

# Agenda Item 12

## Committee: Standards and General Purposes Committee

Date: 9 November 2017

Wards: All

### Subject: Progress Report on Risk Management

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison, Deputy Leader of the Council and Cabinet Member for Finance

Contact officer: Zoe Church, Head of Business Planning, 020 8545 3451

---

#### Recommendations:

- A. That the Standards and General Purposes Committee reviews the adequacy of the risk management framework and the associated control environment
  - B. To consider the Key Strategic Risks and Issues faced by the council, and determine whether these are being actively managed
- 

#### 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide a progress report on risk management within Merton, including details of the Key Strategic Risks (KSRs) faced by the council.
- 1.2 The risk management strategy was revised by the Business Planning Team in early January 2017 taking account of recommendations made by the Corporate Risk Management Group on 11 January 2017. The strategy was then approved by Cabinet on 13 February 2017 and approved by Council on 1 March 2017 as part of the 2017-21 Business Plan. The current Risk Management Strategy is at Appendix I.
- 1.3 The procedure for identifying and monitoring risks is that each department manages their risks through their risk registers, and these are reviewed quarterly by DMTs. Any significant risks which may have a strategic impact are escalated by the Corporate Risk Management Group (CRMG) to CMT for inclusion on the Key Strategic Risk Register (KSRR) to ensure that risks which affect the council are being effectively monitored and managed.
- 1.4 Strategic oversight is provided by Cabinet and the Standards and General Purposes Committee.

#### 2 DETAILS

- 2.1. The risk management strategy emphasises the benefits of effective risk management, particularly in the context of budget savings. The strategy includes clear guidance for defining the likelihood and impact of risks, and the appropriate matrices for assessing these. This results in consistency across the council when it comes to scoring and monitoring risk. Where risks

which might affect the Council as a whole are concerned, the strategy clearly sets out the process for escalating risks onto the KSRR.

- 2.2. The procedure for managing risk is laid out clearly in the strategy. Departmental risks are reviewed quarterly by the relevant risk champions and DMTs, to ensure that they have been assessed accurately and in a manner consistent with risk assessment across the organisation.
- 2.3. Risks rated as High (Red) risks must be supported by an action plan to mitigate against the risk. Where possible, the risks are linked to an existing action plan such as a service or project plan, and up-to-date management commentary is supplied to demonstrate progress with mitigation actions.
- 2.4. CRMG meets quarterly within two weeks of the DMT risk review meetings, and subjects the departmental risk registers and the KSRR to thorough scrutiny and challenge. Proposed amendments to KSRs, including the addition or deletion of risks, are escalated to CMT via a quarterly risk report. Any urgent decisions regarding KSRs can be escalated to CMT via the monthly finance and performance report.
- 2.5. In accordance with the risk reporting cycle, the last quarterly review of the KSRR by DMTs took place during September 2017. These reviews were scrutinised at CRMG on 4 October 2017, and a report on the status of the KSRR was subsequently presented to CMT on 24 October 2017.
- 2.6. There are currently 18 Key Strategic Risks and Issues on the KSRR.
  - A Risk is defined as an event which may happen in the future
  - An Issue is something that is happening now.

There are 13 Key Strategic risks, of which three are scored as red risks:

- KSR21/IT24: Failure to adhere to Public Contract Regulations 2015 and Contract Standing Orders
- KSR61/RE16: Failure to deliver the multi-year Savings Programme
- KSR78/ASC06: Legal Challenge

There are five Key Strategic Issues on the KSRR, none of which are scored as red risks.

- 2.7. The latest KSRR, containing full details of all strategic risks and issues together with their associated action plans and management commentary, can be found at Appendix II.
- 2.8. Corporate Risk Management Group also reviews the level of insurance claims against the council on a quarterly basis. At its meeting on 4 October 2017, CRMG noted its expectation of a decrease in motor claims due to implementation of the Phase C contract, as well as the need to review tree maintenance, and also incorporate unoccupied buildings arrangements into the Insurance Strategy which is currently under review.
- 2.9. The next quarterly review of the departmental risk registers will be undertaken during December 2017, and the results will be scrutinised by CRMG in early January 2018 and included in the 2018/22 Business Plan.

