

# London Borough of Islington

## Interim Risk Management update - September 2015

### 1. Introduction

This summary has been prepared for Audit Committee and provides an interim update of the following:

- A progress update of the Principal Islington risks (*formerly referred to as corporate risks*)
- A heat map reflecting the overall risk profile of the Council and detailed risk registers for each Principal risk;
- Summary update of progress made for embedding risk management throughout the Council.

The 12 key principal risks facing the Council were agreed in December 2014. This summary provides a current progress update of any changes in risk exposure and uncertainty facing the risk area along with any emerging risks proposed.

To clarify the different nature of these risks, they have been articulated into a number of sub-categories:

- **Dynamic risks** – time bound risks which are generally more strategic in nature and have a slow-medium velocity of occurrence. These risks are either transitional risks around transformational change or a temporary response to external factors. These risks are expected to close and reduce in uncertainty over time.
- **Inherent risks** – risks that are operational, day-do-day and potentially high-impact in nature with major consequences due to their high velocity/speed of occurrence. These risks do not close as they are a part of business as usual.
- **Emerging risks** – future ‘on the horizon’ risks which have been identified due to the current uncertainty in the external and internal environment that may impact the Council’s objectives and reputation.

## 2. Principal Risk Progress update

a) **Dynamic Risks:** Time-bound, low to medium velocity risks.

Risk Description	Current Status and Progress Update
<p><b>Transforming Adult Social Care: There is a risk we do not realise the benefits of transforming Adult Social Care (i.e. financial savings, transformation, integration, Care Act, quality and choices for service users).</b></p> 	<p><b>Current risk score: 12</b>    <b>Likelihood:2 (Unlikely) Impact: 4 (Major)</b></p> <p>Delivery for 14/15 restructure for support and implementation of £1.7million savings has been successfully completed. In terms of the programme approach, arrangements for risk, issues and dependencies have been implemented as part of a comprehensive and fit-for-purpose governance structure. This risks associated the transformational outcomes were presented to Corporate Governance Group in June 2015.</p> <p>There is, however, a small amount of uncertainty exists regarding small partners contracts to work as part of an alliance and that the new operating model in assessment and care management compromises the safety of service users and carers. Key future actions include an evaluation framework to be developed with performance and a specific project which involves reducing and rationalising assessment forms reducing administrative burdens of staff and increasing face to face time with service users.</p>
<p><b>Housing Repairs: There is a risk we do not deliver an effective repairs service</b></p> 	<p><b>Current risk score: 16</b>    <b>Likelihood:3 (Possible) Impact: 4 (Major)</b></p> <p>The repairs service has gone through the first winter season of transition and are in the process of making the repairs service more robust. This is a longer-term risk where it is difficult to reduce risks completely due to the volume of the repairs undertaken. However, with time the level of certainty is increasing in making the repair service as effective as possible through development of further enhancements and continuous learning.</p> <p>Additional causes identified which could drive this risk include the availability of effective IT systems. This is currently being reviewed and the specification for the IT system is being thoroughly developed to address any potential risk exposures in this area.</p>
<p><b>Homelessness: There is a risk that Housing demand causes us to use unaffordable temporary accommodation that is in poor condition or is insufficient for those with we have a statutory duty to.</b></p> 	<p><b>Current risk score: 18</b>    <b>Likelihood: 5 (Almost Certain) Impact: 3 (Possible)</b></p> <p>London Councils have lead the approach to help implement London-wide TA caps – which Islington has stayed within and managed the numbers down (544 to 457 in emergency acomodation). Although this performance indicator highlights travel in the right direction continuing pressure still remain.</p> <p>Newly identified causes for this risk include increase in the costs of the private rented market. To manage this in the future, there will be the procurement of a new framework of suppliers for emergency and nightly booked accommodation. In terms of providing early assurance mechanisms, Finance confirmation of reduction in cost currently helps to predict any overspend which help provide indicate early trends.</p>

