

<b>Contains confidential or exempt information</b>	<b>Yes – Appendix A and Appendix C pursuant to paragraphs 3 &amp; 5 of Schedule 12A of the Local Government Act 1972.</b>
<b>Subject of report</b>	Risk Management Performance Report – Quarter 3 2017/18
<b>Responsible officer</b>	Ross Brown, Director of Finance Mike Pinder, Head of Audit & Investigations
<b>Author</b>	Ewan Taylor, Audit & Risk Manager, ext.9991 <a href="mailto:taylor@ealing.gov.uk">taylor@ealing.gov.uk</a>
<b>Portfolio</b>	CLlr Yvonne Johnson - Finance, Performance & Customer Services
<b>For consideration by</b>	Audit Committee
<b>Date to be considered</b>	7 <sup>th</sup> March 2018
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Strategic Risk Management

#### **Reason for report**

This report provides Audit Committee with an update in respect of the review by Corporate Board of strategic risks facing the council as at the end of Q3, 2017/18

### **1. Recommendations**

- 1.1 It is recommended that Audit Committee considers the current Strategic Risk Register (Appendix A) to assure itself that it includes all appropriate strategic risks facing the council and that all necessary and appropriate actions are being taken to safeguard the council's business and reputation.

### **2. Reason for recommendation and options considered**

- 2.1 This is a periodic report to update Audit Committee on the strategic risks facing the council; no decision is required.

### 3. Key implications

#### 3.1 Roles and Responsibilities

3.1.1 The Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards 2017 require the council to maintain a robust, adequate and effective system of risk management in its delivery of core services. Operation of an effective and embedded risk management framework is an important element of such a system so that the council effectively discharges its corporate governance responsibilities.

3.1.2 Corporate Board is responsible for reviewing the Strategic Risk Register, ensuring that the management of risk continues to be within the council's risk appetite. Audit Committee is responsible for considering the effectiveness of the council's strategic risk management arrangements. The Strategic Risk Register was reviewed by Corporate Board on 27<sup>th</sup> February 2018.

#### 3.2 Strategic Risk Register (SRR)

3.2.1 The council's strategic risks documented in the SRR are determined by Corporate Board and comprise key inherent, transitory and emerging risks which either:

- significantly affect the council's ability to achieve the Borough's long-term strategic objectives and priorities which are set out in the Corporate Plan;
- are relevant and important to all or most of the council's services and functions;
- are external to the council but which have potential significant impacts on the Borough, or parts of the Borough, as a whole; or
- have potentially severe reputational consequences should they materialise.

3.2.2 In addition, the SRR will include any Directorate or Department risks that have a high residual risk rating (total risk score of 20 and above), but which are not already linked to, and part of, a strategic risk. There are no risks of this nature in the current SRR.

3.2.3 The current SRR contains 17 risks. Whilst the total number of risks remains the same, during the quarter the following risks were changed:

- A recruitment and retention risk was added to the SRR with a residual rating of Medium and
- the complete or part failure of the ICT provision as a result of delays in implementing the post Serco contract transition was removed due to it being no longer current.

3.2.4 The residual risk ratings are summarised below. There have been no changes to the other ratings since the end of Q2.

**Table 1: Strategic Risks Residual Ratings**

Residual Rating	Strategic Risks as at end of Q3 2017/18	Strategic Risks as at end of Q2 2017/18
High	2	2
Medium	12	11
Low	2	3
Emerging	1	1
<b>Total</b>	<b>17</b>	<b>17</b>

3.2.5 Two of the strategic risks (on pages 1 to 3 of the SRR), whose risk scores are unchanged since the last quarter, continue to have a High residual risk rating:

- The rating of Risk ISR0001 is the result of the uncertainty over the amount of Business rates that will become unrecoverable and whether this will be more than has been planned for. Regular monitoring of monthly business rates is being undertaken and appropriate action will be reviewed accordingly.
- The rating of Risk ISR0008 is the result of the uncertainty of whether the ongoing pressures on the provisions of services will result in further significant budget overspending in 2017/18. The regular monitoring of financial performance will enable Corporate Board to assess likely year end outcomes and determine if further actions are needed to address any particular pressure points. Actions in progress relating to this risk have been updated.

