaison with VCS and key partners to delivery community referral pathway • Provision of warm hubs • Assistance/support for customers to ensure income maximisation • Delivery of the energy savers scheme in partnership with CAB 	
<p>Medium Term Financial Planning</p> <p>The continued uncertainty regarding local government funding beyond 2022-23, which is exacerbated by both the</p>	<ul style="list-style-type: none"> • Financial remits presented to cabinet at least twice a year • Annual budget challenge and options appraisal process in place including budget scrutiny 	

<p>changes in the government's fiscal policy and potentially changes to population figures following the 2021 census.</p> <p>The outcome of the census carried out at the height of the covid crisis creates a under estimated population size impacting on external funding, including government grants based on an artificially low base compromising the availability of resources to deliver existing council services</p> <p>These are likely to have a significant impact on overall council funding levels which will present challenges in balancing the medium term financial strategy and in preparing and presenting longer term budgets</p>	<ul style="list-style-type: none"> • Robust monthly budget monitoring to review progress towards targets and regular reporting to Cabinet • Creation of options which reflect the council's priorities and ambitions and safeguard the provision of mandatory functions • Overview and Scrutiny, both regular oversight and specific budget oversight • Planning future budgets as far as possible to show financial risks related to funding uncertainty • Statutory reporting on robustness of budget estimates • Active engagements through S.151 Chief Finance Officer networks to seek clarity on future funding • Maintenance of adequate levels of balances and reserves • Consistent external audit opinions sustained over time • Oversight and scrutiny by Audit, Governance and Standards committee 	
<p>Schools and Education</p> <p>Existing significant school budget overspend and/or deficit balances coupled with the challenge of rising numbers of surplus places in primary schools creates pressure on school budgets and ultimately council budgets plus other direct consequences as savings are identified to try and achieve a balanced position.</p>	<ul style="list-style-type: none"> • Revised borough-wide strategic plan based on clear principles for right sizing the school estate through removing surplus capacity from the system. • On-going work with schools to ensure schools in financial difficulties follow the scheme of management • Creation of recovery plans plus ongoing monitoring of school budgets • Joint approach with school improvement, finance and place planning colleagues to help schools and advise on the possible solutions. • On going support is given through the help of various tools, such as income modelling tools, budget templates that have in built benchmarking. The recovery templates link in with the Integrated curriculum and financial planning (ICFP) as well as workforce planning and other tools to help schools manage the budget. 	

	<ul style="list-style-type: none"> • Training courses on budgets are provided to school business managers, head teachers and governors. 	
<p>Cyber Security, IT, Data and Information Management</p> <p>Total or partial loss of significant core business systems, inadequate data security and the system becoming unfit to meet business needs results in impaired service delivery and performance and impacts on resident satisfaction impacting on the reputation of the council and staff productivity and morale.</p>	<ul style="list-style-type: none"> • Regular oversight by shared service provider and council client to ensure that all controllable risk is managed and council services protected • Robust system back-up, firewall, anti-virus and cyber security arrangements in place through council's IT team and the managed IT shared service • Migration of software solutions to hosted managed services in the cloud • Appropriate contractual assurance for both cloud based and hosted services • Ensure all hardware and software is supported for security updates • Regular maintenance and update of disaster recovery and business continuity plans • IT capital improvement programme to continue to bring infrastructure up to an efficient and current standard • Further development of the structure and management of IT shared services arrangements with Brent and Lewisham • Effective policies, guidance, training and controls to ensure staff compliance, provided and updated regularly by the IT shared service • Robust information governance arrangements including well defined Data Protection Officer and Senior Information Risk Owner responsibilities • Training and awareness of staff both ongoing and through induction • Development of full insurance cover led by shared service as main provider of infrastructure security 	
<p>Capital Programme and Major Projects</p>		

<p>Unforeseen events and/or changes in the macroeconomic outlook results in cost changes to the council's capital programmes which will risk failure of (or the serious delay to) key capital projects including building new homes causing damage to the council's ability to meet the borough's long term priorities and resulting in short term financing or funding implications for the council.</p>	<ul style="list-style-type: none"> • Re-costing and prioritisation of the council's capital programme, reviewed by council members and reported to council assembly in January 2023 • Ongoing quality assurance of processes to mitigate scope for challenge • Close inter-departmental working with colleagues to develop overall planning strategies • Work with press office and key partners to manage communication • Key contracts and frameworks being put in place by the council • Adherence to the prudential code that regulates and contains council borrowing • Appropriate financial provision (MRP) to secure borrowing risk provided for within the HRA and General Fund accounting framework 	
<p>Legal and Regulatory – Government policy</p> <p>Legislative and / or financial changes, including current and future loss of funding or international factors stemming from changes in government policy, seriously impact on the delivery of balanced budgets for council services and the council's ability to meet either the pressures created by changes in demand for services or the opportunities due to lack of capacity.</p>	<ul style="list-style-type: none"> • Seek to influence policy through professional networks • Contributions to local, regional and professional responses to Government consultations and mandates • Departments to keep up to date with changes affecting their services • Collaborative working with other local authorities and London boroughs to fully understand any changes • Seek expert external legal and professional advice as appropriate 	
<p>Unforeseen Major Event</p> <p>An unforeseen major event occurs which affects critical services and the council's ability to deliver business as usual resulting in financial strain and impacts on the resilience and wellbeing</p>	<ul style="list-style-type: none"> • Maintain and update disaster recovery and business continuity plans • Undertake practice scenarios to check robustness of business continuity plans • Engagement with contractors and partners to check preparedness • Flexible, trained staff in place to respond to changes in demand 	

