

RISK MANAGEMENT ANNUAL REPORT

2024/25

14 April 2025



HILLINGDON
LONDON

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1. INTRODUCTION

- 1.1 Hillingdon Council has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management is a crucial element of good management and a key part of corporate governance. Although risks can never be entirely eliminated, proportionate and targeted action can be taken to reduce risks to an acceptable level.
- 1.3 Managing risk should be viewed as a mainstream activity and something that is an integral part of everyday management. Risk Management involves the early identification of risks, assessing their potential consequences, and determining the most effective way to reduce the likelihood and/or impact of the risk. The Council's Risk Management Policy provides a framework to ensure:
- Clear accountabilities and well defined roles and responsibilities for managing risks
 - Risks are promptly identified and their likelihood and impact on Council business is accurately assessed and appropriate action is taken to mitigate the potential risk
 - Employees have the knowledge and skills to identify and manage risks
 - Decisions are taken having considered relevant risks
 - The impact of risk management is evaluated

2. EMBEDDING EFFECTIVE RISK MANAGEMENT IN 2024/25

- 2.1 This section of the report describes some of the key ways risk management is promoted and embedded throughout the Council during 2024/25.

2.2 Risk Management System

- 2.2.1 The focus throughout 2024/25 has been ensuring risks are recorded in the new risk management system purchased and developed during 2023/24. Training sessions were provided to each directorate Senior Management Team by the Head of Internal Audit, introducing the new risk system and facilitating directorate level discussions on the risks that needed to be added.
- 2.2.2 The new system has helped facilitate an ongoing culture change moving accountability for managing risks to the individual services and Directorates. The new system allows greater collaboration between services in relation to risks and improves transparency of risks across the Council, whilst also reducing the time required to update the register on an ongoing basis.
- 2.2.3 Following the initial roll out of the system ongoing one to one support has been provided by the Head of Internal Audit to individual officers when requested. Training on risk management was also provided for Members of the Audit Committee as part of their Training and Development Plan co-ordinated by Democratic Services.

2.3 Aligning Risk and Performance

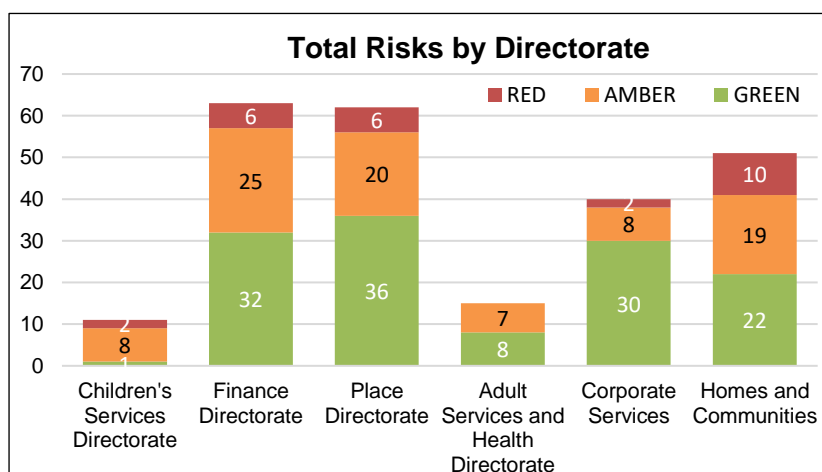
- 2.3.1 Key Performance Indicators in relation to risk management were implemented at the beginning of the year and are reported through CMT and the Audit Committee to ensure the new risk management system is embedded effectively. These include the number of risks overdue for review, the number of unscored risks and the number of risks with no mitigating actions assigned.
- 2.3.2 Further work was also undertaken to align the corporate risks from the risk management system to the Council's strategic objectives through a Strategic Risk Report. This aligns the high scoring operational risks from the Corporate Risk Register to cross cutting strategic risks against the relevant strategic objective. During the year the Head of Internal Audit has also worked with the Business Intelligence team to align the strategic risks to the wider performance reports being developed and the key performance indicators. Going forwards this will help provide assurance that actions taken to reduce the risks are having the intended impact.

