

Non-Executive Report of the: Audit Committee 11 April 2019	
Report of: Neville Murton- Corporate Director	Classification: Unrestricted or Exempt
Q4 Risk Management Update 2018/19	

Originating Officer(s)	Steven Tinkler – Head of Audit and Risk
Wards affected	All wards

Executive Summary

The report and appendices provide the Audit Committee with an update on risks on the Corporate Risk Register and risks currently on Directorate Risk registers as requested by the committee at its January meeting.

There are currently 14 corporate risks on the corporate risk register, of which five are red, six are amber and three are yellow. An increase from 9 reported in January 2019.

Six new risks have been added – THB0001, THB0002, THB0003, THB0004 and LPGEL0004 which all focus on the ability of the Council's services to prepare for the UK departure from the EU and WSPP0015 which relates to the Waste Management contract.

One risk DRPCD0022 (Failure to have in place a lease extension for Mulberry Place (or alternative temporary office location) one year prior to the end of the current lease (June 2019) has been withdrawn as it is no longer considered a risk.

The report enables the Audit Committee fulfil part of its functions as set out in the Committee's terms of reference item no. 8 – to review the Risk Management arrangements of the authority.

Recommendations:

The Audit Committee is recommended to:

1. Note the corporate risks and recommend changes and updates as necessary.
2. Request risk owner(s) with risks requiring further scrutiny provide a detailed update on the treatment and mitigation of their risk including

impact on the corporate objectives at its next meeting.

3. Ensure that an effective risk management framework is in place within the council and leading the council to be a risk mature, dynamic risk organisation.

1. REASONS FOR THE DECISIONS

- 1.1 Risk Management reports are brought annually and quarterly to provide the Committee with an oversight of the authority’s processes to facilitate the identification and management of its significant business risks.

2. ALTERNATIVE OPTIONS

- 2.1 None.

3. DETAILS OF THE REPORT

- 3.1 A total of **101** wide ranging risks have been identified by Directorates and are detailed in appendix 2 to 6 attached to the report. They comprise of **14** red, **30**amber, **28** yellow and **10** green rated risks. The remaining risks have not been RAG rated.

What is Risk Management	Risk is an integral part of good corporate governance. There are many definitions of corporate governance but the one used by CIPFA is “.....the procedures associated with the decision making, performance and control of organisations, with providing structures to give overall direction to the organisation and to satisfy expectations of accountability to those outside it”.
How we manage risks	All organisations face risks in everything that they do but by the proper management of its risks, organisations can benefit by reducing their significance; either by reducing the level of impact, or making the risk less likely to happen. Over the last few years, the use of risk management as a tool in the public sector has gained strength as the appreciation of how risk management can be used as a technique for delivering an efficient and effective service to all its stakeholders. This is demonstrated in guidance issued by CIPFA / SOLACE, “Delivering Good Governance in Local Government”, which makes reference to the need for effective management of risks and suggest how authorities can use audit committees to support a framework for effective systems of internal control.
Risk management framework	The Council has developed a formal Risk Management framework and processes which are supported by the Risk Management and Audit team. This is part of the Council’s corporate governance process and contributes to its

