

RISK MANAGEMENT REPORT Q2 2023/24

Committee name	Audit Committee
Officer reporting	Claire Baker, Head of Internal Audit
Papers with report	RM1. Q2 Risk Management Report
Ward	All

HEADLINES

This report presents to the Audit Committee a summary of the Council's Risk Register as at the end of Quarter 2 2023/24. The report provides assurance to the Audit Committee that risks are being managed within the relevant services and mitigating actions are being implemented.

The report also includes a summary of the Council's red rated risks, also known as the Corporate Risk Register. The full Corporate Risk Register was presented for review at the Corporate Management Team meeting on the 20 September 2023 and at the Corporate Risk Management Group (CRMG) on 03 October 2023.

Since the last Audit Committee meeting on the 08 August 2023 there has been a significant review of the risks included in the Council's Risk Register. This included a number of changes to the red rated risks, which are outlined in the report.

RECOMMENDATIONS:

That the Audit Committee:

- 1. Note the Risk Management Report and progress to improve the risk management arrangements.**

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.



RISK MANAGEMENT REPORT

Q2 2022/23

30 September 2023



HILLINGDON
LONDON

www.hillingdon.gov.uk

CONTENTS

The key contacts in connection with this document are:

Claire Baker

Head of Internal Audit
cbaker@hillingdon.gov.uk

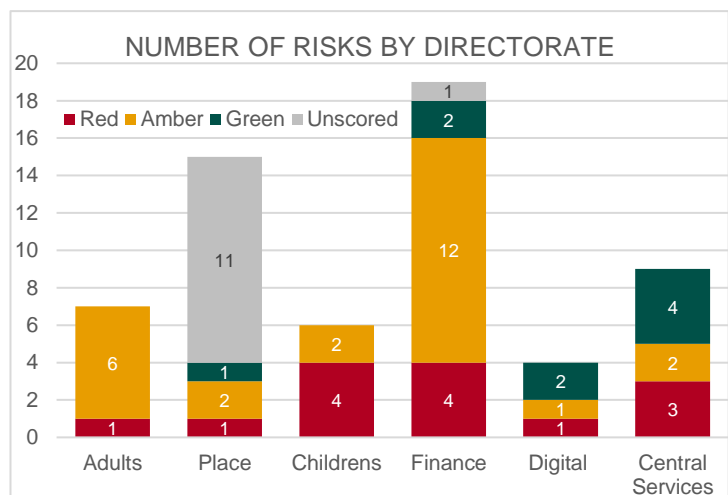
	Page
1. INTRODUCTION	3
2. DIRECTORATE RISK REGISTER UPDATE	3
3. CORPORATE RISK REGISTER UPDATE	5
4. FORWARD PLAN	5
<i>APPENDIX A: SUMMARY OF CORPORATE RISK REGISTER</i>	6
<i>APPENDIX B: RISK SCORING METHODOLOGY</i>	7

1. INTRODUCTION

- 1.1 Hillingdon Council has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management is about managing opportunities and threats to objectives to help create an environment of “no surprises”. It is a crucial element of good management and a key part of corporate governance. Although risks can never be entirely eliminated, proportionate and targeted action can be taken to reduce risks to an acceptable level.
- 1.2 Managing risk should be viewed as a mainstream activity and something that is an integral part of everyday management. Risk Management involves the early identification of risks, assessing their potential consequences, and determining the most effective way to reduce the likelihood and/or impact of the risk. The Council’s Risk Management Policy provides a framework to ensure there are clear roles, responsibilities and methodologies for identifying, recording and managing risks.
- 1.3 This report summarises the Council’s Risk Register as at the end of quarter two and outlines the work undertaken during the quarter to improve risk management arrangements. It is intended to support the Audit Committee to monitor and review (but not direct) the authority’s risk management arrangements, as per the Committee’s terms of reference.

2. DIRECTORATE RISK REGISTER UPDATE

- 2.1 As part of the risk management transformation project, work is ongoing to review the risk management arrangements across the organisation. As noted at the last Audit Committee meeting, this includes replacing the previous MS Word versions of the Directorate Risk Registers with a central MS Excel Risk Register.
- 2.2 The new template allows for improved collaboration between directorates, increased risk information, and improved tracking of risks to ensure they are updated consistently. This is not a final solution, and approval has now been received to procure risk management software. This is currently expected to be implemented before the end of 2023/24.
- 2.3 Following the appointment of a Chief Digital & Information Officer a new Digital Directorate Risk Register has been added to the central register. Several services were also reallocated between directorates. In these situations the corresponding risks were closed in the outgoing directorate risk register and risks added to new directorate risk register when reviewed. This ensured the new directorate independently reassessed the risks rather than transferring potentially outdated information into the new register.
- 2.4 The risk management project has been supported by the Internal Audit review of risk management arrangements finalised on the 1 September. The findings from the review have been used to support the ongoing action plan, including improving the monitoring information available for CMT and the Audit Committee:
- 2.5 The Finance Directorate continue to have the highest number of risks recorded on their directorate risk register. Many of these risks relate to increased costs and demand impacting different services within the directorate.
- 2.6 The eleven unscored risks within Place relate to one service incorporating service level risks into the directorate register at the month end. These risks will be reviewed and scored during the next quarter.



