



HILLINGDON
LONDON



Audit Committee

Members of the Committee

John Chesshire (Chairman)
Councillor Richard Lewis
Councillor Naser Mohammed Issa Abby
Councillor Tony Burles
Councillor Reeta Chamdal
Councillor Nick Denys

Date: THURSDAY 29 SEPTEMBER
2022

Time: 5.10 PM

Venue: COMMITTEE ROOM 5,
CIVIC CENTRE, HIGH
STREET, UXBRIDGE

**Meeting
Details:** Members of the Public and
Media are welcome to attend
this meeting

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Published: Wednesday 21 September 2022

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Putting our residents first

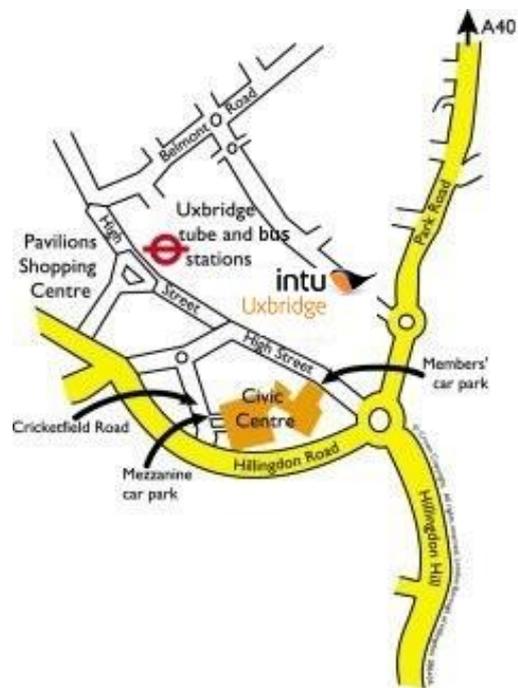
Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

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Terms of Reference

The Constitution defines the terms of reference for the Audit Committee as:

Introduction

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

Internal Audit

1. Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
2. Review, approve and monitor (but not direct) Internal Audit's planned programme of work, paying particular attention to whether there is sufficient and appropriate coverage.
3. Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate, with due regard to risk, materiality and coverage.
4. Make recommendations to the Leader of the Council or Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and Internal Audit Plans.
5. Review the Annual Internal Audit Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
6. Consider reports dealing with the activity, management and performance of Internal Audit.
7. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to request work from Internal Audit.

External Audit

8. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
9. Monitor management action in response to issues raised by External Audit.
10. Receive and consider specific reports as agreed with the External Auditor.
11. Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.
12. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
13. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
14. Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

Governance Framework

15. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary bring proposals to the Leader of the Council or the Cabinet for their development.
16. Review any issue referred to it by the Chief Executive, Deputy Chief Executive, Corporate Director, any Council body or external assurance providers including Inspection agencies.
17. Monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the Corporate Risk Register and seeking assurances that appropriate action is being taken on managing risks.
18. Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy, making any recommendations on changes to the relevant Corporate Director in consultation with the Leader of the Council.
19. Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
20. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
21. Where requested by the Leader of the Council or Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

Accounts

22. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
23. Consider the External Auditor's report to those charged with governance on issues arising from the external audit of the accounts.

Review and reporting

24. Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

Agenda

PART I

- 1 Apologies for absence
- 2 Declarations of interest
- 3 To confirm that all items marked Part I will be considered in Public and that any items marked Part II will be considered in Private
- 4 Minutes of the Previous Meeting 1 - 8
- 5 Update on the external audit of 2021/22 Statement of Accounts and update of the external audit on the Pension Fund 2021/22 Accounts 9 - 22
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- 8 Work Programme 61 - 64

Agenda Item 4

Minutes

AUDIT COMMITTEE

27 July 2022

Meeting held at Committee Room 5 - Civic Centre,
High Street, Uxbridge



HILLINGDON
LONDON

	<p>Committee Members Present: Councillors Chesshire (Chairman), Richard Lewis, Naser Abby, Tony Burles, Reeta Chamdal and Nick Denys</p> <p>Officers Present: Andy Evans – Corporate Director of Finance, James Lake - Head of Pensions, Treasury, Investments & Statutory Accounts, Stephanie Rao - Internal Audit Manager, Alex Brown - Head of Counter Fraud and Anisha Teji - Democratic Services Officer</p> <p>Also Present: Helen Thompson, Ernst & Young and Larisa Midoni, Ernst & Young</p>
1.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
2.	<p>ELECTION OF VICE CHAIRMAN (<i>Agenda Item 2</i>)</p> <p>RESOLVED: That Councillor Richard Lewis be elected as Vice Chairman.</p>
3.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 3</i>)</p> <p>Councillor Richard Lewis declared a non-pecuniary interest in respect of agenda item 6 arising from the fact that he had a pension with the Local Government Pension Scheme. He remained for the discussion of all items.</p>
4.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that all items would be heard in Part I.</p>
5.	<p>MINUTES OF THE MEETING HELD ON 28 APRIL 2022 (<i>Agenda Item 5</i>)</p> <p>It was confirmed that Democratic Services would provide an update on the review of the Audit Committee's Terms of Reference.</p> <p>RESOLVED: That the minutes of the meeting held on 28 April 2022 be approved as a correct record.</p>

6.	<p>2021/22 ANNUAL EXTERNAL AUDIT PLANS (<i>Agenda Item 6</i>)</p> <p>The Committee considered the 2021/22 Annual External Audit Plans that set out the initial plans for the 2021/22 audit by the Council's external auditors EY.</p> <p>The plans set out the approach to the audit of the Council's accounts and the Pension Fund accounts. The deadline for the Council to produce the draft accounts was likely to be extended to 30 November 2022, however it was noted that both EY and the Council were aiming to publish the audited accounts by 30 September 2022. It was noted that a national issue relating to infrastructure derecognition may put the September target at risk.</p> <p>The areas of focus, different risks and action to mitigate these risks were highlighted to the Committee in respect of both the Pension Fund accounts and Council's accounts. There had been minimal or no change in materiality for both accounts and one new risk added for the Council relating to the aforementioned derecognition of infrastructure assets.</p> <p>In response to Member questions regarding significant risks and how these were translated to a lesser risks in the future, it was explained that significant risks were expected to have material impact on the financial statements and more focussed work needed to be undertaken in that area. Inherent risks were described as known risks where testing had been undertaken and auditors were satisfied that the process hadn't changed, and previous work could be relied on.</p> <p>During Member discussions it was noted that the year-end testing of the audit had commenced, and progress was being made as expected. Staff retention continued to be an issue at the firm although many staff members had a notice period of three months which would not impact the audit of the Council of Pension Fund.</p> <p>RESOLVED: That the Committee noted the report.</p>
7.	<p>ANNUAL INTERNAL AUDIT REPORT & OPINION STATEMENT 2021/22 (<i>Agenda Item 7</i>)</p> <p>The Committee considered the Annual Internal Audit Report and Opinion Statement 2021/22, which highlighted matters arising from the work of Internal Audit during 2021/22.</p> <p>The Annual Internal Audit Report and Opinion Statement was a requirement of the UK Public Sector Internal Audit Standards (PSIAS). It was reported that the 2021/22 Internal Audit assurance plan was 59% complete to final report stage by 30 June 2022. All but two audits had started and were at an advanced stage.</p> <p>For the year 2021/22, the Head of Internal Audit had concluded a reasonable assurance that the systems in Hillingdon accorded with proper practices. There were a few significant control weaknesses identified including allotments, planning enforcements and Section 106.</p> <p>It was reported that the biggest issue for Internal Audit, particularly during the latter part of the year had been staff resource and this had significantly impacted key performance indicators and progress with the plan.</p>

	<p>During Member discussions, the role of Internal Audit was explained, and it was noted that issues were raised through quarterly risk management meetings. Emerging risks were explored and informed by the Corporate Risk Register, risks to objectives, corporate and governance issues, new legislative requirements, new systems and any changes in Ofsted or CQC ratings. It was reported that there was also a good working structure within the Council to address emerging risks swiftly.</p> <p>Members were advised that when the team was fully resourced regular frequent chasing and monitoring of medium and high recommendation took place. Management updates would be obtained and this would then be verified. While the team was not at full capacity, it was agreed that follow up could be paused and updates would be provided at the appropriate time. It was also explained that management actions were owned by individual action owners which is the relevant manager in the business and Internal Audit verified these actions. The Committee was assured that although some recommendations had not been verified, this did not mean that the recommendations had not been implemented just that there was a slower verification process.</p> <p>In response to Member questions regarding staffing, it was explained that that the past six months had been challenging for the Internal Audit team in terms of resource. It was explained that short term plans involved key assurance work being undertaken and there was also flexibility with the Mazars contract that would enable work to be undertaken. The job descriptions of the Head of Internal Audit and Principal Auditor had been tweaked following consultation with consultants in the market and those adverts were due to go live shortly.</p> <p>The PSIAS conducted an external review of quality once every five years, and it was confirmed that planning for this was underway and this was on track for autumn.</p> <p>RESOLVED: That the Audit Committee reviewed and noted the Annual Internal Audit Report and Opinion Statement 2021/22.</p>
8.	<p>ANNUAL REPORT OF THE AUDIT COMMITTEE 2021/22 (<i>Agenda Item 8</i>)</p> <p>The Committee received a report detailing the information proposed to be presented to Council as the Audit Committee's Annual Report for 2020/21.</p> <p>During Member questions, the different levels of assurance were explained, and it was noted that the Audit Committee was awarded a reasonable assurance. It was agreed that the report on the Review of the Effectiveness of the Audit Committee would be shared with Members for information. Many of the identified actions in the report had been progressed with Democratic Services.</p> <p>RESOLVED: That the Audit Committee noted the report and information provided.</p>
9.	<p>INTERNAL AUDIT PROGRESS REPORT FOR 22/23 QUARTER 1 (INCLUDING THE 22/23 QUARTERS 2 & 3 INTERNAL AUDIT PLAN) (<i>Agenda Item 9</i>)</p> <p>The Committee received the Internal Audit (IA) Progress Report for 2022/23 Quarter 1 and IA Plan for Quarters 2 and 3 which provided summary information on all IA work covered in relation to 2022/23, together with assurance levels in this respect.</p> <p>The report outlined staffing issues and the progress on the audits undertaken. During</p>

this quarter, four assurance reviews were completed to final report stage with another one assurance review at draft report stage. Two assurance reviews had received no or limited assurance opinions. The Committee's attention was drawn to IT testing which had progressed since the position outlined in the report and it was confirmed that draft reports had been issued to Licensing – Animal Welfare. Testing had also commenced for Capital Programme and Domestic Violence Homelessness Process. It was reported that six of the nine internal audits undertaken in 2022/23 were in the testing stage nearing the draft report stage.

In response to Member questions regarding the no assurance opinion on the Allotments audit completed in Q1, it was explained that the management actions and implementation dates had been agreed. The findings were well received as there was a good relationship with the senior management team and work is underway to resolve these issues. The underlying reasons for the shortcomings in this area involved governance, policy and monitoring of the usage.

It was noted that although IA usually planned one quarter ahead, in order to enable Mazars to factor appropriate resources, two quarters in advance had been planned. It was agreed that the usual column involving the assessment of risks would be reincluded in the report.

The Committee considered it to be a balanced plan covering a range of different service areas.

RESOLVED:

- 1. That the Audit Committee noted the IA Progress Report for 2022/23 Quarter 1 and approval be given to the Quarters 1 and 2 Internal Audit Plan.**
- 2. That the Committee noted the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.**

10. **2021/22 COUNTER FRAUD ANNUAL REPORT** (*Agenda Item 10*)

The Committee considered the 2021/22 Counter Fraud Annual Report that provided an overview of all Counter Fraud work carried out in relation to 2021/22 and assurance in this respect.

It was reported that the Counter Fraud Team (CFT) had achieved a number of successful outcomes despite operating in a post pandemic world with the lingering effects of Covid. This included a delivery of a total of £3.04m in loss prevention savings across Council services. This represented the Counter Fraud Team's most successful year ever. The savings included the recovery of 42 council properties due to tenancy fraud (52% increase from the previous year), revenues delivered 9138 inspection visits (52 % increase from the previous year) and a saving of £211k in the area of social care (62% increase on previous years) although more work needed to be done in 2022/23 in this area.

The Committee heard about the CFT joining the London Counter Fraud Hub and the CFT's largest fraud awareness programme. The two main areas of focus going forward included recruitment and sustaining the level of performance from 2021/22.

