

**Appendix A**

# **London Borough of Islington**

## **PRINCIPAL RISKS AND UNCERTAINTIES REPORT**

**June 2016**

## **1. Introduction**

















This report has presents the principal risks and uncertainties to Islington Council's priorities for 2016/17. It has been prepared for the London Borough of Islington Audit Committee and is based on a report that was considered by the Corporate Management Board (CMB) in April 2016.

The next section presents the executive summary of the principal risk report, thereafter the principal risk report provides an update on recent developments and key actions underway to mitigate each risk. For each risk detailed in the report there are a number of control mitigations in place. This report provides an update on key actions underway, but does not detail all of the controls (mitigations) already in place. Thereafter the report presents the Principal Risk map and tolerability criteria.


### ***The Audit Committee is requested to:***




Consider and comment on the principal risks presented.


## 2. Executive summary of the principal risks


		CMB Sponsor	Trend Sept 15	Trend June 16	Comment on change in trend
External	Violence against young people and youth crime (NEW)	C. Littleton	NEW	NEW	We are average In London on youth violence but highest on mobile phone theft. There is insufficient confidence amongst councillors and the community as a whole that the issue is under control.
Financial	Financial strategy	M Curtis			
Strategic	Transformation programme (NEW)	M Curtis	NEW	NEW	
	IT delivery and transformation	M Curtis			Implementation of project governance process, gating methodology
Service delivery	Safeguarding adults	S McLaughlin			
	Safeguarding children	C Littleton			
	Future of affordable housing (NEW)	S McLaughlin	NEW	NEW	
	Health and social care integration (NEW)	S McLaughlin	NEW	NEW	
Compliance and Governance	Information governance	M Curtis			Staff turnover and recruitment underway
	Fraud	M Curtis			Strategy and implementation plan approved
	Cyber security (NEW)	M Curtis	NEW	NEW	
Operational	Health and safety	M Curtis			Audits show significant rise in H&S standards across schools
	Business resilience	K O'Leary			Action plan following the recent internal audit has been implemented



### 3. Principal risk report

Risk	Risk score	Trend since Sep 2015	Recent developments, progress & concerns	Actions
<p><b>Violence against young people and youth Crime</b></p> <p>There is a risk that the council fails to respond adequately to and prevent rising crime involving young people despite additional funding and well publicised plans</p>	Under review	NEW	<p>In July 2015 the council developed a Youth crime strategy focussing on Interventions, Enforcement &amp; Regeneration; Prevention &amp; Diversion; and Community Engagement. An integrated gangs team (with council officers, police, probation, victim support and others) has been operational since January 2016 and proactively engaging gang-affected young people.</p> <p>The Safeguarding Children Board has developed a gangs protocol to ensure gang-affected young people are including in safeguarding work to protect them from harm.</p>	<p>Improve understanding of the nature and extent of the problem and update the Youth Crime Strategy to ensure that effective action is taken. L Kogbara/C.Littleton. June 2016</p> <p>The YOS improvement plan to be monitored closely and the staff supported to deliver an improved service. C. Littleton. Sept 2016</p> <p>The council to ensure additional funding is delivering additionally and communicate this to residents. C. Littleton. Sept 2016</p>
<p><b>Financial Strategy</b></p> <p>The Council fails to balance the Council's budget over the medium term – including making the cash savings</p>	Impact: 4 Likelihood :2		<p>December 2015 4-year settlement led to £70m savings requirement vs £90m expectation. As such, 2015 budget process has produced c£70m of savings agreed by Labour group. The General Fund balance reduced as part of 2016/17 budget</p> <p>Frontline service overspends continued in 2015/16 and some savings delivery delayed. A high priority area, Adult Social Care has challenging targets for 16/17, with further savings to that expected but not yet agreed for 17/18 and 18/19. Some savings will be delayed from 15/16 (for a number of reasons including council decisions to delay).</p> <p>Income targets from commercial activity for 17/18 are challenging.</p>	<p>Regular budget monitoring to CMB, Mike Curtis</p> <p>Frontline spending and demand management actions include:</p> <ul style="list-style-type: none"> <li>Redesign of the provision of all early childhood services from pregnancy to 5 to ensure all children, particularly the 35% of children who currently do not achieve the “good level of development” by the end of their reception year, are healthy and ready for school. C. Littleton</li> <li>Tailor the amount of care offered to people who are eligible for social services support, while maintaining adult social care for people with moderate needs. S Galcynski</li> </ul> <p>Reviewing income targets and plan 9/16. Commercial board monitoring and careful oversight of income targets. K O’Leary</p>
<p><b>Transformation Change</b></p> <p>There is a risk that the transformation programme fails to deliver the desired outcomes/service delivery for Islington residents</p>	Under review	NEW	<p>Additional transformation programmes have been identified. There are now 12 work streams, extended to include work streams relating to: street environmental services, the best start in life, supporting our youth and housing reform. Sponsors have been identified for all work streams.</p> <p>A reporting and governance process has been agreed.</p> <p>New transformation projects are now subject to revised business case criteria emphasising clarity around delivering objectives and value add.</p>	<p>Start reporting to CMB and members 5/16, R Dunlop</p> <p>Establish a support network for the programme - 7/16 R Dunlop</p>