<p><b>Financial Strategy: The Council fails to optimise it's financial position required to balance the Council's budget over the medium term</b></p> 	<p><b>Current risk score: 16 Likelihood:3 (Possible) Impact: 4 (Major)</b></p> <p>Savings targets set out by the Council are predominately being met with savings proposals for the 16/17 budget being subject to greater review this year to ensure robustness ;on behalf of the s151 officer.</p> <p>In addition, 2015/16's £37m of savings will be seperately monitored during the year using RAG ratings and reported to CMB/Joint Board.</p>
<p><b>IT Transformation: There is a risk we do not deliver IT projects which will enable/optmise business transformation across the Council</b></p> 	<p><b>Current risk score: 16 Likelihood:3 (Possible) Impact: 4 (Major)</b></p> <p>There is still a high-level of uncertainty in the delivery of IT Projects as a result of the complexity of workloads which is dependent on business processes. Risks also exist in regard to demand management and the management of conflicting prioirities. As the transformation is about to enter delivery phase, a more sophisticated method to develop arisk based prioritisation tool is being explored by the Digital Services function to help address this.</p>
<p><b>Welfare Reforms: Welfare reforms have an adverse impact on our communities and adversely impact the reputation of the Council</b></p> 	<p><b>Current risk score: 16 Likelihood: 3 (Possible) Impact: 4 (Major)</b></p> <p>As a result of government changes, the resultant effect will see benefit caps going down which may increase numbers of our community being affected potentially leading to an increased number of evictions and homelessness. The benefit bills cuts over the next 3-5 years, therefore creates a great deal of uncertainty and can wide ranging impacts on the community. At present, current predictions to improve the level of foresight are being undertaken to quantify the number of those who may be impacted before measures can be put in place to treat the potential risks in this area.</p>

**b) Inherent Risks:** Day-to-day high velocity risks

Risk Description	Current Status and Progress Update
<p><b>Safeguarding Adults: There is a risk we do not identify or effectively respond to preventable harm to vulnerable.</b></p> 	<p><b>Current risk score: 15</b> Likelihood:2 (Unlikely) Impact: 5 (Extreme)</p> <p>There has been an increase on the number of additional control measures in this area including the appointment of a Principal Social Worker to provide support in good practice for Social Workers. In addition, there has also been awareness raising session for various faith groups and care homes as part of Adult Safeguarding month.</p> <p>Key future actions include strengthening the Safeguarding team in partnership with Islington CGG by developing a Radar Development Group which identifies early warning indicators through trends and patterns.</p>
<p><b>Information Governance: There is a risk that the Council does not keep sensitive and/or person identifiable information secure resulting in a major breach of Data Protection legislation</b></p> 	<p><b>Current risk score: 16</b> Likelihood:3 (Possible) Impact: 4 (Major)</p> <p>A recent ICO review was undertaken which focused on three areas, two of which obtained a rating of reasonable assurance and one with a limited level of assurance (Subject Access Rights). A dedicated work plan has been approved to focus on key improvements in this area. In addition, progress has been made in the generation information management area with design and implementation of information asset registers and detailed records managements plans.</p>
<p><b>Safeguarding Children: There is a risk we are unable to either prevent, identify and/or respond to children who may be at risk of significant harm or repeated significant harm</b></p> 	<p><b>Current risk score: 15</b> Likelihood:2 (Unlikely) Impact: 5 (Extreme)</p> <p>Political support held with Councillors have ensured that funding levels are protected to date enabling support to be maintained and ensuring that sufficient resources are held to offer social workers sufficient incentives to work for the Borough. In addition, the recruitment in key positions such as social workers has been the key improvement in helping to manage any serious risk exposures.</p> <p>Going forward, upskilling of existing workforce to ensure the correct skills are held to manage the risk and further dissemination of lessons learned are future continuous improvement actions.</p>
<p><b>Responsiveness &amp; Resilience: There is a risk we are not able to recover critical internal processes/effectively respond to an emergency following a disruptive event within a suitable timeframe</b></p> 	<p><b>Current risk score: 12</b> Likelihood:2 (Unlikely) Impact: 4 (Major)</p> <p>There has been council-wide awareness raising and briefing sessions in regard to Counter-Terrorism with the Police, with the inclusion of practical case studies. In addition, desktop BCP corporate exercise with all departments including the testing of plans have taken place, this has identified where areas have required revisiting to strengthen the robustness of their resilience plans. Furthermore, a live exercises from a fire from a block at flats has taken place, however, results from a post-exercise incident is to be undertaken to identify any lessons learned findings.</p>