- 2.10. Cabinet receives reports on the risk management strategy in order to determine whether corporate risks are being actively managed. Cabinet is also responsible for agreeing the risk management strategy on an annual basis. The Standards and General Purposes Committee provides an independent oversight of the adequacy of the risk management framework and the associated control environment; and must be satisfied that the council's strategic risks are being actively managed.
- 2.11. The risk management strategy is included within the dedicated risk management pages on the Intranet, and informs and underpins all risk management processes. The risk management pages on the intranet have been reviewed and all information is up to date. All departmental risk registers and the KSRR are published on the intranet, along with guidance and information to assist officers who are responsible for managing and monitoring risks.
- 2.12. All internal audit report recommendations are reviewed by the departmental risk champions to ensure all relevant risk issues are addressed, supporting the internal control process.

### **3 ALTERNATIVE OPTIONS**

- 3.1. Not applicable.

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. The Corporate Risk Management Group contributed to consultations for the revision of the Risk Management Strategy which is attached at Appendix I. CRMG and CMT will be consulted on the annual revision of the Risk Management Strategy to be undertaken in January 2018.

### **5 TIMETABLE**

- 5.1. Not applicable.

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. Improved risk management can potentially benefit all these areas.

### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. Risk management is a requirement of regulation 4(a) (iii) of the Accounts and Audit Regulations 2015.
- 7.2. Responses to FOI and other statutory enquiries relating to the Council's risks are based upon the published Key Strategic Risk Register within the Council's annual Business Plan. Should departmental risk registers form the subject of FOIs, these are redacted as and when appropriate.

### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. There is a specific key strategic risk on equalities, KSR 53 - Failure to comply with equalities duties, currently rated as an Amber issue.

### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. There are no key strategic risks with specific crime and disorder implications.

### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Risk management issues are detailed in this report. There is currently one key strategic risk relating to the health and safety of staff and customers:
- KSR 35 – Safeguarding children, currently rated as an Amber risk

**11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- Appendix I – Risk Management Strategy (January 2017)
- Appendix II - Key Strategic Risk Register

**12 BACKGROUND PAPERS**

- 12.1. Relevant papers held within the Resources Division



# London Borough of Merton

## Risk Management Strategy

Revised January 2016, and Reviewed January 2017

## **Policy Statement**

Merton's policy is to manage our risks by identifying, assessing and controlling them, with the aim of eliminating or reducing them to acceptable levels whilst being mindful that some risks will always exist and will never be eliminated.

The council recognises its responsibility to risk management by supporting a structured, systematic and focussed approach to risk management through the approval of our risk management strategy.

The effective management of risk is at the core of our approach to delivering cost effective and efficient services as well as sound corporate governance and is a continuous and evolving process, running through our strategies and service delivery arrangements. As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Minimise the council's exposure to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Assign clear roles and responsibilities for councillors and officers responsible for risk management
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

We will achieve this by:

- Having a clear and concise risk management strategy which underpins our approach and responsibilities to risk
- Incorporating risk management into business planning, project management and service delivery
- Monitoring risk on a regular basis through the Corporate Risk Management Group (CRMG)
- Reporting on risk on a regular basis to the Corporate Management Team (CMT), Cabinet and General Purposes Committee

## **Risk Management Strategy**

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face, we are better able to actively recognise where uncertainty surrounding events or outcomes exists, and identify measures which can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy provides a structured approach to identifying emerging risks as well as assessing and managing current risks. It also incorporates a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on an annual basis, and updated where required.