- 2.3.3 Finally, during 2024/25 the Corporate Risk Management Group (CRMG) was integrated into a wider Corporate Governance Group chaired by the Council's Monitoring Officer. The new Group met prior to the year end to review the Council's risk register and key performance indicators. Going forwards this group will provide management oversight of the Council's Risk Register to ensure individual risk owners are held accountable for managing risks.

3. YEAR END RISK REGISTER UPDATE

- 3.1 As highlighted above, work has been ongoing to develop the risk management arrangements across the Council during 2024/25. Including fully embedding the new risk system into the day-to-day operations within individual services.

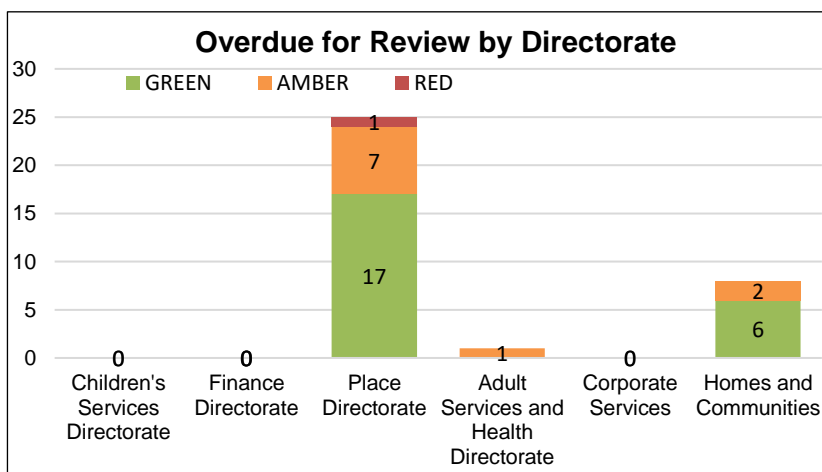
- 3.2 The number of risks recorded in the central risk register had increased from 107 risks at the end of 2023/24 to **242 risks at the end of 2024/25**. This demonstrates the increased focus on proactively highlighting risks at all levels of the organisation, which will continue to improve awareness of emerging issues.



- 3.3 There were **26 red** rated risks on the risk register at the year end, which have been escalated to the corporate risk register shown in section four of this report, in line with the Risk Management Policy.

- 3.4 At the year-end there were **no unscored risks on the risk register** (a decrease from 31 at the end of Q3). This had been raised as an area of concern during the year due to the large number of unscored risks at the end of Q2. All risks should be scored in line with the Council's Risk Scoring Methodology to ensure they are escalated and monitored appropriately.

- 3.5 At the end of the year there were **34 risks overdue for review**, a positive decrease from 61 risks at the end of Q3. The majority of these were green rated risks in the Place directorate, and were overdue for review due to staffing vacancies in the directorate.

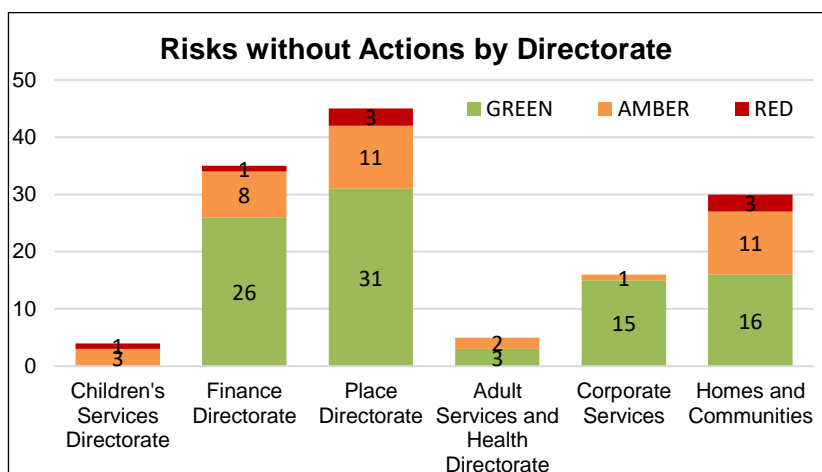


- 3.6 There was one red rated risk overdue for review at the year-end relating to Section 106 funding. It was only due to be reviewed at the very end of March and was missed due to annual leave. It was reviewed on the 3 April 2025 and the risk score reduced to amber.

