Governance, Audit, Risk Management and Standards (GARMS) Committee

Title	**Quarterly risk report (Q1 2023/24)**
Date of meeting	16 October 2023
Report of	Chief Executive
Wards	All
Status	Public
Urgent	No
Appendices	Appendix A – Strategic risks Appendix B – High level (15+) risks
Officer Contact Details	Alaine Clarke, Head of Programmes, Performance and Risk alaine.clarke@barnet.gov.uk

Summary

This report provides an overview of risk for the latest quarter, focusing on the council's strategic risks and high level (15+) risks. These risks were reviewed in Quarter 1 (Q1) 2023/24 by risk owners/managers and the Directorates Senior Leadership Teams before undergoing a "check and challenge" by the corporate risk team and final review by the Council Management Team. They are presented here for noting.

Recommendations

1. **That the Committee note the status of the council's strategic risks and high level (15+) 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. All strategic risks 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 (as a minimum) to ensure they remain relevant and the controls/mitigations in place to manage the risks remain effective.

1.2   This report provides an overview of risk for the latest quarter, focusing on the council's strategic risks and high level (15+) risks. The risks were reviewed in Quarter 1 (Q1) 2023/24 by risk owners/managers and the Directorates Senior Leadership Teams before undergoing a "check and challenge" by the corporate risk team and final review by the Council Management Team (CMT). They are presented here for noting.[1]

Actions from last meeting

1.3   At the last meeting of GARMS on 24 July 2023, the committee asked whether CMT should consider if there needs to be a strategic risk on returning services from Capita. This was discussed at CMT on 1 August 2023 and it was agreed that any risk relating to returning services (resourcing, vacancies, impact on service delivery etc) should be considered at service level. As such, a new risk relating to the Enforcement teams was identified on the Assurance risk register (see extract below) for Q1:

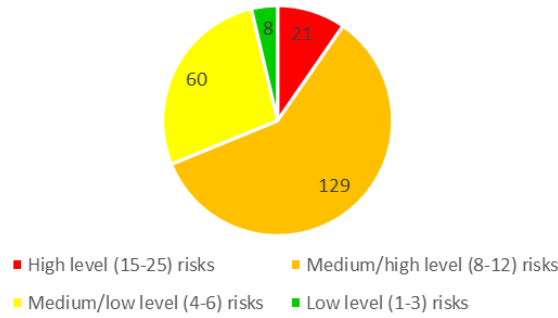| Risk ID and title	ASS026 - Statutory duties not fully completed by Barnet Enforcement Teams
Description	The Enforcement teams that transferred back to Barnet on 1 April 2023 not fully complying with all statutory duties could lead to Barnet failing to fully protect citizens against a range of public health, safety and wellbeing risks resulting in incidents or environments that adversely affect the health, safety and wellbeing of residents, reputational and financial damage to the council.
Residual score	12 (Medium/high)
Controls/ mitigations	1. The range of Enforcement teams that have transferred into Assurance from RE continue to administer their work across the borough, utilising current resources and operating models. 2. Management and oversight of the teams is now provided by Assurance Directorate hierarchy (and in particular the AD for Enforcement and Community Safety). 3. Ongoing review of all current resources, processes, policies and daily operations to identify and act upon strengths, weaknesses, opportunities ant threats. 4. Service managers that have transferred in with the teams are transitioning service documentation and planning to align with those in use across Assurance and Barnet.
Treatment actions	A review is now underway and the outputs from this will identify any required or desired changes to the enforcement teams. The review will assess current resources and processes and produce recommendations that will be brought forward by the Executive Director for Assurance in due course.
Review summary	Teams transferred into Assurance on 1 April 2023. Work has been scoped and initiated on the review to fully embed the new teams into the Assurance Group. An interim Head of Service in Regulatory Services has been contracted to oversee work to review and assess current effectiveness of Enforcement teams.

1.4   No emerging risks to service delivery were identified in Customer & Place from the returning RE services (or subsequently CSG Estates which returned on 1 September 2023). Any additional financial risk in Q1 was captured at strategic level as part of the overall financial sustainability risk (STR017). This risk was scored at a 12 in Q1, but has since been revised to a 16 following further review in Q2. The Q2 risk review is due to be completed in October 2023 and will be reported to GARMS on 27 November 2023.
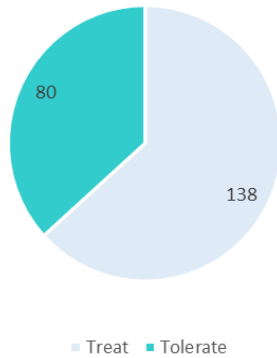
Overview of risks (Q1)

