RISK MANAGEMENT ANNUAL REPORT

2023/24

08 April 2024

HILLINGDON
LONDON

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1. INTRODUCTION

1.1 Hillingdon Council has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management is about managing opportunities and threats to objectives and in doing so 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.

1.3 Managing risk should be viewed as a mainstream activity and something that is an integral part of everyday management. Risk Management involves the early identification of risks, assessing their potential consequences, and determining the most effective way to reduce the likelihood and/or impact of the risk. The Council's Risk Management Policy provides a framework to ensure:

- Clear accountabilities and well defined roles and responsibilities for managing risks
- Risks are promptly identified and their likelihood and impact on Council business is accurately assessed and appropriate action is taken to mitigate the potential risk
- Employees have the knowledge and skills to identify and manage risks
- Decisions are taken having considered relevant risks
- The impact of risk management is evaluated

2. EMBEDDING EFFECTIVE RISK MANAGEMENT IN 2023/24

2.1 This section of the report describes some of the key ways risk management is promoted and embedded throughout the Council during 2023/24.

2.2 Risk Register Updates

2.2.1 Throughout the year work has been undertaken to update the existing risk this includes replacing the previous Microsoft Word versions of the Directorate Risk Registers with a central Excel Risk Register. The new template allows greater access for individual risks owners, includes more key risk information, and improves the tracking of risks to ensure they are updated consistently.

2.2.2 Following the appointment of a Chief Digital & Information Officer a Digital Directorate Risk Register was added to the central register and several services were 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.

2.2.3 Work was also undertaken to align the corporate risks to the Council's Strategic Objectives through a Strategic Risk Report. This collates the high scoring operational risks from the Corporate Risk Register into strategic risks against the relevant strategic objective and performance indicators, giving a clearer summary overview of the risks.

2.2.4 During the year a new Risk Management System was purchased, developed, and was ready for implementation at the year end. This will allow greater collaboration between services in relation to risks and improve the accountability for managing risks across the Council whilst also reducing the time required to update the register. During 2024/25 this system will be rolled out across the services along with ongoing guidance and training to ensure it is embedded effectively.

2.3 Training

2.3.1 All managers are required to complete the e-learning risk management module. A refresher training module is also in place and can be accessed at any time through the e-learning platform. The purpose of the e-learning module is to support the development of a robust approach to risk management within the Council.

2.3.2 During 2023/24 two further training sessions was provided by the Head of Internal Audit and Risk Assurance to the Senior Management Team introducing the new risk register template and facilitating directorate level discussions on the risks within the risk register.

2.3.3 Training on risk management was also provided for Cabinet and the Members of the Audit Committee by the Head of Internal Audit and Risk Assurance. It is included as part of the Training and Development Plan for Audit Committee Members co-ordinated by Democratic Services.

2.3.4 Following staffing changes within the Internal Audit and Risk Assurance team during the year there has been an increased focus to move accountability for managing risks to the individual Services and Directorates. One to one support has been provided to individual officers when requested to help embed this change.

2.4 Corporate Risk Management Group

2.4.1 The Corporate Risk Management Group (CRMG) have continued to meet quarterly throughout 2023/24 to review the risk registers and any emerging risks. Each Directorate has a risk champion representing their Directorate on CRMG, which ensures any actions raised are fed back to the relevant responsible officer.

2.4.2 Key Performance Indicators in relation to risk management were implemented during the year and will be monitored by CRMG going forwards to ensure the new risk management system is embedded effectively.

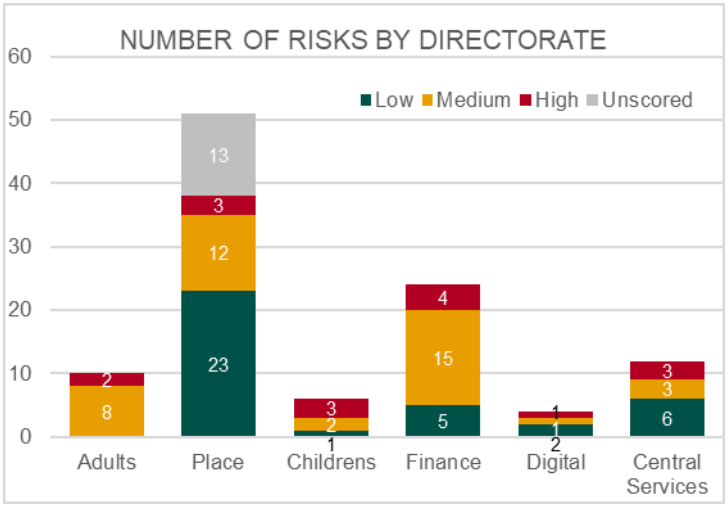
2.5 Internal Audit

2.5.1 Early in the year an Internal Audit review was undertaken on the risk management arrangements across the Council, achieving a limited assurance opinion. The findings from this review were incorporated into the risk management improvement project lead by the Head of Internal Audit and Risk Assurance, including implementing a new risk management system and improving the monitoring information available for CMT and the Audit Committee