Risk	Risk score	Trend since Sep 2015	Recent developments, progress & concerns	Actions
<p><b>IT delivery and transformation</b></p> <p>There is a risk we do not deliver IT projects which will enable/optimize business transformation across the Council</p>	Impact:4 Likelihood: 3		<p>Implementation of project governance process, gating methodology.</p> <p>Demand management process developed and in place - to consider and explore options prior to delivery</p> <p>New Corporate Digital Technology Board – executive role in prioritising demand against available capacity within digital services in place from April 2016</p> <p>Developing future funding requirements across CTP/Digital is underway</p> <p>For the IT shared service programme, the Shared Service Board and programme manager is in place. Work streams underway include: Data Centre, IT contracts, and IT architecture.</p>	<p>Review of skills required for changing landscape of project complexity 2016 Q3, P Savage</p> <p>Prioritisation model being developed – June 2016, P Savage</p> <p>Work with project boards to educate and empower them, shifting focus from IT Projects to IT enabled business projects. Sept 2016, P Savage</p> <p>Shared service actions (A Layton):</p> <ul style="list-style-type: none"> <li>- Recruitment of a head of shared service 9/ 2016</li> <li>- Governance agreed - July 2016 Management Board in place 9/ 2016</li> <li>- Joint Committee commences – 10/ 2016</li> </ul>
<p><b>Safeguarding adults at risk of abuse</b></p> <p>The council fails to fulfil its statutory obligation to identify or respond to preventable harm to adults at risk of abuse</p>	Impact: 5 Likelihood: 2		<p>Last year we trained 1876 people on safeguarding adults (from both within and external to the council) which was an 18% increase on 2014</p> <p>RADAR group is now functioning which provides a multi agency forum for sharing of intelligence of safeguarding concerns in commissioned services across key partners. Pan London safeguarding adults procedures have now been launched and the Safeguarding Unit has produced additional guidance to assist staff to recognise the new categories of abuse and respond in line with statutory expectations. Training is available for staff</p>	<p>Training and the production of additional guidance is constantly on-going and in response to policy developments and findings from audit. Elaine Oxley</p>
<p><b>Safeguarding children</b></p> <p>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</p>	Impact:5 Likelihood: 2		<p>LBI received £2.97M from central government innovations (March 2015) funding to take forward a system wide change to the delivery of social work in Children's Services. The aim is to reduce the risk of children coming into care, re-referrals, the need for care proceedings, and expedite care proceedings when they do happen.</p> <p>The new evidenced based model of practice, Motivational Social Work, is being developed with the University of Bedfordshire, offers more intensive (weekly sessions), purposeful, goal based interventions focussed on change. A Multi-Disciplinary service provides more intensive (min twice week) wrap around service for up to 12 weeks for complex cases.</p> <p>The key skills relied upon in MSW are being measured by University of Bedfordshire. Results will be incorporated into the practice report. Our January 2016 quarterly practice report indicates that relationships with families have improved, satisfaction with service has improved, and skill level has improved (Rising from an average of 2.64/5 in June 2015 to 3.22/5 January 2016) (Target of 3.5/5).</p>	<p>We await the outcome of the funding application to DfE to begin progressing Phase II (£1.95M).</p> <p>MSW has been rolled out in the CIN service and Phase II will focus on impact on high risk cases. Phase II will also see MSW rolled out in the CLA, IF and YOS Services during 2016. S Goodman</p> <p>Phase II also focusses on MSW Supervision &amp; Leadership to support the more emotionally intelligent style of practice.</p>

