Q3 RISK MANAGEMENT REPORT 2023/24

Committee name	Audit Committee

Officer reporting	Claire Baker, Head of Internal Audit & Risk Assurance

Papers with report	RM.1 Q3 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 3 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 as at the end of Q3.

Since the last Audit Committee meeting there has continued to be significant work undertaken to develop the Council's Risk Management arrangements, including introducing a new risk management system and Strategic Risk Register presented separately to the Committee.

RECOMMENDATION:

That the Audit Committee note the Risk Management Report and progress to improve the risk management arrangements.

SUPPORTING INFORMATION

None.

BACKGROUND PAPERS

None.

RISK MANAGEMENT REPORT

Q3 2023/24

30 December 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

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 three 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 highlighted at the last Audit Committee, work is ongoing to review the risk management arrangements across the organisation. The implementation of the new Risk Management Software is progressing, and it is expected the new system will be operational by the end of the year. It will take time to be embedded across the services however the first reports from the system should be available for the next Audit Committee meeting.

2.2   In the short-term directorates are continuing to use the updated risk register template in Excel. Following the last Audit Committee meeting further training was provided to the Senior Management Team to raise awareness of risk management arrangements and ensure risks are recorded consistently. It was emphasised that services and directorates are responsible for managing their own risk registers, and therefore the Internal Audit team have focused on establishing their advisory role during quarter three.
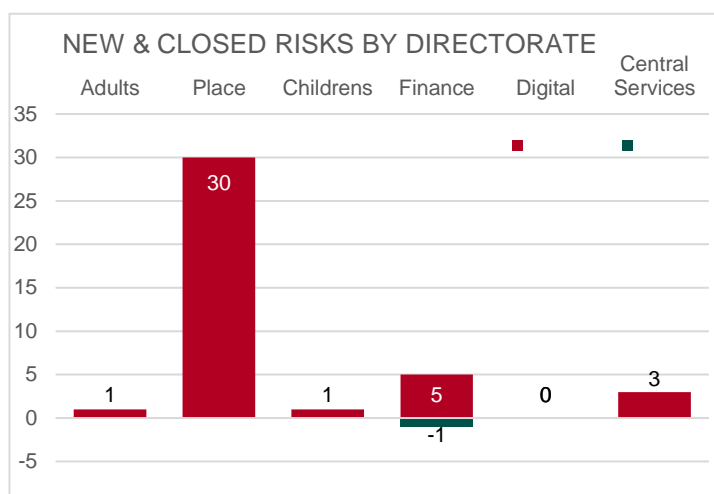
2.3   At the end of the previous quarter the Finance Directorate had the highest number of risks recorded on their directorate risk register. However, following the training session provided to the Senior Management Team the Place Directorate have added a significant number of risks into their directorate risk register.
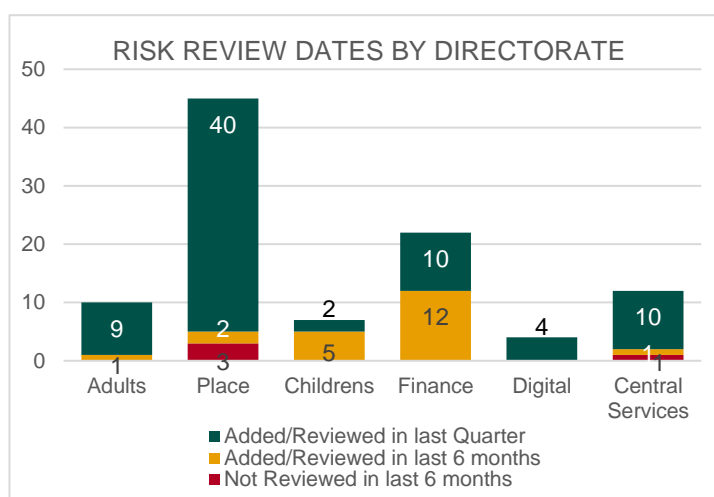

NUMBER OF RISKS BY DIRECTORATE
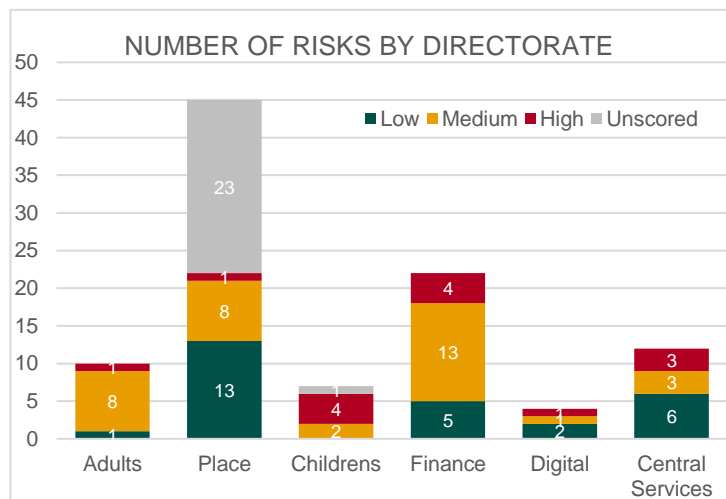
2.4   The Place Directorate made the decision to collate their service level risks within the central directorate risk register as this allows greater oversight of all risks across the directorate and highlights any cross over between services. This is consistent with the way the new Risk Management System will work as the directorate level risk registers will feed from the individual service risk registers. It does not mean there has been an increase in the actual risks facing the services within the directorate.