	<p>compliance with Financial Regulations and Procedures as well as the Accounts and Audit Regulations 2015. It is also a key part of the Council's Annual Governance Statement which is approved by the Audit Committee in June each year.</p>
Aims	<p>To give members and senior officers an understanding of the key risks facing the Council and its community, and to show how these risks are being responded to;</p> <p>Implement and maintain a fluid process for the everyday management of risks relevant to our objective's, outcomes, services and assets;</p> <p>Improve the Council's risk management culture and transparent ownership of risks and issues; and</p> <p>Continue to meet the requirements of our external auditor and compliance providers.</p>
How are risk assessed	<p>Assessment is made in terms of how likely a risk is to occur and what the consequences would be if they did.</p>
Risk Classification	<p>Red (Severe) indicates that the risk is very significant and requires immediate and comprehensive management attention;</p> <p>Amber (Significant) indicates that the consequences of a risk materialising would be significant, but not disastrous. Some immediate action (but not as time critical) is required plus the development of a comprehensive action plan;</p> <p>Yellow (Material) indicates that the consequences of the risk are of concern although treating the risk will be through contingency planning;</p> <p>Green (Low) indicates the likelihood and impact of the risk relatively unimportant.</p>
How we Manage Key risks	<p>The Council's risk management process is implemented across Directorates, Business Units and Projects. On a quarterly basis each Directorate reviews and updates the risks captured on their risk registers and add any new or emerging risks.</p>
Process	<p>Each risk has been reviewed (and where appropriate risk descriptions revised) by the responsible risk owner. New risks and key changes to current risks are discussed and challenged at Directorate and Corporate Leadership Team meetings. Annually each Directorate is encouraged to undertake a full risk review in line with service and financial planning processes.</p>

	Corporate risks are included within relevant Directorate and Divisional business plans and are also reported to Audit Committee. This reporting format ensures that the Council's risk management framework remains embedded and that reporting remains "live" across the organisation. Further information on risk reporting can be found in the Council's risk management strategy.
Risk Champions group activities	The risk champions group at their monthly meetings examine and challenge risks on Corporate and Directorate risk registers. New and emerging risks are also considered.
New and emerging risks	Risks on the impact of a no deal agreement on leaving the European Union.
	At the 25th March 2019 there are 504 identified active risks on the Council's risk register. They are 843 mitigating actions to treat the identified risks.

Table 1 below contains details of current corporate risks and updates by risk owners following review of risks. It provides a summary of the risk, control measures and relevant information on current status of the risk.

Risk Reference	CSD0016	Risk Owner	Richard Baldwin
Risk Description	Death or serious harm to a child that was or should have been in receipt of services, either from the council or a partner agency.		
Date Created	15/05/2013	Days on Register	2157
Raw Risk Rating	25	Controlled Risk Rating	16
Appetite Category	Safety & Safeguarding	Appetite Level	5-9
Update	<p>13 Control Measures, 12 are 100% complete</p> <p>The Council has responded to the adverse Ofsted inspection with a programme of improvements and developments that are overseen by the Improvement Board.</p> <p>The improvements that have been evidenced through the monitoring visits demonstrate that the oversight of safeguarding practice is strengthened and monitored on a regular basis. This level of monitoring (which is checked by Ofsted via the Monitoring visits) has a clear focus on the safety of young people.</p>		
Review Date	22/04/2019	Overdue?	No
Risk Reference	CSDSC0014	Risk Owner	Richard Baldwin

Risk Description	The inspection process produced evidence to show that in the judgement areas of help and protection, in leadership and management and governance and in relation to the LSCB the restorative action that has been taken has been neither sufficiently effective nor timely. The Ofsted inspectors highlighted the need for some urgent and rapid improvement across children's social care.		
Date Created	03/04/2017	Days on Register	738
Raw Risk Rating	25	Controlled Risk Rating	16
Appetite Category	Safety & Safeguarding	Appetite Level	5-9
Update	2 Control Measures, 1 100% complete, 1 75% complete. The Children's Social Care division continues to audit between 40-50 cases per month. This enables the division to regularly review the quality of practice, threshold decision making and the quality of planning. This process is overseen by the Improvement Board and Ofsted inspectors via monitoring visits.		
Review Date	22/04/2019	Overdue?	No
Risk Reference	THB0003	Risk Owner	Zamil Ahmed
Risk Description	Brexit risk to LBTH procurement and supply chains.		
Date Created	06/03/2019	Days on Register	36
Raw Risk Rating	16	Controlled Risk Rating	8
Appetite Category	Brexit	Appetite Level	N/A
Update	1 Control measure Engagement with Contractors and providers. Corporate approach to managing potential supply chain risks (currently the council operates a devolved contract management system) through the strategic procurement board including capturing work undertaken with contractors in directorates and supply risks identified.		
Review Date	20/03/2019	Overdue?	No
Risk Reference	CSDSC0005	Risk Owner	Mohamed Jolil
Risk Description	Loss of resources as a result of a failure to reach target Payment by Results claims, resulting in loss of capacity to deliver the Troubled Families programme. Reputational risk of being the only Local Authority in England to be withdrawn from the programme.		
Date Created	22/12/2015	Days on Register	1206

