	Governance, Audit, Risk Management and Standards (GARMS) Committee
Title	Quarterly Risks Report (Q3 2023/24)
Date of meeting	15 April 2024
Report of	Chief Executive
Wards	All
Status	Public
Urgent	No
Appendices	Appendix A – Strategic risks Appendix B – High level (15+) strategic and service risks
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Summary

This report provides an overview of risks for the latest (completed) quarter, focusing on the council's strategic and high level (15+) service risks. These risks were reviewed in Quarter 3 (Q3) 2023/24 by risk owners/managers and Directorate Senior Leadership Teams before undergoing a "check and challenge" by the corporate risk team and final review by the Council Management Team on 13 February 2024. They are presented here for noting.

Recommendations

That the Committee note the status of the council's strategic and high level (15+) service risks, including the controls/mitigations in place to manage these risks.

1.   Reasons for the Recommendations

Background

1.1   The council has an established approach to risk management, which is set out in the Risk Management Framework (RMF). As part of this, and in accordance with the Terms of Reference, the Committee is required to monitor the effective development and operation of risk management in the council.

1.2　The RMF outlines the different levels of risk – strategic, service, team and project – and how they should be managed. This report provides an overview of strategic and high level (15+) service risks for the latest (completed) quarter, which was Quarter 3 (Q3) 2023/24.

1.3　The strategic and service risks, which include joint risks with our strategic contractors Capita, The Barnet Group (TBG) and Barnet Education and Learning Service (BELS), are reviewed on a quarterly basis by risk owners/managers and Directorate Senior Leadership Teams before undergoing a "check and challenge" by the corporate risk team and final review by the Council Management Team (CMT). The strategic and high level (15+) service risks are presented to GARMS Committee for noting.[1]

1.4　The definitions of strategic and service level risks are:

- **Strategic**: strategic (cross-council) and business critical risks.

- **Service**: operational risks, either "retained" council risks or "joint" risks with our strategic contractors Capita, TBG and BELS.

  o Retained – a risk that could impact the council were it to occur, and where only the council, and not the contracted party, is responsible for implementing the controls and/or mitigations to manage the risk.

  o Joint – a risk that could impact the council were it to occur, and where the contracted party is responsible for implementing some or all of the controls and/or mitigations needed to manage the risk.

1.5　The next quarterly risk review will be Q4 2023/24. This is due to be completed in May 2024 and will be reported to GARMS Committee on 27 June 2024.

Overview of risks (Q3)

1.6　There were 210 open risks across the Directorate risk registers in Q3 (10 less than in Q2; 15 risks were closed and five new risks were identified).
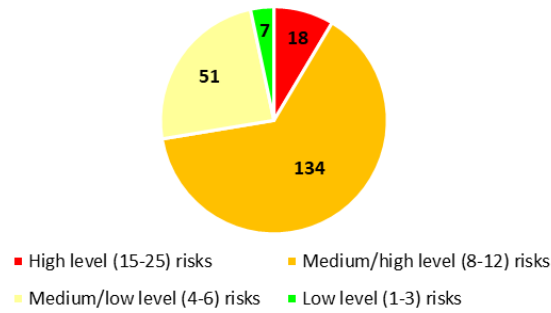
Table 1: Overview of risks

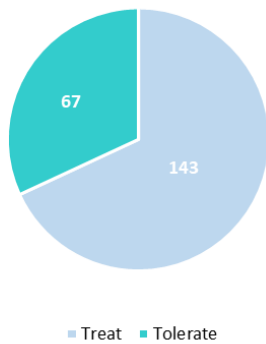|	Q1	Q2	Q3
Closed	14	5	15
New	9	7	5
Open risks	218	220	210

1.7　The open risks comprised of 26 strategic risks (1 more than in Q2) and 184 service risks (11 less than in Q2). An overview of the open risks can be seen in the following pie charts.

