

# STRATEGIC RISK REPORT

**Committee name**

Audit Committee

**Officer reporting**

Claire Baker, Head of Internal Audit

**Papers with report**

RM.2 Strategic Risk Report

**Ward**

All

## HEADLINES

This is the first draft of the Strategic Risk Report developed for the Audit Committee.

It is intended to provide a clearer alignment between the strategic objectives of the Council, documented in the Council's Strategy, and the overarching strategic risks that could impact on those objectives. Providing assurance to the Committee that these key risks to the Council's objectives are being managed appropriately.

It also summarises the sources of assurance available to the Committee to enable Members to monitor the risks identified, the current controls in place to help mitigate the risks identified, any links to significant operational risks identified by management through the Council's risk register, and any proposed actions to either improve the mitigating controls or the sources of assurance available to monitor the risk.

This report is part of the ongoing risk management transformation work to improve the risk management arrangements across the Council.

## RECOMMENDATION:

**That the Audit Committee note the Strategic Risk Report and provide feedback on the content and level of assurance received.**









## SUPPORTING INFORMATION

None.

## BACKGROUND PAPERS

None.

# STRATEGIC RISK REGISTER

Strategic Objective	Strategic Risk	Current Risk Rating	Control Rating	Assurance Rating
	Meeting Housing Needs	Red	Amber	TBC
	Ability to Deliver a Balanced Budget in the Short and Medium Term	Red	Amber	TBC
	Digital Transformation & Cyber Security	Amber	Red	TBC
	Resilience of Contractors	Amber	Red	TBC
	Meeting Care Placements and SEND Support	Red	Amber	TBC
	Adult Social Care Demand	Amber	Amber	TBC
	<i>No Strategic Risks Recorded</i>	N/A	N/A	Green
	<i>No Strategic Risks Recorded</i>	N/A	N/A	Green

Strategic Objective:		<b>Safe and strong communities</b> - Hillingdon is a safe place with resilient, strong communities with access to good quality, affordable housing.					
Strategic Risk:		Meeting Housing Needs: The risk of increased demand for housing and increased housing regulations					
CLlr Lead:	Cllr. E. Lavery	Initial Rating:	Red	Corporate Risk Register Links	Rating	Control Rating:	Amber
Exec Lead:	Dan Kennedy	Current Rating:	Red	CS012 - Meeting Housing Needs	A1	Assurance Rating:	TBC
Date Added:	01/11/2023	Target Rating:	Amber			Number of Actions:	1
Last Review:	January 2024	Change:	Static	P015 - Decent Homes/Thermal Efficiencies	B1	Next Review Date:	April 2024
Risk Description		Primary Controls		Sources of Assurance		Key Performance Indicators	
<p>The buoyant housing market and increased housing regulations has led to a decreased supply of affordable housing, whilst Welfare Reforms and inflation has led to an increase in homelessness and housing demand. The lack of affordable housing puts significant pressure on the Council's finances and ability to meet its statutory responsibilities in this area, however inadequate housing can lead to a detrimental impact on the health, wellbeing, and educational attainment of residents. The risk is also increased due to Heathrow Airport located within the borough leading to significant numbers of individuals seeking asylum within the area.</p>		<ul style="list-style-type: none"> <li>The Council has implemented a programme of new developments and buying back former 'Right to Buy' (RTB) and vacant properties.</li> <li>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.</li> <li>Decent homes improvement programmes are in place and a significant fire safety works programme is nearing completion.</li> </ul>		<p>Level 1: Housing Action plan</p> <p>Level 2: Housing Steering Group Reports, Housing Board, KPIs</p> <p>Level 3: Internal Audit reviews into social housing and homeless applications process</p>		PLA06 - Households in Temporary Accommodation	TBC
						PLA12 - % of homes that meet Decent Homes Standards	TBC
						PLA13 - % of stock rated C and above (EPC)	TBC
						PLA07 - Number of households in nightly charged B&B	TBC
Actions:							
Transformation programme in place to review the Housing Service and ensure the council is fit for the future. This is monitored through a Housing Steering Group chaired by the Chief Executive.						Dan Kennedy: April 2024	