During Member discussions, it was noted that social work was a relatively new area to

	<p>the CFT and a lot of engagement work with key stakeholders was undertaken to identify the risks and work to be undertaken from a counter fraud perspective. More work was planned around disability facilities grants and direct payments. It was also noted that there was whistle blowing policy in place and this was due to reviewed by Cabinet in October 2023.</p> <p>The Counter Fraud Team was congratulated for their hard work in overachieving targets. The Committee concluded that this was an excellent report with an excellent set of results.</p> <p>RESOLVED: That the Audit Committee noted the Counter Fraud Annual Report for 2021/22.</p>
11.	<p>2022/23 QUARTER 1 COUNTER FRAUD PROGRESS REPORT (<i>Agenda Item 11</i>)</p> <p>The Committee received a report detailing the work undertaken by the Counter Fraud Team (CFT) in relation to 2022/23 Quarter 1 and assurances in this respect.</p> <p>It was reported that a financial target of £3.5m had been set and a savings of £2.3m was achieved making it a successful quarter for the CFT. The CFT had recovered 15 properties due to tenancy fraud and there were 114 live investigations ongoing. Revenue maximisation work continued with £1.3m of uncollected revenue being identified. The onsite Immigration Officer had returned from long term sick and cleared a backlog of outstanding immigration status checks. This work had led to a loss prevention savings of £42k in the area of social care.</p> <p>It was reported that there had been a recruitment drive and two Counter Fraud Manager positions and two Count Fraud analyst positions had been recruited.</p> <p>During Member discussions it was noted that the London Counter Fraud Hub needed to be embedded into working practices and there had been challenges in agreeing the risks. It was explained that 32 London Boroughs were joining the hub and the aim of it was to share and cross match data to identify cross borough fraud.</p> <p>It was reported during Member questions that there had been a significant jump in live tenancy fraud investigations due to subletting, abandonment and nonoccupation. It was also noted that there was legislation governing the use of social media during fraud investigations.</p> <p>The CFT was congratulated for their work. The Counter Fraud Manager was thanked for their dedicated service over 15 years of service and wished well for the future.</p> <p>RESOLVED: That the Audit Committee noted the Counter Fraud Progress Report for 2022/23 Quarter 1.</p>
12.	<p>2021/22 QUARTER 4 CORPORATE RISK REGISTER (<i>Agenda Item 12</i>)</p> <p>The Corporate Risk Register (CRR) for Quarter 4 (January – March 2022) report was presented to Members. The report provided evidence about how identified corporate risks had been managed and the actions which were being taken to mitigate those risks. The report summarised the corporate risks and key movements.</p> <p>Members requested that other potential pandemics (such as monkey pox) and the</p>

	<p>increase in infections over the winter period could be considered for inclusion in the CRR. It was noted that this will be discussed during subsequent risk meetings with the relevant officers.</p> <p>In terms of Risk 5 – Ability to Deliver a Balanced Budget in the Medium Term, Members were informed that the budget setting took place in February 2022. The Medium-Term Finance process was analysed and there was a detailed forecast of projections. Officers worked very closely with Cabinet and the outcomes of any discussions would be incorporated into the CRR.</p> <p>RESOLVED: That the Committee reviewed the Corporate Risk Register for Quarter 4 (1 January – 31 March 2022) as part of the Committee’s role to independently assure the Council’s corporate risk management arrangements.</p>
13.	<p>AUDIT COMMITTEE MEMBER SKILLS MATRIX (<i>Agenda Item 13</i>)</p> <p>The Committee received the report on the Audit Committee Member Skills Matrix.</p> <p>It was explained that Members would be given the opportunity to individually complete the skills matrix and once the finished documents had been returned, this data would help to identify the training needs of Members. The skills matrix would be kept confidential and would be used to aid the development of a training programme for Audit Committee Members.</p> <p>Members agreed that the skills matrix would be a useful tool in developing a training programme going forward</p> <p>RESOLVED: That the skills matrix be approved.</p>
14.	<p>AUDIT COMMITTEE FORWARD PROGRAMME (<i>Agenda Item 14</i>)</p> <p>Consideration was given to the forward work programme for the Committee.</p> <p>The following amendments were agreed:</p> <ul style="list-style-type: none"> • The Internal Audit Progress Report Quarter 2 2022/22 (including Quarter 4 2022/23 IA Plan) be heard at the meeting on 15 November 2022. • The Internal Audit and Counter Fraud Annual Plans for 2023/24 be added to the meeting on 27 April 2023. <p>RESOLVED: That the Audit Committee noted the Forward Work Programme for 2022/23 and amendments.</p>
	<p>The meeting, which commenced at 5.10 pm, closed at 6.40 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on 01895 277655 or ateji@hillingdon.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

The public part of this meeting was filmed live on the Council's YouTube

Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.

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EXTERNAL AUDIT UPDATE OF THE 2021/22 STATEMENT OF ACCOUNTS

Committee name	Audit Committee
Officer reporting	James Lake, Head of Pensions, Treasury & Statutory Accounts
Papers with report	EY update London Borough of Hillingdon EY update London Borough of Hillingdon Pension Fund
Ward	All

HEADLINES

The attached reports summarise EY's current progress on the audit of the 2021/22 Statement of Accounts including the Pension Fund Accounts. The first report summarises the Council's main financial statements and the second the Pension Fund accounts.

At the July meeting an aspirational target of the 29 September 2022 was proposed to complete the audit of the accounts. This was an ambitious deadline, being two months ahead of the statutory deadline of the 30 November 2022, and although the audit has progressed well it has not been possible to meet the early target date.

Furthermore, a national issue regarding the accounting of infrastructure assets is still unresolved and both EY and the Council await further information which could result in an amendment to accounting standards by the Chartered Institute of Public Finance & Accountancy or statutory override by the Department for Levelling Up, Housing & Communities.

Subject to property valuation, which is reliant on separate specialist work, and a suitable outcome relating to the infrastructure issue, EY are working towards completing the audit by the 30 November 2022, albeit the aforementioned items add an element of risk.

Committee should note that at the time of writing, the Pension Fund audit was materially complete and there were no unadjusted differences to report.

RECOMMENDATIONS:

That the Committee notes the progress of 2021/22 external annual audit.

FINANCIAL IMPLICATIONS

Proposed scale fees detailed in the original audit plan for the London Borough of Hillingdon include the PSAA agreed scale fee of £121,096 plus an extra scale fee of £82,728 which is

currently being discussed with the PSAA.

For the London Borough Pension Fund agreed scale fees are £16,170 with an additional scale fee of £28,290.

These additional scale fees are being considered by the PSAA as part of the national consideration of EY's fee proposals. The Corporate Director of Finance will also consider these fees in line with benchmarking information and in consultation with EY.

An allowance for increased fees has been made within the Council's statement of accounts.

LEGAL IMPLICATIONS

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis under powers contained in the Local Audit and Accountability Act 2014. In Hillingdon, EY have been appointed by the PSAA to carry out this function. Other legal implications are included in the body of the report.

The Accounts and Audit (Amendment) Regulations 2022:

4B Paragraph (1) applies in relation to the publication of documents relating to the financial year beginning in 2021 as if for "31st July" there were substituted "30th November"

6A Paragraph (2)(b) applies in relation to the audit of accounts relating to the financial year beginning in 2021 as if for "but not later than 31st July" there were substituted "but not later than 30th November".

BACKGROUND PAPERS

See appendices

London Borough of Hillingdon

Audit progress update

16 September 2022



Audit Committee
London Borough of Hillingdon
Uxbridge
UB8 1UW

16 September 2022

Dear Audit Committee Members

Audit Progress Report

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit Committee with an overview of the current status of the Council's 2021/22 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson
For and on behalf of Ernst & Young LLP
Enc

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Financial Statements



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Progress Update -
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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of London Borough of Hillingdon in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of London Borough of Hillingdon those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, and management of London Borough of Hillingdon for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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01 Progress Update - Financial Statements 

Status of the 2021/22 audit

2021/22 financial statements

Our Outline Audit Planning Report identified the key areas of focus for our audit of the Council's 2021/22 financial statements, which have not changed as of the date of this progress report. This page sets out our progress and observations on work to date on these areas. We will provide a further verbal update to the 29 September 2022 Audit Committee meeting.

Our audit has been progressing well with the support of the Council's accounting team, who have been providing us with timely responses and have been available throughout the audit process to answer our queries. However, we have encountered challenges with the quality of the audit evidence received from the ultimate process holders and delays with supporting evidence for valuation of property, plant and equipment ('PPE') - a key area of the audit.

The audit team has been resourced according to the planned audit timeline, however the issues encountered during the audit process are likely to pose audit resourcing challenges to complete the work.

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Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatement due to fraud or error	<i>Fraud</i>	We are carrying out our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management overriding controls through our work to date.
Risk of inappropriate capitalisation of revenue expenditure	<i>Fraud</i>	Our work in this area is well progressed and subject to internal reviews. There are no issues that we wish to draw to your attention at the date of this report.
Accounting adjustments made in the 'Movement in Reserves Statement'	<i>Fraud</i>	Our work in this area is relatively well progressed. There are no issues that we wish to draw to your attention at the date of this report.
Valuation of land and buildings valued under the Depreciated Replacement Cost ('DRC') method and the Existing Use Value ('EUV') method	<i>Significant</i>	We selected a sample for review of PPE valuations, including a sample for EYRE review. We shared the sample with the Council, along with the audit evidence requirements. The Council is preparing the valuation supporting evidence as of the date of this report. We will commission our internal valuation experts EY Real Estates (EYRE) to support our work in this area once we have received the required evidence. We are in the process of reviewing the reasonableness of asset values not revalued as of the reporting date 31 March 2022.

Status of the 2021/22 audit

2021/22 financial statements

Risk / area of focus	Risk identified	Progress to date
Derecognition of infrastructure assets upon subsequent expenditure/ replacement	<i>Significant</i>	<p>This is a local government nationwide issue and it is currently under consideration by CIPFA, who intend to make changes to the Local Authority Accounting Code of Practice. A statutory override of some accounting requirements is also being considered by the Department of Levelling Up, Housing and Communities, although the timing of this is not clear. We will consider the impact of any changes made to the accounting framework on the position at the Council as further details are made available.</p> <p>We have requested details about the accounting treatment adopted by the Council for infrastructure assets, who are in turn waiting for the final views from CIPFA before sharing their own assessment.</p>
Pensions Liability Valuation	<i>Inherent</i>	<p>We have received the draft letter to support our work from the audit of Hillingdon Pension Fund and our work in this area was progressed, subject to internal reviews.</p> <p>We engaged EY Pensions to create an auditor's estimate for the pension liability. The estimated liability fell inside the expected range. This scope of work was completed and we have no findings to report in this regard.</p>
Valuation of Council Dwellings	<i>Inherent</i>	<p>We have started our review of the Council Dwellings valuation. We are considering the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. We have no items to report as of the date of this report.</p>
Consideration of Group Boundary	<i>Inherent</i>	<p>We reviewed the Council's assessment of the need to prepare Group Accounts as a result of transactions occurring within the subsidiary during the financial year ending on 31 March 2022. We concurred with the Council's conclusion that the consolidation requirement was not triggered for this financial year.</p>
New central government grants and other Covid-19 funding streams	<i>Inherent</i>	<p>We selected a sample and tested government grant income to ensure that it has been recorded at the correct amount and correctly classified as specific or non-specific in nature. This work has been prepared and is subject to internal review.</p>
Going Concern Disclosure	<i>Inherent</i>	<p>The draft financial statements have been prepared on a going concern basis. Management's assessment of going concern will be provided to us closer to the completion of the audit and we will perform our planned procedures then.</p>



02

Progress Update - Value for Money





Value for money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a requirement under the 2020 Code is for us to include the commentary on arrangements in the Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2021/22 VFM planning

In our Outline Audit Planning Report presented to the July meeting of the Audit Committee, we reported that we were undertaking our VFM Planning work and would update the Committee in due course on whether we identified risks of significant weaknesses in arrangements. We have commenced our VFM work and no such risks have been identified to date.

Hillingdon Pension Fund

Audit progress update

16 September 2022



London Borough of Hillingdon Pension Fund
Uxbridge
UB8 1UW

16 September 2022

Dear Audit and Pensions Committee Members

Audit Progress Report

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit and Pensions Committees with an overview of the current status of the Pension Fund's 2021/22 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson

For and on behalf of Ernst & Young LLP

Enc

Status of the 2021/22 audit

2021/22 financial statements

Our Outline Audit Planning Report identified the key areas of focus for our audit of the Pension Fund's 2021/22 financial statements, which have not changed as of the date of this progress report. This page sets out our progress and observations on work to date on these areas. We will provide a further verbal update to the 28 September 2022 Pensions Committee and the 29 September 2022 Audit Committee meetings.

The audit is well progressed, subject to internal reviews. We have the following findings to bring to your attention at the date of this report.

Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatement due to fraud or error	<i>Fraud</i>	Subject to internal reviews, we have not identified any indications of management overriding controls through our work undertaken as lined up in the Outline Audit Planning Report.
Misstatement of investment income and investment values through fraudulent journal entries	<i>Fraud</i>	Our work in this area is prepared and subject to internal reviews. There are no issues that we wish to draw to your attention at the date of this report.
Risk of incorrect valuation of unquoted (Level 3) investments	<i>Significant</i>	Our work in this area is prepared and subject to internal reviews. We noted that five investments valued at a total of £47 million were classified at level 2 fair value hierarchy, however we were not able to obtain clear observable inputs used in their valuation. Thus, we proposed a re-classification to level 3 fair value hierarchy, which management accepted to correct in the accounts. We have no other findings to report at this date.
IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits	<i>Inherent</i>	Our work in this area is prepared and subject to internal reviews. We assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - consulting actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. To meet the requirements set by ISA540, we used the work of our expert EY Pensions to create an auditor's estimate for the pension liability. The liability fell within our expected range. We have no matters to bring to your attention at this date.
Going Concern Disclosure	<i>Inherent</i>	The draft financial statements have been prepared on a going concern basis. Management's assessment of going concern will be provided to us closer to the completion of the audit and we will perform our planned procedures then.

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AUDIT COMMITTEE - 2021/22 Annual Risk Management Report

Committee name	Audit Committee
Officer reporting	Stephanie Rao, Internal Audit Manager
Items with report	Risk Management Annual Report
Ward	All

HEADLINES

This report presents to the Audit Committee the Risk Management Annual Report 2021/22. The report provides evidence to the Audit Committee about the movement of individual corporate risks across the year, how they have been managed by the Council and horizon scanning for the future. This report follows a review by the Corporate Risk Management Group (CRMG) on 12th September 2022.

RECOMMENDATIONS:

That the Audit Committee:

- 1. Review the Risk Management Annual Report 2021/22 as part of its role to independently assure the Council's corporate risk management arrangements; and**
- 2. Suggest any comments/amendments.**

SUPPORTING INFORMATION

We continue to attend Senior Management Team meetings and meet with individual Officer Leads to discuss the status of current risks and any new risks which may have been identified. Any risks which need to be escalated to the Corporate Risk Register will be reported to Corporate Management Team and Corporate Risk Management Group respectively.

Managing risks is necessary for the effective and efficient delivery of the corporate objectives of the Council. In addition, the Council's risk management framework underpins the Annual Governance Statement process.

BACKGROUND ITEMS

Risk Management Annual Report (attached)

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Risk Management Annual Report

2021/22



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Version Control

Version No.	Date	Revision History	Author
0.1	24.08.2022	First Draft	Stephanie Rao, Internal Audit Manager
0.2	02.09.2022	Draft for CRMG	Stephanie Rao, Internal Audit Manager
1.1		Final for AC	Andy Evans, Corporate Director of Finance

1. Introduction

- 1.1 The London Borough of Hillingdon (LBH) has a statutory responsibility to ensure arrangements are in place for managing risks. The Accounts and Audit (England) Regulations 2015 state that a local government body shall ensure that its financial management is adequate and effective as well as having a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. Further, the CIPFA/Solace governance framework “Delivering Good Governance in Local Government (2016)” outlines the need for risk management to be embedded into the culture of the organisation, with members and officers recognising that risk management is part of their role.
- 1.2 Risk management is about managing opportunities and threats to objectives and in doing so help create an environment of “no surprises”. Risk management is a crucial element of good management and a key part of corporate governance. It should be viewed as a mainstream activity and something that is an integral part of everyday management of the organisation.
- 1.3 Risk Management is already inherent in much of what the Council does. Good practices such as safety systems, procurement and contract regulations, financial regulations and internal control are not labelled as Risk Management but these and many other processes and procedures are used to manage risk.

2. Purpose of Risk Management

- 2.1 The Council is committed to providing high quality services in the most efficient and cost effective way that puts its residents first. The management of risk is a core element of corporate governance to ensure the Council's priorities for improvement as well as day-to-day services are delivered as expected. For the purpose of this policy and guidance, risk is considered to mean anything that will, or has the potential to adversely affect the achievement of service improvement priorities and/ or disrupt day-to-day operational service delivery (for the purpose of optimising success by minimising threats and maximising opportunities and outcomes).
- 2.2 Risks can never be entirely eliminated but proportionate and targeted action can be taken to reduce risks to an acceptable level. It is essential that managers and their teams manage risks to achieve the following business benefits:
 - Achieve the Council's priority to be an efficient, well-run, innovative council working with partners, delivering services to improve the lives of our residents;
 - Ensure the Council will be a well-run, sustainable council with sound financial management, achieving positive outcomes for residents;
 - Protect staff and residents;
 - Protect valuable assets; and
 - Maintain and promote the Council's reputation.
- 2.3 Managing risk is part of everyday business for the Council and is a process that 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. This policy and guidance 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; and
 - The impact of risk management is evaluated.

3. Role of Risk Management

- 3.1 The role of Risk Management is to provide independent and objective assurance on the risk management process. Internal Audit ensures effective risk management by supporting CMT to:
- Incorporate risk management into service improvement and everyday management arrangements such as service and financial planning;
 - Identify, assess and manage risks so as to minimise the potential costs and disruption to services caused by undesired events;
 - Make informed decisions based on a balance between risk and the benefits that may be realised from opportunities for service improvement;
 - Encourage innovation and improvement through taking calculated and well managed risks to improve services for residents;
 - Raise employee awareness of risk management through promotion, training, performance management and review;
 - Produce the Annual Governance Statement in relation to the authority's system of internal control, corporate governance arrangements and risk management framework; and
 - Work in partnership to manage risks.
- 3.2 The Council's approach to risk management requires managers and staff to undertake the following steps, which are illustrated below:



- 3.3 For further info about the Framework please refer to the [Council's Risk Management Policy 2020-23](#).
- 3.4 Our risk management process is mapped to provide clarity and transparency within the Council. A copy of the process map can be found at [Appendix A](#).

4. Embedding Effective Risk Management in 2021/22

4.1 Risk management is integrated into a number of different management and service planning arrangements within the Council. Effective risk management helps to mitigate against the financial and reputational risks arising from the broad range of risks to which LBH is exposed. This section of the report describes some of the key ways risk was identified, assessed and mitigated throughout day-to-day Council business in 2021/22.

4.2 Service and Financial Planning

4.2.1 Risk management is an embedded part of service and financial planning. Managing strategic risks is a core responsibility for senior managers in close liaison with Elected Members. The financial planning process requires Directorates to consider and report risks that may affect or arise from service improvement and financial budget proposals. The Council's capital programme includes risk management as part of the criteria to allocate resources.

4.2.2 At the start of the 2021/22 financial year, all budgets across the Council were reviewed and approved by the appropriate Head of Service, and Director. This annual process ensures that risks can be identified and monitored throughout the financial year. During the financial year, budget monitoring is undertaken for all budgets on a monthly basis, with savings and other higher risk areas subject to enhanced oversight and scrutiny.

4.2.3 Financial risk in relation to the impacts of Covid-19 are tracked monthly and includes reporting to central government an analysis of costs incurred and loss of revenue.

4.2.4 The Care Governance Provider Risk Panel governs the quality of service providers in Social Care. The panel, on a monthly basis, reviews all pay uplift requests and any provider financial instability on a risk based approach.

4.3 Dedicated Schools Grant

4.3.1 The Dedicated Schools Grant (DSG) is the main grant that central government allocates to local authorities for educational provisions in their areas. The DSG is divided into three nominal blocks: schools, high needs and early years. Local authorities face significant financial pressure due to the Children & Families Act 2014 expanding the number eligible for support, and in turn, the proportion of the DSG required to fund 'Special Educational Needs and Disabilities' within the High Needs Block.

4.3.2 A formal 'Safety Valve' agreement is now in place including a £25m contribution to the deficit from the DfE (with £11m already received in March 22). Furthermore, a detailed Deficit Recovery Plan, resourcing and the associated governance arrangements is in place with continuous monitoring of actions and workstreams to reduce the deficit over a five year period.

4.4 Project Management

4.4.1 LBH has an organisational wide common approach to the management of any projects. The management of risks (positive and negative) is seen as one of the key requirements for delivering successful projects at the Council. Where a project management approach is required, the risks to achieving the project are monitored throughout the life of the project.

4.5 Contractual Arrangements

4.5.1 Any risks which are identified through the contract management process are recorded and managed for individual service providers and kept under review as part of the Council's contract management framework. Updated supplier risk protocols are in place with financial evaluation embedded within standard tender documents and Member Reports which ensure due consideration is provided to suppliers' financial risk.

4.5.2 The Medium Term Financial Forecasting (MTFF) has allocated significant sums through inflation to deal with pressures experienced by social care providers. The Council believes it has sufficient balances and reserves to cover the impact of any significant contract or supplier failure.

4.5.3 Procurement rolled out specific training sessions in May and June 2022 to raise awareness with managers regarding the impacts and necessary adjustments to contracts in their role as contracts managers given the current high levels of inflation.

4.6 Promotion, Training and Support

4.6.1 All managers are required to complete the e-learning risk management module, which is included in the mandatory induction process and checklist. The purpose of the e-learning module is to support the development of a robust approach to risk management within the Council. Training on risk management for elected Members and the Independent Chair of the Audit Committee is facilitated by Internal Audit and is included as part of the Training and Development Plan for Audit Committee Members that is co-ordinated by Democratic Services.

4.6.2 The Council's Risk Management Policy and Guidance 2020-23 was last reviewed and updated in March 2021 and the terms of reference for CRMG were last reviewed and updated in September 2022.

4.7 Committee Reports

4.7.1 All reports to Cabinet are signed off by the relevant Senior Finance Manager and by Corporate Finance. Compliance with requirements on risk management is one of the criteria used to evaluate whether the Committee or Cabinet report is appropriate for sign off.

4.8 Counter Fraud

4.8.1 Counter Fraud continues to adopt a risk-based approach to identify the highest risks when risk assessing fraud referrals and this commitment is set out in the Council's Counter Fraud Strategic Plan. Each fraud referral is assessed based on its systemic, financial, reputational and operational risk to the Council to enable appropriate allocation.

4.8.2 This approach is underpinned by the Council's Fraud Universe and a full range of investigative policies and procedures. The Fraud Universe is regularly reviewed in collaboration with key stakeholders to enable the team to adapt to any emerging risks. As part of the commitment to creating a stronger counter fraud culture, a program of Fraud Awareness is being delivered across the organisation and externally, which includes the use of social media.

4.9 Health and Safety System

4.9.1 LBH's Health and Safety (H&S) management system (Assure) assists in managing H&S for the Council's undertakings, integrating H&S and the assessment of risk into the Council's daily business. Further to this, the auditing tool on Assure has been developed and is now in use by the H&S team. Dashboard reports now include incidents, DSE assessments, audits, actions, health surveillance attendance and risk assessments.

4.10 Insurance

4.10.1 Effective risk management helps to mitigate against the financial and reputational risks arising from the broad range of insurable risks to which LBH is exposed. The re-tendering of LBH insurance contracts undertaken in 2021 supports the transfer of financial risk through a mixed portfolio of suppliers specialising in particular insurance sectors, alongside quarterly risk meetings with Insurers and actions by the Insurance Team to raise awareness of such risks.

4.10.2 Insurance dashboards have been embedded to further enable management to adopt a risk-based approach and decision-making regarding insurance claims and risk exposure. The dashboards are tailored to specific service areas and include trend analysis, high profile cases, high cost and high frequency of claims. The dashboards also include recommendations of actions that can then be taken to minimise the impact and likelihood of future claims. Bespoke reports are produced for Highways and Green Spaces to identify claim hotspots to inform proactive planned maintenance work programmes.

4.11 Risk Champions

4.11.1 Each Directorate has a risk champion representing their Directorate who will help and assist in the risk management process giving support, advice and guidance on best practice developments in risk management:

- To promote risk management within their Directorate and to ensure that it is being applied; and
- To ensure appropriate reporting to SMT's and CRMG.

4.12 Corporate Governance of Risk Management

4.12.1 The local authority has well established governance arrangements for monitoring and reviewing risks (refer to [Appendix B](#)).

5. Corporate Risk Register (CRR)

5.1 The Council's CRR is an essential part of the Local Authority's corporate governance arrangements. The CRR provides evidence to the Corporate Management Team (CMT) and the Audit Committee about how identified corporate risks are being managed and the mitigating actions in place. All key corporate and directorate specific risks must be recorded in the relevant Council Risk Register and reviewed at least quarterly. There are currently 2 levels of risk register in full operation across the Council: the **Corporate** Risk Register and **Directorate** (Group) Risk Registers.

Corporate Risk Register

5.2 This is used for risks which are graded 'red' or are considered strategic and cross cutting which affects the longer term strategy of the Council.