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[1] The internal process of "check and challenge" and review by the Council Management Team inevitably creates a "time lag" before the risks can be reported to Committee.
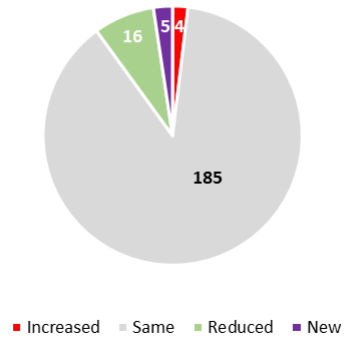
Risks by Residual Score (Q3)

- High level (15-25) risks
- Medium/high level (8-12) risks
- Medium/low level (4-6) risks
- Low level (1-3) risks

Risks by Response Option (Q3)

- Treat
- Tolerate

Risks by Direction of Travel (Q3)

- Increased
- Same
- Reduced
- New

1.8   The Directorate risk registers vary in size (see table 2), with Customer and Place showing a much larger number of risks. This is due to incorporation of the former Environment risk register (covering services such as Street Scene, Highways and Parking) and joint risks with Capita and TBG. The Children's risk register is also larger as it includes joint risks with BELS.

Table 2: Risks by Directorate

Directorate	Open	Strategic	Service	New	Closed	High-level (15+)
Adults	**30**	3	27	0	1	3
Assurance	**21**	2	19	0	0	2
Children's	**39**	2	37	0	11	2
Customer & Place	**86**	7	79	2	0	9
Public Health	**4**	2	2	0	0	0
Strategy & Resources	**30**	10	20	3	3	2
Total	**210**	**26**	**184**	**5**	**15**	**18**

1.9   In accordance with the Risk Management Framework, risks were assigned to one of six categories (see table 3) and assessed for likelihood (of occurring within the next five years) and impact (based on criteria relating to the assigned category). The likelihood and impact were each scored from one to five, and the overall risk score was calculated by multiplying the two values.

Table 3: Risk categories

Category	Example
Business continuity	i.e. risk of disruption to service or conduct of council business
Finance	i.e. risk of financial loss or non-delivery of a saving
Health and safety	i.e. risk of injury
Information governance	i.e. risk of sensitive or personal data not being adequately controlled
Staffing and culture	i.e. risk to staffing level, morale, competence or training
Statutory duty	i.e. risk of breach of legal obligations

1.10 Risks were assessed on three levels:

- **Inherent (worst case)** - assessment based on the assumption that controls and/or mitigations currently in place do not exist. This assessment determines the reasonably foreseeable worst case scenario for the risk, which is the most adverse set of plausible circumstances and consequences for the risk described if no controls or mitigations are in place.

- **Residual (current)** - assessment based on how the risk is currently being managed. It considers how well the controls and/or mitigations in place are working.

- **Target (where you can get to)** - determination of the desired likelihood and impact levels for the risk, based on the amount of exposure the organisation is comfortable in accepting for the benefits it derives from taking the risk, and the feasibility and cost of further treatment activities. It is the position that the risk will get to once the additional actions have been completed.

1.11 Risks with a residual score of 15+ were marked as high level (RAG rated Red). This is the level of residual risk the council is prepared to tolerate before action is considered necessary to reduce it (known as the "risk appetite").

1.12 All risks should be managed towards the target score. These risks were marked as "Treat" under Response Option and had additional actions in place to manage the risks going forward. All high level (15+) risks had Treatment Actions in place. If the target score had been reached, the risks were set to "Tolerate" and were managed with the existing controls/mitigations in place.

1.13 For clarification, the definitions of a control and mitigation are outlined below:

- **Controls** are activities and measures that have a specific and significant effect on reducing the likelihood of a risk

- **Mitigations** are activities and measures that have a specific and significant effect on reducing the impact of a risk, should it occur**.**
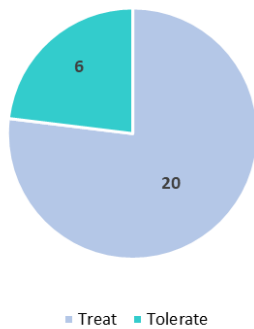
Strategic risks (Q3)

1.14 There were 26 strategic risks in Q3 (one more than Q2), which can be viewed in Appendix A. An overview of the strategic risks can be seen in the following pie charts.
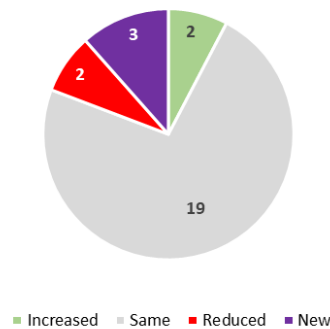
Strategic Risks by Residual Score (Q3)