### **What is risk?**

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Our risk management processes also include the assessment of Issues. Issues are current problems, questions, outstanding items, tasks or a request that exists in the immediate present. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

### **Definition of Risk Management**

Organisations exist to achieve their ambitions, aims and objectives. Risk Management is the process by which organisations methodically address and identify the risks that may prevent them from achieving these ambitions, aims and objectives. The intention is to achieve sustained benefit within each of their activities, and across the portfolio of all their activities.

Ultimately, risk management is about creating a better understanding of the most important problems facing organisations.

Risk is also implicit in the decisions all organisations take; how those decisions are taken will affect how successful they are in achieving their objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly significant in times of change. Risk management therefore is a key component in the management of change and helps to support effective decision making.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are also placed on the Key Strategic Risk Register (KSRR).

### **The benefits of risk management**

In addition to the business and service benefits of our approach, we are required to undertake risk management because it forms part of the Annual Governance Statement. We must, therefore, demonstrate that we have a systematic strategy, framework and process for managing risk.

However, the council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include:

- Stronger ability to achieve our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in our ability to adapt to change
- Improvement in our corporate governance
- Compliance with statutory and regulatory requirements

### **Organisational awareness of risk and risk management**

Ensuring that there is a strong organisational awareness of risk management will be achieved through training sessions, reviews, departmental meetings, briefings and staff bulletins which will take place on a regular basis. Each department has an assigned Risk Champion who will offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to proactively identify and manage risk ie the Risk Management Toolkit and other guidance.

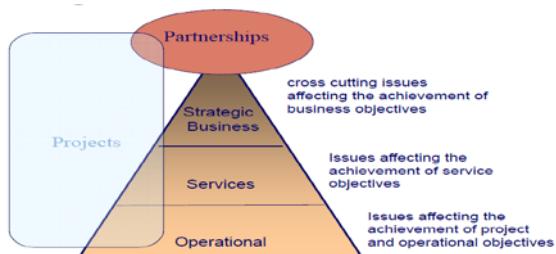
### **Risk Appetite**

The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an “informed and cautious” approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

### **How does risk management integrate with other policies?**

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.



## Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

## Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

## Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed, and then reviewed on a regular basis.

## Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

### Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

### **Scoring Risk**

In conjunction with this strategy, more detailed guidance will be issued to assist officers in identifying risks and issues, and the scoring, managing and reporting of those risks identified.

When determining a score for service level risks, definitions of likelihood and impact of risk (Service Level) should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

### **Defining the Likelihood of Risk**

<b>Classification</b>	<b>Definition</b>
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time

### **Defining the Impact of Risk (Service Level)**

<b>Categories</b>	<b>1 Marginal</b>	<b>2 Significant</b>	<b>3 Critical</b>	<b>4 Catastrophic</b>
<b>Financial Impact - FI</b>	Up to 15% gross budget or turnover	Over 15% and up to 50% of gross budget or turnover	Over 50% and up to 75% of gross budget or turnover	Over 75% of gross budget or turnover
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

## Risk Matrix

		Likelihood							Impact	
		6	6	12	18	24			4	= Catastrophic
Likelihood	6	= Very High	5	= High	4	= Significant	3	= Possible	2	= Low
	5		4		8		12		16	
	4		3		6		9		12	
	3		2		4		6		8	
	2		1		2		3		4	
	1			<th>1</th> <td></td> <th>2</th> <td></td> <th>3</th> <td></td>	1		2		3	
		<th></th> <td><th>1</th><td></td><th>2</th><td></td><th>3</th><td></td></td>		<th>1</th> <td></td> <th>2</th> <td></td> <th>3</th> <td></td>	1		2		3	

### Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be rescored using the Defining the Impact of Risk (corporate level) criteria below, prior to inclusion on the Key Strategic Risk Register.

### Defining the Impact of Risk (Corporate Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
Financial Impact - FI	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £30m one off
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

## **Monitoring and Managing**

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

<b>1<sup>st</sup> week</b>	<b>2<sup>nd</sup> week</b>	<b>4<sup>th</sup> week</b>
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

There are no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. Removal of any risks from the registers must be approved by DMTs and then CRMG. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so that those with an assurance role can be confident that mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

## **Roles, Responsibilities and Governance**

### **Councillors**

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

### **Chief Executive and CMT**

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT will take a leading role in the risk management process, ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture.

