



RISK MANAGEMENT REPORT

Q1 2024/25

30 June 2024



HILLINGDON
LONDON

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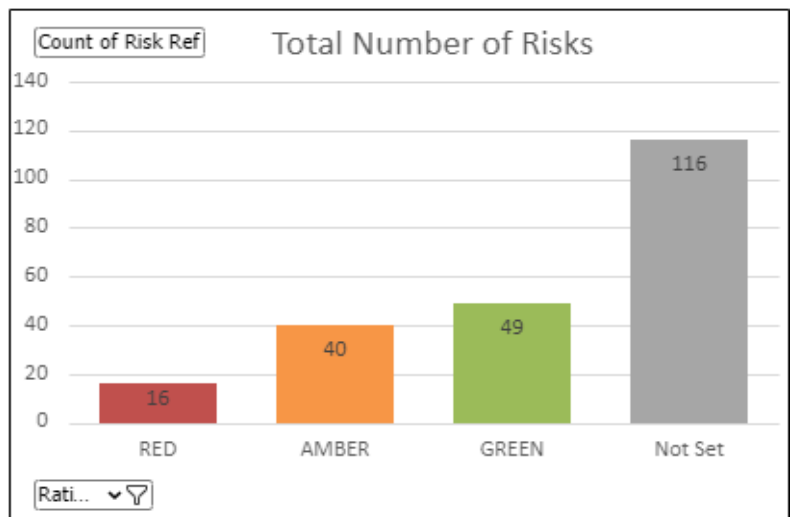
1. INTRODUCTION

- 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 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 the quarter 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 During Q1 the new risk management system, JCAD, was fully rolled out across the Directorates through the Senior Management Teams.

- 2.2 There were **221 total risks** recorded on the Risk Management System at the end of June 2024. This is a significant increase from 107 risks at the end of March and demonstrates the increased focus on implementing the new risk system at all levels of the organisation.



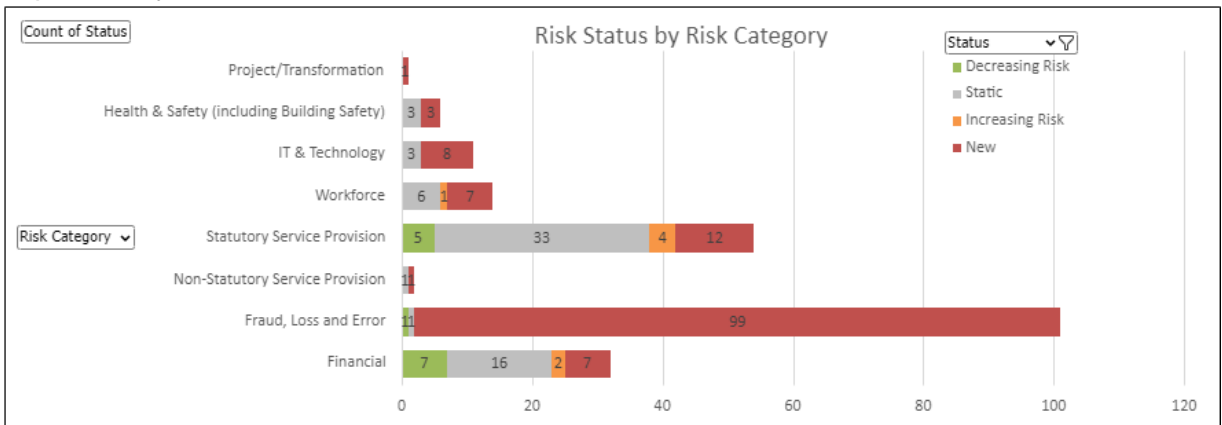
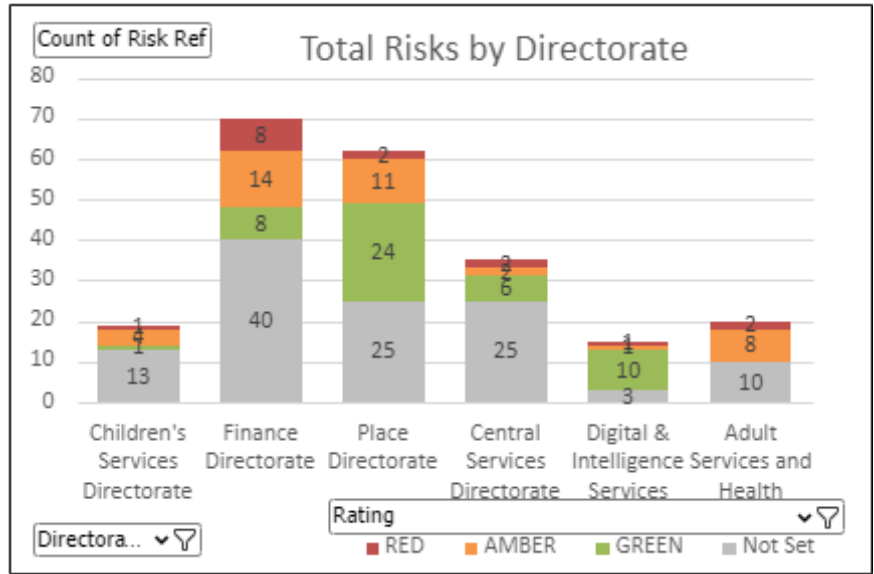
- 2.3 There were **16 red rated risks** on the risk register, which are shown on the corporate risk register in section four of this report.