- High level (15-25) risks
- Medium/high level (8-12) risks
- Medium/low level (4-6) risks
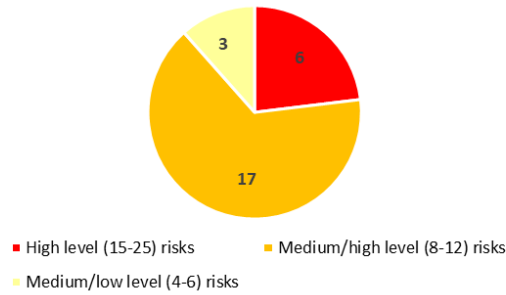
Strategic Risks by Response Option (Q3)

- Treat
- Tolerate

Strategic Risks by Direction of Travel (Q3)

- Increased
- Same
- Reduced
- New

1.15 Most strategic risks were assigned to the Statutory duty or Finance category.

Table 4: Strategic risks

Category	Total no. of open risks	No. of strategic risks	No. of high level (15+) strategic risks
Business continuity	32	5	3
Finance	71	8	2
Health and safety	12	1	0
Information governance	5	0	0
Staffing and culture	13	4	1
Statutory duty	77	8	0
Total	**210**	**26**	**6**

1.16 Summary information on the **six high level (15+) strategic risks** (by category) is provided below.

Business continuity

- Whilst our emergency planning and response to civil emergencies and business continuity incidents remained resilient (STR004), the Business Continuity Audit report (November 2023) highlighted three high and two medium recommendations around documentation and procedures leading to an overall assessment of Limited Assurance. Accordingly, the likelihood score was increased from 3 to 4, which increased the overall risk score to 16 (from 12 in Q2). The five recommendations have been converted into an action plan with timeframes and work is being progressed.

- The climate change risk to the local environment (STR008) showed an increase in Q3 (16, from 12 in Q2) due to a more in-depth review of the profiling of the risk which led to an adjustment to the inherent and residual scores. At a regional level, Barnet is leading on the data framework action, under the London Council's Resilient and Green Workstream. As

part of this work, a meeting was held with Public Health London and a workshop is being planned for early 2024 to agree data metrics between health and local government. Initial discussions have also taken place with Bloomberg who led on the London Climate risk maps with a view to developing them further at a local level. Formal response to Citizens' Assembly recommendations was delivered in November 2023, this includes a focus on establishing community action groups.

- The cyber security risks were also reprofiled to better reflect the risks at strategic and operational level. The strategic risk (STR013) focuses on business continuity, staff training and governance. All staff and partners showed improvement on the simulated phishing campaign conducted in October 2023, with less staff clicking on links and more staff reporting the email as phishing. The mandatory training is being enhanced to include cyber, and specific training for the Council Management Team (CMT) and councillors is being introduced early in Q4 2023/24. Following the November 2023 PwC business continuity audit report, the service has and will continue to link with business continuity leads to ensure updated reports reflect cyber security risk and actions. The service is also introducing a more robust cyber security framework to manage the council's third-party supply chain.

Finance

- A review of high priority projects has identified opportunities to ease some of the financial pressure to ensure affordability of the capital programme (STR028). This has included re-profiling projects to ease the immediate financial pressures; and removing borrowing where possible, leading to re-scoping of projects.

- In Q3, the council forecast a revenue overspend (STR017) of £19.763m for 2023/24 (a reduction of £6.089m from Q2) in the Chief Finance Officer report to Cabinet on 6 February 2024. Rising demand for services continued to be a financial challenge for the authority, against a backdrop of rising costs faced by care sector providers. In November 2023, new financial controls were introduced across the council to add additional approvals for expenditure on recruitment, overtime, contracts and discretionary spend. The challenging financial position has been communicated across the council through weekly updates, a Breakfast Briefing and department Roadshows. In addition, some departments have introduced an additional approval layer for certain expenditure.

Staffing and culture

- Meetings between HR and trade unions have taken place and progress is being made on a number of issues surrounding Unified Reward, which should help mitigate the recruitment and retention risk (STR023). The labour market appears to have broadly stabilised, although the risk of recession and funding difficulties within local government does mean that employers could be refraining from creating additional roles.