CMT will submit an annual report on risk to the General Purposes Committee and Cabinet.

### **Directors**

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

### **Section 151 Officer / Internal Audit**

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. The section 151 officer will chair the CRMG group.

### **Risk Champions**

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

### **Service Managers**

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about risk so that appropriate mitigation actions and control measures can be agreed.

## **Risk Owners**

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an acceptable level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

## **Individual Employees**

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

## **Business Planning team**

The business planning team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages remain up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc. as required.

## **Corporate Risk Management Group**

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

## **Cabinet**

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

**Standards and General Purposes Committee**

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

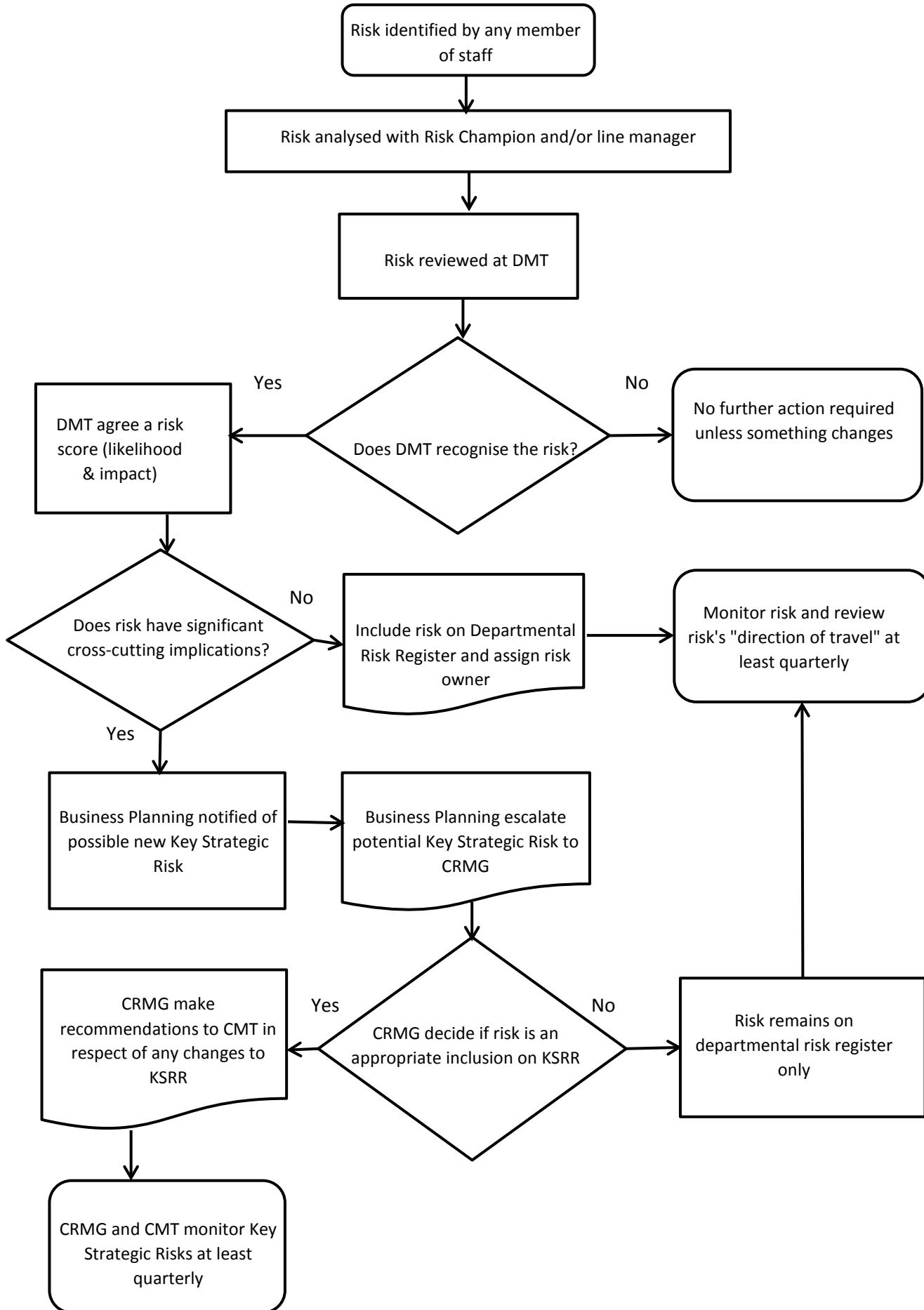
On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