Raw Risk Rating	16	Controlled Risk Rating	9
Appetite Category	Safety & Safeguarding	Appetite Level	5-9
Update	<p>5-9 1 Control Measure in Progress</p> <p>The Troubled Families Programme locally know as Supporting Stronger Families (SSF) moved to the Early help Service in the August 2018 and an action plan was put in place to reassure the DCLG that the issue that they had raised was being responded too. The SSF has taken a more streamlined approach to payment by results. A considerable amount effort has been put into ensuring that practice is better aligned with the SSF outcomes. This has a resulted in a considerable increase in the number of payment by results. Having met the Ministry in early January, they were happy with the progress made on the action plan, and have recently released the monies which was being withheld following the last spot check.</p> <p>Early Help Service put in a growth bid, which was approved by full council; the financial pressures have now as a result been mitigated by this.</p>		
Review Date	02/04/2019	Overdue?	No
Risk Reference	THB0001	Risk Owner	Steven Tinkler
Risk Description	<p>Failure to properly undertake the necessary European Union (EU) exit impact assessments, relevant planning and preparing appropriate mitigation particularly in the following areas;</p> <ul style="list-style-type: none"> - All the statutory services for which the council is responsible. - All regulatory services for which the council is responsible. - Impact on supply chains including those managed directly by the council and those indirect contracts managed through commissioned services. - Data handling including data handling for any outsourced services. - Local partnership working with key statutory and strategic partners. - Appropriate plans and activity to provide community assurance and provision of timely information. 		
Date Created	07/02/2019	Days on Register	63
Raw Risk Rating	16	Controlled Risk Rating	12
Appetite	Brexit	Appetite Level	N/A

Category			
Update	<p>2 control measures, 1 = 100% complete, 1 = 50% complete</p> <p>HR resource planning and resilience.</p> <p>Financial modelling / Strategy reviews.</p> <p>A BCP / staff composition survey has been sent to all Heads of Service.</p> <p>The survey asks for information on the number of EU nationals within each team, what contracts depend on EU imports / services and what civil disorder plans / backups are in place within relevant teams.</p> <p>The information will be used to plan impacts on services.</p>		
Review Date	02/04/2019	Overdue?	No
Risk Reference	WSPP0015	Risk Owner	Dan Jones
Risk Description	<p>Increased demands on corporate services</p> <p>The management of a service that will have a budget of £20M, employ 300 officers and be implementing change that will impact on the majority of the boroughs residents will require significant support from corporate services such as HR, Finance, Policy, Commercialisation and Communications.</p>		
Date Created	01/11/2018	Days on Register	161
Raw Risk Rating	15	Controlled Risk Rating	N/A
Appetite Category	Compliance & Regulatory	Appetite Level	5-9
Update	<p>1 control measure in progress</p> <p>Element of decided HR and Administration support will be built into the services structure.</p> <p>During mobilisation the impact of these corporate services will be assessed.</p>		
Review date	11/05/2019	Overdue?	No
Risk Reference	ASD0015	Risk Owner	David Jones
Risk Description	<p>Death or serious harm to a vulnerable adult that was or should have been in receipt of services, either from the council or a partner agency.</p>		
Date Created	10/08/2015	Days on Register	1340
Raw Risk Rating	15	Controlled Risk Rating	10
Appetite Category	Safety & Safeguarding	Appetite Level	5-9
Update	<p>10 control measures in place 100% complete</p>		

