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Report for: **INFORMATION**	
Item number:	

Contains confidential or exempt information	No
Subject of report	Risk Register Q3
Responsible officer	Emily Hill, Strategic Director, Resources
Author	Mike Pinder, Assistant Director of Audit & Investigation
Portfolio	Cllr Steve Donnelly - Inclusive Economy
For consideration by	Audit Committee
Date to be considered	27 February 2024
Implementation Date if Not Called In	N/A
Affected Wards	All
Keywords/Index	Strategic Risk Management

Reason for report
This report provides Audit Committee with an update in respect of the review by Strategic Leadership Team of strategic risks facing the council as of quarter 3.

1. Recommendations

1.1 It is recommended that Audit Committee note the progress on the Strategic Risk Register (Appendix A) and key risks identified and provides comments to officers for their consideration.

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   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.

3.2   The Strategic Leadership Team (SLT) 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.

4.   Strategic Risk Register (SRR)

4.1   With all the members of a new SLT now in place a review was undertaken of the risk register to ensure that it reflects their thoughts and that they own the risks.

4.2   The risk register provided at appendix A, reflects a workshop undertaken with the SLT. The output from the workshop was then tested and challenged at SLT and a further review undertaken. This included a benchmark of other authorities and consideration of views from Heads of Audit across London on key risks facing their authorities.

4.3   Draft mitigations have been included on the register. Further meetings are planned with each member of the SLT to update their risks and ensure all mitigations are covered. The intention also is that a sample of risks will be reviewed periodically as part of the internal audit plan. Key updates and changes to the risk register will be provided to Audit Committee at each meeting.

5   Financial

5.1   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. All financial risks of a material or significant nature such as those set out in this report and appendices are either monitored through the regular Finance monitoring reports to SLT and Cabinet or considered as part of the Budget Strategy.

6   Legal

6.1   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.

7.   Value for money

7.1   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.

8.   Risk management

8.1   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.

9.   Community safety

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

10.   Links to the 3 Priorities for the Borough

10.1   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 three, meaning that embedded risk management is important to the council.

11.   Equalities and community cohesion

11.1   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.

12.   Staffing/workforce and accommodation implications

12.1   None

13.   Property and assets

13.1   None

14.   Any other implications

14.1   None

15.   Consultation

15.1   Not applicable

16.   Timetable for implementation

16.1   Not applicable

17.   Appendices

- Appendix A: February 2023 Strategic Risk Register
- Appendix B: Heat Map
- Appendix C: Risk Matrix Score Definitions

18.   Background Information

18.1   None

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received from consultee	Comments appear in paragraph:
Internal				
Emily Hill	Strategic Director,Resources	3/2/2024	10/2/2024	Throughout
Strategic Leadership Team		10/2/2024	14/2/2024	
Cllr Steve Donnelly	Portfolio holder – Inclusive Economy	19/2/2024	For reference only	

Report History

Decision type:	*Urgency item?*
For Information	No
Report no.:	Report author and contact for queries: Ewan Taylor – Risk, Insurance and Projects Manager ext. 9991

| Ref | Risk Description | Unmitigated Risk | | | | Risk Owner/ Lead | Mitigations | Mitigation Owner | Implementation | | Mitigated Risk | | |
		Impact	Likelihood	Risk Score	Quartile				Status	Date	Impact	Likelihood	Risk Score
1	**Financial Resilience** Whilst the 2024/25 Local Government Settlement along with agreed actions will allow us to set a balanced budget for the year, there remains risks to delivery of this position and uncertainty over 2025/26 and beyond in light of: - continued and increased demand and complexity of demand, particularly in social care and homelessness - market failure leading to higher than inflation price increases, specifically in social care and homelessness - financial pressures arising from high levels of inflation - increasing difficulty in identifying and delivery of savings - significant uncertainty around, but expected real terms reductions in, local government funding over the next spending review period (whilst the current Government remains committed to reforming the local government funding landscape in the next Parliament the previously expected Fair Funding Review has not been completed and the business rates reset deferred - there are risks that any reform may materially disadvantage the council's funding position and financial sustainability).	4	5	24	1	SLT Owner Strategic Director, Resources	Budget Setting, Monitoring, Reporting and Challenge	SD, Res	In Progress	31/03/2024	4	4	20
							Monitoring and responding to government proposals	SD, Res	Implemented	N/A			
							Benchmarking with other London Boroughs	SD, Res	Implemented	N/A			
							Contingency and Scenario Planning	SD, Res	Implemented	N/A			
							Lobbying (including via London Councils)	SD, Res	Implemented	N/A			
							Improving Financial Resilience though strengthening and maintaining a sufficient reserves position.	SD, Res	In Progress	31/03/2024			
2	**Cyber/Data Protection** The risk of a major successful cyber attack and /or data loss resulting in the inability for the council to continue operations and deliver statutory services leading to significant disruption for residents, possible fines, claims, fraud and major erosion in Ealing's reputation.	5	4	25	1	SLT Owner Strategic Director, Resources	Secure Authentication	Director of ICT	Implemented		4	3	16
							Threat Monitoring	Director of ICT	Implemented				
							IT Security Measures	Director of ICT	Implemented				
							Patching/Updates	Director of ICT	In Progress				
							Counter Fraud Measures	AD AI	Implemented	Ongoing			
							Business continuity planning updates	Director of ICT	In Progress				