3. YEAR END RISK REGISTER UPDATE

3.1 As highlighted above, work is ongoing to review the risk management arrangements across the organisation.

3.2 The number of risks recorded in the central risk register had increased from 34 risks at the end of 2022/23 to **107** risks at the end of 2023/24. This demonstrates the increased focus on proactively highlighting risks at all levels of the organisation, which will continue to improve awareness of emerging issues.



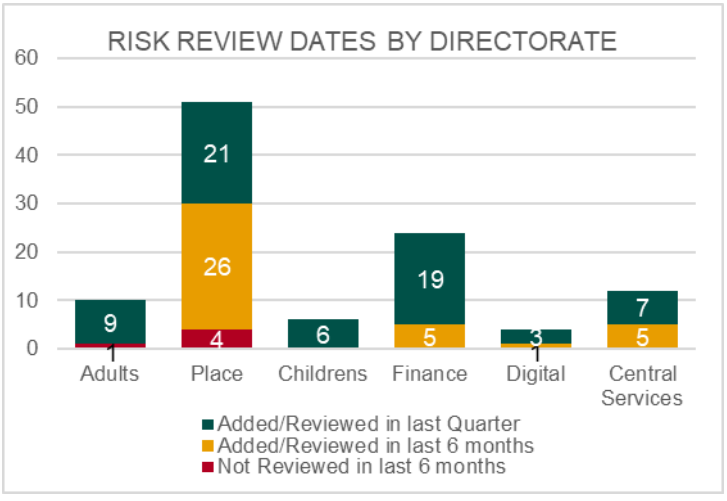
3.3 There were **16 red** rated risks on the risk register at the year end, which have been escalated to the corporate risk register shown in section four of this report, in line with the Risk Management Policy.

3.4 Although the Place Directorate had the highest number of risks recorded on their directorate risk register at the year end many of these are low scoring risks relating to individual services.

3.5 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.

3.6 At the year-end there were 13 unscored risks on the risk register (a decrease from 24 at the end of Q3). These were all in the Place Directorate and were raised at the Corporate Risk Management Group on the 27 March 2024 to ensure they are reviewed and scored during the first quarter of 2024/25.

3.7 At the year-end there were five risks that had not been reviewed in the last six months. Four related to Place (two low and two medium) and one related to Adult Social Care and Health (Medium). These were raised at the Corporate Risk Management Group on the 27 March 2024 and will be followed up to ensure they are reviewed.



3.8 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.

4. CORPORATE RISK REGISTER (CRR)

4.1 The Council's Corporate Risk Register (CRR) is an essential part of the Local Authority's Risk Management arrangements. The CRR documents any risks which are graded 'red' due to their potential likelihood and impact on the Council. They are then aligned to the Strategic Objectives through the Strategic Risk Report presented to the Audit Committee. The Corporate Risk Register is outlined in Appendix A.

4.2 The CRR is presented to the Corporate Management Team (CMT), CRMG and the Audit Committee quarterly to evidence how the identified risks are being managed and what mitigating actions are being implemented.

4.3 During quarter one of the year a significant review of the risks within the Council's risk register was undertaken, which led to ten new red rated risks escalating to the CRR. Three amber rated risks which were previously recorded on the CRR where also removed and incorporated into directorate risk registers where appropriate. Further changes are expected as the new risk system is implemented and there is more awareness of risks within individual services.

4.4 Analysis of Corporate Risk Register

Number of Corporate Risks brought forward from 2022/23	10
Number of **new** Corporate Risks in 2023/24	13
Number of **retired** Corporate Risks in 2023/24	7
Number of Corporate Risks where the Risk Scores have **increased**	1
Number of Corporate Risks where the Risk Scores have **decreased**	1
Number of Corporate Risks where the Risk Scores have **remained static**	11
Total Number of Corporate Risks at the end of 2023/24	**16**

5. 2023/24 FORWARD PLAN

5.1 Move to 'Risk Defined'

5.1.1 The Chartered Institute for Internal Audit's Risk Maturity Model is a benchmarking tool to assess the Council's organisation's risk maturity. In accordance with this model our current risk maturity level is **'Risk Aware',** the second of the five maturity levels. This is consistent with the score at the end of 2022/23.