Directorate (Group) Risk Registers

5.3 These are used for risks which are specific to a Directorate i.e. Central Services, People, Place and Finance. These are reviewed by the respective Senior Management Team (SMT) who assess whether the risk could have a significant effect on service delivery and planned priorities.

5.4 Risk owners must use the [Council's Risk Scoring Methodology](#) to assess a risk. The assessment of a risk is based on a combined score from the likelihood of the risk occurring and the impact in the event that the risk is fully realised. The risk scoring methodology shows the risk criteria in use to guide managers when assessing the likelihood/impact of the risk and the score the assessment will produce. Managers must assess and report the current risk (refer to [Appendix C](#) to review an analysis of directorate risks for 2021/22 Q4).

5.5 Risk Reporting

5.5.1 The CRR is reviewed and updated on a quarterly basis by senior managers and the Lead Cabinet Member for risk management. The CRR is then reviewed by CRMG and Audit Committee where it is then signed-off (pending no further changes). The quarterly CRR papers include a 1 page summary which contains a snapshot of all the risks, the direction of travel and the risk score. The table below contains the dates and groups who reviewed the CRR in 2021/22:

	CRMG	CMT*	Audit Committee
2021/22 Q1	14/09/2021	16/09/2021	29/09/2021
2021/22 Q2	17/01/2022	19/01/2022	01/02/2022
2021/22 Q3	17/01/2022	19/01/2022	01/02/2022
2021/22 Q4	11/07/2022	13/07/2022	27/07/2022

* = Change in process in 2021, CMT review risk papers via email circulation

5.6 Analysis of Corporate Risk Register

5.6.1 The following tables highlight for 2021/22:

- The number of new and retired risks;
- The number of Corporate Risks where the risk scores have increased, decreased or remained the same; and
- The changes and movement of each individual risk in the CRR between Q1 and Q4.

Number of Corporate Risks brought forward from 2020/21	15
Number of new Corporate Risks in 2021/22	0
Number of retired Corporate Risks in 2021/22	2
Number of Corporate Risks where the Risk Scores have increased	2
Number of Corporate Risks where the Risk Scores have decreased	3
Number of Corporate Risks where the Risk Scores have remained static*	7
Total Number of Corporate Risks in 2021/22	15

CRR Risk \ Quarter	Q1	Q2	Q3	Q4
1. Heathrow	Static E1			
2. Housing Needs	Static B2			
3. Children's Demand Asylum & Trafficked	Deteriorating B3			
4. Litigation	Static B3			
5. Budget	Static C1			
6. Suppliers	Improving C2			
7. HS2	Retired C2			
8. School Places	Static D2			
9. GDPR	Static D1			
10. Cyber Security	Static D1	Deteriorating C1		
11. Brexit	Improving D3		Retired D3	
14. Schools Grant	Static E1			
15. Coronavirus	Static A1			Improving C2

Key:  The risk has not changed in this specific quarter

6. Other Risk Management Developments

6.1 There were a number of key appointments within the organisation during 2021-22 and review of the senior management structure and governance arrangements. In January 2021, a new Leader of the Council was appointed and a new Cabinet put in place. This was followed later in 2021/22 by the appointment of a new Interim Chief Executive and a restructure of senior management and directorates, shaped to deliver the vision for the Council going forward. This includes the development of the Council's Strategy (2022-2026) which was presented to Cabinet in July 2022. The Council's Constitution has been remodelled and modernised to meet emerging risks and changing needs locally and to encompass new national legislation.

6.2 Service and Financial Planning

6.2.1 The Council continues to operate in an environment of static financial support from government against a backdrop of rising inflation costs and significant demographic changes (i.e. there is an increasing number of children in the borough and people are living longer). As a result, this presents the Council with the challenge of managing the greater demand for its broad range of services, which in the absence of any response would result in a rising annual deficit. However, LBH continues to review and transform services to drive improvement and efficiency through initiatives such as the successful BID programme, which continues to support bridging of the budget gap with 2021/22 savings of £7.7 million delivered, on track for delivery or covered in the short term by alternative savings or Covid-19 grant, with a further £1.7 million of the budgeted savings which will crystallise in early 2022-23. This proven successful approach is set to be continued beyond 2021/22, enabling the Council to continue 'putting our residents first' despite the challenging economic, financial conditions and demographic pressures.

6.3 Covid-19 Pandemic

6.3.1 Throughout 2021-22, the Council continued to assess key risk areas and impacts of the coronavirus pandemic and has updated its corporate and service risk registers, as well continued implementation of the Council's Coronavirus Recovery Plan. Work continues in partnership with Public Health England and Central Government.

6.3.2 To manage the risk of further transmission and infection, the Council implemented local Track and Trace, community lateral flow testing sites, monitored 18 managed quarantine facilities in the Borough and continued to respond to any variants of concern. However, from 24th February 2022, the government removed the legal requirement to self-isolate following a positive coronavirus (COVID-19) test and ended routine contact tracing.

6.3.3 The combined impact of the central/local government response and activities undertaken has resulted in LBH incurring additional costs, income losses with potential delay to savings programmes and cost pressures (which have exacerbated some existing risks on our RRs).

6.4 Business Transformation

6.4.1 The Council has an ongoing programme of Business Improvement Delivery reviews underway across all of the organisation to help mitigate the huge impact on the financial resilience, service delivery and forward planning arrangements. Scoping work has begun on the 2023/24 MTFP including scenario planning on some of the risks including high inflation and energy costs. This programme will be increasingly important in such an environment and continue to include service modernisation and consideration of significant changes and alternative ways of working to continue to deliver services to our residents, whilst improving their resilience and effectiveness.

6.4.2 Business Transformation projects are consolidated and managed within an overarching governance framework to help ensure they are all closely aligned to the MTFP and coordination across the various Council services. The Council's Business Transformation Programme is in the process of being refreshed for the next 2-3 years and will be key to managing the MTFP position over this period.

6.5 Internal Audit

6.5.1 A new 3-year IA strategy was approved in early 2022 to reflect the new environment, risk landscape, emerging risks and to take account of the significant transformation agenda that is required. The strategy provides structure and objectives for the next 3 years. It will help the IA team support the Council with their strategic priorities and help drive an improved, modern IA service.

6.5.2 Internal Audit continues to communicate key findings from Limited and Nil assurance IA reports to CRMG for discussion. This enables current weaknesses to be considered as part of the review of the Corporate and Directorate Risk Registers.

6.6 Fuel Shortages

6.6.1 In early 2022, there was a fuel shortage across the country which arose from an increasingly challenging economic climate due to the potential risks emanating from Brexit, Covid-19, and the war in Ukraine. This resulted in limited national availability and high cost of fuel.

6.6.2 Risk management activities were soon underway in order to minimise disruption to Council services such as waste collections. Business continuity and contingency plans in place were activated which includes an allocated petrol station in the Borough for key workers to refuel. The Council has a Fuel Plan in place with an agreed level of stock held and re-order level and the Fleet Team is now holding an increased amount of fuel to provide further buffer in the event of further fuel supply issues.

7. Forward Plan

7.1 Move to 'Risk Managed'

7.1.1 The Chartered Institute for Internal Audit's Risk Maturity Model is a benchmarking tool to assess the Council's organisation's risk maturity.

7.1.2 In accordance with this model our current risk maturity level is '**Risk Defined**'. It is an aspiration to develop the organisation's risk maturity to the next level of '**Risk Managed**' in alignment with the ongoing transformation programme and recently refreshed Council Strategy. An independent audit of the risk management process (subject to the approval of the Audit Committee via the Internal Audit Plan) will be undertaken to inform and support the development of the planned work programme.

7.2 Operational Risk Registers

7.2.1 Internal Audit will continue working across the Council assisting in the development of Team/ Operational Risk Registers to facilitate and embed operational risk management within the service where appropriate in line with the Council's risk management process and supported by associated escalation processes to Group and/ or Corporate risk registers. This allows the Council to identify and address emerging risks that may crystallise.

8. Emerging Risks

8.1 Health service are under increasing pressure following the COVID pandemic, there is a major economic downturn and inflation is rising rapidly, with the Council facing a multitude of challenges, all of which are exacerbated by geopolitical risks. Risk professionals continue to analyse the implications and effects to provide insights on the changing risk landscape. Some of the emerging risks the Council continue to face are set out below.

8.2 Governments could be left with higher debt

8.2.1 We are in a period of major change globally that will affect all aspects of the public sector. The impact of the pandemic combined with an increasing aging population, greater numbers and more complex child referrals, an increase in homelessness and a growing demand for services for children with special educational needs or disabilities, will inevitably lead to increasing cost pressures on local authorities. The scale of government's transformation programmes, limited government capacity, ongoing financial constraint and the challenges of an ageing population mean that both the delivery of public services and the expectations of those who rely on them are changing.

8.2.2 Subsequently, local authorities across the country continue to face increased pressure to reduce investment in preventative and early help measures in order to meet existing demand, which can impact on the future sustainability of the services and ability to meet statutory duties within a finite budget.

8.3 Inflation

8.3.1 UK inflation could peak at a near 50-year high of 18.6% early next year because of soaring wholesale gas prices, according to the latest forecast from Citigroup. In July 2022, inflation rose to a high of 10.1%, according to the latest figures from the Office for National Statistics. The increase to the Consumer Prices Index (CPI) was higher than economists' forecasts of 9.8% and will pile extra pressure onto consumers and households already in the grip of a cost-of-living crisis. The steep increase on the 9.4% recorded in June is the first double-digit CPI reading for the UK since February 1982.

8.3.2 Rising energy prices was one of the main contributors behind UK annual consumer prices reaching a 40-year high, with UK and European wholesale natural gas prices trading at nearly 10 times normal levels. Subsequently the Bank of England has increased UK interest rates from **1.25% to 1.75%** and has predicted that the UK will fall into recession in Q4 2022. This is the biggest jump in interest rates in 27 years.

8.3.3 The cost of living crisis and current economic climate will impact residents and exacerbate the cohorts requiring support and demand on Council services. As a further consequence from steep inflation levels, it has emerged that real levels of UK pay fell at the fastest rate for more than 20 years.

8.4 Recruitment and Retention

8.4.1 During 2021 workers nationwide quit their jobs at historic rates and this has subsequently been dubbed the 'Great Resignation'. This has resulted in high vacancy rates and volatile recruitment market across all sectors combined with the socio-economic impact of Brexit and Covid and has enabled candidates to have greater ability to negotiate inflated hourly / annual salary rates.

8.5 Housing and Social Care

8.5.1 Social care and Housing services have been impacted by years of declining real-terms public funding and rising demand and this is being further impacted by the pandemic, rising inflation and increase in the cost of living. The social care sector in the UK is facing shrinking care capacity and rising demand and complexity of need, driven by factors such as underfunding and a lack of coordination across various stakeholders and providers. This is further exacerbated locally, as Hillingdon is a port authority which accommodates and supports the needs of asylum seekers who arrive at Heathrow Airport, those who have been placed by the Home Office into hotels at Heathrow, or those who were displaced from the Ukraine due to its war with Russia.