3.2.6 The residual risk scores and Medium risk ratings of 12 of the remaining 15 strategic risks, (on pages 4 to 20 of the Register) are also unchanged: In most cases, either:

- actions are being taken by services to develop or enhance the control measures that mitigate the risks. Once implemented, these will have the effect of lowering the impact and likelihood risk scores ; or
- the risks are being addressed as part of the Future Ealing programme.

3.2.7 In three instances, though the ongoing controls being exercised by the services do not mitigate the residual risk to a below Medium rating, no further cost effective enhancements to controls can be developed. In these circumstances, Corporate Board has previously agreed to tolerate the Medium level risk rating and will be reviewing this at the meeting on 27<sup>th</sup> February 2018. The three risks are:

- ISR0004 (page 15), death, serious injury or abuse of a child or vulnerable adult in the care of Ealing Council;
- ISR0006 (page 18), persons within the Borough become radicalised and are attracted to recognised terrorist organisations and/or the Borough is affected by terrorist activities; and
- ISR0014 (page 12), a reduction in the supply and lack of availability of affordable housing in the Borough as a result of the implementation of the Welfare Reform Act 2012 and the Housing and Planning Act 2016.

3.2.8 Until the ICT enhanced disaster recovery arrangements are fully in place the risk scores and Medium risk rating of ISR0010 (Inability to provide critical council services in the event of a significant disruption) remain unchanged.

#### **4. Financial**

4.1 A number of risks on the SRR have the potential for significant financial impact and this is articulated within each individual risk description and managed through the control measures which are in place and monitored by the control owners.

#### **5. Legal**

5.1 The Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards 2017 require the council to maintain a robust, adequate and effective system of risk management in the delivery of its core services.

An embedded risk management culture and effective risk management processes support good governance, the council's delivery on its duty of care and successful delivery of the council's objectives

**6. Value for money**

6.1 Good risk management is a key contributor to successful delivery of the council's objectives protecting its assets and resources to deliver value for money

**7. Risk management**

7.1 Good risk management enables the council to optimise its opportunities and minimise the potential for adverse service, financial, legal or reputational outcomes in delivery of its strategic priorities and objectives

**8. Community safety**

8.1 Effective management of risk seeks to protect the council's assets and resources and the local community from harm

**9. Links to the 6 Priorities for the Borough**

9.1 The effective identification, assessment and management of risk is an important foundation to the successful achievement of strategic objectives in terms of managing resources effectively. Strategic risks affect all six priorities of the Long Term Plan meaning that embedded risk management is important to the council.

**10. Equalities and community cohesion**

10.1 No equality impact assessment has been undertaken as the report is for information and does not affect the general duties of the Equality Act 2010.

**11. Staffing/workforce and accommodation implications:**

11.1 None

**12. Property and assets**

12.1 None

**13. Any other implications:**

13.1 None

**14. Consultation**

14.1 Not applicable

**15. Timetable for implementation**

15.1 Not applicable

## 16. Appendices

- Appendix A: Q3 Strategic Risk Register (Confidential)
- Appendix B: Q3 Risk Heatmap
- Appendix C: Q3 Risk Matrix Score Definitions (Confidential)

## 17. Background Information

17.1 None

### Consultation

Name of consultee	Post held	Date sent to consultee	Date response received from consultee	Comments appear in paragraph:
<b>Internal</b>				
Ian O'Donnell	Executive Director of Corporate Resources	12/02/18	12/02/18	Throughout
Ross Brown	Director of Finance (Deputy s151 Officer)	12/02/18	12/02/18	Throughout
Cllr Yvonne Johnson	Portfolio holder – Finance, Performance & Customer Services	22/02/18		Throughout

### Report History

Decision type:	Urgency item?
For Information	No
Report no.:	Report author and contact for queries: Ewan Taylor - Risk manager ext. 9991