1.17   No high level (15+) strategic risks from Q2 were **reduced** in Q3.

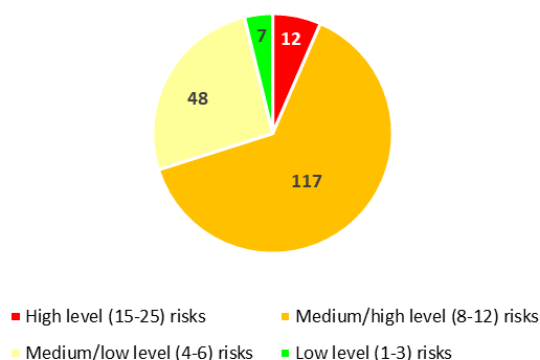1.18   However, two strategic risks were **closed** in Q3:

- Dependency on staff to manage urgent issues (STR024). This risk was identified over four years ago and is no longer perceived to be a widespread strategic risk. Any service specific risks will be identified at that level.

- Industrial action disruption (STR029). This risk related to widespread industrial action as a result of a failure in national pay bargaining. The unions have indicated that they will not

be attempting to undertake any industrial action until at least the end of this financial year. Although this risk has been closed, the situation will continue to be monitored and a new strategic risk has been identified to reflect local concerns about recruitment/ retention payments.
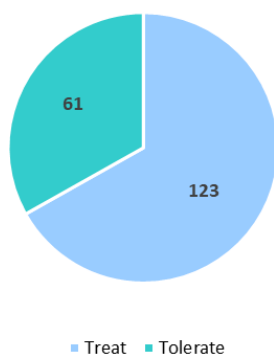
Service risks (Q3)

1.19 There were 184 service risks in Q3 (15 less than Q2). An overview of the service risks can be seen in the following pie charts.
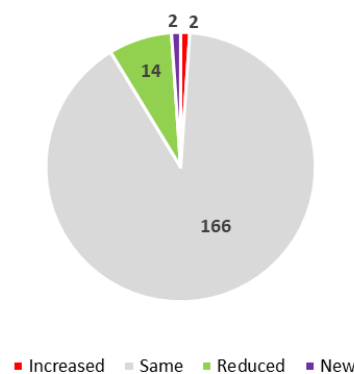
Service Risks by Residual Score (Q3)

- High level (15-25) risks
- Medium/high level (8-12) risks
- Medium/low level (4-6) risks
- Low level (1-3) risks

Service Risks by Response Option (Q3)

- Treat
- Tolerate

Service Risks by Direction of Travel (Q3)

- Increased
- Same
- Reduced
- New

High level service risks (Q3)

1.20 In addition to the six high level (15+) strategic risks, there were 12 high level (15+) service risks (seven less than Q2). All the high level (15+) risks can be found in Appendix B.

Table 5: Service risks

Category	Total no. of open risks	No. of service risks	No. of high level (15+) service risks
Business continuity	32	27	1
Finance	71	63	3
Health and safety	12	11	0
Information governance	5	5	0
Staffing and culture	13	9	0
Statutory duty	77	69	8
Total	**210**	**184**	**12**

1.21   Summary information on the **12 high level (15+) service risks** (by category) is provided below.

Business continuity

- The cyber security service risk (CSG003) focuses on the technical infrastructure. The IT service conducted another simulated phishing campaign in October 2023, and will continue to do so quarterly. There is a constant battle with active cyber-criminal organisations, and the IT service are vigilant and proactive in minimising and disrupting these attacks, by constantly adding and utilising technical controls and mitigations, as detailed in Appendix B.

Finance

- Work continued to minimise the demand for temporary accommodation risk (TBG001). The Open Door Homes (ODH) acquisitions programme made good progress in Q3. The current programme will cease at 300 council houses, with a new programme of 300 developed as part of the MTFS initiatives. With growing demand and financial pressure in this area, MTFS related initiatives continued to be developed for 2024/25.

- Resource pressures affecting service delivery and income collection for parking (C&P038) continued to be monitored. A revised Controlled Parking Zones (CPZ) programme was approved by Capital Strategy Board and will be implemented by Highways.

- Brent Cross station construction was completed and the station was opened to the public in December 2023. With the station opening out of the way, the team has been focusing on resolving the dispute with Network Rail. A variation to the settlement agreement with North London Waste Authority (NLWA) has allowed the Geron Way option to be paused to give more time to review an alternative site. An updated assessment of Council Land Contribution (CLC) income is underway, including a review of the retail park holding. This will inform the over project financial risk (C&P002) position.