1.5   There were 218 open risks across the Directorate risk registers in Q1 (five less than in Q4; 14 risks were closed and nine new risks were identified). The open risks comprised of 24 strategic risks and 194 service risks (which included joint risks with our strategic contractors Capita, TBG and BELS). 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.
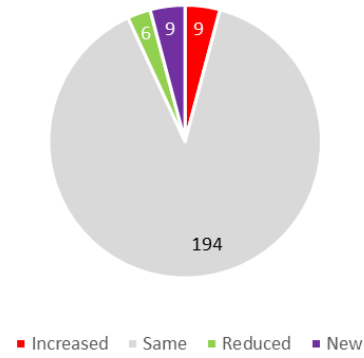
Risks by Residual Score (Q1)

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

Values shown: 8, 21, 60, 129

Risks by Response Option (Q1)

- Treat
- Tolerate

Values shown: 80, 138

Risks by Direction of Travel (Q1)

- Increased
- Same
- Reduced
- New

Values shown: 6, 9, 9, 194

1.6 The Directorate risk registers vary in size, 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 1: Risks by Directorate (Q1)

Directorate	No. of strategic risks	No. of service risks	Total no. of open risks
Adults	3	26 (2 closed)	29
Assurance	2	19 (5 closed; 2 new)	21
Children's	2	45 (2 new)	47
Customer & Place	5	82 (4 closed; 2 new)	87
Public Health	2	3 (1 new)[2]	5
Strategy & Resources	10 (1 closed; 1 new)	19	29
Total	**24**	**194**	**218**

1.7 In accordance with the Risk Management Framework, risks were assigned to one of six categories (see table 2) 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 2: Risk categories

Category	Example

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[2] One service risk was counted as open in Q4 that should have been marked as closed (PH001)

Business continuity	i.e. risk of disruption to service or conduct of council business
Statutory duty	i.e. risk of breach of legal obligations
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

1.8 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.
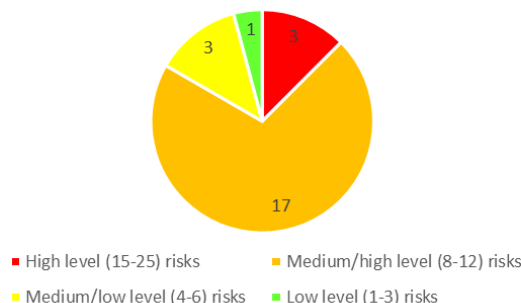
1.9 Risks with a residual score of 15+ were marked as high level (RAG rated Red). This is the level of residual risk the council is prepared to tolerate before action is considered necessary to reduce it (known as the "risk appetite").

1.10 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.
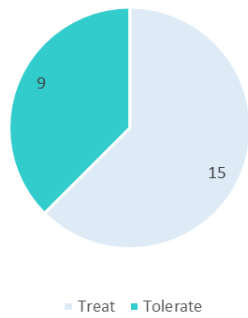
Strategic risks (Q1)

1.11 There were 24 strategic risks in Q1 (same as Q4), which can be viewed in Appendix A. An overview of the strategic risks can be seen in the following pie charts.
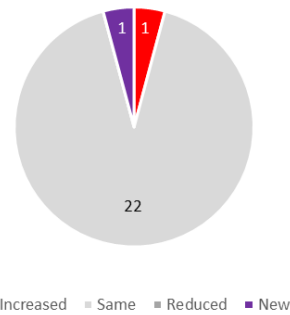

Strategic Risks by Residual Score (Q1)

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

Strategic Risks by Response Option (Q1)

Treat — Tolerate

Strategic Risks by Direction of Travel (Q1)

Increased — Same — Reduced — New

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

Table 3: Strategic risks

Category	Total no. of open risks	No. of strategic risks	No. of high level (15+) strategic risks
Business continuity	35	5	1
Statutory duty	79	8	0
Finance	73	7	1
Health and safety	13	1	0
Information governance	6	0	0
Staffing and culture	12	3	1
Total	**218**	**24**	**3**

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

Business continuity

1.14 A cyber attack (STR013) could lead to the council being unable to operate resulting in widescale disruption and financial cost. The controls/mitigations include regular meetings to manage the contract/relationship with Capita; mandatory training for staff on information management/ cyber security; audits on remote working; and business continuity plans. In Q1, the IT service continued to add additional controls via training, technical and processes. This included using a suite of PowerBI reports monitoring and flagging worldwide activity of Barnet users and rogue actors, as well as communications to staff around registering working from abroad.