5.1.2 It is an aspiration to develop the organisation's risk maturity to the next level of **'Risk Defined'** in alignment with the ongoing transformation programme and digital roadmap. The new risk management

5.1.3 Following initial end-user testing the new risk management system will be rolled out across the directorates, along with updated training, guidance and Risk Management Policy. To ensure the system becomes embedded further performance indicators will be developed and monitored through the CRMG and Audit Committee. This will include monitoring to ensure all risks have appropriate actions in place to mitigate the risk and the actions are implemented as planned.

APPENDIX A: CORPORATE RISK REGISTER

CRR Risk:	2022/23 Q4	2023/24 Q1	2023/24 Q2		2023/24 Q3		2023/24 Q4	
	Rating	Rating	Review Date	Rating	Review Date	Rating	Review Date	Rating
Heathrow Airport Expansion	Static E1	Static E1	Reduced		N/A		N/A	
Meeting Housing Needs	Static A1	Static A1	29/09/2023	Static A1	15/12/2023	Static A1	26/03/2024	Static A1
Asylum/Trafficked Children & Young People	Static B3	Static B3	Reduced		N/A		N/A	
Ability to Deliver a Balanced Budget in the Medium Term	Static C1	Static C1	Replaced		N/A		N/A	
Financial Resilience of Contracts	Static C2	Static C2	28/09/2023	Static C2	15/11/2023	Static C2	13/02/2024	Increase B2
Early Years and School Place	Static C1	Static C1	Replaced		N/A		N/A	
The General Data Protection Regulations	Static D1	Static D1	29/09/2023	Static D1	29/09/2023	Static D1	26/03/2024	Static D1
Cyber Security	Static C1	Static C1	24/08/2023	Static C1	12/12/2023	Static C1	25/03/2024	Static C1
Dedicated Schools Grant	Static E1	Static E1	Reduced		N/A		N/A	
Inflation	Static C1	Static C1	Reduced		N/A		N/A	
Community DOL	N/A		06/09/2023	New C2	08/01/2024	Static C2	26/03/2024	Static C2
Capital Programmes	N/A		25/08/2023	New C2	25/08/2023	Static C2	06/03/2024	Static C2
Rent arrears	N/A		06/09/2023	New A3	15/12/2023	Static A3	26/03/2024	Static A3
Workforce Sufficiency	N/A		23/09/2023	New C2	23/09/2023	Static C2	08/03/2024	Static C2
Childrens Care placements	N/A		23/09/2023	New C2	04/01/2024	Static C2	08/03/2024	Static C2
High Needs SEN placements	N/A		23/09/2023	New B2	23/09/2023	Static B2	08/03/2024	Decrease D1
School Places	N/A		23/09/2023	New C1	23/09/2023	Static C1	Reduced	
Maintained Schools Funding	N/A		20/09/2023	New D1	13/12/2023	Static D1	13/12/2023	Static D1
Increased levels of fraud	N/A		16/08/2023	New B1	16/08/2023	Static B1	19/03/2024	Static B1
Ability to Deliver a Balanced Budget in the Short and Medium Term	N/A		29/09/2023	New D1	17/10/2023	Static D1	17/10/2023	Static D1
Decent Homes/ Thermal efficiencies	N/A		N/A		N/A		24/03/2024	New B1
Decarbonisation	N/A		N/A		N/A		24/03/2024	New C2
Home to School Transport	N/A		N/A		N/A		25/03/2024	New C2

APPENDIX B: CORPORATE GOVERNANCE OF RISK MANAGEMENT

Governance Functions:

FULL COUNCIL
Receive and consider the Cabinet annual risk reports.

CABINET
Report to Full Council annually on significant risks as part of the Annual Budget Report.

THE LEADER OF THE COUNCIL
Review the significant risks (Corporate or Cross cutting risks) quarterly and provide feedback to officers as appropriate.

PORTFOLIO HOLDERS
Each Director to review their Directorate Risk Register (including related Corporate or Cross cutting risks) with the relevant Cabinet Member/s at least quarterly.

Executive Functions:

CORPORATE MANAGEMENT TEAM
Review the significant risks quarterly and provide any updates to the Leader of the Council or relevant portfolio holder.

CORPORATE RISK MANAGEMENT GROUP (CRMG)
Review the significant risks quarterly, reporting to CMT. Communicate and action any feedback from CMT, the Leader of the Council, or Audit Committee

SENIOR MANAGEMENT TEAM (SMT)
Ensure Risk Registers are up-to date/accurate/capture the key risks
Consider any significant Directorate risk for inclusion in the Corporate Risk Register

Assurance Functions:

AUDIT COMMITTEE
Review the Risk Assurance reports and report to Full Council annually on the effectiveness of the risk management process.

RISK ASSURANCE TEAM
Provide independent assurance on the effectiveness of the Council's risk management process and the controls in place to mitigate risks.

APPENDIX C: 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