2.5   There are 23 unscored risks in the Place Directorate and one in the Children's Directorate. These were raised at the Corporate Risk Management Group on the 8 January 2024 and will be reviewed and scored during the next quarter.

2.6   As noted above there has been a significant number of new risks added to the Place Directorate risk register during quarter three. The directorate is still working through the register to ensure these are all risk scored consistently and appropriate actions allocated to mitigate the risks. Any significant risks identified will be escalated to the corporate risk register in line with the Risk Management Policy.

NEW & CLOSED RISKS BY DIRECTORATE

2.7   At the end of the previous quarter there was only one risk marked as overdue for review, however this high review rate was influenced by the implementation of the new central Directorate Risk Register which automatically forced directorates to review their risk information. Although there has been a slight increase in the number of risks overdue for review at the end of quarter three, performance is better than expected given the increased reliance placed on individual risk owners. The overdue risks have been highlighted through the Corporate Risk Management Group and will be monitored to ensure they are reviewed before the end of quarter four.

RISK REVIEW DATES BY DIRECTORATE

- Added/Reviewed in last Quarter
- Added/Reviewed in last 6 months
- Not Reviewed in last 6 months

2.8   As part of the implementation of the new Risk Management System the Head of Internal Audit is looking to ensure further information on the risk management performance across the directorates is available and we will continue to provide this analysis to the Committee.

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 live CRR was shared with the Corporate Management Team (CMT) on the 30 November and 30 January, and with the Corporate Risk Management Group on the 8 January. 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   During quarter three there were no changes to the red rated risks included in the Corporate Risk Register, and six of the fourteen risks had not been reviewed within the quarter. The risks overdue for review were raised through the Corporate Risk Management Group, and there were reasonable explanations for the delays in three of the six cases.

3.4   Shortly after the quarter end the Schools Places risk was downgraded and removed from the CRR and two risks relating to the Decarbonisation and the Decent Homes Improvement programme were added. These changes have been reflected in the detailed Strategic Risk

Report presented separately to the Audit Committee and will be highlighted in the quarter four risk management report.

3.5 A summary of the risks on the Corporate Risk Register as at the end of quarter three is included in *Appendix A*.

4. FORWARD PLAN

4.1 Quarter four will focus on implementing the new electronic risk management system to ensure the system is embedded effectively and the first reports will be presented to the next Audit Committee meeting. As part of this process risk management workshops will be undertaken with each Directorate to ensure all risks are reviewed before they are input onto the new system.

4.2 The Head of Internal Audit will also continue to develop the Strategic Risk Report to align the risks from the CRR to the Strategic Objectives within the Council's 2022-2026 Strategy. The first draft has been shared separately with the Audit Committee however this will be developed further following feedback from the Committee and ongoing wider work around performance information.

APPENDIX A: SUMMARY OF CORPORATE RISKS AS AT Q3 2023/24

No.	Ref	Summary Risk Description	Owner	Review Date	Rating	DOT
1	A004	Community DOL	Bukky Junaid	08/01/2024	C2	Static
2	P008	Capital Programmes	Michael Naughton	25/08/2023	C2	Static
3	CS009	The General Data Protection Regulations	Dan Kennedy	29/09/2023	D1	Static
4	CS011	Rent arrears	Rod Smith	15/12/2023	A3	Static
5	CS012	Meeting Housing Needs	Mark Billings	15/12/2023	A1	Static
6	C001	Workforce Sufficiency	Julie Kelly	23/09/2023	C2	Static
7	C002	Childrens Care placements	Tehseen Kauser & Alex Coman	04/01/2024	C2	Static
8	C003	High Needs SEN placements	Abi Preston	23/09/2023	B2	Static
9	C0005	School Places	Abi Preston	23/09/2023	C1	Static
10	F005	Maintained Schools Funding	Chris Mayo	13/12/2023	D1	Static
11	F011	Increased levels of fraud	Alex Brown	16/08/2023	B1	Static
12	F014	Ability to Deliver a Balanced Budget in the Short and Medium Term	Andy Evans	17/10/2023	D1	Static
13	F015	Financial Resilience of Contracts	Andy Evans	15/11/2023	C2	Static
14	D001	Cyber Security	Matthew Wallbridge	12/12/2023	C1	Static

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

LIKELIHOOD		Small (4)	Medium (3)	Large (2)	Very Large (1)
	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)				
		IMPACT			

APPENDIX B: RISK SCORING METHODOLOGY

LIKELIHOOD		
Greater than 90%	This Week	Very High (A)
70% to 90%	Next Week / This Month	High (B)
50% to 70%	This Year	Significant (C)
30% to 50%	Next Year	Medium (D)
10% to 30%	Next 5 Years	Low (E)
Less than 10%	Next 10 Years	Very Low (F)

RISK SCORE			
A4 (6)	A3 (12)	A2 (18)	A1 (24)
B4 (5)	B3 (10)	B2 (15)	B1 (20)
C4 (4)	C3 (8)	C2 (12)	C1 (16)
D4 (3)	D3 (6)	D2 (9)	D1 (12)
E4 (2)	E3 (4)	E2 (6)	E1 (8)
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