- 2.4 There were **116 unscored risks** at the end of the quarter. All risks should be scored in line with the Council’s Risk Scoring Methodology in Appendix B, which helps prioritise actions against the risks with the highest likelihood or impact. The large number of unscored risks was due to the transfer of all Counter Fraud risks onto the risk management system at the end of the quarter. These risks were previously held in a separate risk register by the Counter Fraud Team however the new system allows them to be allocated to the relevant services across the Council. They were deliberately added to the system without a risk score to ensure the relevant service undertake their own assessment taking into consideration the mitigating controls they have in place.

- 2.5 The unscored risks were also highlighted at the June Corporate Risk Management Group. They must be addressed as soon as possible to ensure any significant risks are appropriately escalated to the relevant directorate or corporate risk register.

2.6 The Finance Directorate had the highest number of risks per directorate at the end of Q1. This was due to the fraud risks added to the system at the end of the quarter, as a large proportion were allocated to the Finance Directorate.

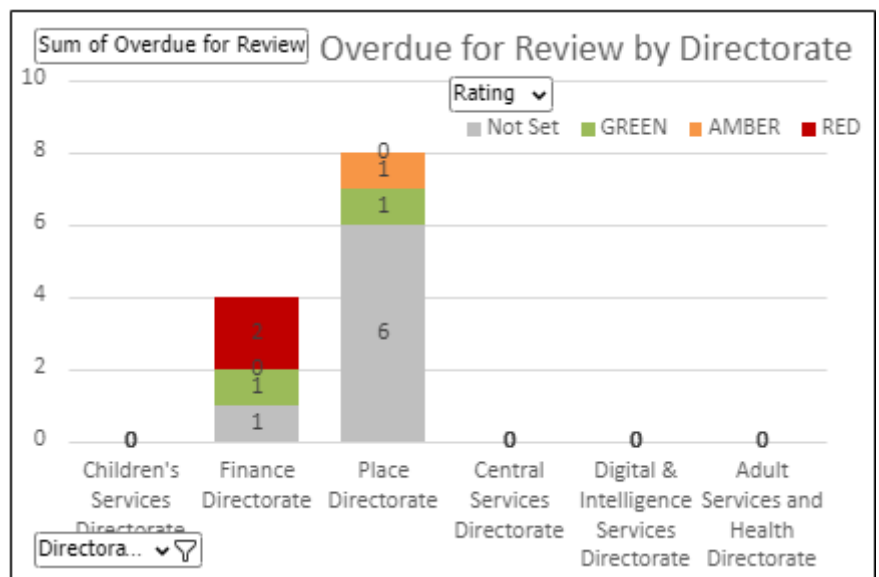
2.7 The high number of new fraud risks are also highlighted in the risk category graph shown below. When these risks are reviewed by the relevant service areas we expect many will be closed.



2.8 All risks on the Risk Management System are allocated a review date, and automated reminders are sent to the responsible officer when the risk becomes due for review. All red rated risks should be reviewed monthly, amber rated risks quarterly and green rated risks every six months.

2.9 At the end of Q1 where were **12 risks overdue for review on the system**. Two of these were red rated risks which were scheduled for review at the end of the quarter, these were updated shortly after the quarter end.

2.10 All risks overdue for review are highlighted through the Corporate Risk Management Group and Corporate Management Team.

