



Audit Panel

Report title: Risk Management Update

Date: February 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

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Outline and recommendations

1. The purpose of this report is to update members of the Audit Panel on the Council's Strategic Risks, as detailed in the Strategic Risk Register, for the quarter ending 31 December 2020.
2. Audit Panel are recommended to
 - (i) note this report

1. Recommendations

- 1.1 The Audit Panel are recommended to:
 - (i) note this report

2. Policy Context

- 2.1 The contents of this report are consistent with the Council's policy framework. It supports the priorities set out in the Corporate Strategy 2018-2022:

- Open Lewisham
- Tackling the housing crisis
- Giving children and young people the best start in life
- Building an inclusive local economy
- Delivering and defending: health, social care and support
- Making Lewisham greener
- Building safer communities

2.2 It supports all of the Council's priorities generally through effective risk management for all of its activities and duties.

3. **Background**

3.1 Risk is identified and managed in accordance with the Council's Risk Management Strategy. The Risk Management Strategy was previously reported to Audit Panel in September 2020. As previously reported, the Strategy falls due for review/refresh this year and future arrangements are currently under consideration by EMT.

3.2 In anticipation of the outcome of the review, it has been agreed that the Internal Control Board (ICB), to whom risk was previously reported, would be disbanded following its meeting in February 2020 and risk would be reported to EMT and Audit Panel from the next quarter.

3.3 This reports summarises the risks identified as at the end of December 2020.

4. **Summary of Strategic Risk Changes this quarter**

4.1 There is one new risk from the register previously considered by the Audit Panel and none for deletion in the Strategic Register. The narrative and actions have been updated throughout the register, as detailed in the change log.

4.2 There are no score changes in the Strategic register this quarter.

4.3 The key risks anticipated for the next 12 months are recorded in the Strategic Register and key risks are shown in the table below in order of the current risk ranking.

| Key Risks | Ref | Title | Current | Target | Change |
|---|-------|-------------------------|---------|--------|--------|
| Red-Red High Risk and big variance current to target | 1.A.1 | Info Governance Failure | 16 | 8 | None |
| | 2.A.1 | Internal Control | 16 | 8 | None |
| | 2.B.2 | Cyber Security | 15 | 5 | None |
| | 5.A.1 | Un-balanced budget | 25 | 4 | None |

| Key Risks | Ref | Title | Current | Target | Change |
|--|--------------|--|---------|--------|----------|
| Amber-Red Medium Risk and big variance current to target | 1.A.2 | Implement service changes | 12 | 4 | None |
| | 1.B.1 | Health & Safety | 12 | 6 | None |
| | 1.B.2 | Legislative change | 12 | 5 | None |
| | 1.B.4 | Poor Air Quality | 12 | 6 | None |
| | 2.B.1 | ICT infrastructure | 12 | 5 | None |
| | 3.B.1 | Ineffective partnership working | 8 | 4 | None |
| | 3.B.2 | Integrated models for health & care | 12 | 4 | None |
| | 4.A.1 | Strategic supplies/procurement | 12 | 6 | None |
| | 4.B.1 | Performance failure | 12 | 4 | None |
| | 5.A.2 | Unforeseen expenditure | 12 | 6 | None |
| Red-Amber | 2.A.3 | Delivery of strategic change | 15 | 10 | None |
| Red-Green High Risk with minor variance to target | 2.A.2 | Failure in Child Safeguarding | 25 | 20 | None |
| | 2.A.5 | Serious Adult Safeguarding Concern | 20 | 20 | None |
| | 5.B.2 | Failure to contain impacts of Covid-19 | 20 | 16 | +16(new) |

5. Completion of Planned Actions

5.1 All actions in the Strategic Register are either completed or progressing satisfactorily in accordance with expected timescales, with the exception of those listed below where the dates have slipped or been extended largely due to the diversion of resources as a result of COVID-19.

1.A.1 Decommission old servers slipped from March 20 to March 21

2.A.2 Child Safeguarding Workforce development Strategy, Supervision Policy and CSE Strategy slipped from September 20 to April 2021

2.A.4 Elections – canvas update slipped from Feb 20

2.B.1 Telephony review slipped from March 20 to March 21

2.B.2 Implementation of recs from IT security audit – slipped from Sept 19 to Dec 20. Shared service to develop and test disaster recovery plan slipped from March to Dec 2020. Cyber response. Policy slipped from Sept to Dec 20. This is now subject to a paper to EMT in early 21.

