



**Corporate Risk Management Performance
Overview October 2023 (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 Corporate Leadership Team (CLT) Team in June 2023, and further reviewed by the risk team in September.:

Corporate	Current Risk Score (with mitigations)	Direction of Travel	Previous Score	Target Risk
1 Cost of living crisis COUNCIL / SERVICE IMPACT - financial deficits & arrears/pressure on resources/threats to effective service delivery RESIDENT IMPACT - poverty, homelessness BUSINESS IMPACT -closures / inability to pay bills / loss of staff STAFF IMPACT - increased travel / energy costs. Anxiety about cost of living.	25	↔	25	15
2 Cyber Security	20	↔	20	10
3 National / International Economic Downturn (SRCR001)	25	↔	25	12
4 Management of Major Capital Programmes (SRCR002)	15	↔	15	9
5 Pension fund (SRCR 0010)	12	↓	15	12
6 Impact of New Legislation / Welfare reform (SRCR 0013)	12	↔	12	12
7 Workforce (SRCR 0018)	16	↑	12	9
8 Information Assets (SRCR 0020)	16	↔	16	9
9 Corporate Resilience (SRCR 0020B)	15	↔	15	12
10 Person suffers significant harm, injury or death (SRCR 0023)	15	↔	15	12
11 Risks posed by unregistered schools and settings (SRCR 0027b)	16	↔	16	12
12 SEND funding (SRCR 0028)	25	↔	25	12
13 Pressures on Temporary Accommodation (SRCR31)	25	↔	20	12
14 Setting up Council owned companies (SRCR 0035)	12	↔	12	9
15 Insourcing (SRCR 0036)	12	↔	12	9
16 Universal Credit (SRCR 0037)	20	↔	20	12
17 Climate Change/Climate Emergency (SRCR 0039)	15	↔	15	8
18 Recruitment pressures	16	↔	16	12
19 Major Power Outage - (SRCR44)	10	↔	-	8
20 Reduction in the use of residential placements. (SRCR45)	16	↔	-	12
21 Surplus school places (SRCR46)	16	↔	-	12

- 2.2 The Scorecard provides a quarterly overview of the Council's Corporate risks. These are assessed in advance of each Audit Committee meeting and after being ratified by CLT, 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 16 red risks and 5 amber risks. Clearly, numerous external events and influences are having a considerable impact on the Council's objectives, notably the fragile economy and accompanying cost of living crisis, the continuing impact of the Coronavirus pandemic, along with the Cyberattack which although it occurred in October 2020, had a massive impact on Services. Areas like finances (with budget cuts, and especially current challenges like the volatile energy market and rapid increases in cost of living) were already problematic before the pandemic, and they have intensified now, and the Cyberattack has severely affected the effective operation of some Services. The current international instability following Russia's invasion of Ukraine has increased financial pressures, with multiple new risks being posed in the future regarding food, energy, supply chain and overall peace.

CLT have found it beneficial to look at some of the major, overarching risks (the primary example being the current cost of living crisis) from the perspective of not only Services in the Council and residents, but also businesses in the Borough as well as Council staff. The cost of living crisis can be clearly seen to be posing direct risks to all four of these categories. The Council's services themselves are handling a dramatic upsurge of work required to support the Borough in these challenging times whether in providing direct / advisory support, handling increased rent arrears, more vulnerable children in care, increased packages of care for adults or increasing homelessness. All these pressures on resources threaten effective service delivery. For residents, the risk of poverty leading to an array of problems (relating to physical and mental health, care, facilities) is very high. There are concerns from the internal perspective of staff encountering higher cost pressures from living in or travelling to London and this in turn may lead to future wage inflation pressures. For businesses, there are already examples of this crisis forcing companies to fold, with others demanding urgent support. This threatens the stability and cohesion of the wider community.

Two new risks appeared in January's iteration and remain in this version. The first relates to the potential of a power outage. The likelihood of this remains low however it has been on the radar of both central and local government, and some planning and preparation has occurred (even amidst the low likelihood.). The impact of this outage (more likely for a planned 3 hour regional outage, then a major failure) would be undoubtedly high for the community however. The risk relating to residential placements has been raised by Children's services and reflects the current financial pressures causing the numbers of residential placements having to be reduced. This ultimately impacts on vulnerable children and could challenge effective service delivery. A further risk has just been escalated in April 2023 by Hackney Education. This relates to the increasing risk of surplus school places and

the impact on the overall Estate Strategy of HE. The Education Sufficiency and Estate Strategy is clearly an important document in outlining the medium term approach to this.

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 economic uncertainty, 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. The workforce risk rating has increased, reflecting the current pressures within the organisation concerning political uncertainty and change at senior leadership level. It was thought appropriate that the Pandemic risk now drops off the Corporate register, and this happened in April. Clearly further associated risks and controls remain, but in the main, business has returned to usual, as it was operating pre-March 2020. 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.

3. FUTURE REPORTING TO AUDIT COMMITTEE

- 3.1 The reporting of the Corporate risks to the 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 January 2024, so the full details on all risks will be provided then.