**Risk management in committee reports**

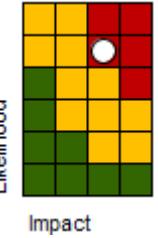
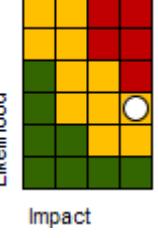
When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).

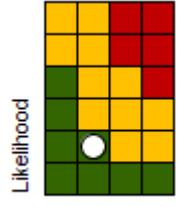
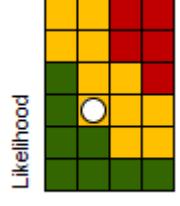
Report authors are advised to consult with the Business Planning team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

## London Borough of Merton Risk Management Process

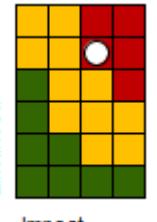
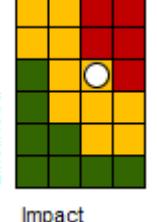


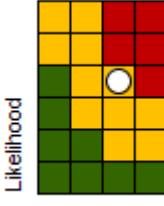
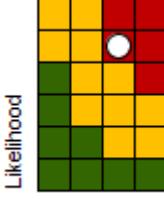
## Key Strategic Risks ~ September 2017 Review

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Jenny Rees	ASC06 / KSR78 Legal challenge	Key Strategic Risk	Decisions by staff, such as where an individual is placed, being challenged by carers through legal processes. The likelihood of challenges are likely to increase due to budget pressures and changes to service provision.	Can increase costs of placements and prevent other developments as well as taking staff time attracting legal costs	 <b>Likelihood</b> <b>Impact</b>	15  15  12  		<p>This is being monitored and reviewed via management processes. As a result of a previous legal challenge, steps have been taken to ensure that our agreements and processes are more robust and able to withstand legal scrutiny.</p> <p>The following measures have also been implemented:</p> <ul style="list-style-type: none"> <li>Outcomes Panel set up.</li> <li>Legal advice can only be sought following agreement by Service Managers. The expectation is that Team Managers will look up issues by referring to Care Act statutory guidance.</li> <li>Monthly meetings between ASC Managers and Legal are now taking place to enable group learning and advice to take place.</li> <li>The ASC Learning Programme has specific events for promoting legal literacy and specific legal topics such as eligibility under the Care Act and NRPF.</li> <li>Pam Clarke will be keeping a tracker of legal cases across ASC and this list will be taken to DMT.</li> </ul>	19 Oct 2017
Gemma Blunt	ASC21 / KSR77 Deprivation of Liberty Safeguards (DOLS)	Key Strategic Risk	A recent court ruling widens the criteria for people that can be defined as being subject to a DoL,	Government have not made any additional resources available for this new burden, so there is a cost pressure in relation to the cost of health assessments. Current levels of trained staff to conduct assessments and	 <b>Likelihood</b> <b>Impact</b>	12  12  12  12 		<p>Merton is prioritising work in accordance with the ADASS framework, which means that those most in need of this safeguard receive it in a timely manner.</p> <p>A paper will be going to CMT on 28 November with regard to the DOLS process.</p>	19 Oct 2017

