



AGENDA ITEM 11

CORPORATE RISK REGISTER REVIEW – JUNE 2021

AUDIT COMMITTEE MEETING DATE 2020/21 9 June 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 Corporate Risk Register of the Council as at June 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(S)

The Audit Committee is recommended 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

The current Council risk profile was reviewed and ratified by the Hackney Management Team (HMT) in May 2021. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to HMT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in January 2021, particularly with the ongoing pandemic and the Cyberattack (which occurred in October 2020).

4.1 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.

4.2 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.

4.3 Sustainability

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

4.4 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, or at overall Council level. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.5 Risk Assessment

The relevant Risk Register is attached in Appendix one.

CORPORATE RISK REVIEW

5.1 The Corporate Risk Register comprises risks that cut across the Council's Directorates, which could potentially impact on overall 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 the Council's 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 Notable risks included on the current register are:

- **Pandemic.** There was always a risk relating to a potential pandemic but previously the assessed likelihood was low which did not necessitate its inclusion on the Corporate register. The sudden emergence of the Coronavirus in China around 18 months ago, (and arrival in the UK at the end of January 2020) has had a truly international impact and had far reaching consequences on life around the world. Infections and deaths in the UK rose to such an extent that an initial lockdown was announced in March 2020, a second one commenced (in response to the second wave) in November, and a third one ran from January till April 2021. The risks that this pandemic poses to Hackney Council is significant, and the risk of this continuing (with new strains, further waves, and even problems with long COVID) is something that poses serious challenges to the Council in many areas. It is hoped that numbers will continue to fall and then we can see the likelihood of

this risk drop. The vaccine represents very positive news but it is unlikely to affect things in the short term, especially if uptake is not as comprehensive as hoped.

- Cyberattack. When the attack was discovered in October, immediate work was carried out to isolate the Council's internally hosted systems and network and to notify the national leads for cyber security. However, risks remain that recovery work may introduce new vulnerabilities or reintroduce vulnerabilities which existed at the time of the attack / retain elements of the attack which could be reused in future. Also risks remain relating to the data stolen and published to the dark web in Jan 2021. Within this register these risks (with accompanying controls) are explored in detail, as well as updates to the more general Cyber security and Information Assets risks.

- National and International Economic Downturn

This risk has now evolved quite significantly since it was first included on the Corporate Risk Register, but it remains critical.

The Council has been continuing to carry out efficiency savings (necessary in light of the austerity measures of the Conservative government) which have been exacerbated by the outbreak of Coronavirus across the world. The emergence of COVID-19 has meant significant additional expenditure and reduced income, with the Council reporting the biggest percentage cut of any council, losing £180m pounds in real terms - a 41% decline in its spending power.

- Risk 1b – Impact of BREXIT vote (removed)

The UK formally left the EU on 31/12/20 and the finalising of a Brexit “deal” meant that the previously high risk of there being ‘no deal’ has dissipated. Clearly there remain some risks as to how the deal will proceed going forward, particularly with regards to supply chains, but these are no longer Corporate risks, and are subsumed in other risks. .

- Risk 10 – Pensions & Risk 33 – Management of Data.

The Pensions risk has been on the register for a number of years, albeit has changed in that time. Another risk was escalated to accompany the overall Pension risk relating to the Management of Pensions Data which has become an area of serious concern worthy of appearing on this risk register, and remains so. There have been improvements in the data (resulting in a decreased likelihood) but problems still remain.

- Risk 13 – New Legislation (cross Council).

The (previous) Coalition Government announced a number of organisational change proposals when in power, which continued under the Conservative Government. The Care Act 2014 continues to impact clearly on work within Adults Services, whilst the Housing and Planning Act 2016 is clearly impacting on future service delivery. There was also serious potential for upheaval with the proposed Education Bill. However, this was scrapped although further proposals are anticipated. Also, GDPR finally being enforced in May 2018, and the Homelessness Reduction Act of 2018 have created new responsibilities for the Council, along with the new commitments being announced in the Environment Bill 2021.

- Risk 18 & 18b– Workforce

Another risk resulting from austerity measures is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on how efficiently staff are able to work, and whether they have the resources to do it effectively. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices. Staff need to be on board with the modernisation

agenda, and this has been successfully accomplished so far with the pressures of COVID-19, and the need for increased home working.

- Risk 20b – Corporate Resilience

This is an iteration of the risk previously more about Business Continuity (within ICT), emphasising the importance of the Council being suitably prepared to respond and adapt to incremental change and sudden disruptions (which have clearly happened with the recent Cyberattack). Clearly, failure to do this would impact massively on our ability to effectively deliver services and HMT decided this should be featured at Corporate level.

- Risk 23 - Person suffers significant harm

This risk related to child welfare initially but after discussion at HMT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.

- Risk 27, 28 & 29 – Hackney Education related risks. SEND funding, serious safeguarding failure in a school and unregistered schools.

The risk relating to unregistered schools has just been escalated to the Corporate register, by Hackney Education's Management team.

- Risk 30 – Temporary Accommodation.

This was escalated to the Corporate Register in July 2017 and remains in place especially in light of the recent implementation of the Homelessness Reduction Act, placing further obligations on Councils. The Cyberattack has affected systems used here.

- Risk 36 – Insourcing - This was escalated after the approval of HMT, and refers to the Council's approach to Insourcing, and the benefits it may present. Obviously the Guidance paper is crucial in determining the best approach to Insourcing decisions, depending on circumstances.

- Risk 39 - Climate Change. This was escalated at the end of 2019, and remains integral to the Council's overall objectives.

Clearly there are overarching areas within this register where some risks are starting to compound the effects of other risks. An example of this is the cyberattack which has exacerbated other risks related to information, or the delivery of services dependent upon (affected) applications. Also the pandemic is impacting upon a range of risks, whether the obvious financial effects, or the varied impacts it is having on people, services and processes.

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 FOR LEGAL AND GOVERNANCE SERVICES

- 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 one - Hackney’s Corporate, Strategic risk register.

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required

None

Report Author	Matt Powell ☐ 020 8356 3032
Comments of the Group Director of Finance and Corporate Resources	Jackie Moylan / Ian Williams ☐ 020 8356 3332
Comments of the Director of Legal and Governance Services	Dawn Carter-McDonald ☐ 020 8356 6012