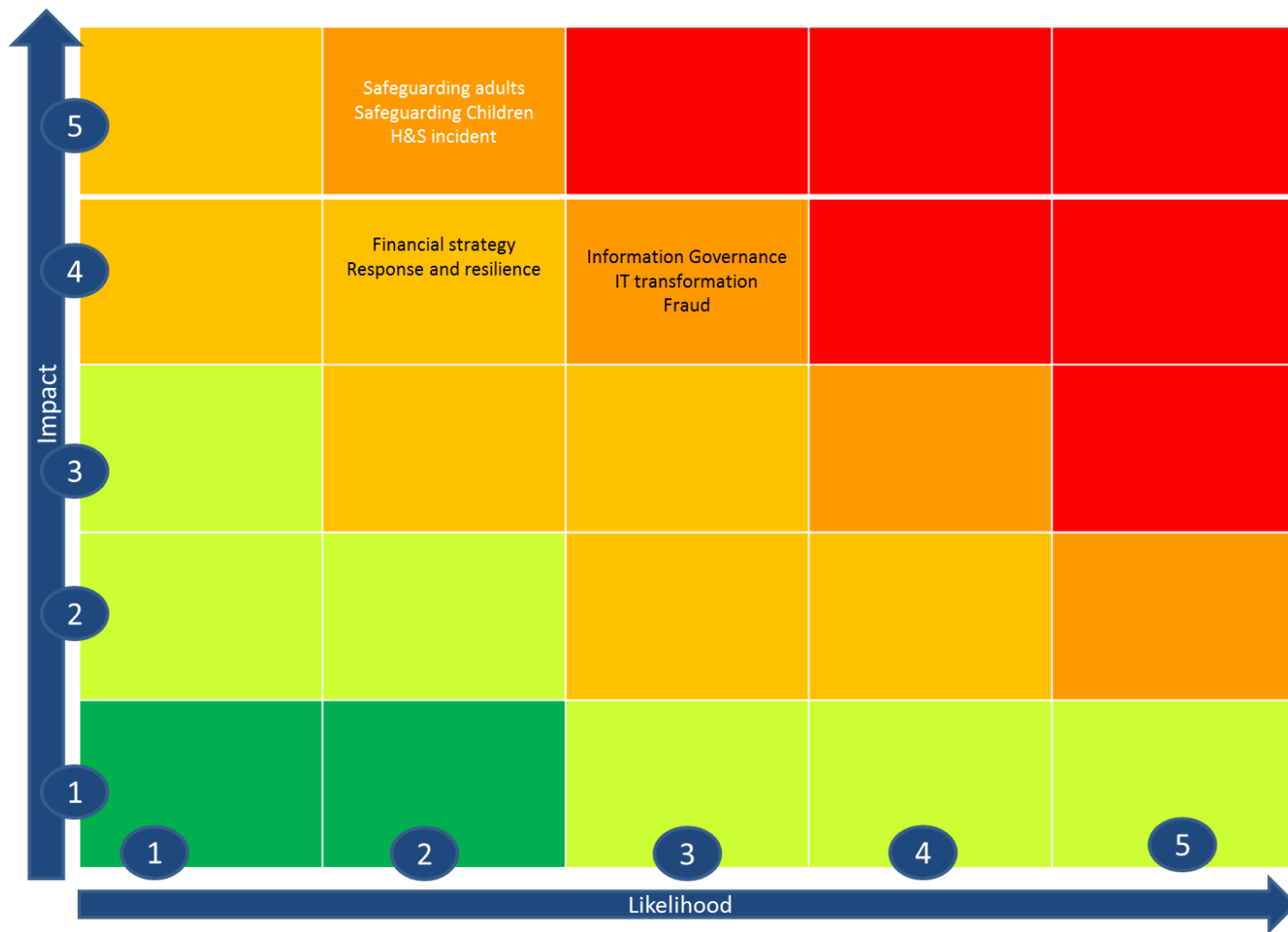
Risk	Risk score	Trend since Sep 2015	Recent developments, progress & concerns	Actions
<p><b>Future of affordable housing</b></p> <p>There is a significant risk that sale of high value voids, reduction in rental incomes, and policies that favour starter homes reduces development opportunities and increases the cost of housing. The reduction in social housing supply and rising costs could reduce the council's ability to provide temporary accommodation (for homeless households)</p>	Impact: 4 Likelihood: 5	NEW	<p>The high value levy in the Housing &amp; Planning Bill could mean that the council will have to pay over £200m pa (estimate) to the Government for the foreseeable future. In order to finance the payment of the levy the Council will have to sell assets including some housing stock which will result in loss of rental income. ,</p> <p>Along with welfare reforms, expected changes will (a) restrict further the amount of rent we can collect – almost all households in TA will be affected by the new benefit cap, and (b) place further pressure on moving households out of temporary accommodation as we will see voids drop between 30-50%.</p> <p>To manage the pressure on temporary accommodation we are: scrutinising bookings going in, intensively managing move on out of temp accommodation and standardising processing times for applications. The average nightly cost has also fallen due to successful implementation of London wide caps. However, the caps have also resulted in a reduction in supply.</p>	<p>The Council will set up a programme to address reforms when the bill is finalised. To report in to CMB. S McLaughlin</p> <p>New procurement framework to attract new supply of temporary accommodation - Contract award due June 2016 (M Holdsworth)</p>
<p><b>Health and social care integration</b></p> <p><b>Integration</b> poses risks to Islington's current funding arrangements, as well as a service delivery and consequent reputational risks</p>	Under review	NEW	<p>Planning around the NCL Sustainability and Transformation Plan is in place to develop integration across local health and care systems.. There is a reputational and service risk that the Sustainability Transformation Plan (STP) process doesn't sufficiently reflect Islington's needs.</p> <p>Islington Council is working with local partners - Camden and Islington Mental Health Trust, Whittington Health, Haringey Council and the Islington and Haringey Clinical Commissioning Groups – to develop a population based approach to health and social care that will comply with the STP requirements while addressing local demands collaboratively on a firm evidence base.</p>	<p>Development of the local model of care</p> <p>Sean McLaughlin, Julie Billett</p>
<p><b>Information governance</b></p> <p>The Council does not keep sensitive and/or personally identifiable information secure resulting in a major breach of Data Protection legislation</p>	Impact:4 Likelihood :3		<p>Currently team is under-resourced. Recruiting underway for Data Protection Manager, Information Compliance Manager (Maternity) and Access to Information Administrator</p> <p>European general data protection regulations, currently in discussion, increase the stringency of the DP legislation and larger fines (up to Eur 20 million) for breaching legislation. Legislation expected to be passed later this year.</p> <p>Internal audit of Data Held by Third Parties has been undertaken. High priority findings focus on contracts. Contracts will form a fundamental part of the work the council needs to undertake in preparation for the DP regulation changes.</p> <p>Annual Assurance Statements require all service directors to commit to having adequate data processing clauses in place.</p>	<p>Staff to be in post: June 2016, S Nicholson</p> <p>Working group being, S Nicholson developed: June 2016</p> <p>Approach to be presented to CMB: Sept 2016, S Nicholson</p> <p>Audit actions sit primarily with Procurement. Some actions for IG, and all directorates will need to participate; April 2017. P Horlock, S Nicholson</p> <p>2016 statements; June 2016, S Nicholson</p>