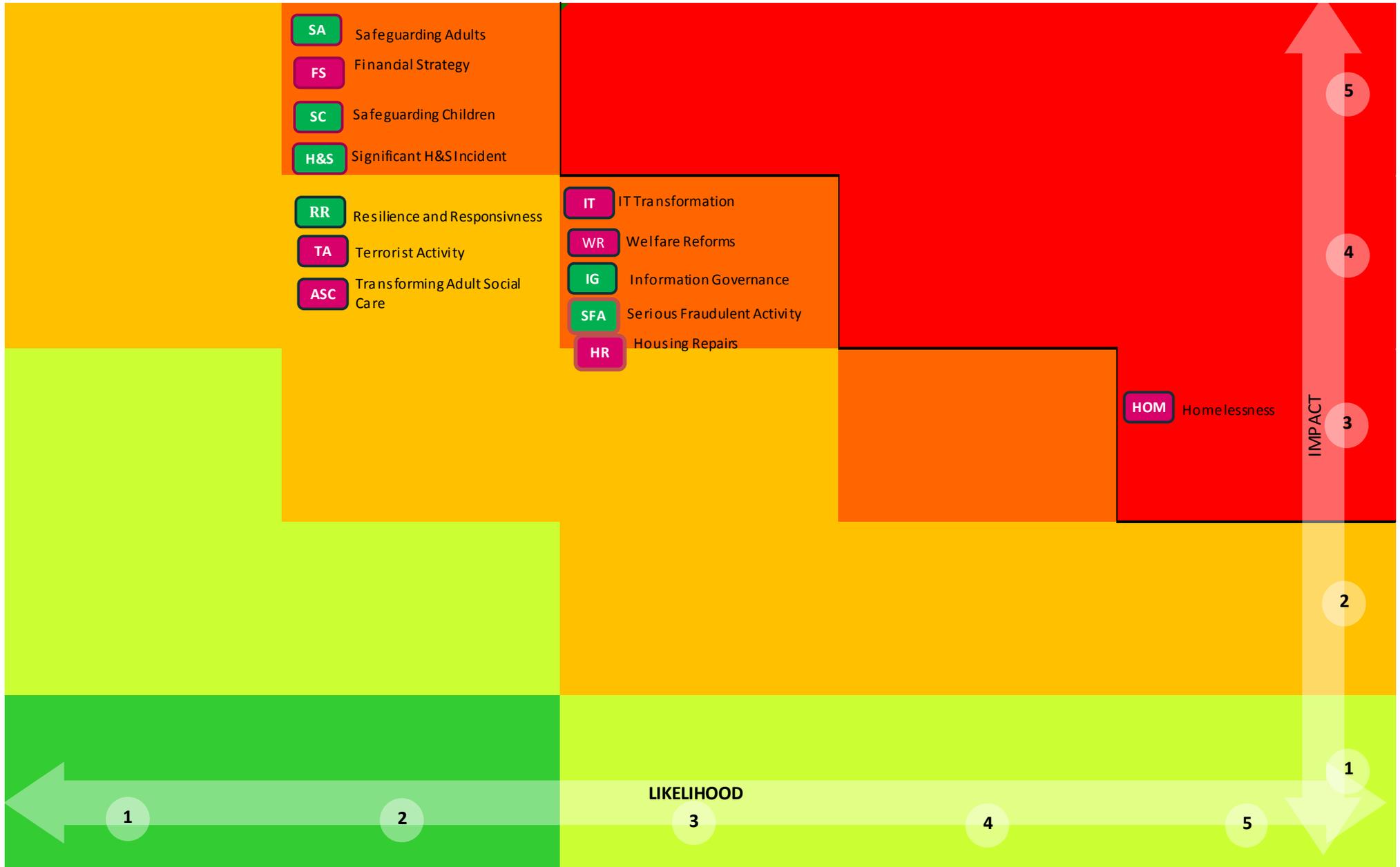
	Due to a further understanding of the full potential implications risk exposure, the impact of this risk has moved from having a <i>moderate</i> to <i>major</i> impact on service delivery.
<p><b>Significant Health &amp; Safety Incident: There is a risk of a significant H&amp;S incident (life changing/fatality) compromising the safety and wellbeing of service users, public or the workforce</b></p> 	<p><b>Current risk score: 15 Likelihood:2 (Unlikely) Impact: 5 (Extreme)</b></p> <p>Key areas of the Council have now obtained certification in International Standards to provide confidence that processes are fit-for-purpose. In addition, due to a previous incident within a School, significant progress in terms of proactive engagement has taken place to ensure that lessons have been learnt and a safety aware culture is a key responsibility and statutory requirement. . However, some work is still required for this to transcend to the rest of Council activities as further training and awareness raising needs to be undertaken in order to embed a proportionate safety awareness culture. Recent issues in the Customer Contact centre also highlighted potential safety exposures faced by our workforce – work has been undertaken in this area and involves continuous monitoring.</p>

### c) Emerging Risks

Due to the heightened level of their exposure in the current sector climate, we have proposed two new additional risks to be included as Principal Risks that are biannually reported to CMB and Audit Committee.