	Continuing to prioritise improving safeguarding practice through a range of measures which are monitored at ASC Improvement Board, Corporate Safeguarding Board and the Safeguarding Adults Board		
Review Date	24/09/2019	Overdue?	No
Risk Reference	PLC0013	Risk Owner	Mark Baigent
Risk Description	Following the Grenfell Fire tragedy residents of tower blocks in the borough are not safe or do not feel safe from fire following reassurance, advice, interim measures and completed, in progress or scheduled remedial actions to improve fire safety.		
Date Created	28/09/2017	Days on Register	560
Raw Risk Rating	15	Controlled Risk Rating	5
Appetite Category	Safety & Safeguarding	Within Appetite Level	5-9
Update	<p>4 Control Measures, 3 = 100% Complete, 1 = 80% Complete</p> <p>EH team taking enforcement action where needed. Risk of being required to carry out works in default, with financial consequences to the council. Lobbying for MHCLG to fund these costs.</p> <p>Now reduced to 44 private blocks and 8 RP blocks with unsafe ACM cladding needing remediation. RP blocks all have plans in place drawing on MHCLG grant. Several private blocks without plans in place, EH team moving towards enforcement action once HHSRS Addendum takes effect on 21/01/19. Weekly project team meeting to review progress and report to MHCLG and Members.</p>		
Review Date	01/03/2019	Overdue?	No
Risk Reference	LPGEL0004	Risk Owner	Robert Curtis
Risk Description	<p>Potential European Parliamentary Election, Referendum and/or General Election</p> <p>The Government are committed to leaving the EU on 29 March. Therefore there are no preparations being made for EU elections.</p> <p>EU nationals currently eligible to vote and stand for local elections will remain so until any further legislation is passed. If they are elected they can serve their full term.</p> <p>There is no change to local election purdah rules.</p>		
Date Created	17/03/2019	Days on Register	25
Raw Risk Rating	15	Controlled Risk	15

		Rating	
Appetite Category	Brexit	Within Appetite Level	N/A
Update	<p>Pre planning for potential polls</p> <p>All registered staff have been contacted along with premises to highlight the potential for national polls to be held at short notice. In addition all stakeholders have been contacted and are also preparing their contingencies if this were to occur. The estimated costs are unknown and should be covered by Government grants but there is always an element of corporate subsidy in TH but dependent on which election is held this varies considerably.</p>		
Review Date	31/03/2019	Overdue?	No
Risk Reference	THB0002	Risk Owner	Amanda Harcus
Risk Description	<p>Impact of Brexit on the recruitment and retention of LBTH staff (People & Skills).</p> <ul style="list-style-type: none"> - Number that are EU residents - Specific service pressures e.g. social care - Professional qualifications from EU nations - Vacancies - Skills shortages - Increasing costs for agency staff or attracting workers for low skilled jobs 		
Date Created	06/03/2019	Days on Register	36
Raw Risk Rating	12	Controlled Risk Rating	8
Appetite Category	Brexit	Within Appetite Level	N/A
Update	<p>Additional Social Care workforce already in pressurised areas.</p> <p>Response from care home and home care providers is that there will be limited if any impact for them, as workforces in both cases are predominantly non - EEA nationals.</p> <p>Support provided to EU workforce ensuring they understand the EU settlement scheme and their rights post exit and support around wellbeing.</p> <p>Creation of a Social Work Academy within children's social care to address over reliance on agency workers and mitigate any impact on the supply of agency staff from Brexit.</p>		
Review Date	20/03/2019	Overdue?	No
Risk Reference	ICT0071	Risk Owner	Adrian Gorst
Risk Description	<p>Failure to ensure ICT risks are within the scope of council-wide risk management and internal control frameworks in the following areas;</p>		

