

Item No. 6.	Classification: Open	Date 10 June 2020	Meeting Name: Audit, Governance and Standards Committee
Report title:		Corporate Risks and High Level Mitigations	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee note this follow up report on the corporate risks and high level mitigations following comments and feedback from members.
2. That the audit, governance and standards committee reviews the mitigations and considers whether it would wish to comment further.

BACKGROUND INFORMATION

3. This report provides detail on the council's corporate risk register and the high level mitigations. This report was prepared following comments from members when the annual report was last reported to the committee in February 2020.

KEY ISSUES FOR CONSIDERATION

Overview

Risk categories

4. The council uses the following risk categories to capture risk:
 - Economic (e.g. credit crunch impacting on service delivery)
 - Financial (e.g. budgetary constraints)
 - Reputational (e.g. failures of service delivery which hit the press)
 - Staffing & Culture (e.g. recruitment & retention)
 - Operational (e.g. services not being delivered)
 - Legal & Regulatory (e.g. not complying with a statutory duty)

Corporate risk register

5. Each department has a departmental risk register. These are updated via the network of departmental risk champions who work with the departmental senior management teams to regularly update each risk register. Each risk register records the risk, assessment score, ownership and key controls and action plans to manage each risk.
6. Each risk contains a mitigation strategy that outlines both the current controls in place to manage the risk but also identifies where required any further controls needed to reduce the risk.

7. It is these individual risk registers stored on the council's risk management software system that are used to build the corporate risk register.
8. The departmental risk champions supported by the corporate risk and insurance manager collectively validate the individual departmental risk registers and carry out a review and aggregation exercise to identify the key risks facing the council as a whole.
9. Whilst a corporate risk related to Brexit is captured at CR9, there is also a separate Brexit risk register, updated via its own process and reported separately to the Brexit Panel and most recently to Cabinet in January.

Key corporate risks

10. As explained above, following a review and validation of the combined departmental risk registers and an aggregation exercise, the top risks across the council have been identified and also updated to include areas identified previously by this committee for consideration. These top risks are attached in appendix 1.
11. The top risks are generally those that have been assessed as amber or red and which appear in more than one departmental risk register, and are therefore relevant to more than one department. These top risks are those risks which often require most proactive management to ensure that all appropriate mitigation actions have been considered and are being implemented as far as possible.

Policy implications

12. This report is not considered to have direct policy implications.

Community impact statement

13. This report is not considered to have direct impact on local people and communities; however the management of risk is key to the successful achievement of the council's objectives.

Resource implications

14. This report is not considered to have direct impact on resource implications, although the management of risk is a part of the effective management of resources.

Consultation

15. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

16. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
1	The Key Corporate Risks as at January 2020

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Laura Sandy	
Version	Final	
Dated	27 May 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team	27 May 2020	

The Key Corporate Risks as at January 2020

Corporate Risk	High Level Mitigation
<p>CR1. Economic / Financial The continued uncertainty regarding local government funding beyond 2020-21 presents the s.151 officer with a challenge in terms of being able to recommend balanced budget proposals which reflect the council's priorities and ambitions</p>	<p>Annual budget setting process in place Robust budget monitoring to review progress towards targets Planning future budgets as far as possible to show financial risks related to funding uncertainty Statutory reporting on robustness of budget estimates Active lobbying of government to seek funding clarity</p>
<p>CR2. Financial The cessation of or significant reduction in a council support service including key infrastructure now and in the future causes disruption to a range of front line and back office service delivery across the council arising especially as a consequence of budget reductions</p>	<p>Review of structure and operating arrangements to ensure focus on statutory and critical functions Flexible, fully trained staff in place to respond to changes in demand Move towards digital services</p>
<p>CR3. Operational The increasing need for and cost of demand led services such as social care, social housing, No Recourse to Public Funds and temporary accommodation results in significant overspends against budget.</p>	<p>Better use of data analytics and modelling Budget recovery board process to be followed Robust budget monitoring process in place</p>
<p>CR4. Financial Delays in paying claimants Universal Credit during the transition to it results in housing rent and other personal debt, and increased demand for other council services and consequential unfunded pressures.</p>	<p>Regular review of procedures and policies to mitigate financial loss Robust budget monitoring process in place Modelling of major NNDR property impacts, council tax base collection rates, exemptions, discounts etc</p>
<p>CR5. Operational Core business systems may become unavailable for prolonged and unpredictable periods of time across the whole council, impairing service delivery performance and impacting on resident satisfaction, the reputation of the council and staff motivation.</p>	<p>Robust back-up arrangements in place Maintain and update disaster recovery and business continuity plans Migration of software solutions to hosted managed service IT capital improvement programme to bring infrastructure up to standard</p>
<p>CR6. Operational Unforeseen events and/or adverse</p>	<p>Ongoing quality assurance of processes to</p>

