



Audit Panel

Report title: Risk Management Update

Date: September 2020

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 30 June 2020.
2. Audit Panel are recommended to
 - (i) note this report;
 - (ii) note the Strategic Risk Register and
 - (iii) note the risk changes this quarter.

1. Recommendations

1.1 The Audit Panel are recommended to

- (i) note this report
- (ii) note the Strategic Risk Register (Appendix A)
- (iii) note the changes to risk evaluation for the quarter ending 30 June 2020.

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 2017-20 that is attached at Appendix B. The Risk Management Strategy was previously reported to Audit Panel in December 2017. 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 There was no review in March 2020 as meetings were deferred whilst resources were diverted to responding to COVID-19. Separate risk registers and monitoring is in place for the Council's Covid response and reported on regularly to Members via the Overview and Scrutiny Business Panel.

3.4 This reports summarises the risks identified as at the end of June 2020.

4. Summary of Strategic Risk Changes this quarter

4.1 There are no new risks 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 is one score change in the Strategic register this quarter. 5.A.1. Un-balanced budget has been increased from 10 (amber) to 25 (red) to reflect the additional financial pressures arising from the response to COVID-19.

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	+15
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. 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 to Oct 20
1.B.1 Review of corporate H&S arrangements slipped from April to September 2020
2.A.1 I.T. Improvement Plan slipped from March to August 2020
2.A.4 Elections – canvas update slipped from Feb 20

2.B.1 I.T. reliability improvement slipped from December 19 to July 20. Telephony review slipped from March 20 to March 21

2.B.2 Implementation of recs from IT security audit – Shared service to develop and test disaster recovery plan slipped from March to September 2020

4.A.1 Contract mgmt. review & training slipped March to Oct 20

5.A.3 Debt recovery – ASC charging review slipped from April to Oct 20

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	<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 <input type="checkbox"/> Recession and contraction of the economy as a result of the COVID-19 pandemic
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 <input type="checkbox"/> Consequence of COVID-19 and widening inequalities
Technological	<ul style="list-style-type: none"> <input type="checkbox"/> Estate rationalisation and impact on ways of working <input type="checkbox"/> IT and digital 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

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 30 June 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 12 August 2020 and is appended to this report at Appendix A.
- 7.3 There has been one change to the status of one risk this quarter (un-balanced budget has been increased from amber to red) and there are no new risks or risk deletions this quarter.
- 7.4 Risk will be reported quarterly to EMT and Audit Panel for the future.
- 7.5 The Risk Management Strategy will be updated during 2020.

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.