



Corporate Risk Management Performance Overview April 2019 (Appendix 2)

1. INTRODUCTION

- 1.1 This report summarises the latest position in respect of Corporate Risk Management across the Council, providing an update on the overall Council's strategic risks, as well as some additional commentary on relevant areas of interest.

2. CORPORATE RISK REGISTER

- 2.1 The table below is a scorecard of the Council's Corporate Risks, as ratified by the Hackney Management Team in December 2018, and further updated in the first quarter of 2019.

Corporate Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	National / International Economic Downturn (SRCR001)	20	↔	20	12
2	Brexit Implications(SRCR001A)	20	↑	15	12
3	Management of Major Capital Programmes (SRCR002)	15	↔	15	9
4	Regeneration Programmes (SRCR003)	16	↔	16	12
5	Reputation Management (SRCR 009)	9	↔	9	6
6	Pension fund (SRCR 0010)	15	↔	15	12
7	Impact of New Legislation / Welfare reform (SRCR 0013)	12	↓	12	12
8	Workforce (SRCR 0018)	12	↔	12	9
9	Recruitment and Retention (SRCR 0018B)	8	↔	8	9
10	Information Assets (SRCR 0020)	16	↔	16	9
11	Corporate Resilience (SRCR 0020B)	15	↔	15	12
12	Information Security	8	↔	8	9
13	Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
14	Devolution (SRCR 0024)	12	↔	12	12
15	Contract Procurement and Management (SRCR 0025)	12	↔	12	8
16	Impact of government reforms on education service delivery (SRCR 0027)	16	↓	20	12
17	SEND funding (SRCR 0028)	25	↔	25	12
18	Serious safeguarding failure in school (SRCR 0029)	16	↑	12	9
19	Temporary Accommodation (SRCR 0030)	16	↔	16	12
20	Fire Safety (SRCR 0031)	10	↔	10	12
21	Integrated Commissioning (SRCR 0032)	16	↔	16	12
22	Inaccurate or late pay information supplied to LGPS (SRCR 0033)	20	↔	20	12
23	Major Fraud not identified (SRCR 0034)	9	↔	9	6
24	Setting up internal companies (SRCR 0035)	12	NEW	NEW	9

Additional Risks		Current Risk	Direction of Travel	Previous Score	Target Risk
1	North London Waste Authority (NLWA)	12	↔	12	9
2	Local Economic Development	9	↔	9	8
3	Insurance: Premiums exceed budget	16	↔	16	12
4	Building Control / Dangerous Structures	12	↔	12	9
5	Breach of Statutory Requirements on Elections and Electoral Registration	12	↔	12	8

- 2.2 The Scorecard provides a quarterly overview of the Council's Corporate risks, along with a selection of leading Directorate risks (to ensure a comprehensive overview is provided). These are assessed in advance of each Audit Committee meeting and after being ratified by HMT, are updated accordingly. There is sometimes as little as two months between updates which means that scores can remain static for periods of time. This is not a reflection of a lack of dynamism within the approach, but rather the fact that high level scores are unlikely to change dramatically within short spaces of time. New risks are regularly incorporated into the Corporate Register and will always be marked as 'new'. The Scorecard will contain clear reference as to the movement (of the score) of the risk, and clarity as to the exact nature of the risk (whether it is of an internal or external nature to the Council).
- 2.3 In terms of this latest iteration of the (Corporate) register, there are 13 red risks and 11 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, whether budget cuts, security breaches, or political upheaval (in the form of elections, new legislation, interest rate changes or the Brexit negotiations). One new risk has been escalated to Corporate level in the last few weeks, concerning the creation of new companies within the Council. This reflects the fact that within the Council, there are risks attached to these new companies (Housing, Energy and Waste) being brought into existence.

Brexit continues to have a major influence on risks throughout the Council. Since last reported on, there have been numerous developments and votes relating to the potential of a final deal, or failing that, there being no deal. Clearly, the nature of any deal will impact on the future work of the Council so the risk remains very highly rated whilst we await some clarity on exactly what will be agreed. There is no change in the current score of the main, overarching Brexit risk, but this will be reported on in full at the next Committee in June 2019.

Some risks have remained red with no change – this score reflects the continued severity of both the impact and likelihood of the risk. For example, financial cuts (and their effects) are likely to remain a significant risk, simply because they will always have a high impact on service delivery, and in the light of the current economy the chances of this continuing remain very probable. However, even in the light of this continued red rating, the controls should still be able to provide assurance that the risk is being managed so far as is possible, and that the Council is taking appropriate action to best position itself in the light of challenging circumstances. Areas which are alluded to in the Corporate register, such as Integrated Commissioning and major programmes like Britannia, have their own separate registers going into much more detail with regards to all areas of risk.

In addition to the Corporate risks, the Scorecard also contains a selection of other major risks within the organisation. This assorted selection will usually be pulled from Directorate level and assist in providing an improved overview of risks around the Council, which don't necessarily always get escalated to Corporate level. This extra level of risks was requested by Committee and will usually be comprised of high scoring areas which have previously been on the Committee's radar, or areas of general importance (which may be on the threshold of being escalated to the Corporate Register). This should assist in providing an even more comprehensive overview.

Additional Briefing note on Insourcing

- 2.4 An area of increasing interest to the Council lies in the insourcing of the Council's Service Contracts. Contracts have been brought back in house in the past and in recent years in areas like Housing Benefit, Waste, Internal Audit and Payroll (amongst many others). However, the opportunity for further examples of this remain, not just for the enhancement of service quality for service users but also to deliver better value for money for Council Residents and tax payers.

Clearly there are both risks and opportunities for the Council with regards to insourcing of existing contracts. If a service is currently being outsourced and providing a high quality service at a reasonable and manageable cost, alongside the added social value benefits that represent key strategic objectives for the Authority, it might be considered inappropriate and a considerable risk to cease the outsourcing and make the provision internal. However, there are often more borderline examples where savings could be made along with potential improvements to Service Delivery by redesigning a service and/or integrating an outsourced service with an existing in house service. If these opportunities for improvement were missed, it would be to the Council's detriment.

Therefore to manage these risks and opportunities to insourcing, the Council is working on a Guidance Paper that will ensure that before it makes a decision, questions will be asked under five key criteria. These include local policy and business strategies, the performance of the service, quality improvement and value for money, workforce issues and overall risks. Through a careful application of these criteria and asking pertinent questions, any risks or opportunities concerning insourcing should be satisfactorily managed.

Potential areas and in particular service contracts that could be potentially brought back in house are being identified. This exercise will initially appraise all contracts as to whether they might be appropriate for insourcing, either in the long or short term. This will be articulated as a risk in the next iteration of the Corporate register when presented in June 2019.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of the Corporate risks to Audit Committee will continue at future meetings, on a quarterly basis. With twice yearly updates of the full Corporate Register, the next one is scheduled for June 2019, so the full detail on all risks will be provided then.