- 3.7 All risks added to the Risk Management System should have actions allocated to reduce the likelihood or impact of the risk. If a risk does not have actions in place to reduce the risk score

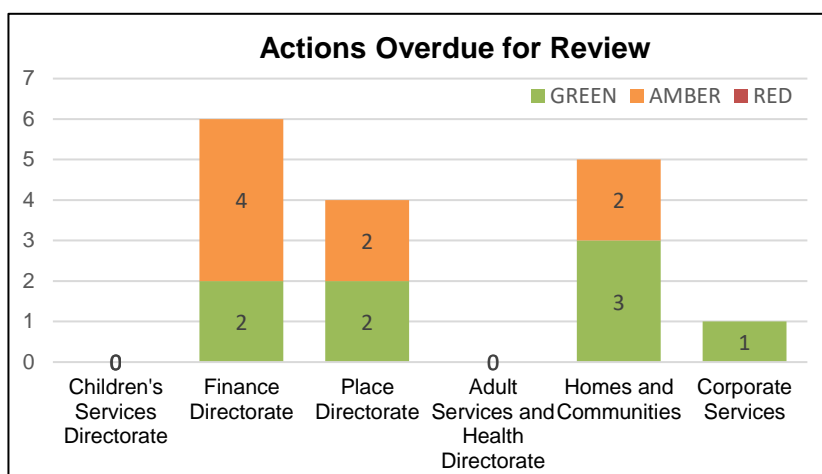
it should be considered whether the risk is being tolerated, and whether it is within the Council's risk appetite to tolerate the risk at that level.

3.8 At the end of 2024/25 there were **135 risks without actions** allocated on the risk management system. This is 56% of all risks, a reduction from 61% of all risks at the end of Q3. This includes eight red rated risks.

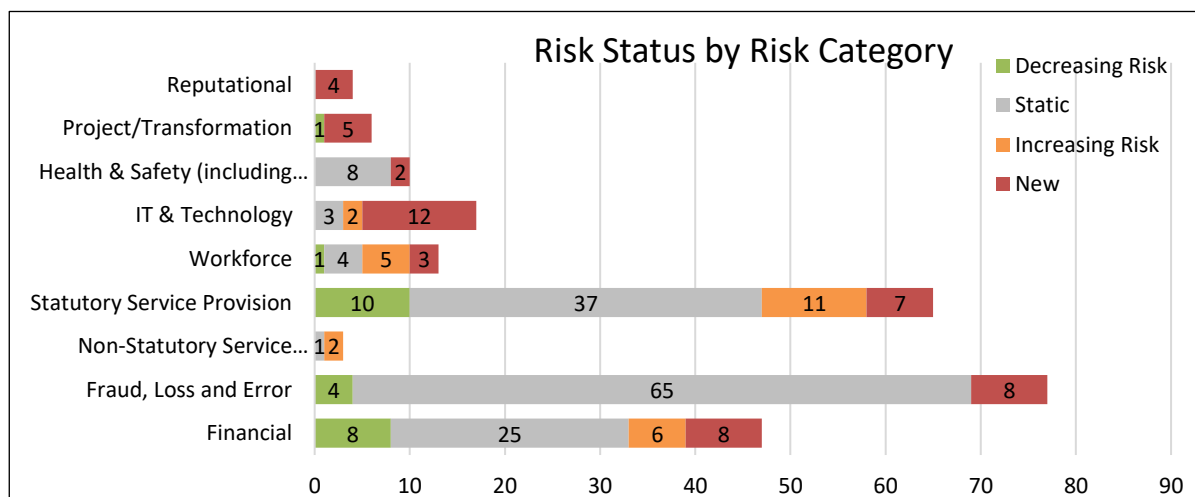


3.9 Ensuring all risks have action plans in place is a priority area of improvement for 2025/26. This will also involve reviewing the Council's risk appetite statement to ensure actions are not closed as tolerated above the acceptable level.

3.10 At the year-end there were 153 actions allocated against 107 risks on the system. Of these **only 16 were actions overdue for review** (10%). The Head of Internal Audit and Corporate Governance Group will continue to monitor this during 2025/26 as they push to ensure all risks have appropriate actions allocated.



