

Report of: Corporate Director of Resources

Meeting of:	Date:	Ward(s):
Audit Committee	16 th March 2021	All

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SUBJECT: Risk Management Update – February 2021**1. Synopsis**

- 1.1 Audit Committee requested, at its meeting of 28th July 2020, that a Risk Management update be included on Committee's agenda as a standing item. The purpose of standing item is to provide Committee with an update on risk management activity that has taken place in between comprehensive reports to Committee. The paper provides Committee with an insight of risk management activity that occurs outside of the Principal Risk Reporting cycle.

2. Recommendations

- 2.1 Committee is asked to note the report; which includes key activity since the last comprehensive Principal Risk Report to Committee in September 2020 and the previous Risk Management Update that was presented to Committee in January 2021.

3. Principal Risks and related mitigating activity

- 3.1 The next comprehensive Principal Risk Report for Committee is due in May 2021. Committee noted the last Principal Risk Report on 29th September 2020. Actions to mitigate Principal Risks continue to be implemented to target dates (as listed in Appendix 2 of the report, a copy can be accessed [here](#)). The Council's Risk Manager has continued to provide steer to risk leads as requested.

4. Covid-19

- 4.1 Covid-19 has seen a wide-ranging and large-scale impact on Islington as a borough – affecting our citizens, partners, businesses, and us as an organisation. This has resulted in:
- Shifts in the delivery of services;
 - Changes in where and how people work;
 - Resourcing changes;
 - Financial challenges.

On 5th January 2021 the United Kingdom entered a state of National Lockdown.

- 4.2 Current key activity includes:

- The Council's Lateral Flow Testing began in December 2020;
- Our emergency response is active, with Gold and Silver command in place, providing regular updates and information to the senior leadership on risks and issues;
- Three rapid testing sites are open across the borough, making testing of frontline critical workers easier;
- All of our older residents and staff in older peoples' care homes have now had the opportunity to get the first vaccination;
- Council staff in the priority vaccination groups have also started receiving their vaccinations.

5. Financial Resilience

- 5.1 We estimated the financial impact of Covid-19 on the Council is circa £52million this year, comprising £16m additional costs and £36m income losses (as reported in the 2020/21 Budget Monitoring – Month 9 to Executive). The Government have pledged to fund some of our Covid-19 costs, however the funding still lags behind the expenditure. Further detail of the financial risks presented by Covid-19 is in the Principal Risk Report [here](#).
- 5.2 The Council has been able to set a balanced budget for 2021/22 (2021/22 Medium Term-Term Financial Strategy), whilst continuing to make sure we are investing in the services and infrastructure that our residents need. The budget allows us to support those who are hardest hit by the pandemic and to work towards rebuilding a fairer borough. Alongside the immediate humanitarian response, the Council will continue to focus our efforts on our four key priorities – homes, jobs, environment and community safety. We will need to deliver £25m of savings and efficiencies during next year to achieve this balanced position.
- 5.3 There is significant uncertainty over the ongoing impact of the pandemic into 2021/22. This is perhaps most stark in terms of the potential impact on the Collection Fund (covering Council Tax Receipts and Business Rates income). In relation to business rates, the Council currently receives in the region of £10m more than its baseline funding level as a result of historical rises in the rates income. Whilst this has been a positive in previous years, it also means that income can drop further before Government support kicks in. More widely, confirmed Government support for Covid related pressures only runs to the end of June 2021. This presents a risk should the ongoing impact persist beyond that date in a significant way. The Council has mitigations within its budget to manage to a degree however any pressures not funded by the Government, impact on the sustainability of the Council.

6. EU Exit Resilience

- 6.1 As included in our last update to Committee in January 2021, the Council undertook comprehensive planning and risk mitigation. This planning ensured that key risks arising from UK's Exit from European Union were managed effectively. The UK announced the agreement of a trade deal with Europe in late December 2020.
- 6.2 The Brexit Resilience Group (BRG) has governed this activity and helped provide assurance that the Council was as prepared as possible, given the continuing uncertainty and wider context of Covid-19 and an economic downturn. The Brexit Resilience Group met in January 2021 to review the immediate impact of the end of the transition period. The group reviewed the high velocity risks (i.e. those most likely to materialise most quickly) and noted that these risks did not materialise and we had not experienced any material impact.
- 6.3 In order to manage any residual risks and issues, the BRG (supported by the Council's Risk Manager) are currently reviewing the activity which will be required going forward. The group is keen to ensure the mitigation of the risks and issues we can control. This work will include a plan of how the Council will manage and report risks associated with trade deal going forward.

7. Risk Lead Engagement

- 7.1 We are currently in the process of consulting with circa 33 Principal Risk Leads across the Council. The Principal Risk Leads work with risk sponsors (Corporate Directors) to determine what risk information is required, and to monitor and evaluate the risks. They are responsible for monitoring progress and updating their principal risks on the corporate risk register. The Council's Risk Manager is meeting with Risk Leads to obtain an update on the progress of mitigating actions and to review the positioning and articulation of Principal Risks ahead of discussion at Directorate Management Teams and the Corporate Management Board in March and April 2021.

8. Implications

8.1 Financial implications:

The programme of work has been met from within the existing risk management budget. The financial implications of individual principal risks are met by local budgets.

8.2 Legal Implications:

There are no legal implications arising from this report. Legal advice and support will be provided, where necessary, in relation to individual risks.

8.3 Environmental Implications

There are no environmental implications arising from the recommendations in this report.

8.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

9. Reason for recommendations

This report provides an overview of key risk management activities since the last update to Committee in January 2021.

Final report clearance:



Signed by:

David Hodgkinson

Date:

26 February 2021

Report Author:

Nasreen Khan, Head of Internal Audit, Investigations and Risk Management

Tel:

020 7974 2211

Email:

Nasreen.Khan@islington.gov.uk

Financial Implications Author: Paul Clarke, Director of Finance

Tel: 0207 527 5636

Email: Paul.Clarke@islington.gov.uk

Legal Implications Author: David Daniels, Assistant Director of Law

Tel: 0207 527 3277

Email: : david.daniels@islington.gov.uk

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