Risk	Risk score	Trend since Sep 2015	Recent developments, progress & concerns	Actions
<p><b>Serious fraudulent activity</b></p> <p>There is a risk that the Council is not aware of the range of fraud risks facing it and thereby fails to design and implement effective preventive and detective controls. This could result in financial loss, disruption to service delivery and reputational damage</p>	<p>Impact: 4 Likelihood: 3</p>		<p>An Anti-Fraud Strategy and implementation plan approved by Audit committee March 2016.</p> <p>A Corporate Prosecution and Enforcement Policy agreed by Legal Services and.</p> <p>The Council's Fraud Forum has been revived as part of fraud governance arrangements.</p> <p>The council's Corporate fraud training needs have been identified</p> <p>Emerging trends identified and reported through Fraud Forum, Corporate Governance and onto CMB to affect change.</p>	<p>Conflicts of interest/hospitality registers are on the Audit plan for 2016/17, C Lobb</p> <p>Fraud Response and Risk plan to be formalised, April 2016, C Lobb</p> <p>Fraud awareness Training programme to be developed based on employee roles within the Council – 2016/2017, C Lobb</p>
<p><b>Cyber security</b></p> <p>Process Control Networks and/or Critical Information Assets may be compromised by computer-based unauthorized access or malicious modification of code</p>	<p>Under review</p>	<p>NEW</p>	<p>Ransomware will be the biggest threat in 2016: .LBI was successfully hit by a ransomware attack in 2015 but damage was controlled to one day's lost work for a single user. Attacks (which are via email) have increased from 1.5 million identified in 2014 to 4 million in 2015. We have implemented a fourth level of protection for our email systems. Email is the delivery method of choice for ransom ware and other malware. This layer of email security routinely blocks 4000 undesirable inbound email per hour. Completed March 2016</p> <p>Each application requires hundreds of updates a year. Adobe released 70 in one month for one application. 'Home grown' applications require constant testing and updating to reflect new approaches in attack. LBI - Parking was hit with an application hack / attack in 2015</p> <p>We have significant concern over the lack of secure development principles in our home grown development of applications. This has been highlighted by the Parking breach, a website defacement on Christmas Day and other issues that have come to light.</p>	<p>We are in the process of implementing log retention and enhanced network monitoring to identify attacks not picked up by other methods. This is implemented, managed and monitored by an expert external vendor. Pilot by August 2016. A Gorst</p> <p>We are in the process of implementing firewall management systems. This is implemented by a vendor but managed internally. Pilot June 2016. A Gorst</p> <p>We are in the process of completing an application landscape – a database of all applications currently in use to help us manage vulnerability testing and updating. On-going. A. Gorst.</p>