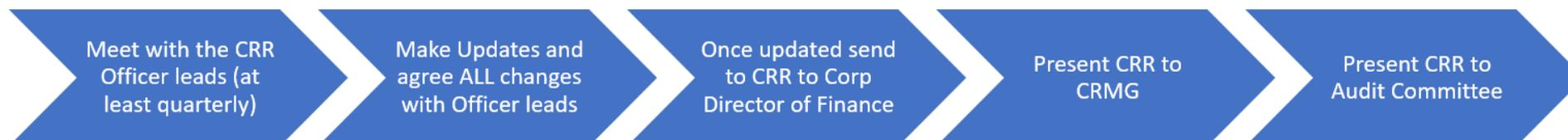
9. Further Information

9.1 The Council's Annual Risk Management Report for 2021/22 was produced by Internal Audit.

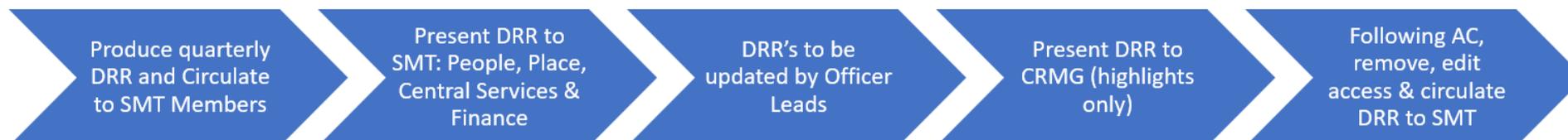
Stephanie Rao
Internal Audit Manager
xx September 2022

Corporate and Directorate Risk Management Process Map

Corporate Risk Register Process:



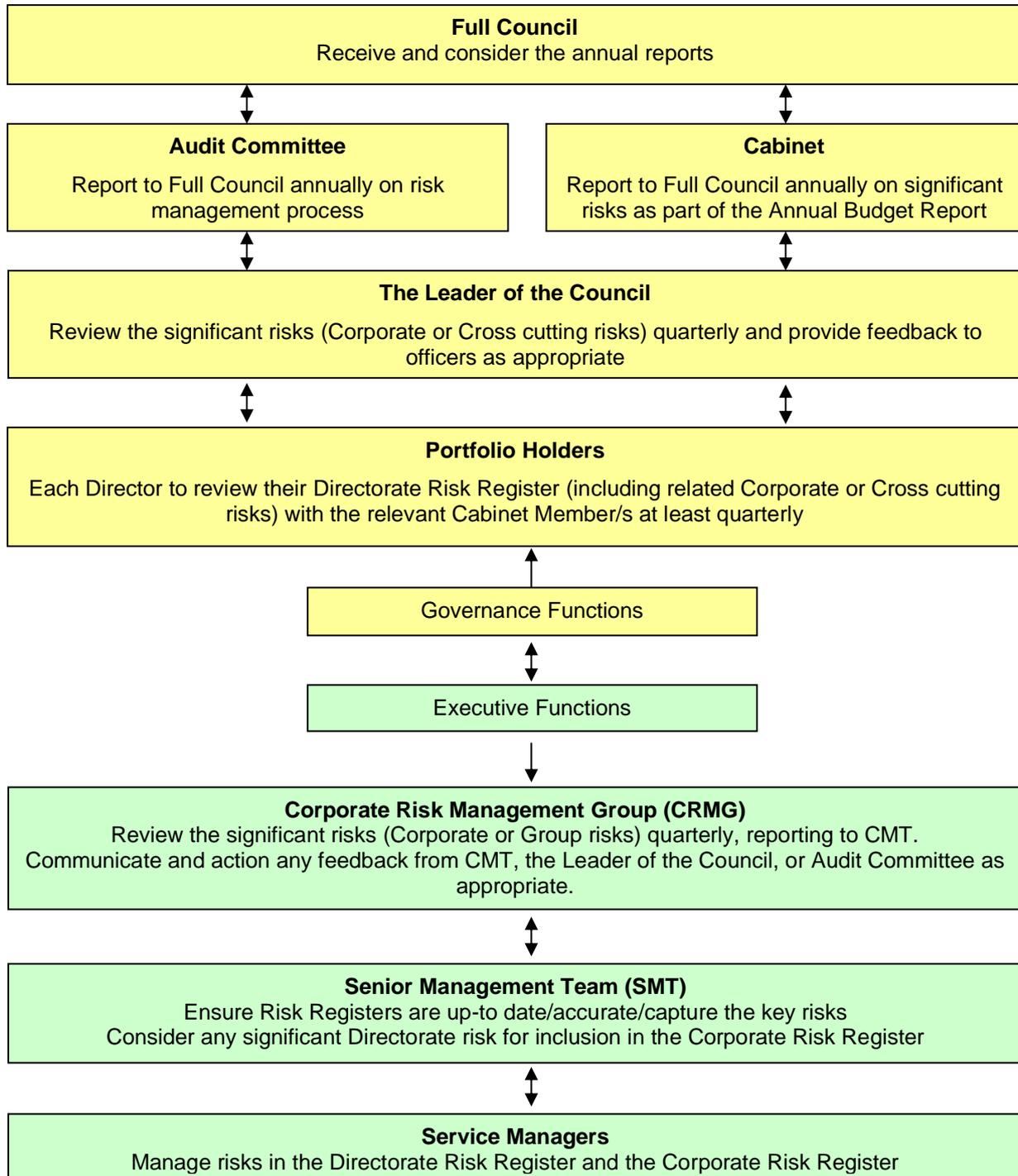
Directorate Risk Register Process:



Risk Champions:

- Lydia Newman – **Central Services**
- Andy Evans – **Finance**
- Mark Billings – **Place**
- Sandra Taylor – **People** (Adult Social Care)
- Alex Coman – **People** (Children & Young Peoples' Services)

Corporate Governance of Risk Management



CENTRAL SERVICES DIRECTORATE RISK REGISTER

SUMMARY OF RISKS - 2021/22 QUARTER 4

Risk No.	Summary Risk Description	DoT	Rating
(1)	Public Sector Equality Duty	↔	D3
(2)	Managing resident access across the telephone, website & face-to-face	↔	E3
(3)	Storage Capacity at Uxbridge Mortuary	↔	C4
(4)	Staffing (including recruitment and retention)	Retired	C4
(5)	Staff shortages at Uxbridge Mortuary	↔	C4
(6)	Network Resilience and ICT Disaster Recovery	New	D2
(7)	Staff Retention	New	C3
(8)	Recruitment	New	C3

DoT = Direction of Travel (Risk Movement over the last 3 months)

RISK MATRIX SCORING OF GROUP RISKS - 2021/22 QUARTER 4

LIKELIHOOD	Very High (A)				
	High (B)				
	Significant (C)	(3) (4) (5)	(7) (8)		
	Medium (D)		(1)	(6)	
	Low (E)		(2)		
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					

PLACE RISK REGISTER

SUMMARY OF RISKS - 2021/22 QUARTER 4

Risk No.	Summary Risk Description	DoT	Rating
(1)	Fire Safety	<i>Retired</i>	E2
(2)	Drivers	↔	E1
(3)	Rent Arrears	↔	C4
(4)	Burial Process	<i>Retired</i>	C4
(5)	Large Rate Payer Businesses	↑	E2
(6)	Flood and Water Management Act (FWMA) 2010 and the Flood	↔	E4
(7)	Demand processing Animal Product consignments	↔	D3
(8)	Tree inspections	↔	C3
(9)	5 Year Housing Land Supply/ Housing Delivery Test	<i>Retired</i>	D3
(10)	High Speed 2 Rail Link	↔	C2
(11)	Building Safety	<i>New Risk</i>	E2

DoT = Direction of Travel (Risk Movement over the last 3 months)

RISK MATRIX SCORING OF GROUP RISKS - 2021/22 QUARTER 4

LIKELIHOOD	Very High (A)				
	High (B)				
	Significant (C)	(3) (4)	(8)	(10)	
	Medium (D)		(7) (9)		
	Low (E)	(6)		1. (5) (11)	(2)
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					

FINANCE DIRECTORATE RISK REGISTER

SUMMARY OF RISKS - 2021/22 QUARTER 4

Risk No.	Summary Risk Description	DoT	Rating
(1)	Security of investments, particularly bank deposits	↔	E1
(2)	Outstanding Municipal Mutual Insurance claims	↔	E2
(3)	Impact of Business Rates Retention	↔	D1
(4)	Pension Fund	↔	D2
(5)	Maintained schools funding	↔	D1
(6)	Impact of Council Tax Reduction Scheme (CTRS) and Council Tax Collection Rates	↔	D1
(7)	National Non-Domestic Collection Rates (NNDR)	↔	D2
(8)	Financial Assessments and ASC debtors	↔	D2
(9)	Fuel	↓	C2
(10)	Inflation	New	C2

DoT = Direction of Travel (Risk Movement over the last 3 months)

RISK MATRIX SCORING OF GROUP RISKS - 2021/22 QUARTER 4

LIKELIHOOD	Very High (A)				
	High (B)				
	Significant (C)			(9) (10)	
	Medium (D)			(4) (7) (8)	(3) (5) (6)
	Low (E)			(2)	(1)
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					

PEOPLE DIRECTORATE RISK REGISTER

SUMMARY OF RISKS - 2021/22 QUARTER 4

No.	Summary Risk Description	DoT	Rating
(1)	Adult Care Providers (Quality of Care)	↔	D3
(2)	Home to School Transport	↓	B3
(3)	Community DOL	↔	E3
(4)	Demand on Adult Social Care (ASC) budgets	↔	C2
(5)	Increase in "Prevent" Activity	↔	E3
(6)	Increase in demand (Children Social Care)	↔	B3
(7)	Inspection of Youth Offending / Justice	<i>Retired</i>	B3
(8)	Youth violence and knife crime	↔	D2
(9)	A further Ofsted Inspection of Children's Services (ILACS)	↔	D4
(10)	Timeliness of Education Health and Care Needs Assessments (EHCNA)	↔	D3
(11)	High Needs SEN placements	↑	D2
(12)	Adolescent placements	↔	C4
(13)	Public Health Functions	<i>Retired</i>	B2
(14)	Anchor Telecare Response	<i>New Risk</i>	C3
(15)	Viability of Care Providers	<i>New Risk</i>	D3
(16)	School Redundancies and Settlements	↓	D3
(17)	Children Missing in Education	<i>New Risk</i>	C3

DoT = Direction of Travel (Risk Movement over the last 3 months)

RISK MATRIX SCORING OF GROUP RISKS - 2021/22 QUARTER 4

LIKELIHOOD	Very High (A)				
	High (B)		(2) (6) (7)	(13)	
	Significant (C)	(12)	(14) (17)	(4)	
	Medium (D)	(9)	(1) (10) (15) (16)	(8) (11)	
	Low (E)		(3) (5)		
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					

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AUDIT COMMITTEE - 2022/23 Quarter 1 Corporate Risk Register

Committee name	Audit Committee
Officer reporting	Stephanie Rao, Internal Audit Manager
Items with report	Summary CRR 2022/21 Quarter 1 Detailed CRR 2022/23 Quarter 1 Appendix A - Risk Management Scoring Methodology
Ward	All

HEADLINES

This report presents to the Audit Committee the Corporate Risk Register (CRR) for Quarter 1 (April – June 2022), updated as at 12th September 2022. The report provides evidence to the Audit Committee about how identified corporate risks are being managed and the mitigating actions in place. This report follows a review of the CRR by the Corporate Risk Management Group (CRMG) on 12th September 2022.

RECOMMENDATIONS:

That the Audit Committee:

1. Review the CRR for Quarter 1 (1st April to 30th June 2022) as part of its role to independently assure the Council's corporate risk management arrangements; and
2. Suggest any comments/amendments.

SUPPORTING INFORMATION

Internal Audit continues to attend senior management team meetings and meet with individual Officer Leads to discuss the status of current risks and any new risks which may have been identified since the last review. Any risks which need to be escalated to the CRR will be discussed with the relevant corporate director and reported to CRMG on a quarterly basis.

The key movements in the CRR since 2021/22 Quarter 4 are as follows:

- Risk 2 - Meeting Housing Needs - The risk of not meeting housing needs in LBH.
The risk owner has been changed from 'Perry Scott' to 'Mark Billings' in line with structural changes.
- Risk 3 - Asylum / Unaccompanied Minors / Trafficked Children & Young People
The Cause has been updated to include the impact of the detention centre placed in Borough to disperse asylum seekers to Rwanda.

- Risk 4 - Litigation Claims – The risk of litigation claims against the Council that are handled by Insurers.
The risk owner has been changed from ‘Muir Laurie’ to ‘Stephanie Rao’ in line with structural changes.
- Risk 5 - Ability to Deliver a Balanced Budget in the Medium Term - The risk of the Council being unable to deliver a balanced budget in the medium term.
The risk owner has been changed from ‘Paul Whaymand’ to ‘Andy Evans’ in line with structural changes.
- Risk 6 - Financial Resilience of Contracts - The risk of external suppliers and providers, which the Council contracts with, failing to deliver the required level of service due to financial difficulties and/or going out of business.
The risk owner has been changed from ‘Paul Whaymand’ to ‘Andy Evans’ in line with structural changes.
- Risk 10 – Dedicated Schools Grant.
The risk owner has been changed from ‘Paul Whaymand’ to ‘Andy Evans’ in line with structural changes.
- Risk 12 – Inflation - Higher level of inflations are impacting on both the Council’s own cost base and the financial position of residents which is exacerbates demand for services.
This is a new risk, elevated from the Finance Directorate Risk Register due to the increasing level of inflation rates and associated pressures.