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
				reassessments are not adequate to cope with the additional workload, resulting in the potential of challenge if clients have been detained unlawfully. This affects all authorities with social care responsibilities and Merton is not out of kilter with other authorities' positions.					
Sophie Ellis  Page 132	BI18 / KSR68 Inability to deliver TOM's across the organisation	Key Strategic Risk	Inadequate delivery planning for TOM's across the organisation. Unanticipated changes in delivery context, including additional financial reductions.	Ambition set out in TOM is not achieved.	Likelihood  Impact	4 ✓ 12-Sep-2017 4 ✓ 13-Jun-2017 4 ✓ 16-Mar-2017 6 ▲ 19-Dec-2016	O	Routine reporting to MIB by departments in place.	13 Jun 2017
Kris Witherington	BI39 / KSR74 Failure to consult in general (formerly CS17/KSR74)	Key Strategic Risk	Failure to adequately consult over changes to Council services and policies, and/or the design and implementation of projects etc	Inadequate consultation carries the risk of increasingly robust scrutiny and challenge, including Judicial Reviews.	Likelihood  Impact	6 ▲ 15-Sep-2017 6 ▲ 13-Jun-2017 6 ▲ 16-Mar-2017 6 ▲ 19-Dec-2016	R, FI	The standards expected for consultation are described in the Community Engagement Strategy ("Get Involved") which was agreed by the Merton Partnership in 2010 and refreshed in 2014. All Council consultations should be listed on the Council's online consultation database, having been approved by the Consultation and Community Engagement Team. Support for services is available including training around the need for consultation, design, and legal obligations.  We will be reviewing the standards set out in the Community Engagement Strategy to make sure it complies with current best practice and providing a briefing for staff on the LGA New Conversations, their guide on consulting communities.	15 Sep 2017

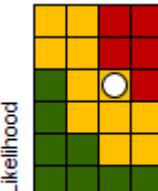
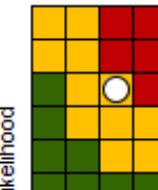
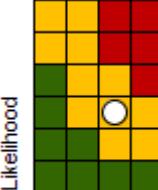
Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Yvette Stanley	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	Potential for less effective inter-agency working. Changing expectations & updated regulatory framework. Ongoing budget pressures across all agencies could undermine Merton Model.	Child protection & safeguarding issues including possible child death or serious harm. Possible increase for high cost interventions.	Likelihood Impact	12 29-Sep-2017 12 03-Jul-2017 12 31-Mar-2017 12 21-Dec-2016	R	LSCB Business Plan & refreshed CYPP. Reconstituted CYP partnership board. Strengthened MSCB governance. Undertaken refresh of the Merton CYP and Family Wellbeing Model. Ongoing rigour in conversations with partner agencies and third sector to improve understanding and responsibility of safeguarding. Launched consultation on CSC Practice Model. Agencies signed up to Signs of Safety and Think Family, planning next steps including post Ofsted action plan.	29 Sep 2017
Charles Baker; Graeme Kane	ER112 / KSR73 Waste disposal overarching risk (sub risks ER 113 to ER 117)	Key Strategic Risk	1. Increase in waste disposal costs 2. Increase of waste to landfill 3. Construction work at Beddington Lane Sub-risks ER113 to ER117 provide additional detail to this overarching risk	1. Increased costs for waste disposal 2. Operational difficulties 3. Performance may be affected (more landfill, less recycling and more missed bins) 4. Political fallout	Likelihood Impact	8 19-Sep-2017 8 27-Jun-2017 8 29-Mar-2017 12 13-Mar-2017	F/I/R/O	The sub risks are being removed and adjusted where required. This one is reviewed on a regular basis to see if there are any changes to be made.	19 Sep 2017
Paul McGarry; James McGinlay	ER118 / KSR75 Impact of Crossrail 2	Key Strategic Risk	Impact on councils income, commercial activity in Wimbledon Town centre and Weir Road	1. Financial impact on council and services 2. Economic impact on Wimbledon Town Centre and the borough (potential loss of businesses and jobs) 3. Council reputation	Likelihood Impact	12 19-Sep-2017 12 27-Jun-2017 12 13-Mar-2017 12 09-Dec-2016	F/I	Awaiting Treasury information with further consultation due in the Autumn.	19 Sep 2017
Mark Humphries	IT03 /KSR48 IT Systems	Key Strategic Risk	Major disruption in the civic centre causing 6th floor data centre to become unusable	IT failure leading to unavailability of IT services impacting on organisational service delivery.	Likelihood Impact	12 04-Sep-2017 12 06-Jun-2017 12 09-Mar-2017 12 06-Dec-2016	SP	Report on recommended remedial works being drafted for consideration by CMT, and preparations for full test of DR arrangements on programme for completion in December 2017.	04 Sep 2017