	<ul style="list-style-type: none"> •ICT availability and continuity risk •ICT security risk •ICT change risk •ICT data integrity risk •ICT outsourcing risk <p>Ensuring the following are kept under review:</p> <ul style="list-style-type: none"> •ICT risk management policy, processes and risk tolerance thresholds •Organizational management and oversight framework •Internal audit coverage and findings; and •ICT risk controls that are specific for the identified material ICT risk. 		
Date Created	20/11/2018	Days on Register	142
Raw Risk Rating	12	Controlled Risk Rating	8
Appetite Category	Innovation	Within Appetite Level	20-25
Update	Risk changed to incorporate various ICT related activities.		
Review Date	22/04/2019	Overdue?	No
Risk Reference	CLPRCG0040	Risk Owner	Oli Kapopo
Risk Description	We are currently at a recycling rate of 24.6% and have a target to reach 35% by 2020. Services are currently in transition from contracted to an in-house delivery model. This may impact on our ability to bring in long term measures to improve recycling on the service as there may be significant service redesign.		
Date Created	08/11/2018	Days on Register	154
Raw Risk Rating	9	Controlled Risk Rating	9
Appetite Category	Reputational	Within Appetite Level	10-12
Update	No control measures in place.		
Review Date	31/03/2019	Overdue?	No
Risk Reference	ASD0017	Risk Owner	Denise Radley
Risk Description	Risk that should a major incident take place affecting Council services, there may be a failure to implement an effective response. The risk is increased if there was to be more than one incident at the same time.		
Date Created	04/08/2013	Days on Register	2076
Raw Risk Rating	9	Controlled Risk Rating	9
Appetite Category	Safety & Safeguarding	Within Appetite Level	5-9
Update	12 Control Measures, 9 100% Complete.		

	<p>All control measures have been actioned and are aimed at improving the effectiveness of the council's response.</p> <p>These have ranged from training to CLT, Divisional Directors and Heads of Service on leadership in emergencies, 'Silver' training and BECC manager training. This has increased our command resilience, providing 35 officers trained to act as 'Silver' and 16 able to perform the role of BECC manager. The Borough Major Emergency Plan (Part 3b) Business Continuity was updated in June. These were reviewed by the CCB. The on-call resilience has also been increased with two additional officers trained and available. The Emergency Planning College have conducted a review of all our policies, plans and processes to provide independent assurance.</p>		
Review Date	31/03/2019	Overdue?	No
Risk Reference	THB0004	Risk Owner	Steven Tinkler
Risk Description	<p>"Brexit - Organisational Impact Impact of Brexit on the regulatory landscape Impact on income streams Impact on local communities</p> <ol style="list-style-type: none"> 1. Decreased revenues & changes in demand <ul style="list-style-type: none"> - Business and economy - Drop in the value of the pound - Business rates - Regeneration schemes - Skills shortages - Cost of living - Decline in town centres/high streets 2. Laws, Legislation and regulation. <ul style="list-style-type: none"> - Environmental regulations - Devolution/public service reform - Human rights 3. Citizens and Community <ul style="list-style-type: none"> - Community cohesion - Migration into the borough - No Recourse to Public Funds 		
Date Created	06/03/2019	Days on Register	36
Raw Risk Rating	9	Controlled Risk Rating	6
Appetite Category	Brexit	Appetite Level	N/A
Update	<p>1 control measure (owned by Steven Tinkler) 75% complete.</p> <p>Identify and plan for impacts on service budgets and identify</p>		

	<p>new income streams e.g. new government initiatives.</p> <p>Monitor/Plan/Mitigate - mitigations in terms of business continuity plans are required from all areas of the organisation.</p> <p>Putting in funding to plug funding gaps over 4-5 years with General Fund as contingency, but significant shocks might remove this backup, earmarked reserve could be used to meet higher priorities.</p> <p>Concern that not much time to get useful information from Government contacts to react. Working with partners to support local business, including access to business rate relief for small businesses.</p>		
Review Date	20/03/2019	Overdue?	No

The table below is a breakdown of the number of corporate risks by directorate for quarter 3, 2018/19.