BACKGROUND ITEMS

Summary CRR 2022/23 Quarter 1 (attached)

Detailed CRR 2022/23 Quarter 1 (attached)

Appendix A - Risk Management Scoring Methodology (attached)

CORPORATE RISK REGISTER

SUMMARY OF CORPORATE RISKS - 2022/23 QUARTER 1

Risk No.	Summary Risk Description	(Group)	DoT	Rating
(1)	Heathrow Airport Expansion	(Place)	↔	E1
(2)	Meeting Housing Needs	(Place)	↔	B2
(3)	Asylum/Trafficked Children & Young People	(People)	↔	B3
(4)	Litigation Claims	(Finance)	↔	B3
(5)	Ability to Deliver a Balanced Budget in the Medium Term	(Finance)	↔	C1
(6)	Financial Resilience of Contracts	(Finance)	↔	C2
(7)	Early Years and School Places	(People)	↔	D2
(8)	The General Data Protection Regulations	(Central Services)	↔	D1
(9)	Cyber Security	(Central Services)	↔	C1
(10)	Dedicated Schools Grant (DSG)	(Finance)	↔	E1
(11)	Coronavirus	(Central Services)	↔	C2
(12)	Inflation		New Risk	C1

DoT = Direction of Travel (Risk Movement over the last 6 months)

RISK MATRIX SCORING OF CORPORATE RISKS - 2022/23 QUARTER 1

LIKELIHOOD	Very High (A)				
	High (B)		(3) (4)	(2)	
	Significant (C)			(6) (11)	(5) (9) (12)
	Medium (D)			(7)	(8)
	Low (E)				(1) (10)
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					

Refer to **Appendix A** for Risk Scoring Methodology

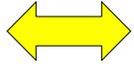
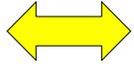
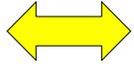
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DETAILED CORPORATE RISK REGISTER

Item 3

Corporate Risk Register for:	2022/23 - Quarter 1 (1st Apr to 30th June)	Previous Review:	27th July 2022
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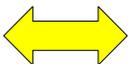
Page 47

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation												
				Actions Taken to Date	Further Action Required											
1	<p><u>Risk:</u> <i>Heathrow Airport Expansion</i> - The risk of Heathrow Airport (HA) being granted permission to expand.</p> <p><u>Cause:</u> The Government has now indicated their preference for aviation expansion in the south east to be delivered by a Northwest Runway at Heathrow. This preference has been taken forward via the publication of a National Policy Statement (NPS). The NPS has now been adopted and puts in place the principle to expand Heathrow.</p> <p><u>Consequence:</u></p> <ol style="list-style-type: none"> Deterioration of environmental quality around Heathrow Airport (HA). Negative impact on the quality of life for Hillingdon residents, including the demolition of a substantial number of housing and community facilities. Potential negative impact on the value of Hillingdon residents' homes. Potential impact on businesses in the surrounding area. 	<table border="1"> <tr> <th style="background-color: #006633; color: white;">Officer Lead</th> <th style="background-color: #006633; color: white;">Cabinet Lead</th> </tr> <tr> <td>Perry Scott</td> <td>Cllr. I. Edwards (Leader)</td> </tr> <tr> <th style="background-color: #006633; color: white;">Risk Rating</th> <th style="background-color: #006633; color: white;">Direction of Travel</th> </tr> <tr> <td style="background-color: #FFC000; text-align: center;">E1</td> <td style="text-align: center;">Static </td> </tr> <tr> <th colspan="2" style="background-color: #006633; color: white;">Risk Appetite Statement</th> </tr> <tr> <td colspan="2">The Council vehemently opposes the Heathrow Airport expansion and is committed to supporting the needs of our residents and the protection of our borough. Any initiatives to expand Heathrow will be challenged.</td> </tr> </table>	Officer Lead	Cabinet Lead	Perry Scott	Cllr. I. Edwards (Leader)	Risk Rating	Direction of Travel	E1	Static 	Risk Appetite Statement		The Council vehemently opposes the Heathrow Airport expansion and is committed to supporting the needs of our residents and the protection of our borough. Any initiatives to expand Heathrow will be challenged.		<ol style="list-style-type: none"> LBH continues to monitor air quality in the vicinity of Heathrow Airport. Outcome of Judicial Review received 1st May 2019. LBH subsequently applied for Permission to Appeal which was granted permission by the Court of Appeal. Heathrow Airport Limited statutory consultation for a Development Consent Order closed in September 2019. Current activity undertaken in relation to any ongoing or potential legal challenges will not be included in this risk entry. 	<ol style="list-style-type: none"> Any further action required in relation to any ongoing or potential legal challenges will not be included in this risk entry.
Officer Lead	Cabinet Lead															
Perry Scott	Cllr. I. Edwards (Leader)															
Risk Rating	Direction of Travel															
E1	Static 															
Risk Appetite Statement																
The Council vehemently opposes the Heathrow Airport expansion and is committed to supporting the needs of our residents and the protection of our borough. Any initiatives to expand Heathrow will be challenged.																
Risk Description (including Cause & Consequence)			Risk Mitigation													

DETAILED CORPORATE RISK REGISTER

Risk No.			Actions Taken to Date	Further Action Required
2	<p>Risk: Meeting Housing Needs - The risk of not meeting housing needs in LBH.</p>	Officer Lead	Cabinet Lead	<p><i>The Risk Owner has changed from 'Perry Scott' to 'Mark Billings' due to structural changes.</i></p> <ol style="list-style-type: none"> Ongoing development of a range of options for procurement of temporary accommodation and private sector lettings to prevent or discharge homelessness. To minimise the loss of properties for use to prevent homelessness, landlords are being contacted to secure their property for use under new temporary accommodation schemes or for conversion to an assured short hold tenancy. Continue to proactively identify homelessness cases to identify alternative housing options for households. Options to move on rough sleepers to settled accommodation are being progressed.
	<p>Cause: This risk arises from the challenging, buoyant housing market and a decreased supply of affordable housing (temporary/permanent) in the borough. This is coupled with the Welfare Reforms (including Benefits caps, Universal Credit and Homelessness Prevention) along with the need to ensure private sector housing meet requirements which has increased the demand for affordable housing in the borough. In addition, the measures during the Covid-19 pandemic including the requirement to accommodate and support all rough sleepers.</p>	Mark Billings	Cllr. E. Lavery	
		Risk Rating	Direction of Travel	
		B2	<p>Static</p> 	
		Risk Appetite Statement		
<p>Consequence:</p> <ol style="list-style-type: none"> Inadequate housing can lead to a detrimental impact on the health, wellbeing, and educational attainment of residents. It can also increase poverty and have a negative impact on the safety of households. Lack of affordable housing puts significant pressure on the Council's finances. There is a potential reputational risk for the Council in relation to the homelessness of residents and/or of the Council failing to meet its statutory responsibilities in this area. 	<p>The Council is committed to being fully compliant with Housing regulations and local Policies. The Council has a zero tolerance risk appetite towards deliberate or accidental violations of regulatory requirements.</p>		<ol style="list-style-type: none"> Delivery of affordable housing using LBH resources continues to be considered. The Council is implementing a programme of buying back former 'Right to Buy' (RTB) properties and new developments. Housing Association stock is used where possible to generate housing options. Management scrutiny for prevention cases, providing a tenancy for high needs places. Series of successful bids for grant funding to tackle rough sleeping has been achieved. Working with Procurement to implement a dynamic purchasing framework for Temporary Accommodation properties which requires landlords to comply with required standards. Cabinet approved (Oct'2021). Households in temporary accommodation prioritised for move on have been reviewed. As part of the Council's transformation programme we are implementing additional measures to help reduce demand on services. This includes providing more intensive advice and signposting at an earlier stage. Homelessness Strategy with refreshed Delivery Plan for 2022/23 drafted and submitted for approval An Audit regarding the domestic violence homelessness process commenced in May 2022. A commissioning plan was approved and published in May 2022. 	

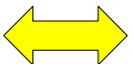
DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
3	<p>Risk: <i>Asylum / Unaccompanied Minors / Trafficked Children & Young People</i> Meeting the increasing demands in the borough of Asylum / Trafficked Children & Young People on Council services due to financial pressures coupled with changes to primary legislation which places a duty on the Local Authority to support Care leavers until the age of 25.</p> <p>Cause: The risk arises because as a port authority we are responsible for UASC arriving in the country via Heathrow. This is coupled with the impact of the National Dispersal Scheme that was for a long time not mandatory for the Local Authorities and Government action to accommodate asylum seekers arriving on the South Coast in Hillingdon Hotels due to the lack of housing and provisions created by the Covid-19 pandemic and the detention centre in Borough to disperse asylum seekers (pending the commission of flights) to Rwanda.</p> <p>Consequence: 1. Negative financial impact on the Council's budget due to shortfall in grant funding received. 2. Increased challenge with regard to capacity to meet needs of this cohort. 3. Increased risk of reputational damage when trying to balance the need to provide statutory services vs. Delivery within a finite budget.</p>	Officer Lead	Cabinet Lead	<ol style="list-style-type: none"> Ongoing monitoring of trends which have been modelled over the MTFF cycle. Budget monitoring has oversight of additional placements and looks at the application of appropriate grant funding. Revised NTS went live in July 2021 and became mandatory in December 2021. Escalation to Home Office re impact on services across Hillingdon and request to prevent placements in Hillingdon hotels. Temporary Asylum team in place since Jan'2022 to manage demand. Bid for exceptional funding from Home Office (£1.9m) was not approved and met with the Home Office in June'22 to discuss. Grant 2 Age Assessors (from the Home Office to complete 8 age assessments). Establishment of an exceptional Hillingdon Access to Resources Panel (HARP) panel to review UASC weekly utilised in Jan'22. Allocation of a dedicated legal resource. Discussion with Home Office regarding the way in which the NTS referrals are submitted and received to ensure all LBH's new arrivals are referred to NTS promptly was held. Revised proforma re dispersals agreed. Developed a tool to engage with new arrivals regarding the NTS to outline guidance, parameters and managing expectations. Asylum seekers classed as adults are accommodated prior and during assessment. One of the contingency hotels has been transformed into an assessment and intake hotel. 	<p><i>The Cause has been updated to include the impact of the detention centre placed in Borough to disperse asylum seekers to Rwanda.</i></p> <ol style="list-style-type: none"> Ongoing work with UK Border Agency (UKBA) on issues of safeguarding S20 legislation re Periodical Payment Orders, out of hours social work and contributing to induction programmes for UKBA staff. Ongoing lobbying by DCSs, CEOs for additional funding and resource to support the necessity to undertake age assessments. Awaiting outcome of Home office exceptional funding BID. Continued engagement with NTS to ensure early dispersal. Draft proposal regarding PAN London mandated Asylum dispersal for CEOs consideration and review.
		Julie Kelly	Cllr. J. Palmer		
		Risk Rating	Direction of Travel		
		B3	Static 		
		Risk Appetite Statement			
The Council is committed to helping vulnerable young people, within the confines of our statutory duties and budget responsibilities.					

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
4	<p>Risk: <i>Litigation Claims</i> - The risk of litigation claims against the Council that are handled by Insurers.</p> <p>Cause: This risk arises from the high number and large value of a broad type of insurance claims.</p> <p>Consequence:</p> <ol style="list-style-type: none"> Potentially there are significant financial implications, including costs of defending claims and of meeting any awards made against the Council. Potential reputational damage arising from negative media/press reports. Potential negative impact on Council service delivery. 	Officer Lead	Cabinet Lead	<ol style="list-style-type: none"> Strong relationships and agreements are in place with Solicitors to ensure they advise us of sensitive and relevant issues. Where the Council is unable to defend claims the Solicitors will seek to settle claims without an admission of liability. Upon receipt of high profile/ high value claims Corporate Directors/ senior managers are notified to immediately. Incidents which have potential to become claims are being raised with the Insurance Team by managers. Equal Pay Employment Tribunal claims are monitored by the Head of HR. The Insurance Team are in the process of improving the management info reports from the LACH system and case throughput information from our claims handler. Trend analysis has been undertaken and incorporated into the monthly insurance position to strengthen and aid strategic decision making. The Insurance Team deals with all complex claims, liaising with relevant services, insurers, and solicitors to provide a robust defence where possible in order to minimise financial loss to the Council. Insurance dashboards for Corporate Directors, are produced on a quarterly basis. Monthly updates regarding litigated, high cost and high-profile claims are provided to Corporate Directors on a monthly basis. 	<p><i>The Risk Owner has changed from 'Muir Laurie' to 'Stephanie Rao' due to structural changes.</i></p> <ol style="list-style-type: none"> Ongoing monitoring by the Insurance Team of the number of claims and their value, to identify and assess any emerging patterns to help prompt appropriate action i.e. preventative action, raise awareness across the Council, etc. The likelihood of historical abuse claims continues to increase slightly in light of the continued publicity of such claims. Continued monitoring of this position by the Insurance team is required. The Insurance Team will continue to try and raise awareness with service managers of the importance of adhering to the Council's relevant insurance policies, particularly in relation to Health & Safety. Continued development and refinement of the management info reports. This will help inform operational and strategic decision making in relation to the Council's insurance coverage and appetite to risk in this area. The Insurance Team to continue to create Dashboards for Corporate Directors, providing details of current litigation claims.
		Stephanie Rao	Cllr. M. Goddard		
		Risk Rating	Direction of Travel		
		B3	Static 		
	Risk Appetite Statement				
	The Council is committed to keeping litigation claims at a minimum, where it is able to. The regular monitoring, trend analysis reports, training and building relationships across Council services help reduce and manage claims more effectively. This helps minimise the burden of litigation to the Council.				