Ref	Risk Description	Unmitigated Risk				Risk Owner/ Lead	Mitigations	Mitigation Owner	Implementation		Mitigated Risk		
		Impact	Likelihood	Risk Score	Quartile				Status	Date	Impact	Likelihood	Risk Score
3	**Service Demand** Increasing service demand and inflationary pressures a) Homelessness b) Adult social care c) Children's social care	5	5	30	1	SLT Strategic Director of Housing and Enviro. Strategic Director Adult Services and Public Health Strategic Director of Children's Services	Budget review Increasing supply (intervening in the market) through acquisition of temporary accommodation in the short term and increased supply of affordable and other housing in the medium to long term Demand management and analysis; improvements in social care practice; supporting and building community capacity Review Sufficiency and Commissioning arrangements; improvements in social care practice; supporting and building community capacity	SD, Res SD H&E / SD E&S SD Adults SD Children	In Progress Ongoing	01/04/2024	4	4	20
4	**Agility/Resilience in an emergency** The risk we lack the organisational resilience, capacity and capability to deal with a major black swan type event resulting in the risk event having a larger impact than it should which could lead to the council being unable to continue its functions or adequately respond to an emergency.	5	3	20	1	SLT Owner Strategic Director, Resources	Review of Emergency Management arrangements Review and Test business continuity arrangements Consider National Risk Register and responses	SD, Res SD, Res SD, Res	In Progress	31/03/2024 30/06/2024 30/06/2024	3	3	12
5	**Strategic Tensions:** The risk that key elements of our strategy are not fully aligned, which could result in tensions, a lack of clarity and failing to develop synergies meaning statutory duties are not met and Council Plan commitments are not realised in a time of constrained resource.	3	4	15	2	SLT Owner Strategy and Change	Review strategy with new SLT Agree priorities aligned with the strategy for sustainable levels of revenue and capital expenditure as part of budget and medium term financial planning	SD S&C SLT with SD, Res	In Progress In Progress	31/03/2024 30/06/2024	2	2	6

Ref	Risk Description	Unmitigated Risk				Risk Owner/ Lead	Mitigations	Mitigation Owner	Implementation		Mitigated Risk		
		Impact	Likelihood	Risk Score	Quartile				Status	Date	Impact	Likelihood	Risk Score
6	**Financial Control/Control Environment:** The risk of not achieving value for money, transparency or good governance and not meeting fiduciary duties in relation to public funds due to weaknesses in understanding of financial management and budgetary control, non-compliance with financial, procurement and decision-making processes.	4	3	16	2	SLT Owner Strategic Director, Resources	Internal Audit review of key financial controls	SD Res	Ongoing	31/03/2025	3	2	9
							Joint Contracts Board review of significant procurement strategies and awards in line with Contract Procedure Rules	SD Res					
							Review of and subsequent training and awareness sessions for financial management, Contract Procedure Rules, Financial Regulations, Decision-Making arrangements	SD Res	Developing	30/09/2024			
							Sanctioning significant non-compliance	SD, Res / SD S&C	To introduce	Immediate			
7	**Management Information:** The risk that we do not harness the vast amount of information available to make smarter, evidence based decisions to maximise the effectiveness of service outcomes and develop earlier interventions. That KPIs do not provide assurances on service provisions and flag areas of concern.	5	4	25	1	SLT Owner Strategy and Change	Review of data infrastructure, considering use of automation to prepare reports and building data analytics function and links between service	SD, Res / SD S&C			3	3	12
							Develop single customer analysis and picture	SD, Res					
							Developing KPIs for services/SLT	SD S&C					
							Develop clean, consistent data on all key system	All					
8	**Workforce:** The risk that Ealing cannot attract, develop and retain talent required to deliver our agenda of transformation and change at the same time as delivering statutory services, with some particularly hard to recruit areas and specialists across such a wide ranging business. Impact of turnover of senior staff and interim and agency staff on corporate memory and service quality and continuity.	4	4	20	1	SLT Owner Strategy and Change	Workforce Strategy being developed	SD S&C	Planned	31/03/2025	3	3	12
							Reviewing recruitment process and structure	SD S&C	Planned	31/03/2024			
							Review of interim and temporary staff	SD S&C/All	Ongoing	31/03/2024			
							Developing OD to ensure helps develop staff in key skills areas	SD S&C					