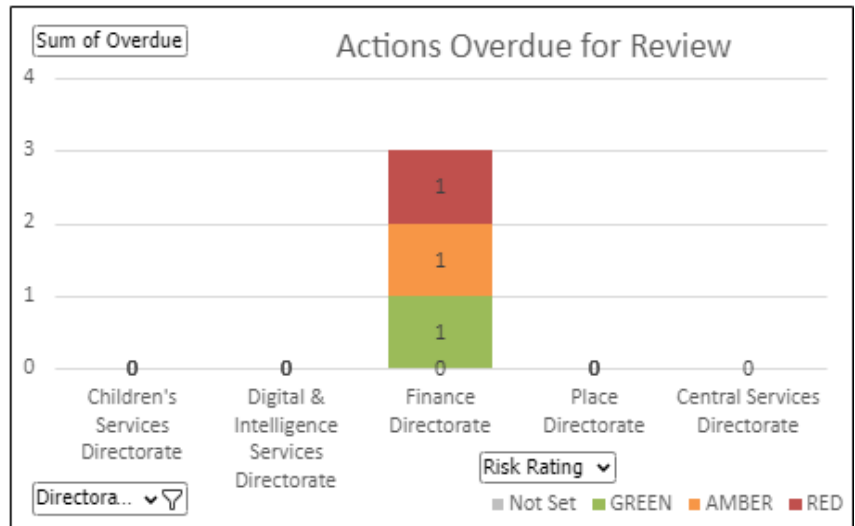
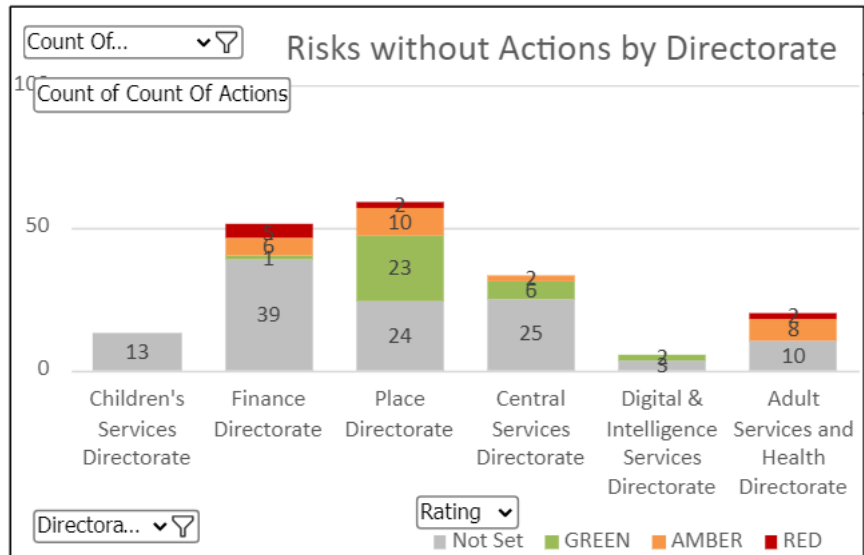


2.11 All risks on the Risk Management System should also be actively managed to reduce the risk to a tolerated level (recorded on the system as the target risk score). Therefore, all risks on the system should have actions assigned to them with responsible officers and review dates.

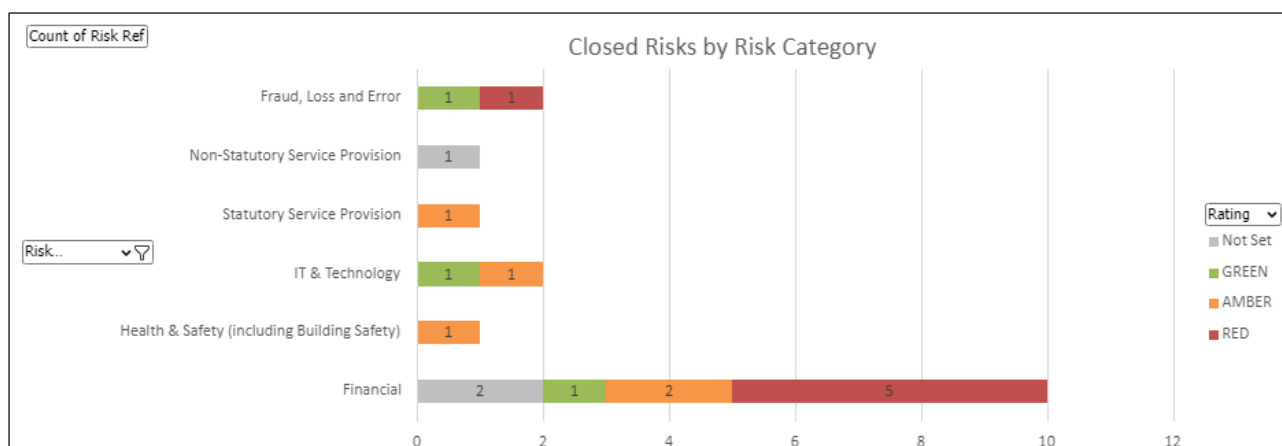
2.12 At the end of Q1 there were **183 risks on the system without actions assigned to them** (83% of all risks). This included

nine red rated risks. It is expected officers are taking actions to reduce the risks in practice, however these are not documented on the Risk Management system. The focus for Q1 was to add risks to the system, further training sessions are taking place with Directorates to ensure actions are added and this will be monitored through the Corporate Risk Management Group.