Finance

1.15 Affordability of the capital programme (STR028) continued to be challenged by economic conditions. The controls/mitigations include project cost plans assuming a high rate of inflation; gateway checks on continued project viability; using methods of construction with reduced likelihood of cost inflation; monitoring CIL receipts through CIL/S106 Board; and building risk allowance into CIL allocations. In Q1, the risk was increased back up to 20 (from 16) due to there being less projected capital available to deliver the council's ambitions. In addition, costs and labour shortages remained issues.

1.16 Revenue overspend (STR017) was scored at 12 in Q1 (reviewed on 20 June 2023) but has since been increased to 16 in the Q2 review (1 September 2023) as the council is forecasting a revenue overspend of £23m for 2023/24. Rising demand for services continues to be a financial challenge for the authority, against a backdrop of rising costs faced by care sector providers. Officers are focusing on the key financial risks via the monthly monitoring process

and the introduction of a Financial Sustainability Board. Opportunities for additional income realisation and cost mitigation are also being explored, alongside possible efficiencies identified via the Transformation Strategy. The controls/mitigations include monthly budget monitoring for both capital and revenue expenditure, a robust budget setting process validating savings, income generation and forecast pressures, engaging with colleagues across London and nationally, sectoral experts and keeping informed from media and annual scenario planning as part of the MTFS and identification of the key variables, both nationally (such as market fragility for adults and children's placements) and locally (such as delivery of housing numbers to meet modelled increases in Council Tax base).
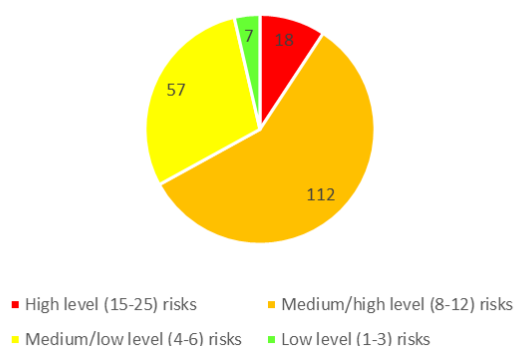
Staffing and culture

1.17 Difficulties recruiting/retaining staff in specialist areas (STR023) continued to be mitigated through improved recruitment processes; flexible working patterns; use of recruitment and retention payments for hard to fill posts; and focused recruitment campaigns e.g. for Children's social care workers. In Q1, the Leave Purchase Scheme continued to be embedded.
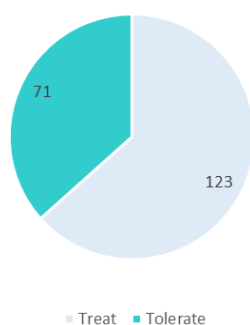
Service risks (Q1)

1.18 There were 194 service risks in Q1 (five less than Q4). An overview of the service risks can be seen in the following pie charts.
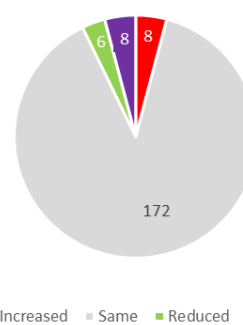
Service Risks by Residual Score (Q1)

- 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 (Q1)

- Treat
- Tolerate

Service Risks by Direction of Travel (Q1)

- Increased
- Same
- Reduced
- New

High level service risks (Q1)

1.19 In addition to the three high level (15+) strategic risks, there were 18 high level (15+) service risks (two less than Q4). All the high level (15+) risks can be found in Appendix B.

Table 4: Service risks

Category	Total no. of open risks	No. of service risks	No. of high level (15+) service risks
Business continuity	35	30	3
Statutory duty	79	71	9
Finance	73	66	4
Health and safety	13	12	0
Information governance	6	6	1
Staffing and culture	12	9	1
Total	**218**	**194**	**18**

1.20 Summary information on the 18 high level (15+) **service risks** (by category) is provided below.

Business continuity

1.21 In Street Scene, confirmation was received from Harrow that the salt storage requirement (C&P055) would be in place for the coming winter season.

1.22 In Commercial, it had been recommended that HR Core Admin return to the council from Capita by August 2023 to ensure the implementation timescales for Oracle remained on track (C&P082). The matter was raised at the Oracle Programme Steering Board to progress. The latest position is for this risk to be closed, as the Oracle Programme is now driving commercial decisions. The timeline for the Oracle Programme will determine the timing for the transfer of HR Core Admin rather than the other way round. Fortnightly meetings regarding the transfer of services are being held with Capita.

1.23 In IT, cyber security mitigations (CSG003) continued with the implementation of website monitoring (Imperva), the ongoing implementation of complex security controls as recommended by Microsoft through the E5 license security stack, a suite of PowerBI reports monitoring worldwide activity of Barnet users and rogue actors and implementation of the Microsoft Sentinel event monitoring tool.