Ref	Risk Description	Unmitigated Risk				Risk Owner/ Lead	Mitigations	Mitigation Owner	Implementation		Mitigated Risk		
		Impact	Likelihood	Risk Score	Quartile				Status	Date	Impact	Likelihood	Risk Score
9	**Regulatory Compliance:** The risk that we fail to comply with new or existing regulatory requirements leading to potential safety issues for or harm of our residents, reputational and financial risk. Housing Regulations Building Safety Children (Ofsted/Safeguarding) Adults (CQC/Safeguarding) New Procurement Regs	5	5	30	1	SLT Strategic Director of Housing and Enviro. SD Economy and Sust. (New build); SD Resources (Corp); SD H&E (Housing) Strategic Director of Children's Services Strategic Director Adult Services and Public Health Strategic Director, Resources	Review of new standards Setting up processes to monitor Quality assurance processes, training of staff Ongoing quality assurance arrangements, Self-Assessment Ongoing quality assurance arrangements, Mock Independent Assessments Update of Council Contract Procedures Rules, training of Joint Contracts Board and other council officers.	All SD H&E SD E&S / SD, Res/ SD H&E All All SD, Res	Implemented Implemented In Progress	 30/09/2024	3	3	12

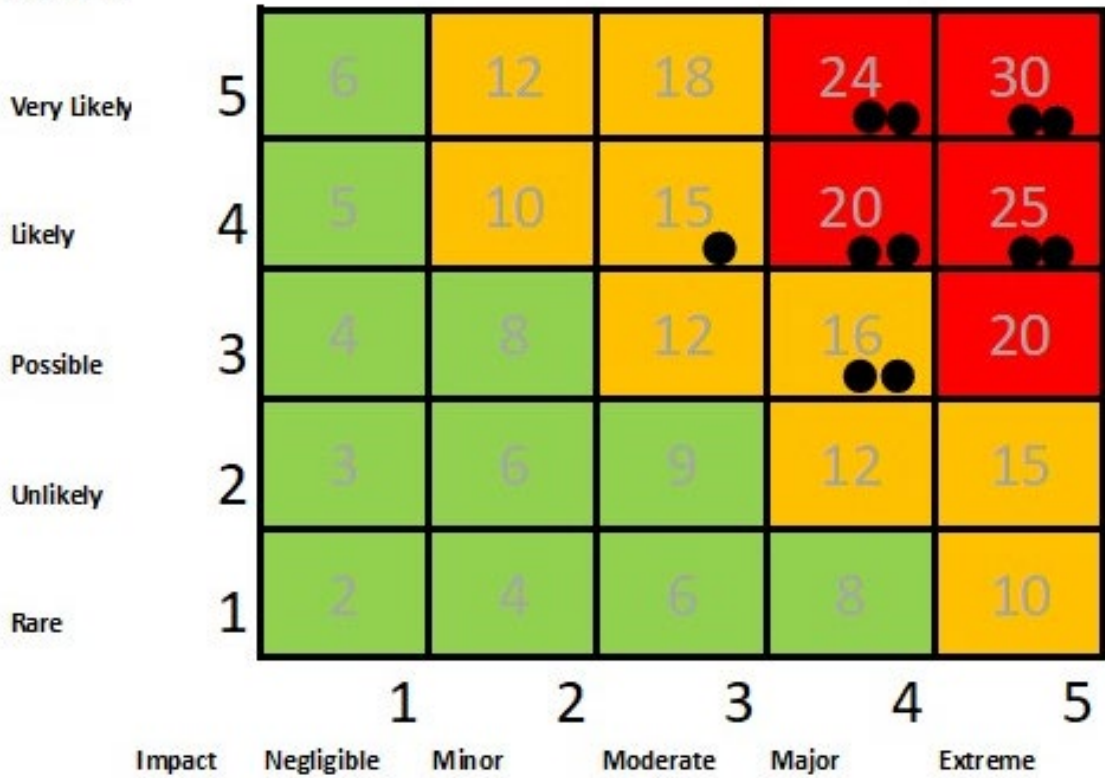| Ref	Risk Description	Unmitigated Risk				Risk Owner/ Lead	Mitigations	Mitigation Owner	Implementation		Mitigated Risk		
		Impact	Likelihood	Risk Score	Quartile				Status	Date	Impact	Likelihood	Risk Score
10	**Transformation/Major Projects** The risk of delivery of key projects (PH, TH, Gurnell, Housing deliver) within time and budget, including risks of abortive costs, escalating costs and impact of affordability, in ability to achieve council objectives	4	5	24	1	SLT	Governance arrangements and gateway process for key projects	SD E&S	To do	31/03/2024	3	2	16
						SLT/ SD S&C/SD Res/ SD E&S	Corporate prioritisation of delivery	SD Res	In Progress	31/03/2024			
							Revised Capital programme governance	SD Res	In Progress	31/03/2024			
						SD R&S	Major Projects Board	SD E&S	In Progress	31/03/2024			