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
5	<p>Risk: <i>Ability to Deliver a Balanced Budget in the Medium Term</i> - The risk of the Council being unable to deliver a balanced budget in the medium term.</p> <p>Cause: This risk arises from the significant reductions in funding from Central Government whilst at the same time increasing the burden on LAs. This is against a backdrop of increasing expectations from Residents of the Council and its services and more recently the impact of Covid-19, the high inflation rate and the war in Ukraine.</p> <p>Consequence:</p> <ol style="list-style-type: none"> Potential that the Council will be unable to meet its statutory obligation to set and operate within a balanced budget. Moving forward more increased transformation savings targets will need to be achieved. Further drawdowns from the Council's financial balances/reserves may need to be considered as one offs. 	Officer Lead	Cabinet Lead	<ol style="list-style-type: none"> Governance arrangements for the Council's Business Transformation Programme have been agreed by the Leader of the Council. Business Transformation projects are now captured in one place to help ensure they are all closely aligned to the MTFF. The 21/22 outturn position shows a net in-year underspend of £618k and is reported against General Fund revenue budget normal activities as of March 2022 (Month 12). As a result, unallocated reserves total £26,719k at 31 March 2022. COVID-19 pressures for the 2021/22 financial year total £19,675k at Month 12, COVID-19 pressures have been funded through Government grants with capacity remaining to fund an element of further pressures. Total savings for 2021/22 were £10.416. At outturn £7,717 had successfully been banked, with the balance expected to be delivered in full in future years and therefore not adversely impact upon future iterations of the Council's MTFF. The financial risk in relation to the impacts of Covid-19 is tracked monthly and includes reporting to central government an analysis of costs incurred and loss of revenue. The budget for 2022/23 has been set with £13,346k of savings being required to be delivered which includes savings carried forward from 2021/22. 	<p><i>The risk owner has been changed from 'Paul Whaymand' to 'Andy Evans' in line with structural changes.</i></p> <ol style="list-style-type: none"> The Councils Business Transformation Programme is being refreshed for the next MTFF update. This programme will be key to helping manage the MTFF position over this period. Work is ongoing to deliver a balanced budget for future years as part of the MTFF/rolling programme. Additional savings proposals that are achievable and supported are required in the medium term. Covid-19 legacy monitoring is ongoing to limit financial impact. A Programme of BID reviews ongoing across all services within the Council. Scoping work has begun on the 23/24 MTFF including scenario planning on some of the risks including high inflation and energy costs.
		Andy Evans	Cllr. M. Goddard		
		Risk Rating	Direction of Travel		
		C1	Static 		
		Risk Appetite Statement			
		The Council is committed to delivering a balanced budget. We constantly challenge all areas across the Council to find efficiencies, make savings and put forward ideas on how savings targets can be achieved.			

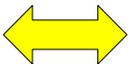
DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
6	<p>Risk:</p> <p>Financial Resilience of Contracts - The risk of external suppliers and providers, which the Council contracts with, failing to deliver the required level of service due to financial difficulties and/or going out of business.</p> <p>Cause:</p> <p>This risk arises from the delicate state of the economy which leaves many of LBH's external providers having to operate in an increasingly challenging economic climate stemming from Brexit and Covid-19, high inflation rate but further accentuated by the war in Ukraine.</p> <p>Consequence:</p> <p>1. Potential inability of suppliers to continue contracted levels of service delivery.</p> <p>2. Council could fail to deliver in some of its statutory duties either through a reduction of service by an external provider or complete failure to operate.</p>	Officer Lead	Cabinet Lead	<p>1. Updated supplier risk protocols are in place with financial evaluation embedded within standard tender documents and Member Reports which ensure due consideration is provided to suppliers' financial risk. These are now contained within the Financial Health Guidance and Procedure Notes.</p> <p>2. The Council has moved from Equifax to D&B for supplier financial health checks. This includes a dynamic database to ensure any changes to supplier health are flagged automatically through the D&B system.</p> <p>3. The MTFE has allocated significant sums through inflation to deal with pressures experienced by social care providers. The Council believes it has sufficient balances and reserves to cover the impact of any significant contract or supplier failure.</p> <p>4. Detailed conversations with specific supplier concerning their financial situation take place where required. There are open book arrangements in place which look at justifying cost changes.</p> <p>5. Procurement have rolled out training sessions in May and June 2022 to raise awareness with managers regarding the impacts and necessary adjustments to contracts in their role as contracts managers due to inflation.</p>	<p><i>The risk owner has been changed from 'Paul Whaymand' to 'Andy Evans' in line with structural changes.</i></p> <p>1. More training and guidance is required for Contract Managers / Service Manager across the Council, so they understand the role and responsibilities of contract managers in tracking supplier financial resilience. This will also allow clarity on the roles of Procurement and Finance in monitoring suppliers financial health.</p>
		Andy Evans	Cllr. M. Goddard		
		Risk Rating	Direction of Travel		
		C2	Static		
Risk Appetite Statement		<p>This is a significant financial risk which the Council has to manage in order to provide services to our residents. We continue to look at our options in the market and review our operating model, focusing on what we pay and what we have to pay.</p>			

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
7	<p>Risk: <i>Early Years and School Places</i> – The risk of not meeting the demands for early years and school places.</p> <p>Cause: This risk arises from the Council’s statutory responsibility to ensure that every child in the borough has a school place within a reasonable distance from their home.</p> <p>Consequence: 1. The Council would be in breach of its statutory duty to ensure sufficient school places are secured. 2. Potentially significant financial pressures for the Council, mainly capital expenditure.</p>	Officer Lead	Cabinet Lead	<p>1. Overall, the latest school places analysis indicates demand for primary places is reducing with some pockets of pressure related to new residential development. At this stage officers are keeping under review the position on primary school places</p> <p>2. For the secondary sector officers are reviewing the need for additional school places and all options are being considered.</p> <p>3. Briefings to Members delivered.</p> <p>4. Needs assessment in relation to Special Educational Needs and Disability (SEND) school places is being refreshed.</p> <p>5. Plans are being refreshed for the new School Places Plan for the Borough.</p>	<p>1. Officers are undertaking a review of demand for all types of school places, covering special educational needs, primary and secondary phases, and the need for alternative education provision for children not able to attend mainstream school.</p> <p>2. Present options to members for managing the provision of primary school places.</p> <p>3. Utilise information from the SCAP return to inform the school places planning forecast.</p> <p>4. Reviews of alternative provisions and school exclusions are currently underway.</p>
Vikram Hansrani		Cllr. O’Brien			
Risk Rating		Direction of Travel			
D2		Static 			
		Risk Appetite Statement			
		The Council is committed to being fully compliant with statutory Education regulations as well as local policies. The Council has a zero tolerance risk appetite towards any deliberate or accidental violations of regulatory requirements.			

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
8	<p>Risk:</p> <p>The General Data Protection Regulations - The risk of loss or mishandling of any personal data (including that of residents or staff) held by the Council.</p> <p>Cause:</p> <p>This risk arises from a minority of staff not complying with the Council's Data Protection (DP) Policy due to a lack of awareness or lack of due consideration.</p> <p>Consequence:</p> <p>1. Significant financial penalty (up to €20m) imposed by the Information Commissioner's Office for a serious breach in data protection.</p> <p>2. Significant negative impact to the Council's reputation.</p> <p>3. Residents and/or staff who are the subject of any potential data loss/mishandling may as a result be vulnerable to crime.</p>	<p>Officer Lead</p> <p align="center">Dan Kennedy</p>	<p>Cabinet Lead</p> <p align="center">Cllr. I. Edwards (Leader)</p>	<p>1. Information Governance Lawyer has reviewed all current privacy notices and continues to review any new privacy notices and data protection matters as part of an ongoing programme of work.</p> <p>2. All new contracts are Article 28 (of the GDPR) compliant. A small number of contracts that required updating were addressed via a new tender, with new contractors awarded.</p> <p>3. Completion of the GDPR and DP e-learning training programme is mandatory for all new staff.</p> <p>4. All officers have completed the combined GDPR and DP e-learning training programme and the DPO has provided training to all members.</p> <p>5. Internal Audit review of GDPR arrangements complete and issued an opinion of 'reasonable' assurance.</p> <p>6. Obtained Data Security and Protection Toolkit compliance, which is evidence-based submission which incorporates the GDPR requirements.</p> <p>7. Legal services reviewed and confirmed that there are no key actions to be undertaken with regards to data flow with the EU.</p> <p>8. Mandatory GDPR refresher training rolled out to all staff.</p> <p>9. Review/re-set of HIAG priorities.</p>	<p>1. The Hillingdon Information Assurance Group (HIAG) programme of work which includes actions aimed at strengthening the Council's DP arrangements. These include:</p> <ul style="list-style-type: none"> • Updated combined GDPR and DP/Data Security e-learning training programme completion rates will be monitored and reported to CMT via HIAG. • Regular DP spot checks are to be programmed. • Alternative ways of working during the pandemic; and • HIAG to review and monitor the work programme for the implementation of GDPR and is scheduled provide a summary to CMT on a regular basis. <p>2. Continue to promptly report data protection incidents and take appropriate management action.</p> <p>3. Deliver a programme to review / refresh all DP/data security related policies, including records retention/destruction.</p> <p>4. Update refresh of HIAG Terms of Reference, membership and reporting arrangements following senior management and directorate restructure.</p>
		<p>Risk Rating</p> <p align="center">D1</p>	<p>Direction of Travel</p> <p align="center">Static</p> <p align="center"></p>		
		<p align="center">Risk Appetite Statement</p> <p>LBH is committed to full compliance with all DP regulation as well as the relevant internal policies. Identified DP breaches or incidents of non-compliance will be actioned promptly and proportionately. The Council has a zero tolerance risk appetite towards deliberate or accidental violations of the DPA regulatory requirements.</p>			

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
9	<p>Risk:</p> <p>Cyber Security - The risk to the Council's ICT systems due to ransomware, malware, viruses and a continually adapting external cyber-threat environment.</p> <p>Cause:</p> <p>This risk arises from the continual threat and attacks by cyber criminals, gangs, hackers, etc. along with staff not adhering to good email and data protection practices.</p> <p>Consequence:</p> <p>1. Potential reputational, operational, and financial damage to the Council if attacks to our network are successful.</p> <p>2. Negative impact on staff and resident service users if an attack is successful and the Council's ICT systems are adversely affected for a significant time-period.</p>	Officer Lead	Cabinet Lead	<p>1. To manage the risk we:</p> <ul style="list-style-type: none"> • Ensure ICT health checks are performed on a regular basis and are Public Services Network (PSN) compliant; • Carry out testing on our security; • Ensure ICT security protection systems and anti-virus measures are in place to protect and to meet new threats; and • Monitor all email and internet traffic. <p>2. Cyber policies and procedures updated.</p> <p>3. Team members attend regular Local Information Security for London meetings.</p> <p>4. Email filtering has been moved to Microsoft 365 advanced threat protection.</p> <p>5. Remaining networked data is being moved to Microsoft 365, improving protection, patching, monitoring and rationalise application versions.</p> <p>6. Regular round table cyber incident exercises are carried out by the IT team.</p> <p>7. ICT Security and Cyber Incidents SharePoint sites setup to track incidents, reporting, configuration, and advice.</p> <p>8. Web proxies for restricting web access replacement programme commenced.</p> <p>9. Communications plan is underway with updates to staff directly, Managers Monthly Roundup and briefing to Corporate Finance and Property Select Committee.</p>	<p>1. This is the current "general" risk, though risk of such attacks can vary from day to day depending upon the global cyber-attack environment. The council remains vigilant.</p> <p>2. Internal Audit Assurance review to be undertaken on ICT Information Security.</p> <p>3. Ongoing communications plan is in process with the communications team to include further updates to staff directly via All Staff Email, including in Team Hillingdon.</p> <p>4. The Active security software will continue to be regularly updated.</p>
Dan Kennedy		Cllr. D. Mills			
Risk Rating		Direction of Travel			
C1		Static 			
		Risk Appetite Statement			
		<p>The Council is committed to protecting all of its ICT assets. Any identified breaches of compliance will be actioned promptly and proportionately. The Council has a zero-tolerance risk appetite towards deliberate or accidental violations of the DPA regulatory requirements.</p>			