Strategic Objective:		<b>A digital-enabled, modern, well-run council</b> - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.					
Strategic Risk:		Ability to Deliver a Balanced Budget in the Short and Medium Term					
Cllr Lead:	Cllr. M. Goddard	Initial Rating:	Red	Corporate Risk Register Links	Rating	Control Rating:	Amber
Exec Lead:	Andy Evans	Current Rating:	Red	F014 - Delivering a Balanced Budget	D1	Assurance Rating:	TBC
Date Added:	01/11/2023	Target Rating:	Amber	F011 - Increased levels of fraud	B1	Number of Actions:	4
				CS011 - Rent arrears	A3		
Last Review:	January 2024	Change:	Static	F005 - Maintained Schools Funding	D1	Next Review Date:	April 2024
Risk Description		Primary Controls		Sources of Assurance		Key Performance Indicators	
<p>This risk arises from the significant reductions in funding from Central Government whilst at the same time increasing the burden on Local Authorities. This is against a backdrop of increasing expectations from Residents and the impact of Covid-19, high inflation rates and the war in Ukraine. This increases the potential that the Council will be unable to meet its statutory obligation to set and operate within a balanced budget, and moving forward more increased transformation savings targets will need to be achieved.</p>		<ul style="list-style-type: none"> <li>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.</li> <li>Budget holders engaged in budget setting process and ongoing budget monitoring.</li> </ul>		<p>Level 1: MTFF</p> <p>Level 2: Monthly budget monitoring reports</p> <p>Level 3: Internal Audit of the budget monitoring arrangements</p>		General Fund revenue budget	
						Dedicated Schools Grant (DSG)	
						Savings Programme	
Actions:							
<ol style="list-style-type: none"> <li>Budget Strategy sessions scheduled to translate ongoing service and transformation activity into quantified savings programme</li> <li>Proactive lobbying of Government around future funding levels, both directly and through London Councils, Society of London Treasurers and other routes</li> <li>Approval of balanced 2024/25 budget by Cabinet and Council</li> <li>This will be reviewed alongside finalisation of the 2024/25 budget at Council in February 2024.</li> </ol>						Andy Evans, February 2024	

Strategic Objective:		<b>A digital-enabled, modern, well-run council</b> - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.					
Strategic Risk:		Digital Transformation & Cyber Security					
Cllr Lead:	Cllr. D. Mills	Initial Rating:	Amber	Corporate Risk Register Links	Rating	Control Rating:	Red
Exec Lead:	Matthew Wallbridge	Current Rating:	Amber	D001 - Cyber Security	C1	Assurance Rating:	TBC
Date Added:	01/11/2023	Target Rating:	Amber	CS009 - The General Data Protection Regulations	D1	Number of Actions:	2
Last Review:	January 2024	Change:	Static			Next Review Date:	April 2024
Risk Description		Primary Controls		Sources of Assurance		Key Performance Indicators	
ICT systems becoming unfit to meet the Council's needs, due to insufficient momentum, collaboration or funding to implement the digital transformation programme. This impacts on service delivery, staff morale and governance arrangements due to poor data quality. Outdated ICT architecture and poor security also increases the risk of ransomware, malware, viruses and external cyber-threats. These can lead to data breaches and potential reputational, operational, and financial damage if attacks to our network are successful and the Council's ICT systems are adversely affected for a significant time-period.		<ul style="list-style-type: none"> <li>Newly established Digital and Intelligence Directorate to lead the digital transformation programme.</li> </ul>		Level 1: Level 2: Hillingdon Information Assurance Group (HIAG) programme of work Level 3: Cyber360 assessment scheduled for 2024/25		CS02: Number of contacts that are self-service/digital TBC	
Actions:							
Developing the Digital and Intelligence leadership team to deliver the strategy and accelerate change Review the Digital and Intelligence directorate roadmap for change, including identifying key priority projects for 2024/25.						Matthew Wallbridge, March 2024	

Strategic Objective:	<b>A digital-enabled, modern, well-run council</b> - We are a well-run, sustainable council with sound financial management, achieving positive outcomes for residents.						
Strategic Risk:	Resilience of Contractors						
Cllr Lead:	Cllr. I. Edwards	Initial Rating:	Amber	Corporate Risk Register Links	Rating	Control Rating:	Red
Exec Lead:	Tony Zaman	Current Rating:	Amber	F015 - Financial Resilience of Contracts	C2	Assurance Rating:	TBC
Date Added:	01/11/2023	Target Rating:	Amber	P008 - Capital Programmes	C2	Number of Actions:	0
Last Review:	January 2024	Change:	Static			Next Review Date:	April 2024
Risk Description	Primary Controls			Sources of Assurance		Key Performance Indicators	
The risk that key suppliers/contractors are suddenly unable to provide an expected service and there are insufficient business continuity arrangements in place to deliver alternative arrangements. This results in a serious disruption to the service, impacting on residents, and potentially significant unplanned costs whilst alternative providers are sourced.	Contract management arrangements within each service to monitor suppliers and identify any who may potentially be at risk of failure through the monitoring of their ongoing performance.			Level 1: contract management arrangements at a service level  Level 2:  Level 3: Internal Audits into contract management		ASC09: Social care providers in the Care Governance Process and formal provider of concern category at quarters end	
Actions:							
Ongoing procurement transformation programme, including strengthening the training for contract managers to raise any concerns in relation to potential concerns with contractors.						Andy Evans, March 2025	