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Caroline Holland; Mark Humphries	IT24 / KSR21 Failure to adhere to Public Contract Regulations 2015 and Contract Standing Orders (previously RE03)	Key Strategic Risk	Lack of awareness in some areas that procurement is a tightly regulated area of council activity.	Impact on strategy and time for procurement exercises. Adverse budget and service implications if not carried out correctly in accordance with regulations and standing orders such as legal challenges and slower identification, capture and delivery of savings. Reputational risk.	 Likelihood Impact	15  22-Sep-2017 12  04-Sep-2017 15  26-Jun-2017 12  07-Jun-2017	R	Contract Standing Orders have been approved by the Standards and General Purposes Committee before going on to full council in November 2017. However until new operating procedures, staff training and guidance have been implemented there still remains a significant risk.	19 Oct 2017
Page 134	Caroline Holland	Key Strategic Risk	Failure to review investment strategy and investment management arrangement within appropriate timescales resulting in failure to improve performance of investments.	Investment mandates incompatible with incumbent fund managers to the detriment of the Fund. Fund may fail to meet its investment and funding objectives in the short to medium term.	 Likelihood Impact	12  15-Sep-2017 12  15-Sep-2017 12  14-Jun-2017 12  06-Apr-2017	F1, R	Work collaboratively with the London CIV, other London Boroughs, LB Merton incumbent fund managers and JLT to implement the new LB Merton Pension Fund investment strategy in 2017/18. Ensure regular meetings and discussions are held to initiate manager procurement via the CIV in June/July 2017 for Private Debt and Multi Asset Credit. At the same time, Officers and JLT will be evaluating the CIV's other offering for suitability for our investment strategy. Monitor the CIV's procurement timetable and act appropriately in the Fund's interest.  Following officers/JLT meetings with the incumbent managers in July 2017, significant progress has been made in scoping the structure of mandates.  The CIV offer a diverse range of active Global Equity products so the Pension Fund active Equity mandate(s) could be implemented via the CIV.  Passive Equity and Real Estate can be implemented with UBS, BlackRock or LGIM (or a	02 Oct 2017

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
								combination of these managers). As for illiquids (Private Credit, Infrastructure and Multi Asset Credit), good progress has been made with the CIV initiating action on the more liquid end of the spectrum (Bond/Multi Asset Credit). However, the CIV is aiming to launch the more illiquid products in May 2018. This is inconsistent with officers' implementation timeframe and therefore, are actively exploring partnership opportunities with other London Boroughs including Wandsworth and Ealing with the aim of appointing manager(s) before 31st March 2018.	
Page 13 Joe Church; Caroline Holland	RE02 / KSR49 Developing corporate Business Plan & setting a balanced budget for 17/21 & beyond	Key Strategic Risk	Reduced budgets may impact negatively on service delivery levels	Impact on service provision, reputation, staff morale & internal & external customers satisfaction	Likelihood  Impact	12  14-Sep-2017 12  15-Jun-2017 12  22-Mar-2017 15  05-Dec-2016	F1	Savings targets have been raised as additional information has become available. A Budget report has been submitted to September 2017 Cabinet. No change to risk rating.	04 Oct 2017
Caroline Holland	RE16 / KSR61 Failure to deliver the multi-year Savings Programme	Key Strategic Risk	Savings of £30m have been agreed for the period 2016/17 to 2019/20, the period of budget decisions required by this council.	Non achievement of any significant saving would adversely impact on the authorities ability to balance its budget in the medium to long term if larger than the contingency and could require reserves to be reinstated.	Likelihood  Impact	15  15-Sep-2017 15  08-Jun-2017 15  30-Mar-2017 15  31-Jan-2017	F	The monthly monitoring report is forecasting a shortfall in 17/18 savings of £1.7m (approx. 20% of the savings target). The projected overspend in 17/18 is £1.4m so the delivery of these savings is critical to balance the budget. Delivery of savings will continue to be monitored and reported which will include the impact on 18/19.	15 Sep 2017