Directorate	Grand Total	8	9	12	15	16	20	25
		Material	Material	Significant	Significant	Severe	Severe	Severe
HAC	2	0	1	0	1	0	0	0
CCD	3	0	0	0	0	1	0	2
PD	3	0	1	0	2	0	0	0
GD	1	0	0	0	1	0	0	0
Resources	5	0	1	2	0	2	0	0
Total	14	0	3	2	4	3	0	2

Table 2. The number of risks within each directorate by risk score.

Key: **HAC** – Health, Adults and Community directorate
CCD – Children’s and Culture directorate
PD – Place Directorate
GD – Governance directorate
Resources – Resources directorate

The Council’s strategic priorities detailed within the Corporate Strategy

are as follows:

- **Priority 1: People are aspirational, independent and have equal access to opportunities.**

Outcome: People access a range of education, training, and employment opportunities.

Outcome: Children and young people are protected so they get the best start in life and can realise their potential.

Outcome: People access joined-up services when they need them and feel healthier and more independent.

Outcome: Inequality is reduced and people feel that they fairly share the benefits from growth.

- **Priority 2: A borough that our residents are proud of and love to live in.**

Outcome: People live in a borough that is clean and green.

Outcome: People live in good quality affordable homes and well – designed neighbourhoods.

Outcome: People feel safer in their neighbourhoods and anti-social behaviour is tackled.

Outcome: People feel they are part of a cohesive and vibrant community.

- **Priority 3: A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.**

Outcome: People say we are open and transparent putting residents at the heart of everything we do.

Outcome: People say we work together across boundaries in a strong and effective partnership to achieve the best outcomes for our residents.

Outcome: People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement.

Number of Risks associated with corporate Priorities	
People are aspirational, independent and have equal access to opportunities.	3
A borough that our residents are proud of and love to live in.	2
A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.	9
Total	14

4. EQUALITIES IMPLICATIONS

- 4.1 The primary objective of Equality Impact Assessments (EIAs) is to determine the differential impact of a proposed policy, service or business activity and obtain a profile of how it affects different community groups.
- 4.2 Identifying risks and measures that might be employed to mitigate adverse impact is a crucial part of the EIA process.
- 4.3 In order to facilitate mainstreaming of the monitoring and control of identified EIA risks as best practice, departments should include the identified risks and controls measures in the Corporate Risk Register.
- 4.4 Risk owners should be aware of equality implications when delivering the control measures.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 An ineffective audit committee could result in inadequate governance, risk and control arrangements remaining unchallenged, resulting in increased risks of fraud, waste or error and the potential for adverse criticism from the external auditor or other agencies. Full management of the Council's top risks (corporate risks) will allow for effective decisions to be made across the Council's business.
- 5.2 Risk management plays a key role in the civil contingencies bill. The Council has a responsibility to ensure it manages its risk effectively to reduce the risk of incidents affecting the safety of the community.
- 5.3 Environmental issues are at the forefront of decision making, this means that risk owners should only be agreeing to control measures that are environmentally friendly.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no specific financial implications arising from the recommendations within this report. General comments with regards the importance of effective

risk management and the consequences of failure to monitor and manage organisational risks are contained within the body of the report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy efficiency and effectiveness. Therefore, the consideration of this report demonstrates the Council's compliance with its Best Value Duty.
- 7.2 The Council is also legally required to ensure that it has a sound system of internal control facilitating the effective exercise of the Council's functions. This includes arrangements for the management of risk and an effective system of internal audit. This report also demonstrates compliance with these legal duties also.
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Linked Reports, Appendices and Background Documents

Linked Report

- List any linked reports

NONE

Appendices

- Appendix 1 – Corporate Risk Register
- Appendix 2 – Children's and Culture Directorate Risk Register
- Appendix 3 – Corporate Resources Directorate risk Register
- Appendix 4 – Governance Directorate Risk Register
- Appendix 5 – Health, Adults and Community Directorate Risk Register
- Appendix 6 – Place Directorate Risk Register

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- These must be sent to Democratic Services with the report

NONE

Officer contact details for documents:

A.Sotande-Peters Ext: 4051