Statutory duty

- In Adult Social Care, pressures on the health and social care system and social care market continued to create budget challenges (AD001). In-year financial recovery plans continued to be implemented and this, alongside MTFS plans for 2024/25 to 2025/26 have identified approximately £10m of savings. In-year recovery actions have included benchmarking analysis on demand, spend and income; senior sign-off of all high-cost packages; quick reviews of people following discharge from hospital to ensure a proportionate level of care as people recover; the use of equipment and technology wherever suitable; and maximising the benefits of enablement services and income opportunities.

- The community equipment backlog (AD017) inherited by NRS continued to reduce due in part to the recruitment of additional drivers and technicians. However, there is more to be done to reduce this further, with a particular focus on closing cases that no longer require fulfilment.

- The service continued to monitor numbers of triaged residents and have been developing new approaches to decrease the time between triage and allocation (AD027). This included a plan to bring in an external agency to provide a block of additional capacity.

- In Children's Services, 39% of local authority maintained primary schools, special schools and pupil referral units (PRUs) set deficit budgets in 2023/24 (ES025). A presentation on projected rolls was given to Chairs/Vice Chairs of Governors and Head Teachers; and

conversations continued to focus on areas where there will be an excess capacity going forward.

- The potential strain on Special Educational Needs (SEN) transport (ES033) continued to be monitored. There has been a recent open procurement process which means that although prices have gone up to reflect cost of living, and wider increases, they remain competitive. The Head of Service is also working closely with council services to identify if there are any wider efficiencies to be made, including bringing routes in-house where appropriate.

- Fire safety related works continued and an approach to remediating council houses with timber frames and cladding is being developed to ensure a holistic approach with freehold houses affected (TBG002). Following a resident engagement process on two estates with large panel system (LPS) blocks, a Cabinet decision was taken to decant residents and redevelop the estates, replacing LPS blocks with inherent issues with high quality housing. Designs will now be developed and a business case brought forward. The approach towards dealing with damp and mould in the council continued with good progress made, and the actions in the action plan reported to Cabinet in June 2023 are now all complete.

- In the private rented sector (C&P086), resources continued to be focused on the highest risk cases. Levelling up restructure completed and implemented. The permanent recruitment commencing in January 2024 is pending financial approval.

- The Q3 outturn for audit actions completed (ASS018) was reported to GARMS Committee on 18 January 2024. Follow-up work was undertaken on 33 high and 7 medium priority actions which were due in the quarter. Of these, 24 were actions were implemented (60%); two were not implemented (5%); and 14 were found to be in progress (35%).

1.22 Seven service risks were **reduced** from a high-level in Q3:

Finance

- Non-completion of the cyclical tree programme risk (AD025) was reduced from 15 to 12. The weather last summer was not as severe as the previous year (2022) reducing the subsidence risk; and sub-contracting work went well for the winter's pollards.

- New build and development risk (TBG006) was reduced from 16 to 12. Concerns had been identified with extra care provider and a mitigation plan was put in place, which continued in Q3 and ensured continuity of the service.

- TBG updated their MTFS savings proposals in Q3, reducing the risk of under-achievement (TBG007) from 16 to 12. Significant progress was made in relation to the new Open Door Homes (ODH) acquisitions programme, which received Cabinet approval in February 2024. The Grahame Park North East estate regeneration procurement also commenced.

- Work progressed on the Borough of Sanctuary helping to reduce the resettlement schemes risk (RCS018) from 16 to 12. The Borough of Sanctuary strategy was approved at Cabinet in December 2023 and we are now applying for Borough of Sanctuary status from the City of Sanctuary UK. A workshop took place on 10 January 2024 with service areas, voluntary groups and Barnet Homes to understand pressure on these areas and understand how we can support our sanctuary-seeking communities better.

Staffing & culture

- New staff were welcomed into Highways and several job offers were accepted, most of whom took up their new posts in January 2024, helping to reduce the people attrition risk (C&P089) from 15 to 12. However, non-critical roles have been put on hold and permission

to recruit outstanding vacancies have been sought from the Council Management Team as per new spending control measures.

Statutory duty

- The Barnet Hill - A1000 risk (C&P096) was reduced from 15 to 10. A briefing was provided to Members of affected wards in December 2023. Trial holes on the carriageway were completed and reported back; and an independent geotechnical review was concluded. The findings showed no indication of imminent failure of the bank (and therefore the likelihood score was reduced from 3 to 2). Work will need to be taken on underlying drainage systems and monitoring will continue. Vegetation has been removed and remaining inclinometers have been recovered and will be recommissioned.