<p>public reaction to council programmes results in the failure of (or the serious delay to) key regeneration or direct delivery projects causing damage to the council's ability to meet the borough's long term housing and investment needs and resulting in short term financing or funding implications for the council.</p>	<p>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</p>
<p>CR7. Economic The housing market in London adversely impacts on the council's financial arrangements and its ability to manage temporary accommodation, homelessness and housing investment.</p>	<p>Housing strategy to 2043 developed including 11,000 new homes strategy Planning future budgets as far as possible to show financial risks related to funding uncertainty</p>
<p>CR8. Operational An emergency occurs (e.g. seismological, pandemic etc) which affects critical services and the council's ability to deliver business as usual.</p>	<p>Maintain and update disaster recovery and business continuity plans Undertake practice scenarios to check robustness of business continuity plans Engagement with partners to check preparedness Flexible, trained staff in place to respond to changes in demand</p>
<p>CR9. Operational Legislative changes and issues arising from Brexit affecting the council's and its partners' ability to meet the demand for services and/or take advantage of opportunities and/or deal with increased threats due to lack of capacity leading to reduced performance and increasing costs</p>	<p>Flexible, trained staff in place to respond to changes in demand Monitoring for potential changes and creating plans as changes become clear Procedures available and updated as required or as new procedures are developed Robust monitoring of all operational activities and regular compliance checks with monthly performance reporting Engagement with key partners to seek assurance on their preparedness</p>
<p>CR10. Staffing & Culture The data held and managed by council departments and its partners is neither appropriately shared nor used in an optimal way, hindering possible improvements and efficiencies in service delivery and resulting in potential risks to service users or employees.</p>	<p>Cross departmental group established to review arrangements particularly in respect of vulnerable individuals with a view to establishing common practices to ensure appropriate sharing of data</p>
<p>CR11. Staffing & Culture Process, control, or management failure particularly during periods of</p>	<p>Crime insurance in place to protect against employee fraud</p>

<p>significant change and ongoing funding reductions leads to a fraudulent activity resulting in financial consequences for the council.</p>	<p>Fraud awareness training of key risk areas as identified through the risk register Internal audit plan aligned to key fraud risks Proactive fraud plan Corporate governance guidance followed Active contract management by contract managers Regular reviews of authorisation limits of staff</p>
<p>CR12. Staffing & Culture Failure to ensure management action is taken, so that appropriate capacity and skills to deliver change are maintained through periods of reorganising and downsizing, which results in knowledge gaps, poor handover of contract management responsibilities or other consequences.</p>	<p>Implement a workforce planning approach including a recruitment and retention plan, a people plan, training plans and succession planning Regular reviews of allocation of resources</p>
<p>CR13. Legal & Regulatory Failure on the part of the council or its partners to properly adhere to data processing legislation / regulation, which results in breaches when data is shared inappropriately leading to risk to individuals, ICO intervention and consequential financial penalties and reputational damage.</p>	<p>Appropriate training for all staff including mandatory e-learning training as part of induction, information management e-learning to be completed by all staff annually and briefings to team managers to cascade to all staff Internal audit reviews Use of egress switch to enable secure transfer to electronic data</p>
<p>CR14. Financial Failure to invest appropriately in the maintenance or management of the council's assets or a sudden and unforeseen event which may give rise to unacceptable future liabilities.</p>	<p>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</p>
<p>CR15. Legal & Regulatory Due to the rapid evolution of cyber security threats, the council and its partners may not be able to prevent an attack on infrastructure in an effective or timely manner, resulting in a breach of security.</p>	<p>Network activity to be proactively monitored in order to identify unusual or suspicious activity Risks and impact assessments of threats to the security of the council's IT network to be regularly reviewed and revised appropriately Review efficacy of network security controls in place</p>

<p>CR16. Staffing & Culture Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety being compromised.</p>	<p>Health and safety staffing arrangements and corporate and departmental systems regularly reviewed</p>
<p>CR17. Financial / Reputational Service failure of a key provider or partner resulting in the council being held to account for the service delivery failure and having to step in to supply the service at additional cost and with resulting potential reputational damage.</p>	<p>Back up contractors to be identified and contract arrangements to be reviewed</p>
<p>CR18. Financial / Reputational Difficulties in delivering an ambitious council plan and service commitments in the current climate, resulting in adverse reputational impact.</p>	<p>Statutory reporting on robustness of budget estimates Robust budget monitoring of performance with relevant cabinet members to review progress towards targets Annual budget setting process in place Active lobbying of government to seek funding clarity</p>
<p>CR19. Financial / Reputational Failure to adapt to the impact of climate change and the climate emergency result in the council being unable to deliver effectively in line with its climate emergency strategy</p>	<p>Cross departmental collaboration to develop the council's strategy Engagement with partners Development of council governance structures, policies and procedures to incorporate a commitment to the strategy Communication to staff</p>