5.A.3 Debt recovery – ASC charging review slipped from April to Dec 20 and while now in progress there is a further delay to the LAC / Controcc system upgrade work to Apr 21.

6. Horizon Scan – Future Risks

6.1 The following circumstances, identified through the PESTLE framework, may impact on the Council in the near future. Audit Panel will wish to assure themselves that there have been no changes in circumstances that would lead them to recommend that these risks should be added to the strategic risk register now or change an existing risk.

Political

- Integration of elements of the Health system – including commissioning.
- Changes to funding flows in respect of NNDR and CTax Benefit.
- Loss of Business Rates income from appeals &/or proposals to devolve to local level.
- Trend to free schools and academies and falling rolls.
- Governance and operational impact of Devolution agenda for London on Lewisham priorities and services.

Economic

- Continuing austerity measures restricting work of local government.
- Catford and Lewisham regeneration/development, including Bakerloo line, new build priorities, organisation of housing service providers.
- Impact of migration on demand for services (short and medium term).
- Consequence of Brexit.
- Changes to National Funding Formula for schools and falling rolls.
- Recession and contraction of the economy as a result of the COVID-19. Pandemic.

Social

- Resourcing (skills) mix and staff churn from reorganisation changes.
- 2021 Census outcomes and predicted demographic changes.
- Consequence of Brexit.
- Consequence of COVID-19 and widening inequalities.
- Estate rationalisation and impact on ways of working.

Technological

- IT and digital strategy and fit for purpose systems to support changing ways of working.

- Impact of Universal Credit, Welfare Reform and Public Services legislation.

Legislation

- Scale and pace of statutory/legislative changes, e.g. Social Care changes.
- Flood and Water Management Act.

Environment

- Carbon Reduction Commitment.

7. Summary & Conclusions

- 7.1 The Council manages risk in accordance with its Risk Management Strategy 2017 – 2020. The risk registers have been reviewed for the period ending 31 December 2020 and the Strategic Risk Register has been updated to reflect the current assessment of risk to the Council.
- 7.2 The register was reviewed and approved at EMT at its meeting on 3 February 2021 and is appended to this report at Appendix A.
- 7.3 There has been one new risk added since the June register to ensure alignment with the corporate response to Covid-19. There are no other score changes or risk deletions this quarter.
- 7.5 The Risk Management Strategy will be updated during 2020/21, resources permitting.

8. Financial Implications

- 8.1 There are no direct financial implications arising from this report. However, this report advises on the identification and management of risk with the objective of aiding management of those risks and thereby reducing unanticipated financial pressures.

9. Equalities Implications

- 9.1 There are none arising directly from this report.
- 9.2 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.

The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Members must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

10. Legal Implications

10.1 The Authority has a duty to safeguard Council services and assets and seeks to meet that duty by having appropriate risk management arrangements in place.

10.2 The Audit & Accounts Regulations 2015 places a responsibility on relevant authorities to ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

10.3 The Council's Risk Management Strategy 2017-2020 aims to ensure that the Council's arrangements reflect the current best management practice as detailed in *the Management of Risk in Government Framework* and the *HM Treasury Orange Book – Management of Risk – Principles and Concepts* and is compliant with the statutory requirements as defined in the Audit & Accounts Regulations 2015.

11. Climate change and environmental implications

11.1 There are none arising directly from this report however the impact of climate change (e.g. air quality, extreme weather, flooding, compliance with new requirements/standards for service delivery) is included in the Strategic Risk Register as a risk that is currently rated as amber.

12. Crime and disorder implications

12.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have crime and disorder implications (e.g. 3.B.1 Multi-agency Governance).

13. Health and wellbeing implications

13.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have health and wellbeing implications (e.g. Multi-agency Governance, Failure to agree with partners integrated delivery models for local health and care services) and others could impact indirectly.

Report Author

If there are any queries on this report, please contact Karen Eaton, Group Manager, Insurance & Risk, on extension 46849, 2nd floor, Town Hall Chambers.