- Barnet's road condition risk (C&P097) was reduced from 16 to 12. Metis has been commissioned to provide design solution for Lunlington Garth and Osidge Lane; and, in the future, the service will look to replicate this in-house. Short-term resurfacing is being done to hold the carriageway reducing any immediate risk.

1.23   13 service risks were **closed** in Q3, none of which had been reported at a high level (15+) in Q2.

2   Alternative Options Considered and Not Recommended

2.1   None

3   Post Decision Implementation

3.1   None

4   Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1   The overarching aims of the Risk Management Framework are to improve the organisation's ability to deliver its strategic objectives by managing risk; creating a risk culture that adds value to operational activities; and achieving sustained benefit across the portfolio of activities.

4.2   The Risk Management Framework supports the organisation's strategic objectives in Our Plan for Barnet 2023-26 to Care for People, Our Places and the Planet and to be an Engaged and Effective council.

Corporate Performance / Outcome Measures

4.3   Relevant high level (15+) risks were reported to Cabinet as part of the Quarter 3 (Q3) 2023/24 report on the Delivery and Outcomes Framework for Our Plan for Barnet. The Delivery and Outcomes Framework is the means through which we provide assurance that the council's strategic objectives are being delivered as planned and highlight any potential areas of concern.

Sustainability

4.4   There are no direct impacts on sustainability from noting the recommendations.

Corporate Parenting

4.5   In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no direct implications for Corporate Parenting in relation to this report.

Risk Management

4.6   The council has an established approach to risk management, which is set out in the Risk Management Framework. All strategic and service risks (including joint risks with our strategic contractors Capita, TBG and BELS) are reviewed on a quarterly basis (as a minimum) to ensure they remain relevant and the controls/mitigations in place to manage the risks remain effective. The strategic risks, along with any high level (15+) service risks, are reported to this Committee.

Insight

4.7   Horizon scanning is undertaken periodically and as part of quarterly risk reviews to ensure the risks remain relevant and are framed in the current context.

4.8   An internal audit is carried out annually to check compliance with the Risk Management Framework, with the last audit (reported in December 2022) concluding that: "Overall, it is clear that the service areas we reviewed are operating in compliance with the Risk Management Framework. This indicates that there is a strong risk management culture in place at Barnet Council in which risk owners and champions understand and fulfil their responsibilities relating to risk management".

Social Value

4.9   The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

5   Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1   This report includes strategic risks and high level (15+) service risks assigned to the "Finance" and "Staffing and culture" categories.

5.2   Finance - Strategic risks

- STR009 Unmet customer expectations 9 (reduced from 12 in Q2)
- STR017 Revenue overspend (20)
- STR018 Funding uncertainty due to reduction in local taxation income (12)
- STR019 Internal controls (6)
- STR020 New burdens (9)
- STR021 Increase in the North London Waste Authority (NLWA) levy (6)
- STR028 Affordability of Capital Programme (20)
- STR031 Funding of net zero (12)

5.3   Finance - High level (15+) service risks

- C&P002 Affordability of BXC (15)
- C&P038 Variations to budget for parking (16)
- TBG001 Increased demand for temporary accommodation (16)

5.4   Staffing and culture – Strategic risks

- STR016 Staff wellbeing and mental health (9)
- STR023 Recruitment and retention (16)

- STR026 Delivery of corporate plan priorities (9)
- STR033 Local industrial action (9)

5.5 <u>Staffing and culture – High level (15+) service risks</u>

- None

6	Legal Implications and Constitution References
6.1	Part 2B & Part 2C of the Constitution outline the "Terms of reference and delegation of duties to Committees and Joint arrangements", including for the Governance, Audit, Risk Management and Standards (GARMS) Committee which specify the following powers and duties relating to risk management: To monitor the effective development and operation of risk management in the council.

7	Consultation
7.1	None

8	Equalities and Diversity
8.1	The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been given to:

    a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act
    b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
    c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

8.3 In order to assist in meeting the Public Sector Equality Duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups.

8.4 This is set out in the council's Equalities Policy, which can be found on the website at: https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity

9	Background Papers
9.1	None