<p><b>Terrorist Activity: There is a risk we do identify that a member in our Community is in scope/involved in terrorist activity (to act on information in a timely manner)</b></p> 	<p><b>Current risk score: 12 Likelihood:2 (Unlikely) Impact: 4 (Major)</b></p> <p>Local Authorities now have a legal responsibility to demonstrate the ability to proactively raise awareness, deliver training and develop counter-narratives. Although this risk provides an opportunity to improve outreach to communities to enable better cohesion, the uncertainty and challenge exists what can do done with information to help people come forward and to help support decision-making and improve the level of intelligence available.</p> <p>Recruitment is underway for a role which focuses on about raising awareness/support vulnerable to radicalisation/work with front line workers.</p>
<p><b>Serious Fraudulent Activity: There is a risk that the Council is exposed to a serious fraud, corruption and/or bribery.</b></p> 	<p><b>Current risk score: 16 Likelihood:3 (Possible) Impact: 4 (Major)</b></p> <p>Due to changes within the organisation and transformation of services, the loss of key control points combined with opportunistic behaviour by a small minority of individuals can potentially heighten the level of risk exposure of fraudulent activity. Furthermore, emerging trends also heightening the level of fraud risk exposure is in regard to the transition of temporary to permanent staff without appropriate initial due diligence can result in potential safeguarding implications dependent on the nature of the role.</p> <p>This can result in a loss of public funds and subsequent complaints/loss of public confidence with potential fines and prosecution breaching major legislative act. In addition, this can potentially lead to media scrutiny undermining the credibility of the Council. The Council has recently developed a new Anti-Fraud Strategy which aims to increase the awareness as a part of the implementation plan as well as emphasising the role officers are being accountable to.</p>

### 3. Islington Principal Risk Heat Map



## 4. Embedding Risk Management

The key objective for the risk management function is to embed the improved risk management process by building on the enhanced level of information that is being captured, capitalising on the focus and clarity the revised scoring provides and building on the high level of engagement of line management with the risk framework.

A significant amount of progress has been achieved towards embedding the risk management framework as outlined below.

### **PROGRESS TO DATE**

Since Jan 2015, Risk Management has undertaken the following to integrate and embed risk management throughout the Council;

- a) Alignment of risk management and service planning within Children's Services to help identify emerging risks for the year ahead;
- b) Enhancements in collaborative risk management through sharing low likelihood and high impact risks and trends with Business Continuity and Emergency Planning;
- c) Providing Programme and Project risk management training and development of customised risk strategies and tolerability levels to: Transformation team, Adult Social Care Project teams, Public Health transformation and Housing Development;
- d) Working alongside Transformation and Programme Managers to help prepare for risk reporting to Corporate Governance Group.

### **PLANNED ACTIVITIES**

The current Risk Manager left the Council in July 2015 to take up an external role. To help continue the drive towards to proactive risk management and risk awareness raising throughout the Council, recruitment is currently underway and an appointment should be made in September 2015. To further build on the existing risk maturity of the Council, the following is expected;

- Continue to facilitate, moderate and provide an independent challenge through detailed risk discussions management teams and provide progress updates to CMB biannually.
- Further integration of service planning and risk management across all Council departments;
- Communications for staff to raise awareness of risk and opportunity management and its application;
- Develop early warning indicators (EWI) for principal risks. EWIs are metrics which act as an early warning signal and will be used to monitor identified exposures over time.
- Development of an online training tool/workshop package for day-today managers across the Council to heighten level of risk based thinking.
- Continue to provide dedicated risk management support within programmes and projects i.e. working with the Programme and Project Management division to embed risk management within transformation programmes/projects.

# Appendix A: Risk Management tolerability criteria

The 5-stages of the risk management process consist of understanding objectives and priorities, identifying the risk, analysing risks, evaluating risks and implementing responses. The process is supported by regular consultation, communication, monitoring and review and underpinned for CMB approved impact criteria, likelihood criteria, risk tolerability matrix and a risk response strategy. The criteria, as provided below, was reviewed in June 2014. We will continue to review the criteria with CMB and subject matter experts on an annual basis.