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation					
			Actions Taken to Date	Further Action Required				
10	<p>Risk: <i>Dedicated Schools Grant (DSG)</i> - The pressure on the Dedicated Schools Budget which has a cumulative deficit of £25.4m at the end of 2020/21 and budgeted in-year budget gap of £7.3m gap for 2021/22.</p> <p>Cause: The implementation of the Children & Families Act 2014 has expanded the number eligible for support and in turn the proportion of the DSG required to fund Special Educational Needs and Disabilities (SEND) within the High Needs Block. Alongside this there is an ongoing increase in the SEN population with complex learning needs.</p> <p>Consequence:</p> <ol style="list-style-type: none"> DfE requirement to produce a Deficit Recovery Plan to balance the DSG within 5 years. Risk of having to meet deficit from Council's general reserves and the resulting impact on wider financial resilience of the Council. Increased risk of reputational damage and challenge when trying to balance the statutory requirement to provide these services within an unsustainable funding envelope. Increased demand in the High Needs Block on other elements of the DSG. 	<p>Officer Lead</p> <p>Andy Evans</p>	<p>Cabinet Lead</p> <p>Cllr. M. Goddard</p>	<p>Risk Rating</p> <p>E1</p>	<p>Direction of Travel</p> <p>Static</p> 	<p>Risk Appetite Statement</p> <p>This is a significant financial risk which the Council has to manage within the confines of our statutory duties and budget responsibilities. The Council is committed to ensure the Dedicated Schools Budget is balanced whilst ensuring the SEN population have access to services. We continue to scope possibilities of an alternative funding regime and utilising local provision.</p>	<p>1. Special Education Needs (SEN) is subject to a BID review. Number of work streams are being implemented which will produce savings over the next five financial years:</p> <ul style="list-style-type: none"> High cost placement review; Education Health and Care Plan (EHCP) funding formula for Further Education; Review of SEND Staffing Structure; and Review of provision in Early Years setting. <p>2. Schools Forum subgroup formed to coordinate and review what schools can contribute to assist with the Deficit Recovery Plan, while being consulted on any emerging proposals.</p> <p>3. Review and modelling of pupil population undertaken.</p> <p>4. The Dedicated Schools Grant (DSG) outturn position is an in-year underspend of £2,058k. This underspend follows the Council reaching a Safety Valve agreement with the Department for Education (DfE) which secures government support for the delivery of the Council's DSG Recovery Programme and financial support towards the elimination of the cumulative DSG deficit. This has resulted in an additional £11,000k of funding in 2021/22 to contribute to the cumulative DSG deficit. As part of the Safety Valve agreement the local authority has absorbed £4,000k itself. When the £25,386k deficit brought forward from 2020/21 is taken into account, the cumulative deficit carry forward to 2022/23 is £23,328k</p> <p>5. Submitted Capital Grants application for top up capital funding to enable build for additional in-borough places (£7m).</p>	<p><i>The risk owner has been changed from 'Paul Whaymand' to 'Andy Evans' in line with structural changes.</i></p> <ol style="list-style-type: none"> Continue to lobby government to resolve the underlying funding issue that primarily relates to new burdens arising from the 2014 Act.1. Work is ongoing to develop savings options alongside the Business Improvement Delivery work that has commenced within the MTFF process. Work to scope possibilities of an alternative funding regime and band funding rate for further education college placements with local provider. Contribute to the formulation of the High Needs Efficiency Plan with specific emphasis into local provision ensuring effective and efficient use of available capital resources. Tracking of Deficit Recovery Plan actions. Track delivery of in-borough places provision as part of the recovery plan.

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
11	<p>Risk:</p> <p>Coronavirus - The risk to human health for residents and workers in the borough, financial and economic impacts, central government's lockdown, social distancing, and easement measures impacting residents, businesses, and the Council (service delivery and demands).</p> <p>Cause:</p> <p>The constantly developing progress of the Coronavirus pandemic in the UK presents LBH with a unique array of issues to address and respond to within tight timeframes.</p> <p>Consequence:</p> <p>The constantly developing progress of the Coronavirus pandemic in the UK presents LBH with a unique array of issues to address and respond to within tight timeframes.</p>	Officer Lead	Cabinet Lead	<ol style="list-style-type: none"> Working with central government, UK Health Security Agency and Office for Health Improvement and Disparities (UK HSAOHID), London /sub-regional resilience arrangements. Coronavirus Gold Group co-ordinate activity. Monitoring and reporting of key impacts, demand, resource and emerging risk areas to government and London Resilience. Processed and issued 35 financial grants, Council Tax and Business Rates adjustments. Community Champions Initiative established. Managed the vaccinations in line with Joint Committee on Vaccination and Immunisation priorities and operated testing facilities. Undertook surge testing in response to the identification of a variant of concern. Readiness activities were undertaken in preparation of the lockdown easements in July 2021 to enable LBH to adapt our local response and demand pressures accordingly. Facilitated a task force visit for the Cabinet Office in August 2021. Reviewed demand pressures and baseline. Acceleration of the booster vaccine rollout in December 2021. Step up of the Strategic Coordination group in response to the Mayor declaring a major incident in London December 2021. Managed Quarantine Facilities stood down in response to changes to Red list restrictions. Contingency plans in place to redeploy staff if the situation requires it. From 24th February 2022, the government removed the legal requirement to self-isolate following a positive coronavirus (COVID-19) test and ended routine contact tracing. 	<ol style="list-style-type: none"> Continued communication to staff through the All-Staff Email and Intranet to provide regular updates. Continued work in partnership with UK HSAOHID and Central Government and ongoing participation at Health Protection Board with partner agencies. Conference calls with Local Authority CEOs are convened when required and embedded within North West London Integrated Care System discussions. ongoing. Continued monitoring of impacts and community tensions, meetings with communities and utilisation of the Community Champions Initiative fund. Continue to keep under review the 2 managed quarantine facilities in the Borough. Continue to respond to any variants of concern. Continued review of demand pressures and baseline.
		Tony Zaman	Cllr. I. Edwards (Leader)		
		Risk Rating	Direction of Travel		
		C2	Static 		
Risk Appetite Statement		The Council is undertaking all possible measures to limit the impact of a Coronavirus outbreak within the borough. In doing so, the Council is ensuring that the required support will be in place for vulnerable residents and businesses (in line with Government guidance).			

DETAILED CORPORATE RISK REGISTER

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
12	<p>Risk: Inflation - Higher level of inflations are impacting on both the Council’s own cost base and the financial position of residents which is exacerbates demand for services.</p> <p>Cause: This risk arises predominantly from rising energy prices, amongst other contributing factors (socio-economic impacts of Covid-19, Brexit) behind UK annual consumer prices reaching a 40-year high, with UK and European wholesale natural gas prices trading at 10 times normal levels. Subsequently the Bank of England has increased interest rates 1.25% to 1.75%.</p> <p>Consequence:</p> <ol style="list-style-type: none"> 1. Potential the Council will be unable to meet its statutory obligation to set and operate within a balanced budget. 2. More increased transformation savings targets will need to be achieved. 3. Further drawdowns from the Council’s financial balances/reserves may need to be considered as one offs. 4. Council could fail to deliver in some of its statutory duties either through a reduction of service by an external provider or complete failure to operate. 5. Increased risk of reputational damage when trying to balance the need to provide statutory services vs. Delivery within a finite budget. 	Officer Lead	Cabinet Lead	<ol style="list-style-type: none"> 1. Enhanced reporting around inflation risk implemented through monthly budget monitoring updates to Cabinet. 2. Specific earmarked reserves bolstered through outturn 2021/22 and windfall underspends in 2022/23, providing a mechanism to manage cost pressures in the short-term. 3. Procurement rolled out training sessions in May and June 2022 to raise awareness with managers regarding the impacts and necessary adjustments to contracts in their role as contracts managers due to inflation. Mirroring existing approaches to managing inflation on social care placement costs. 4. Initial MTFE scoping work during April and May assessed potential impact on savings requirement (both direct inflation costs and wider impact on demand for services), with transformation programme activity seeking to develop options to bridge resulting budget gap in the medium term. 	<p>This is a new risk, escalated from the Finance Directorate Risk Register due to the increasing level of inflation rates and associated pressures.</p> <ol style="list-style-type: none"> 1. Significant programme of transformation activity underway, developing specific measures to secure savings and therefore counter inflationary pressures over the medium term. Outputs will feed into refreshed MTFE and consultation budget being presented to Cabinet in December 2022 2. Ongoing monitoring of inflationary pressures and wider economic impacts such as interest rates. 3. Enhanced reporting around balance sheet position: council tax, housing rents etc where impact of inflation on households finances will feed through to Council position.
Andy Evans		Cllr. M. Goddard			
Risk Rating		Direction of Travel			
C1		New Risk			
		Risk Appetite Statement			
		This is a significant financial risk which the Council has to manage within the confines of our statutory duties and budget responsibilities in order to provide services to our residents. The Council is committed to delivering a balanced budget. We constantly challenge all areas across the Council to find efficiencies, make savings and put forward ideas on how savings targets can be achieved.			

APPENDIX A - RISK SCORING METHODOLOGY

Attributes:			Risk rating	Risk rating	Risk rating	Risk rating	
Greater than 90%	This week	L I K E L I H O O D	Very High (A)	A4	A3	A2	A1
70% to 90%	Next week / this month		High (B)	B4	B3	B2	B1
50% to 70%	This year		Significant (C)	C4	C3	C2	C1
30% to 50%	Next year		Medium (D)	D4	D3	D2	D1
10% to 30%	Next year to five years		Low (E)	E4	E3	E2	E1
Less than 10%	Next ten years		Very Low (F)	F4	F3	F2	F1
			Small (4)	Medium (3)	Large (2)	Very Large (1)	
Attributes:			IMPACT				
THREATS:			Financial	up to £250K	£250k - £1million	£1million - £5million	Over £5million
			Service Provision	Slightly reduced	Service suspended short term/ reduced	Service suspended long term/ statutory duties not delivered	
			Health & Safety	Sticking plaster/ first aider	Broken bones/ Illness	Loss of life/ major illness	Major loss of life/ large scale major illness
			Objectives	Objectives of several teams not met	Group objectives not met	Corporate objectives not met	
			Morale	Negative attitude	Some hostility/ minor non co-operation	Industrial action	Mass staff leaving/ unable to attract staff
			Reputation	No media attention/ minor letters	Adverse local media	Adverse national publicity	Remembered for years
			Government Relations		Poor assessment(s)	Service taken over temporarily	Service taken over permanently
Attributes:			Minor (4)	Moderate (3)	Major (2)	Outstanding (1)	
OPPORTUNITIES:			Financial	Some financial gain	High financial gain	Major financial gain	Huge financial gain

Reputation	Minor improvements to image	Some enhancement to reputation	Enhanced reputation	Significantly enhanced reputation
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AUDIT COMMITTEE WORK PROGRAMME 2022/23

Committee name	Audit Committee
Officer reporting	Anisha Teji, Democratic Services
Papers with report	None
Ward	All

HEADLINES

This report is to enable the Audit Committee to review planned meeting dates and the forward programme.

RECOMMENDATIONS

That the Audit Committee:

1. Confirms the dates for Audit Committee meetings; and
2. Makes suggestions for future agenda items, working practices and / or reviews.

SUPPORTING INFORMATION

The meeting on 29 September 2022 will start at 17:10.

Meetings	Room
15 November 2022	CR 6
31 January 2023	CR 5
27 April 2023	CR 5

Meeting Date	Item	Lead Officer
15 November 2022	**Private meeting with EY to take place before the meeting	
	EY 2021/22 Auditor's Annual Report and Grant Certification	Corporate Director of Finance /Ernst & Young
	Internal Audit Progress Report Quarter 2 2022/22 (including. Quarter 4 2022/23 IA Plan	Interim Head of Internal Audit
	Counter Fraud Progress Report Quarter 2 2022/23	Head of Counter Fraud
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
31 January 2023	**Private meeting with Interim Head of Internal Audit to take place before the meeting	
	Internal Audit Progress Report Quarter 3 2022/23 (incl. the Quarter 1 2023/24 Internal Audit Plan)	Interim Head of Internal Audit
	Counter Fraud Progress Report Quarter 3 2022/23	Head of Counter Fraud
	Internal Audit Charter	Interim Head of Internal Audit
	2022/23 Q2 Corporate Risk Register -	Internal Audit Manager
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
27 April 2023	**Private meeting with Corporate Director of Finance to take place before the meeting	
	2022/23 External Audit Plan.	Corporate Director of Finance / Ernst & Young
	Internal Audit Progress Report Quarter 4 2022/23 (incl. the Quarter 2 2023/24 Internal Audit Plan)	Interim Head of Internal Audit
	Counter Fraud Progress Report Quarter 4 2022/23	Head of Counter Fraud
	Internal Audit Plan 2023/24	Interim Head of Internal Audit
	Counter Fraud Plan 2023/24	Head of Counter Fraud
	2022/23 Q3 Corporate Risk Register -	Internal Audit Manager
	Forward Programme	Democratic Services

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