3.11 Finally, the graph below shows the risk status for each risk, as recorded by the risk owner, split between the different risk categories. The highest proportion of risks were categorised as Fraud, Loss and Error risks. These risks were added when the counter fraud risk register was transferred onto the system during the year. 90% of these risks are rated green, and as many of these risks remain static, we expect them to be tolerated and closed during 2025/26.



4. CORPORATE RISK REGISTER (CRR)

- 4.1 The Council's Corporate Risk Register (CRR) is an essential part of the Local Authority's Risk Management arrangements. The CRR documents any operational risks from the risk management system which are graded 'red' due to their potential likelihood and impact on the Council. These risks are then monitored by the Corporate Management Team and used to inform the Strategic Risks presented to the Audit Committee in the Strategic Risk Report. The Corporate Risk Register is outlined in Appendix A.
- 4.2 The CRR is presented to the Corporate Management Team (CMT), Corporate Governance Group and the Audit Committee quarterly. The Corporate Management Team is responsible for ensuring the identified risks are being managed and mitigating actions are being implemented. The Corporate Governance Group and Audit Committee maintain oversight of the risk management arrangements and monitor the CRR to gain assurance the arrangements are working effectively.
- 4.3 During 2024/25 the new Risk Management system was implemented, giving greater ownership of risks to individual services and enabling risks to be escalated to the CRR as soon as they emerge. This has led to a more dynamic CRR as risks are escalated then addressed and reduced more regularly. Further work will be ongoing during 2025/26 to align the CRR to other performance dashboards and wider governance arrangements.

4.4 Analysis of Corporate Risk Register

Number of Corporate Risks brought forward from 2023/24	16
Number of new Corporate Risks in 2024/25	21
Number of retired Corporate Risks in 2024/25	11
Number of Corporate Risks where the Risk Scores have increased	3
Number of Corporate Risks where the Risk Scores have decreased	2
Number of Corporate Risks where the Risk Scores have remained static	2
Total Number of Corporate Risks at the end of 2024/25	26

5. 2024/25 FORWARD PLAN

5.1 Move to 'Risk Defined'

- 5.1.1 The Chartered Institute for Internal Audit's Risk Maturity Model is a benchmarking tool to assess the Council's organisation's risk maturity. In accordance with this model our current risk maturity level is '**Risk Aware**', the second of the five maturity levels. This is consistent with the score at the end of 2023/24.
- 5.1.2 It is an aspiration to develop the organisation's risk maturity to the next level of '**Risk Defined**'. Work is ongoing to align risk information with the wider performance reporting dashboards to enable Corporate Directors to monitor risks within their areas more effectively and hold officers accountable for managing their risks.
- 5.1.3 The focus for 2025/26 will also be to improve the number of actions recorded in the system to evidence what steps are being taken to mitigating the risks identified.

APPENDIX A: CORPORATE RISK REGISTER

CRR Risk:	2023/24 Q4	2024/25 Q1	2024/25 Q2	2024/25 Q3	2024/25 Q4	Reviewed Date
The General Data Protection Regulations	Static D1	Removed - Decreased				
Capital Programmes	Static C2	Removed - Decreased				
Rent arrears	Static A3	Removed - Decreased				
Workforce Sufficiency	Static C2	Removed - Decreased				
Meeting Housing Needs	Static A1	Removed – Replaced (HOUSNE0001)				
Children's Care placements	Static C2	Removed – Replaced (CHILSC0012)				
High Needs SEN placements	Decrease D1	Removed – Replaced (EDUSEN0004)				
Increased levels of fraud	Static B1	Removed – Replaced (Multiple risks)				
LEARN0001 - Community DOL	Static C2	Static C2	Removed - Decreased			
FINMAN0029 - Maintained Schools Funding	Static D1	Static D1	Removed - Decreased			
DIRECC0005 - Home to School Transport	New C2	Static C2	Static C2	Removed - Decreased		
PROCUR0002 - Financial Resilience of Contracts	Increase B2	Decrease C2	Static C2	Static C2	Static C2	11/02/2025
TECH0001 - Cyber Security	Static C1	Static C1	Static C1	Static C1	Decrease D1	27/12/2024
STRAF0002 - Ability to Deliver a Balanced Budget in the Short & Medium Term	Static D1	Increase A1	Static A1	Static A1	Static A1	19/03/2025
LANNB0004 - Decent Homes/ Thermal efficiencies	New B1	Static B1	Static B1	Static B1	Static B1	31/03/2025
LANDB0003 - Decarbonisation	New C2	Static C2	Static C2	Static C2	Static C2	31/03/2025
EDUSEN0004 - Uncertainty over the Safety Valve Agreement and impact if it is not held by DfE		New D1	Increase B1	Static B1	Static B1	19/03/2025
PENS0015 - Failure of employers to deliver accurate and timely employee administration information		New A3	Static A3	Static A3	Static A3	09/01/2025
TRSA0003 - Liquidity Risk		New D1	Static D1	Static D1	Static D1	25/03/2025
CHILSC0012 - Increasing cost of external residential provision and reduce internal resilience		New C2	Static C2	Static C2	Static C2	13/02/2025
HOUSNE0001 - High Levels of Homelessness Demand		New C2	Static C2	Static C2	Static C2	12/03/2025
LANDB0011 - Housing Landlord Service - Not Meeting Regulatory Requirements		New A2	Static A2	Static A2	Static A2	01/04/2025