## Impact criteria

NEGATIVE IMPACT	FINANCIAL	ORGANISATIONAL PRIORITIES & STRATEGIC OBJECTIVES	SERVICE DELIVERY	SAFETY & WELLBEING	REPUTATION	LEGISLATIVE/COMPLIANCE	PEOPLE
<b>INSIGNIFICANT (1)</b>	Minimal financial loss which can be accommodated at Divisional level <i>Financial loss less than £50k</i>	Inability/failure to achieve team/individual targets that is not key to Camden Plan outcomes or other organisational priorities	Minimal/brief impact on a non-crucial service	No obvious harm/injury/safeguarding risk or obvious impact on safety and wellbeing	Unlikely to cause any adverse publicity, internal only	Non-compliance with industry best practice / local procedures or guidance (no regulatory impact)	Loss of staff/fail to recruit in non-key areas
<b>MINOR (2)</b>	Moderate financial loss which can be accommodated at Directorate Level <i>Financial loss £50k-£500k</i>	Failure to achieve a service objective that is not key to Camden Plan outcomes or other organisational priorities	Brief disruption on an important service Moderate disruption on a non-crucial service	Minimal effect on safety and wellbeing. First aid treatment/non-permanent harm up to 1 month / Some potential for safeguarding risk	Some public embarrassment, no damage to reputation	Non-compliance with contracts, standards or legislation with minor consequences	Small number of staff made redundant and/or affected - loss of staff confidence
<b>MODERATE (3)</b>	Significant financial loss which will have a major impact on the Council's financial plan <i>Financial loss £500k-£2.5million</i>	Failure to achieve a Camden Plan outcome	Moderate disruption on an important service Major disruption on a non-crucial service	Noticeable effect on safety and wellbeing. Medical treatment required, semi-permanent harm up to 1 year / Noticeable safeguarding risks	Some adverse publicity needs careful press relations, short term damage (<30% of opinion formers)	Non-compliance with contracts / standards or legislation with possible legal or regulatory proceedings leading to moderate reputational or cost damage. Breaches of law punishable by fines only	Loss of staff/fail to recruit in key areas
<b>MAJOR (4)</b>	Major financial loss which will have a major impact on the Council's financial plan <i>Financial loss £2.5m - £5million</i>	Failure to achieve a major Camden Plan outcome or organisational priority	Major disruption to an important service	Multiple casualties with recoverable injuries. Extensive injuries, major permanent harm, long term sickness / Major safeguarding concerns potentially affecting multiple people	Major adverse publicity, major loss of confidence, medium term damage (30-60% of opinion formers)	Major/widespread non-compliance with contracts / standards / legislation with possible legal proceedings leading to major reputational or cost damage. Breaches of law punishable by fines or possible imprisonment	Large number of staff made redundant and/or affected/loss of key skills
<b>EXTREME (5)</b>	Severe financial loss which will have a catastrophic impact on the Council's financial plan and resources are unlikely to be available <i>Financial loss &gt; £5million</i>	Failure to deliver a number of Camden Plan outcomes or other organisational priorities	Major disruption to a number of important services	Multiple death(s) or serious/ life-changing non-recoverable injury(s) / extreme safeguarding alerts likely	Adverse national publicity, highly damaging, severe loss of public confidence, long term damage (>60% of opinion formers)	Major/widespread non-compliance with legislation with legal proceedings leading criminal proceedings and long term reputational damage (inc. loss of public confidence). Breaches of law punishable by imprisonment	Large number of staff made redundant and/or affected including Senior Leadership/ substantial loss of irreplaceable skill sets

**Likelihood criteria**

SCORE	DESCRIPTION	EXAMPLES	PROBABILITY
1	Rare	Very unlikely that this will ever happen	<5%
2	Unlikely	Expected to occur in only exceptional circumstances	6-25%
3	Possible	Expect to occur in some circumstances Has happened elsewhere	26-50%
4	Likely	Expected to occur in many circumstances Has happened in the past	51-75%
5	Almost Certain	Expected to occur most frequently and in most circumstances Imminent	>75%

**Risk evaluation matrix**

<b>Impact</b>	5	10	15	20	25	30
	4	8	12	16	20	24
	3	6	9	12	15	18
	2	4	6	8	10	12
	1	2	3	4	5	6
		1	2	3	4	5
<b>Likelihood</b>						