Strategic Objective:		Thriving, healthy households - Children, young people, their families and vulnerable adults and older people live healthy, active and independent lives.					
Strategic Risk:		Meeting Care Placements and SEND Support					
CLr Lead:	Cllr. S. O'Brien	Initial Rating:	Red	Corporate Risk Register Links	Rating	Control Rating:	Amber
Exec Lead:	Julie Kelly	Current Rating:	Red	C001 - Recruit and retain staff	C2	Assurance Rating:	TBC
Date Added:	24/01/2024	Target Rating:	Amber	C002 – Care placements	C2	Number of Actions:	3
Last Review:	January 2024	Change:	NEW	C003 - High Needs SEN placements	D1	Next Review Date:	April 2024
Risk Description		Primary Controls		Sources of Assurance		Key Performance Indicators	
<p>Market conditions and the outsourcing of placements has reduced the availability for children and inflated the price. Although there is a smaller number of children requiring care, there is an increased complexity of needs and a reduction in post Covid numbers of foster carers equipped to meet the needs of children with complex needs. The change to regulatory requirements for 16-17 year olds is also likely to reduce further availability for this group.</p>		<ul style="list-style-type: none"> <li>Participation in the regional development of plans aimed at better meeting the demand.</li> <li>Review of the existing placements to ensure age-appropriate placements and maximising inhouse provision.</li> <li>Joined Pan London Vehicle that leads the development of a London Secure Home</li> <li>SEND Sufficiency plan developed, including improved projections and forecasting of need and improved rigour to use more local mainstream provision where appropriate so only the most complex have high cost INMSS placements.</li> <li>Substantial increase of placements through building more SRPs, DUs, assessment base and improving local SEND provision</li> </ul>		<p>Level 1:</p> <p>Level 2: Monitoring placement requests through HARP and Complex HARP and High-Cost panel.</p> <p>Level 3:</p>			
Actions:							
<ol style="list-style-type: none"> <li>1. DSG Recovery Programme including banding and OAP Review and placement analysis across all provisions.</li> <li>2. Brokerage transformation project with ASC and transformation projects to review the Fostering offer and identify additional residential beds</li> <li>3. Two new properties to be registered with Ofsted and become operational in Q1 of 24-25, and support provided to semi-independent providers to register with Ofsted to ensure ongoing sufficiency for 16-17 years old</li> </ol>							Julie Kelly, March 2025

Strategic Objective:		Thriving, healthy households - Children, young people, their families and vulnerable adults and older people live healthy, active and independent lives.					
Strategic Risk:		Adult Social Care Demand					
Cllr Lead:	Cllr. J. Palmer	Initial Rating:	Amber	Corporate Risk Register Links	Rating	Control Rating:	Amber
Exec Lead:	Sandra Taylor	Current Rating:	Amber	A001 - Community DOL	C2	Assurance Rating:	Amber
Date Added:	01/11/2023	Target Rating:	Amber			Number of Actions:	3
Last Review:	January 2024	Change:	Static			Next Review Date:	April 2024
Risk Description		Primary Controls		Sources of Assurance		Key Performance Indicators	
<p>This risk arises from the increasing demand across Adult Social Care services due to changing demographics in the population, the transition of children into adult social care, and the raised expectations from residents for high quality social care services. This is all within the context of the major changes to the legislative framework including the Care Act, Better Care Fund and Deprivation of Liberty Safeguards. This increase in demand is impacting on the Council's ability to provide the statutory services within the available resources and funding available.</p>		<ul style="list-style-type: none"> <li>Work to develop a new social care 'front door' with the introduction of AI to answer calls for social care and put in first level triage has proved successful.</li> <li>A full upgrade of the client system will take place on 9th January,2024 to improve data and monitoring of the demand.</li> <li>Targeted early intervention through reablement and the introduction of 'Intelligent Lilli' to give better insights into care needs address demand through the front door for adults. Additionally, the development of reablement for people with mental health needs is being worked up.</li> <li>Work with NHS partners is ongoing to address acuity following issues that have escalated following the pandemic.</li> <li>Intensive work on the BCF and reviewing and aligning system funding and priorities to ensure that these address the needs of residents in the community.</li> </ul>		<p>Level 1: BCF and community based review of spending with GT</p> <p>Level 2:Output data from reablement &amp; intelligent Lilli and ASCOF measure of still at home 91 days later</p> <p>Level 3: Completion of the upgrades to the client system</p>		<p>ASC01: Number of contacts from new clients per 100,000 population</p> <p>TBC</p>	
Actions:							
<ol style="list-style-type: none"> <li>Progress the transformation of the front door, but increasing the capability and presence of third sector providers to support residents before they enter social care</li> <li>Submit a fully complete BCF Assurance document within the required timelines [June 2024]</li> <li>Implement and monitor the outputs of Intelligent lilli pilot.</li> </ol>						<ol style="list-style-type: none"> <li>Ongoing through 2024</li> <li>June 2024</li> <li>March 2024</li> </ol>	