



Audit Panel

Report title: Risk Management Update

Date: 15 March 2022

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 2021.
2. Audit Panel are recommended to:
 - (i) note this report
 - (ii) note the Strategic Risk Register
 - (iii) note the update on cyber risks

1. Recommendations

1.1 The Audit Panel are recommended to:

- (i) note this report
- (ii) Note the Strategic Risk Register
- (ii) note the update on cyber risks

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 continues to be identified and managed in accordance with the Council's Risk Management Strategy. The Risk Management Strategy was reported to, and approved by, Audit Panel in June 2021 and is due to be reviewed during 2022.

3.2 Audit Panel have previously requested an update on Cyber risks for the March 2022 meeting.

3.3 EMT have received papers discussing options for the future management of risk in October 2021 and February 2022. The outcomes of these high level discussions will shape the outcome of the review of the Risk Management Strategy and progress will continue to be reported to this Panel.

3.4 EMT last reviewed and approved the Strategic Risk register on 26 January 2022 and will continue to work to the existing Strategy until completion of the review of arrangements.

3.7 This reports summarises the risks identified as at the end of December 2021.

4. Summary of Strategic Risk Changes this quarter

4.1 There are no new risks added to the register this quarter

4.2 There are no changes in the risk scores (current or targets) in this period.

4.3 All risks in the register have been reviewed by the risk owners and narrative and actions have been updated as appropriate for each.

- 4.4 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	Reference & Title	Current	Target	Change
Red – Red (High risk & big variance from target)	2.A.1: Internal Control	16	8	None
	2.B.2. Cyber Security	15	5	None
	5.A.1. Unbalanced Budget	20	4	None
Amber-Red (Medium risk and big variance from target)	1.A.1: Information Governance Failure	9	3	None
	1.A.2: Implement Service Change	12	4	None
	1.B.1. Health & Safety	12	6	None
	1.B.3. Climate Change	12	6	None
	3.A.2. Management Capacity	12	6	None
	3.B.1. Ineffective Partnerships	8	4	None
	3.B.2. Integrated Health/Care Models	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 & minor variance from 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 Actions in the Strategic Register are either completed or progressing satisfactorily in accordance with expected timescales, albeit that some slippage has occurred or action by dates extended, largely due to the diversion of resources as a result of COVID-19.
- 5.2 Various actions continue to have 'ongoing' with no next milestone date in the 'By when' column. EMT have instructed that milestone dates are a requirement wherever appropriate. This should be corrected for the next register, due at the end of March 2022.
- 5.3 A paper updating on the management of cyber risk, as requested by the Audit Panel is at Appendix 2.

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 (Health & Care Bill)
- Changes to funding flows in respect of NNDR and CTax Benefit
- Risk of judicial review on impact of Covid changes made (e.g. LTN Covid changes)
- Trend to free schools and academies
- Governance and operational impact of Devolution agenda for London on Lewisham priorities
- potential policy changes following the Queen's speech may introduce risks

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
- End of furlough
- Building Safety Bill
- Adult Social Care reforms
- External review of ASC practice
- Merger of CCGs
- Global commodity price increases/shortages

Social

- Resourcing (skills) mix and staff churn from reorganisation changes
- 2021 Census outcomes and predicted demographic changes (population growth impacts)
- Consequence of Brexit economic and Hong Kong immigration changes
- Consequence of COVID-19 and widening inequalities
- Estate rationalisation and impact on ways of working
- Impact of Universal Credit reduction, Welfare Reform and Public Services legislation
- End of furlough

Technological

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

Legislation

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

Environment

- Carbon Reduction Commitment
- Environment Bill

7. Summary & Conclusions

- 7.1 The Council manages risk in accordance with its Risk Management Strategy 2017 – 2022 but are in the process of reviewing these arrangements.
- 7.2 The risk registers have been reviewed for the period ending 31 December 2021 and the Strategic Risk Register has been updated to reflect the assessment of risk to the Council at that time.
- 7.3 The Strategic Risk Register was reviewed and approved at EMT at its meeting on 26 January 2022 and is appended to this report at Appendix A.
- 7.4 There have been no score changes. No new risks have been added and none have been deleted since the December 2021 register.
- 7.5 The Risk Management Strategy will be updated and arrangements for more aligned procedures for the identification, management and monitoring of risk will take place during 2022.

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