

**FINANCE AND CORPORATE RESOURCES DIRECTORATE RISK REGISTER****AUDIT COMMITTEE MEETING DATE**  
2021/22

13 October 2021

**CLASSIFICATION:**

Open

**WARD(S) AFFECTED**

All Wards

**Ian Williams, Group Director Finance and Corporate Resources**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report updates members on the current Finance and Corporate Resources Directorate Risk Register of the Council as at October 2021 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

## **2. RECOMMENDATION**

Audit Committee is recommended:

- 2.1 To note the contents of this report and the attached risk registers and controls in place.

## **3. REASONS FOR DECISION**

- 3.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

## **4. BACKGROUND**

- 4.1 This current Directorate risk profile was last reviewed by the Directorate Management Team on September 23 2021 in advance of it progressing to October's Audit Committee. The register has been updated by all relevant Heads of Service

and Directors. In discussions and meetings with various senior managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to FDMT (Finance and Corporate Resources Directorate Management team meeting). Numerous risks have changed or now exist in different circumstances compared to the last review, especially in light of the outbreak of the COVID-19 pandemic and the Cyberattack which the Council suffered.

#### **4.2 Policy Context**

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

#### **4.3 Equality Impact Assessment**

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

#### **4.4 Sustainability**

This report contains no new impacts on the physical and social environment.

#### **4.5 Consultations**

In order for Risk Registers to progress to Committee, they will already have been reviewed by the relevant Senior Management team within the corresponding Directorate. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

#### **4.6 Risk Assessment**

The relevant Risk Register is attached at Appendix one.

### **5. DIRECTORATE RISK REVIEW**

5.1 The Directorate Risk Register is comprised of risks that cut across the numerous divisions of Finance and Corporate Resources. The risks recognised at Directorate

level would usually be of notable content, and often scored highly whilst impacting on overall Council strategic objectives.

5.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Council – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in our Risk Strategy where it is stated: “if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks.” In the case of the Council, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, in managing risks, strives to look for this positive angle within risk management.

5.3 Regarding the contents of this latest Directorate register, important areas to note are:

- In March 2020, the international outbreak of the COVID-19 virus (which had reached the UK in January) escalated to a critical level which necessitated dramatic state action impacting on every aspect of life in the UK. Clearly 18 months on, this is still an ongoing issue and the financial impacts have proved seismic, as the budget risk outlines. It is clear that beyond the obvious threats of COVID-19 to people’s health and the country’s resources, there remain a whole range of associated (Finance and Corporate Resources) risks that may unfold (relating to budget setting, cyber security, supply chains, pensions risks connected to funding as a result of market volatility, a potential increase in fraud and a whole range of housing problems, whether relating to rental income to homelessness.) There is a detailed pandemic risk on the Corporate Risk register.
- Even before the pandemic, the effects of economic uncertainty had been present for a considerable time, especially for the Council with the austerity measures of the last decade. In the last year however, matters have tightened even further with the combined impacts of the pandemic, the cyberattack and Brexit. The current crisis coming to the fore in September 2021 concerns the sudden shortages and increased prices of natural gas, having a serious impact on the energy market. This is further adding to internal budgetary pressures and presenting additional external risks to the wider communities of Hackney, as high inflation further affects the cost of living. Again this is reflected in a broader economic risk on the Corporate register.

- There remains a risk from Accountancy relating to the accounts being produced late and this has increased on last year in light of the audit opinion remaining outstanding primarily due to delays with the external audit service. There has also been a new escalation to this register from the Council's Internal Audit team. The risk of the Audit plan not being successfully completed has risen, as a result of numerous reasons particularly COVID-19 related delays.
- The Cyberattack (in October 2020) has had a serious impact on ICT, and the Council as a whole. Although the actual attack and a lot of the subsequent recovery is in the past, there remain risks related to it and the increased vulnerabilities the Council is now facing. As recovery of systems and data continues, the Council's ICT team and service teams are working closely together to coordinate the planning and delivery of service recovery. In some of the affected service areas the recovery work to process operational backlogs is expected to continue for many months. The Council's Cyber GOLD group continues to meet to monitor and direct the recovery.

## **6. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

## **7. COMMENTS OF THE DIRECTOR, LEGAL**

- 7.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 Continuous review of the Risk register and impending legislation referred to is key to ensuring that the Council remain in control of the management of risk.

## **APPENDICES**

Appendix 1 - Finance and Resources Directorate Register

## BACKGROUND PAPERS

None

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