2.7 Due to ongoing work to raise the importance of risk management it is likely other services will also add their risks into the directorate risk registers. Therefore, we expect the number of risks across all directorates to potentially increase over the next quarter. The new electronic system will allow for greater correlation between service and directorate risk registers and improve the level of scrutiny on individual service risk registers.

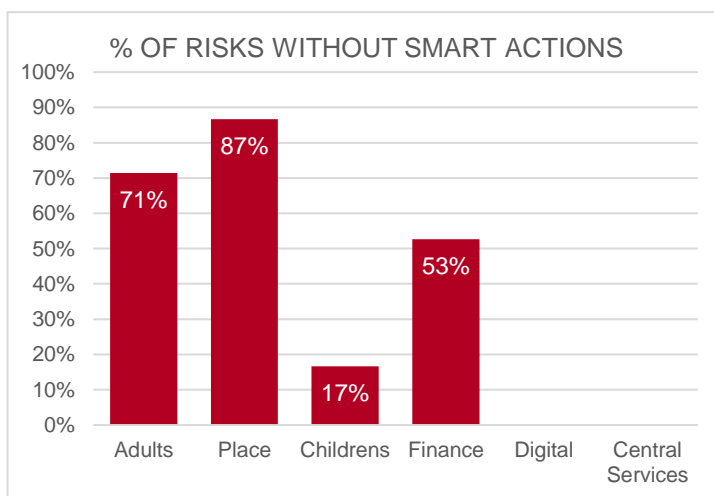
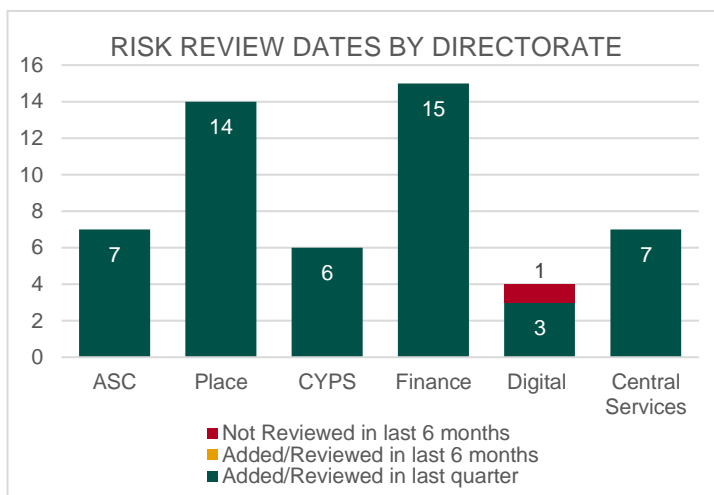
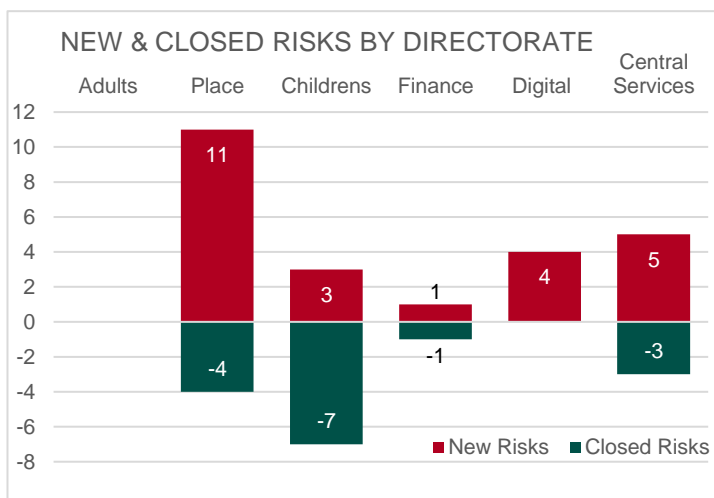
2.8 As noted above there have been a number of new and closed risks over the quarter as services have been reallocated between directorates. The high number of new risks within the Place directorate relate to one service incorporating their service level risks at the end of the quarter.

2.9 The Children’s Services Directorate senior management team also undertook a full review of their directorate risk register during the quarter. This allowed them to close a number of long-standing risks and re-focus their register on the current key risks facing their services.

2.10 Following the implementation of the new central Directorate Risk Register significant work has been undertaken by the directorates to review the risk information included. Only one risk has not been reviewed within the last quarter. This related to the GOSS system implementation and was due to the responsible officer leaving the Council and the service moving to a new directorate. This will be addressed during the next quarter.