2.13 Where actions have been allocated to risks on the system, they are allocated an implementation date when the action should be reviewed. At the end of the quarter there were three actions overdue for review, all within the Finance Directorate. One of the actions was allocated to a red rated risk, this was reviewed and marked as complete following the end of the quarter.



- 2.14 Since the new system was introduced at the end of 2023/24 **17 risks have been closed** on the system. This includes six red rated risks (one overarching fraud risk and five from the Pension Committee Risk Register which were added and then closed as tolerated).



- 2.15 Overall feedback on the new Risk Management System has been very positive. Requests have been received from across the Directorates for additional users and risk registers to be added to the system, which demonstrates they are proactively considering how the system can be embedded within their Directorates. Additional training sessions have also been requested by Directorates and individual services, which are being led by the Head of Internal Audit and the Head of Counter Fraud in relation to the Fraud risks.

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 includes any operational risks from the Risk Management System graded 'red' due to their potential likelihood and impact.
- 3.2 The live CRR and Risk Management Key Performance Indicators were shared with the Corporate Risk Management Group on the 24 June to review any outstanding changes before the end of Q1. 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 Q1 all Directorates reviewed their risks as part of the implementation of the new system. This has led to a number of changes to the risks on the CRR when compared to the end of 2023/24.
- 3.4 Eight risks previously included in the CRR have been removed at the end of Q1. Five of the eight have been replaced by alternative risks on the risk management system, the remaining three were closed. Eight red rated risks have also been added to the CRR (See *Appendix A*).
- 3.5 Red rated risks should be reviewed monthly however seven of the risks had not been reviewed in June therefore were considered overdue for review. The risks overdue for review were raised through the Corporate Risk Management Group.

4. FORWARD PLAN

- 4.1 Over the next quarter the Head of Internal Audit will continue to monitor the use of the new Risk Management System on behalf of the Audit Committee and provide additional training where requested to ensure it is embedded effectively. The Key Performance Indicators will also be shared with the Corporate Risk Management Group and Corporate Management Team.

APPENDIX A: SUMMARY OF CORPORATE RISKS AS AT JUNE 2024

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

CRR Risk:		2023/24 Q4		2024/25 Q1	
		Review Date	Rating	Review Date	Rating
1	PROCUR0002 - Financial Resilience of Contracts	13/02/2024	Increase B2	12/03/2024	Decrease C2
2	TECH0001 - Cyber Security	25/03/2024	Static C1	17/06/2024	Static C1
3	LEARN0001 - Community DOL	26/03/2024	Static C2	18/06/2024	Static C2
4	FINMAN0016 - Maintained Schools Funding	13/12/2023	Static D1	21/06/2024	Static D1
5	STRAF0002 - Ability to Deliver a Balanced Budget in the Short and Medium Term	17/10/2023	Static D1	15/05/2024	Increase A1
6	ASSETS0006 - Decent Homes/ Thermal efficiencies	24/03/2024	New B1	12/04/2024	Static B1
7	ASSETS0009 - Decarbonisation	24/03/2024	New C2	12/04/2024	Static C2
8	DIRECC0005 - Home to School Transport	25/03/2024	New C2	20/06/2024	Static C2
9	HOUSNE0001 - High Levels of Homelessness Demand	N/A	N/A	29/06/2024	New C2
10	TRSA0003 - Liquidity Risk	N/A	N/A	10/06/2024	New D1
11	HOUMAN0016 - Housing Landlord Service - Not Meeting Regulatory Requirements	N/A	N/A	29/06/2024	New A2
12	FINMAN0003 - The risk that our child level data in EHM may not be correct	N/A	N/A	22/04/2024	New B1
13	TRSA0004 - Failure to publish draft accounts within statutory deadline	N/A	N/A	10/06/2024	New A3
14	PENS0014 - Failure of employers to deliver accurate and timely employee administration information	N/A	N/A	30/05/2024	New A3
15	CHILSC0012 - Increasing cost of external residential provision and reduced internal resilience	N/A	N/A	25/06/2024	Increase C2
16	FINMAN0005 - Uncertainty over the Safety Valve Agreement and impact if it is not held by DfE	N/A	N/A	15/05/2024	New D1
-	The General Data Protection Regulations	26/03/2024	Static D1	Closed/Tolerated	
-	Capital Programmes	06/03/2024	Static C2	Closed/Tolerated	
-	Rent arrears	26/03/2024	Static A3	Closed/Tolerated	

-	Meeting Housing Needs	26/03/2024	Static A1	Closed - Replaced
-	Workforce Sufficiency	08/03/2024	Static C2	Closed - Replaced
-	Children's Care placements	08/03/2024	Static C2	Closed - Replaced
-	High Needs SEN placements	08/03/2024	Decrease D1	Closed - Replaced
-	Increased levels of fraud	19/03/2024	Static B1	Closed - Replaced

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