Statutory duty / Information governance

1.23 In Adult Social Care, pressures on the health and social care system and social care market continued to create budget challenges (AD001). A range of actions were in place to manage spend, including senior sign off of high cost packages, negotiation of rates (including block contracts), quick reviews of people following discharge from hospital to ensure a proportionate level of care as people recover, use of equipment and technology wherever suitable and maximising the benefits of enablement services. A new provider was appointed for community equipment (AD017). However, a backlog of existing referrals meant a challenging transition.

1.24 In Children's Services, the reduced demand for school reception places in September 2023 along with longer-term projections for 600 reception pupils less by 2026 (20 forms of entry) increased the risk on school budget pressures (ES025), which could impact funds for school effectiveness and improvement. The team will be looking at the longer-term strategy going forward to mitigate the impact. The potential strain on SEN transport (ES033) continued to be monitored. The new Transport User Group will be co-producing a new SEND transport policy for consultation when the new Department for Education home school transport guidance is published.

1.25 In Highways, selective vegetation was cleared and water filled barriers installed at Barnet Hill - A1000 (C&P096) to prevent vehicle overrun. The council's design engineers were commissioned to develop an interim drainage solution to deflect water from discharging straight down the bank whilst a more detailed longer-term solution was developed. In addition, vibration surveys were received ahead of targeted design work being developed for Barnet's roads (C&P097). In the interim, targeted patching and selective resurfacing was being completed.

1.26 In Housing, the high-rise sprinkler retro-fit programme was completed, with works on the medium and low-rise programme commencing (TBG002). This included investigation of specific types of timber framed houses following a significant fire involving a terrace of four houses in Finchley in June 2023. Consultation with residents on options for the Large Panel Systems (LPS) schemes commenced and a business case will be presented to Cabinet in November 2023. Good progress was being made against the Damp and Mould Action Plan as reported to Cabinet in June 2023. In the private rented sector (C&P086), resources continued to be focused on the highest risk cases. Resource gaps due to staff departures/retirements were being filled on an interim basis whilst permanent recruitment will be undertaken as part of service re-organisation in November 2023.

1.27 In Assurance, work was completed on the audit actions due for completion in Q4 (ASS018). 63% of actions due by 31 March 2023 were confirmed as implemented. The target of 90% was not achieved in any of the quarters in 2022/23. Although performance in the final quarter did improve compared to the previous quarters. Further reminders were sent to staff to complete mandatory training (ASS004) to comply with data protection legislation and the submission for the Annual Data Security and Protection Toolkit Assessment was completed ahead of the extended deadline of June 2023.

Staffing and culture

1.28 In Highways, recruitment to vacant posts (C&P089) continued with some success. A new Design Manager started and offers were accepted for the Highways Manager and Member Liaison Officer posts. The service continued to actively recruit for engineering and other technical roles.

Finance

1.29 The Barnet Group continued to see an increase in demand for temporary accommodation (TBG001) compounded by the cost of living crisis; along with the continued reduction in available supply of Private Rental Sector (PRS) properties, this has created challenges in finding suitable affordable accommodation for those who need it. The purchase of 249 homes at Colindale Gardens (approved by Cabinet in June 2023) will provide additional affordable housing supply at social rents to alleviate homelessness cost pressures in 2023/24. High build cost inflation and interest rate increases continued to place pressure on contractors delivering new build schemes on fixed cost design and build contracts (TBG006), increasing the risk of contractors failing or additional cost claims; as a result, the frequency of contractor financial checks was increased to annual.

1.30 At Brent Cross, agreement was reached with the station contractor on a settlement agreement that brings more cost certainty to the station final outturn (C&P002). Commercial discussions remained ongoing with Network Rail on disputed items for the rail systems account; and with the Department for Transport and train operating company, Govia

	Thameslink Railway, on amending the station maintenance responsibilities to simplify the funding arrangement.
1.31	In Parking, budget implications continued to be monitored; whilst new base income forecasting tools were being developed by Finance (C&P038).

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 Overview and Scrutiny Committee and Cabinet as part of the Quarter 1 (Q1) 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 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 (12) • STR017 Revenue overspend (12) • 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, increased from 15)
5.3	Finance - High level (15+) service risks • TBG001 Increased demand for temporary accommodation (16) • TBG006 New build and development (16, increased from 12) • C&P002 Affordability of BXC (15) • C&P038 Variations to budget for parking (16)
5.4	Staffing and culture – Strategic risks • STR016 Staff wellbeing and mental health (9) • STR023 Recruitment and retention (16) • STR026 Embedding the new administration's priorities (3)
5.5	Staffing and culture – High level (15+) service risks • RE006 People attrition (15)

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