Risk	Risk score	Trend since Sep 2015	Recent developments, progress & concerns	Actions
<p><b>Significant H&amp;S incident</b></p> <p>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</p>	<p>Impact: 5 Likelihood: 2</p>		<p>A series of external audits have been undertaken in all schools and have shown significant increases in health and safety standards across all schools. A significant number of head teachers, business managers and premises manager's within schools have undergone NEBOSH accredited training.</p> <p>Increased training for all employees: 785 people trained in classroom courses, Sept 2015- Mar 2016, compared to 612, over the same period a year ago.</p> <p>We have introduced a new e-learning course from September 2015 we have trained the following individuals via the online courses: Fire Safety Plus (416), induction (196), Managing Stress for Managers (34), Safe Driving Plus ( 39), Workstation Safety (428)</p> <p>A recent audit of Legionella, commissioned by H&amp;S, highlighted concerns with regard to Water management, this is being addressed via a Water management action plan</p> <p>Corporate Health and Safety team now have active involvement in contract management including Leisure contract.</p> <p>To ensure compliance with health and safety within our council housing stock two committees have been formed to monitor compliance.</p> <ul style="list-style-type: none"> <li>- LBI/Fire Service liaison safety committee: reviews current working practices and compliance to the Fire Safety reform order,</li> <li>- Homes and Estate Safety Board: chaired by an independent chair from another council borough, reviews working practices and compliance with all safety critical contracts in regard to housing stock.</li> </ul>	<p>Water management action plan to address concerns D Lewis – April 2016</p> <p>A commissioning officer has been appointed for out-sources services in order to monitor standards of performance for waste recycling, to report to the H&amp;S committee quarterly.</p>
<p><b>Responsiveness and resilience</b></p> <p>There is a risk we are not able to recover critical internal processes or respond effectively to an emergency following a disruptive event within a suitable timeframe</p>	<p>Impact:4 Likelihood: 2</p>		<p>Staff awareness briefings on counter terrorism continuing. Testing Humanitarian Assistance capability as part of Exercise Unified Responder (Feb 2016). Learning from incidents on-going.</p> <p>Internal Audit of Business Continuity conducted and action plan implemented. IT Disaster Recovery plan developed</p> <p>Testing of top 20 systems commenced in March and will shape future actions</p>	<p>Complete programme of Counter Terrorism briefings for staff – Sept 2016. Implement programme of exercising and testing – March 2017</p> <p>Incorporate lessons learnt from EUR into plans – Dec 2016. Business Recovery Team Exercise Dec 2016</p>



#### 4. Principal risk map



Note: New risks will be assessed and presented in the next Principal Risk Report.

## 5. Risk management tolerability criteria

Risks presented in this report have been assessed in line with the criteria provided below, were reviewed in June 2014.

### 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%