



Audit Panel

Risk register – December 2019

Date: 12 March 2020

Key decision: No.

Class: Part 1.

Ward(s) affected: None specifically

Contributors: Acting Chief Finance Officer

Outline:

This report presents the most recent Council's corporate risk register as reviewed by the Executive Management Team.

Recommendation:

The Panel are asked to review and note the contents of the report.

Timeline of engagement and decision-making

Going forward this is the regular quarterly report on risk for the Audit Panel to enable them to fulfil their terms of reference in respect of ensuring assurance work is effectively directed to risk.

1. Summary

- 1.1. This report presents the December 2019 risk register and changes agreed by the Executive Management Team (EMT). The next risk register update will be for the end of March 2020, following the update of the Directorate registers.

2. Recommendations

- 2.1. The Committee are asked to review and note the contents of the report.

3. Policy Context

- 3.1. The Council's strategy and priorities launched its new Corporate Strategy in 2019, with seven corporate priorities as stated below:
 - **Open Lewisham** - Lewisham will be a place where diversity and cultural heritage is recognised as a strength and is celebrated.
 - **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
 - **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
 - **Building and inclusive local economy** - Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
 - **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
 - **Making Lewisham greener** - Everyone enjoys our green spaces, and benefits from a healthy environment as we work to protect and improve our local environment.
 - **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

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- 3.2. The risks in the register are aligned to these priorities along with a more general one for governance and operational effectiveness.

4. Background

- 4.1. The Council has a three year risk management strategy, presented to the Audit Panel in 2018/19, which guides the approach followed. This starts at service level through their annual plans and as part of project planning. It then builds into Directorate risk registers and preparation on the Corporate risk register. The Directorate and Corporate risk registers are prepared quarterly and reviewed by the Executive Management Team (EMT) and the Internal Control Board (ICB). The forward look for risks is 12 to 18 months.
- 4.2. As confirmed at the previous Audit Panel, because of the links to the financial statements and importance to the direction of assurance work, the Corporate risk register is now to be presented as a standing agenda item to the Audit Panel. The version presented to the Audit Panel is less the notes as these are management working papers.
- 4.3. Since this agreement, the Council has also agreed to stop the ICB with work to rely on the review by EMT, supported by the Member review of risk at the Audit Panel.

5. EMT consideration of the December risk register

- 5.1. EMT considered the December corporate risk register in February. The most significant risks in terms of current score and distance from target are:
- 1.A.1 Info Governance Failure
 - 2.A.1 Internal Control
 - 2.B.2 Cyber Security
- 5.2. There were no new risks and none for deletion in the corporate risk register. There are two score changes this quarter. They are:
- Un-balanced budget has been downgraded from 15 (red) to 10 (amber) following the better than expected financial settlement for 2020/21; and
 - Brexit disruption has been downgraded from 12 amber to 8 amber as the government's decisions are now known.
- 5.3. 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:
- 1.B.1 Building Manager Handbook – slipped from Sept 18 now forms part of wider action for Apr 20
 - 2.A.1 Phase 2 business improvements (payroll) – slipped Mar 19 to June 20, control environment for Oracle Cloud – slipped to Mar 20, LOBO objection still open with external audit – slipped from June 18 to June 20 (PFI objection closed Jan 20)
 - 2.A.3 Transformational change strategy slipped from Dec 19 to Mar 20
 - 2.B.1 ICT infrastructure raise performance target slipped from Dec 19 to Mar 20
 - 2.B.2 Implementation of recs from IT security audit – slipped Sept 19 to Jan 20

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5.4. EMT also review the future risk horizon using a PESTLE framework. This identifies the following:

Political	<ul style="list-style-type: none"> <input type="checkbox"/> Integration of elements of the Health system – including commissioning <input type="checkbox"/> Changes to funding flows in respect of NNDR and CTax Benefit <input type="checkbox"/> Loss of Business Rates income from appeals &/or proposals to devolve to local level. <input type="checkbox"/> Trend to free schools and academies. <input type="checkbox"/> Governance and operational impact of Devolution agenda for London on Lewisham priorities and services.
Economic	<ul style="list-style-type: none"> <input type="checkbox"/> Continuing austerity measures restricting work of local government <input type="checkbox"/> Catford and Lewisham regeneration/development, including Bakerloo line, new build priorities, organisation of housing service providers. <input type="checkbox"/> Impact of migration on demand for services (short and medium term). <input type="checkbox"/> Consequence of Brexit <input type="checkbox"/> Changes to National Funding Formula for schools and falling rolls
Social	<ul style="list-style-type: none"> <input type="checkbox"/> Resourcing (skills) mix and staff churn from reorganisation changes <input type="checkbox"/> 2011 Census outcomes and predicted demographic changes <input type="checkbox"/> Consequence of Brexit
Technological	<ul style="list-style-type: none"> <input type="checkbox"/> Estate rationalisation and impact on ways of working <input type="checkbox"/> IT strategy and fit for purpose systems to support changing ways of working
Legislation	<ul style="list-style-type: none"> <input type="checkbox"/> Impact of Universal Credit, Welfare Reform and Public Services legislation <input type="checkbox"/> Scale and pace of statutory/legislative changes, e.g. Social Care changes
Environment	<ul style="list-style-type: none"> <input type="checkbox"/> Flood and Water Management Act <input type="checkbox"/> Carbon Reduction Commitment

5.5. EMT also review questions on the risk register to be included in the next quarterly update. The key points (in risk order not necessarily importance) to note for change in the December 2019 corporate risk register include:

5.5.1. 1.A.1 Information Governance and 2.B.2 Cyber risks are on watch as environment changing. *Are these the Council's two largest 'live' risks?*

EMT felt this is not the full picture. The capital programme needs to be more fully reflected – in particular, the Building for Lewisham programme (see comment below)

5.5.2. 1.B.3 Air quality risk has been renamed to include impact of climate change so has more dimensions and is jointly owned by Community and HRE. *Do EMT wish to expand upon or add anything to this risk?*

EMT note this is work in progress. The actions and notes to be updated for the climate change strategy once it has been briefed to Cabinet.

5.5.3. 3.A.1 & 2 Workforce and resilience risks have been updated but need fuller review. Should these focus on culture change and leadership and what are the next actions?

EMT reviewed these risks. The actions on leadership and staff events to be moved from 3.A.1 to 3.B.2. The staff invitations for 2020 are out and the risk actions and notes will be updated as the change network plan is finalised – due by April 2020.

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- 5.5.4. 3.B.1 Ineffective partnership working. Should this be merged with 3.B.2 Integrated delivery models for health and care? What are the next key steps/milestones to consider all of the 'key' partnerships that should be included?

EMT agreed not to merge these risks at this time. 3.A.1 actions to be updated to include work beginning now on developing a shared long term vision with partners for the borough. The notes of 3.A.1 to also be updated to prompt a scan across key partners (police, education, health, business, voluntary sector, GLA) each quarter.

- 5.5.5. Currently the risks from the emerging Housing supply programme are not mentioned in the Strategic Register. This risk is included in the HRE register as an amber risk – red against target. *Do EMT wish to add this to the Strategic Register?*

EMT agree this is important and should be a new risk for the register. It will need to draw from the HRE directorate register once finalised there.

- 5.5.6. Do any immediate considerations arise from the current known 2019-nCOV that should be recorded? Are there other risks that EMT would like recorded?

EMT discussed this. The flu pandemic is already covered and plans in place under the risk on resilience. This need to be actively monitored. No other additions or changes were noted for this quarter

- 5.6. The Audit Panel are invited to review the December 2019 corporate risk register appended at Appendix 1.

6. Financial implications

- 6.1. There are no direct financial implications arising from this report.

7. Legal implications

- 7.1. There are no direct legal implications arising from this report. The regular assessment of the Council's risks forms part of the evidence reviewed as part of preparing the Annual Governance Statement in the financial statements.

8. Equalities implications

- 8.1. There are no direct equalities implications arising from this report.

9. Climate change and environmental implications

- 9.1. There are no direct climate or environmental implications arising from this report.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from this report.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from this report.

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12. Background papers

12.1. Appended to this report is the Hymans Robertson quarterly investment report.

13. Report author and contact

13.1. David Austin, Acting Chief Finance Officer

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