11	**Supplier / Market Failure** The risk of a major supplier and/ or council owned companies failing resulting in service disruption, disputes, reputational damage and additional costs. Recent examples of failure of construction firms, pressures and rising costs in social care market (adults and children's), private landlords leaving the market for temporary accommodation, limited market for repairs and maintenance contractors.	4	3	16	2	Strategic Director, Resources	Contract Management Review	SD Res	In Progress	31/03/2025	3	2	9
						SLT Strategic Director	Review of BL/ BRP including shareholder agreement	SD E&S					
						Strategic Director, Resources	Review of companies governance	Director of Legal					
						Strategic Director, Resources	Business continuity arrangements for key supplier	SD Res	In Progress	31/03/2024			
						SLT	Strengthening commissioning functions to better manage market and manage market risks	All					
						Strategic Director, Resources	Spreading risk (e.g. not using the same developer)	SD Res / SD E&S	In Progress	31/03/2024			

Key
New

No Change ↔

Reduced ↓

Increased ↑

SD Res	Strategic Director, Resources
SD E&S	Strategic Director of Economy and Sustainability
SD S&C	Strategic Director of Strategy and Change
SD H&E	Strategic Director of Housing and Environment
SD Adults	Strategic Director of Adults and Public Health
SD Children	Strategic Director of Children's

Heat Map
Likelihood:

		Negligible	Minor	Moderate	Major	Extreme
Very Likely	5	6	12	18	24 ●●	30 ●●
Likely	4	5	10	15 ●	20 ●●	25 ●●
Possible	3	4	8	12	16 ●●	20
Unlikely	2	3	6	9	12	15
Rare	1	2	4	6	8	10
Impact		1	2	3	4	5

Likelihood is based on a subjective assessment of the frequency that a risk might occur as follows:

Likelihood	Score	Measure
Very Likely	5	Will almost certainly happen/recur, possibly frequently
Likely	4	Will probably happen/recur but it is not a persisting issue
Possible	3	Might happen or recur occasionally
Unlikely	2	Not expected to happen/recur but it is possible it may do so
Rare	1	Will probably never happen / recur

The severity of **Impact** is scored according to the following range of potential types of impact:

Impact	Negligible	Minor	Moderate	Major	Extreme
Type / Score:	1	2	3	4	5
Service provision	Disruption to a Routine Service lasting less than 2 weeks	Disruption to a Core Service lasting less than 24 hours Disruption to a Routine Service lasting more than 2 weeks	Disruption to a Core Service lasting than 24 hours but less than 5 days	Disruption to a Critical Service lasting less than 24 hours Disruption to a Core Service lasting more than 5 days	Disruption to a Critical Service lasting more than 24 hours
Financial	Per annum cost of up to 0.1% of council net revenue budget (<£250k approx.) One-off cost of up to £25k	Per annum cost more than 0.1%, but not more than 1.0% of council net revenue budget (£250k to £2.5m approx.) One-off cost of more than £25k, but not more than £250k)	Per annum cost more than 1.0%, but not more than 5.0% of council net revenue budget (£2.5m to £12.5m approx.) One-off cost more than £250k, but not more than £1.25m)	Per annum cost more than 5.0%, but not more than 10.0% of council net revenue budget (£12.5m to £25m approx.) One-off cost more than £1.25m, but not more than £2.5m)	Per annum cost more than 10.0% of council net revenue budget (>£25m approx.) One-off cost of more than £2.5m)
Social & environmental	No lasting detrimental effect on the community or environment	Some short-term detrimental effects on the community or environment	Extensive short-term detrimental effects on the community or environment	Some long-term detrimental effects on the community or environment	Extensive long-term detrimental effects on the community or environment

Appendix C – Risk Scoring Matrix

Impact	Negligible	Minor	Moderate	Major	Extreme
Type / Score:	1	2	3	4	5
Legal & compliance	Non-compliance with local procedures or guidance; having no legal or regulatory consequences, and possibly only negligible reputational or financial impacts	Non-compliance with contracts, standards or legislation with minor financial or reputational consequences but not likely to give rise to legal or regulatory proceedings	Non-compliance with contracts, standards or legislation with possible legal or regulatory proceedings or moderate reputational or financial consequences Breaches of law punishable by fines only	Major/widespread non-compliance with contracts, standards or legislation with possible legal proceedings leading to major reputational or financial consequences Breaches of law punishable by fines or possible imprisonment	Major/widespread non-compliance with legislation with legal or criminal proceedings leading to long term reputational consequences (including loss of public confidence) Breaches of law punishable by imprisonment
Safeguarding & wellbeing	No obvious harm or injuries	Minor reversible injury to an employee or user of council services	Major reversible injury to an employee or user of council services, or instances of some mistreatment or abuse to individuals for whom the council has responsibility	Major irreversible injury to an employee or user of council services, or serious mistreatment or abuse to an individual for whom the council has responsibility	Death of, and/or multiple irreversible injuries to employees or users of council services, or serious mistreatment or abuse to an individual for whom the council has responsibility resulting in criminal charges
Data security	Small number of security incidents not involving access to council held personal or confidential data	Significant number of security incidents not involving access to council held personal or confidential data	Security incidents involving unauthorised access to some council held personal or confidential data, but data not compromised DPA incidents not reportable to ICO	Security incidents involving unauthorised access to significant amount of council held personal or confidential data, but data not compromised DPA incidents may be reportable to ICO	Security incidents involving compromise of council held personal or confidential data DPA incidents reportable to ICO

Appendix C – Risk Scoring Matrix

Impact	Negligible	Minor	Moderate	Major	Extreme
Type / Score:	1	2	3	4	5
Reputation	No reputational impact	Potential for local adverse publicity that is not sustained – avoidable with careful handling	Potential for sustained unavoidable local, or unsustained national, adverse publicity	Potential for unavoidable and sustained adverse national publicity	Potential to require resignation of Executive management and/or Cabinet members
Project	Some delay to a minor Department project. Cost overrun of not more than 10% of project budget	Significant delay to, cause of abandonment of, or cost overrun of more than 10% of budget for, a minor Department project. Some delay to, or cost overrun of not more than 10% of budget for, a significant Department project	Significant delay to, cause of abandonment of, or cost overrun of more than 10% of budget for, a significant Department project. Some delay to, or cost overrun of not more than 10% of budget for, a significant Directorate project	Significant delay to, cause of abandonment of, or cost overrun of not more than 10% of budget for, a significant Directorate project. Some delay to, or cost overrun of more than 10% of budget for, a strategically significant project	Significant delay to, cause of abandonment of, or cost overrun of more than 10% of budget for, a strategically significant project