of staff.		
Asset Management and Building Safety Failure to invest appropriately in the maintenance or management of the council's assets, to have clear sight of responsibility for assets plus failing to implement the requirements of the Building Safety Bill, or a sudden and unforeseen event which may give rise to unacceptable future liabilities and additional budget pressures, reputational damage and potential legislative consequences	<ul style="list-style-type: none"> • Housing asset management requirement reset including initial estimates of additional fire and building safety works • Programmes of planned and preventative maintenance (PPM) in place • Capital investment strategy and targeted investment in assets in place • Annual asset condition verification and effective monitoring of assets • Insurance programme in place to respond to sudden and unforeseen events • Different workstreams created and being monitored and regularly reported on to manage the implementation – workstreams include finance, data and systems, recruitment, training and skills and homeownership • Planning in place to create staff structures that will support new regulations 	↑
Failure of Key Provider The unexpected failure or non-contractual compliance of a key existing or future provider / partner / contractor resulting in serious disruption to a critical service and potential increased expenditure and need for resources to provide an alternative solution with resulting potential reputational damage.	<ul style="list-style-type: none"> • Robust procurement and contracting processes in place safeguarding against foreseen failure • Evaluation of third sector grant programmes • Contingency and business continuity plans to be maintained • Backup contractors in place where appropriate • CSO's and procurement guidance being updated in 2023 	↑
Climate Emergency		

<p>Impact of the climate change strategy creates capacity, financial or practical operational challenges and pressures with the potential for reputational damage for any failure in delivery.</p>	<ul style="list-style-type: none"> • Specific capital investment to tackle climate risks and opportunities • Climate Emergency team established under Director of Climate • Cross departmental collaboration to develop the council's strategy • Engagement with stakeholders and partners • Development of council governance structures, policies and procedures to incorporate a commitment to the strategy • Development of clear and funded plan of activity to meet objectives of the council • Clear communication plan with all stakeholders • Continually review costs and affordability of programme and deliverability against 2030 target 	
<p>Fraud</p> <p>Process, control, or management failure particularly during periods of significant change, economic and social hardship and ongoing funding reductions leads to an increase in fraudulent activity resulting in financial and legislative consequences for the council and the potential for reputational damage.</p>	<ul style="list-style-type: none"> • Fraud awareness training of key risk areas as identified through the risk register • Internal audit plan aligned to key fraud risks • Proactive work undertaken by internal anti-fraud team • Corporate governance guidance followed • Active contract management by contract managers • Regular reviews of authorisation limits of staff through council's schemes of management and delegation • Crime insurance in place to minimise any financial loss 	
<p>Health & Safety</p> <p>Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety and / or mental health and wellbeing being</p>	<ul style="list-style-type: none"> • Health and safety staffing arrangements and corporate and departmental systems regularly reviewed • Staff wellbeing programme in place and promoted • Cautionary contact warning system to be further developed • Individual risk assessments for post covid period to remain for most 	

compromised.	vulnerable employees	
Health and Social Care Act Failure to ensure opportunities for further integration of health and social care system are maximised as result of Health and Care Act 2022 while protecting existing revenue sources.	<ul style="list-style-type: none"> • Sharing knowledge and resources with health partners to deliver transformation • Ensuring local government representation and active involvement on ICB, ICS and Partnership Southwark meetings both officer and member level • Updating the council's governance framework to reflect changes as result of the Act • Creation of joint role for Place based director • Joint decision making and further aligning of strategic direction 	↑
Recruitment, retention, resources and capacity A shortage of appropriately skilled and experienced staff compromises the ability of the council to deliver services and key priorities creating increased pressure on existing staff which may result in low morale, increased stress and sickness levels and an impact in performance across all departments	<ul style="list-style-type: none"> • Provision of training and development of existing staff for upskilling and promotion • Recruitment campaigns with specialist and targeted support • Development and delivery of workforce wellbeing strategy • Ensure that capacity needs are fully defined and resourced, especially for new and ongoing major projects and council delivery programme priorities • Review of recruitment function underway to improve processes and systems • Proactive strategic workforce planning including succession planning • Promotion of Southwark as an employer via employee value proposition 	↔