2.11 Although work has been completed to update the risks on the risk registers, there are still a number of risks without measurable actions to mitigate against them. This includes risks where actions are listed but they do not have named action owners or timescales for completion. Actions may still be implemented in practice, however if they are not appropriately recorded on the risk register it is harder to evidence this and ensure they are implemented effectively.

2.12 Going forwards the analysis within this report will allow the Committee to identify any services failing to review their risks regularly. Once the registers are more established the analysis can be extended to include the number of risks improving or deteriorating, and the number of risks by risk category.



3. CORPORATE RISK REGISTER UPDATE

- 3.1 The Council's Corporate Risk Register (CRR) is an essential part of the Council's Risk Management arrangements. The CRR documents any operational risks from the Directorate Risk Registers which are graded 'red' due to their potential likelihood and impact.
- 3.2 The CRR was presented to the Corporate Management Team (CMT) on the 20 September and Corporate Risk Management Group on the 3 October. They are responsible for monitoring the identified risks to ensure they are being managed within the relevant directorate and service, and mitigating actions are being implemented.
- 3.3 As part of the ongoing work to improve Risk Management arrangements the Corporate Risk Register has been realigned with the Directorate Risk Registers to ensure all red-rated risks are correctly escalated onto the Corporate Risk Register. This initially increased the number of risks on the Corporate risk Register significantly. However ongoing work to review the Directorate Risk Registers has also resulted in six long standing risks being removed from the Corporate Risk Register:
- Heathrow Airport Expansion (reduced to Directorate Level)
 - Asylum / Unaccompanied Minors / Trafficked Children & Young People (reduced to Directorate Level)
 - Dedicated Schools Grant (reduced to Directorate Risk Level)
 - Inflation (removed)
 - Early Years and School Places (replaced)
 - Ability to Deliver a Balanced Budget in the Medium Term (replaced)
- 3.4 A summary of the risks on the Corporate Risk Register is included in *Appendix A*.

4. FORWARD PLAN

- 4.1 Although significant work was undertaken by the directorates to review and update the risk registers during the quarter there are still some areas of development. The Head of Internal Audit and Risk Assurance will be presenting a training session to the Senior Managers Meeting on the 19 October to help support further improvements.
- 4.2 Progress towards purchasing an electronic risk management system is also continuing. The business case has been approved and further action will be taken to ensure the system is purchased before the next Audit Committee meeting. As part of this process risk management workshops will be undertaken with each Directorate to ensure risks are reviewed before they are input onto the new system.
- 4.3 In preparation to the move to the new system work is also ongoing to allocate responsibility for risks across individual services. For example, the Counter Fraud Team are currently working to allocate fraud risks to the relevant services rather than maintaining a separate central fraud risk register. This will help to improve accountability for managing risks within the services responsible for implementing the preventative controls.
- 4.4 Finally, following a presentation to informal Cabinet on the 20 September the Head of Internal Audit is currently developing a Strategic Risk Assurance report which will align the risks from the Corporate Risk Register to the Strategic Objectives within the Council's 2022-2026 Strategy. This will be reported to the next Audit Committee.

APPENDIX A: SUMMARY OF CORPORATE RISKS AS AT Q2 2023/24

No.	Ref	Summary Risk Description	Owner	Review Date	Rating	DOT
1	A004	Community DOL	Bukky Junaid	06/09/2023	C2	New
2	P008	Capital Programmes	Michael Naughton	25/08/2023	C2	New
3	CS009	The General Data Protection Regulations	Dan Kennedy	29/09/2023	D1	Static
4	CS011	Rent arrears	Rod Smith	06/09/2023	A3	New
5	CS012	Meeting Housing Needs	Mark Billings	29/09/2023	A1	Static
6	C001	Workforce Sufficiency	Julie Kelly	23/09/2023	C2	New
7	C002	Childrens Care placements	Tehseen Kausar & Alex Coman	23/09/2023	C2	New
8	C003	High Needs SEN placements	Abi Preston	23/09/2023	B2	New
9	C0005	School Places	Abi Preston	23/09/2023	C1	New
10	F005	Maintained Schools Funding	Chris Mayo	20/09/2023	D1	New
11	F011	Increased levels of fraud	Alex Brown	16/08/2023	B1	New
12	F014	Ability to Deliver a Balanced Budget in the Short and Medium Term	Andy Evans	29/09/2023	D1	New
13	F015	Financial Resilience of Contracts	Andy Evans	28/09/2023	C2	Static
14	D001	Cyber Security	Matthew Wallbridge	24/08/2023	C1	Static

DoT = Direction of Travel (Change to the risk score since the last Audit Committee update)

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

APPENDIX B: RISK SCORING METHODOLOGY

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