



Audit Panel

Report title: Risk Management Update

Date: 23 June 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 March 2021.
2. Audit Panel are recommended to:
 - (i) note this report
 - (ii) agree that the Risk Management Strategy 2017 – 2020 should be updated to reflect the current reporting arrangements and extended for a further year.

1. Recommendations

1.1 The Audit Panel are recommended to:

- (i) note this report
- (ii) agree that the Risk Management Strategy 2017 – 2020 should be updated to reflect the current reporting arrangements and extended for a further year

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.

3.2 The review/refresh of the Strategy has been delayed as a result of the diversion of resources due to Covid-19 and the Finance Restructure which may impact the resourcing of risk management. A paper discussing options will be taken to EMT in due course and the outcome will be reported to Audit Panel.

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

3.3 The Risk Management Strategy has been updated to reflect the current reporting arrangements and is attached at Appendix B.

3.3 This reports summarises the risks identified as at the end of March 2021.

4. Summary of Strategic Risk Changes this quarter

4.1 Cultural resistance to change negatively impacting employee relations has been added to the Strategic Risk Register as a new red risk since the last review by the Audit Panel. The Brexit risk has been deleted this quarter as the impacts are no longer specific to that event. 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 Risk Register. 1.B.4 Impact of Climate Change has increased from an amber rating (12) to a red rating (15).

4.3 Potential policy changes following the Queen's speech may introduce risks so this has been added to the Horizon Scan.

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
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	Impact of Climate Change	15	6	+3
	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	2.A.2	Failure in Child Safeguarding	25	20	None

High Risk with minor variance to target	2.A.5 Serious Adult Safeguarding Concern	20	20	None
	5.B.2 Failure to contain impacts of Covid-19	20	16	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 Information governance actions continue as work in progress but completion dates have slipped.
 - 2.A.2 Child Safeguarding Workforce development, Supervision Policy and CSE Strategy slipped from September 20 to April 2021.
 - 2.B.1 The Planning system is deemed at risk as out of support but no firm timeline yet agreed to replace.
 - 2.B.2 IT security and disaster recovery plans and recovery testing actions (including M365) have slipped to Sep 21.
 - 3.B.2 Operational Care at Home model (due Jan 21) date has slipped.

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.
- Potential policy changes following the Queen's speech

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).
- Changes to National Funding Formula for schools and falling rolls.
- Recession and contraction of the economy as a result of the COVID-19 Pandemic and other regulatory changes.

Social

- Resourcing (skills) mix and staff churn from reorganisation changes.
- 2021 Census outcomes and predicted demographic changes.
- Consequence of Brexit and Home Office actions.
- 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. This Strategy has been amended to reflect the current reporting arrangements. It is recommended to extend this Strategy for a further year to 2022.
- 7.2 The risk registers have been reviewed for the period ending 31 March 2021 and the Strategic Risk Register has been updated to reflect the current assessment of risk to the Council.
- 7.3 The register was reviewed and approved at EMT at its meeting on 12 May 2021 and is appended to this report at Appendix A.

- 7.4 There has been one new risk added since the December register (Cultural resistance to change negatively impacting employee relations). There is one score change (Impact of Climate Change) and one risk deletion this quarter (Brexit).
- 7.5 The Risk Management Strategy will be updated during 2022, following completion of the Finance Restructure, 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.