LANDB0019 - Lone-working devices - no visiting officers within housing have lone working devices.			New B2	Static B2	Static B2	03/03/2025
PROPER0001 - Disposal Programme				New D1	Static D1	31/03/2025
PROPER0006 - Insurance Valuations				New A1	Static A1	31/03/2025
FINMAN0007 - Insufficient capacity to meet support demand				New C2	Static C2	19/03/2025
PLANRE0008 - Planning, Building Control and Land Charges System (Ocella) unsupported and unfunded from Jan 2027				New A2	Static A2	17/02/2025
PLANRE0010 - Delivery of Carbon Neutrality by 2030				New C2	Static C2	24/12/2024
PLANRE0015 - Unable to spend S106 funding on time				New D1	Static D1	27/12/2024
PENS0011 - Failure of the pool in management of funds / access to funds					New D1	12/02/2025
LANDB0021 - Compliance IT systems and reliance on spreadsheets					New C2	17/03/2025
HOUMAN0024 - Current RSH inspection notice - Reputational risk of failing against the standards required.					New C2	03/03/2025
HOUMAN0025 - Rent increasing because of operating model and structure of the line management.					New B2	03/03/2025
HOUMAN0026 - There is concern in all areas of the service with Data Quality and Performance analysis					New B2	03/03/2025
HOUMAN0027 - Complaint reporting and management					New C2	31/03/2025
ASSETS0018 - Upcoming Regulatory Compliance and Enhanced Operational Efficiency					New C2	03/03/2025
BUSTRA0001 - The transformation programme required to deliver significant savings in order for the Council to achieve a balanced budget.					New C2	24/03/2025

APPENDIX B: RISK SCORING METHODOLOGY

LIKELIHOOD			RISK SCORE			
Greater than 90%	This Week	Very High (A)	A4 (6)	A3 (12)	A2 (18)	A1 (24)
70% to 90%	Next Week / This Month	High (B)	B4 (5)	B3 (10)	B2 (15)	B1 (20)
50% to 70%	This Year	Significant (C)	C4 (4)	C3 (8)	C2 (12)	C1 (16)
30% to 50%	Next Year	Medium (D)	D4 (3)	D3 (6)	D2 (9)	D1 (12)
10% to 30%	Next 5 Years	Low (E)	E4 (2)	E3 (4)	E2 (6)	E1 (8)
Less than 10%	Next 10 Years	Very Low (F)	F4 (1)	F3 (2)	F2 (3)	F1 (4)
			IMPACT			
			Small (4)	Medium (3)	Large (2)	Very Large (1)
Financial:			Up to £250k	£250k - £1million	£1million - £5million	Over £5million
Service Provision:			Slightly reduced	Service suspended short term	Service suspended long term / statutory duties not delivered	
Health & Safety:			First Aider required	Broken Bones/Illness	Loss of life / Major illness	Major loss of life / large scale major illness
Workforce:			Negative morale	Some hostility / minor non cooperation	Industrial action	Mass staff leaving
Reputation:			Minor Letters	Adverse local media	Adverse national publicity	Remembered for years
Government Relations:			Poor assessment		Service taken over temporarily	Service taken over permanently