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments	
Corporate Management Team	RE20 / KSR76 Inability to respond effectively to post-Brexit changes	Key Strategic Risk	Inefficient response to the inevitable changes brought about by Brexit ie inability to demonstrate flexibility, organisational resilience, or ability to capitalise on potential opportunities.	Inadequate budget management and planning in a period of rapid change, negative impact upon service delivery across all areas of the council's work, failure to identify and respond to positive opportunities arising from Brexit.		8	15-Sep-2017	FI, R, P, SD	Officers are monitoring the evolving political and economic environment following Thursday 8th June general election which produced a hung parliament and any potential impact on Brexit negotiations.	14 Jun 2017
						8	14-Jun-2017			
						8	15-Mar-2017			
						8	19-Dec-2016			

## Key Strategic Issues ~ September 2017 Review

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Yvette Stanley	CSF04 / KSR55 Changing Borough Demographics	Key Strategic Issue	Increases in both the total population in the borough, including in particular families with young children, & also in the mix of the population with respect to ethnicity, disability & deprivation.	Additional demand for services for children with special educational needs & disabilities, as well as pressure for growth in children's social care & child protection interventions including support for families with no recourse to public funds.	Likelihood Impact 	12  29-Sep-2017 12  03-Jul-2017 12  31-Mar-2017 12  26-Jan-2017	O	CSF Service Plans identify current control measures, these include reviewing and strengthening the eligibility criteria, step up step down process and consistently managing demand. The SENDIS Improvement plan continues regularly reviewed and updated with clear actions set out to strengthen the service delivery. Interim Head of Service maintained to ensure CWD stability and improvement and transfer from Education Division to CSC Division.	03 Jul 2017
Jane McSherry	CSF05 / KSR34 School places	Key Strategic Issue	We are expecting 200-250 additional admissions applications for pupils to start secondary school in September 2018	With only 150 spare places in our current year 7; these being at schools to the far west and east of the borough where there is less demand, if extra provision is not provided it is likely the council will not meet its duty to provide sufficient school places in Sept 2018	Likelihood Impact 	12  20-Oct-2017 9  03-Jul-2017 9  31-Mar-2017 9  21-Dec-2016	R	Opening of Harris Academy Wimbledon (Free School) from September 2018. However, this opening is at risk. If, following a review in early 2018 it is deemed opening is not possible and the Education and Skills Funding Agency defer the opening of the school alternative plans for additional school places would need to be implemented, which would be reviewed again to ensure there is demand after secondary school admissions offer day on 1 March 2018.	20 Oct 2017
Children, Schools & Families	CSF06 / KSR56 CS&F funding changes, budget savings & resource management	Key Strategic Issue	Continued uncertainty regarding changes to funding regimes & external grants, & concurrent additional statutory duties & demographic pressures. Move to national funding formula for DSG expected from 2017/18 onwards, & the impact of maintained schools becoming academies through to 2022. Insufficient funding for new burdens: C&F Act; NRTPF; Leaving Care. Requirement to make significant savings over next 3-4 years. Need to balance competing & increasing demands at time of contracting resources & extensive change.	Impact on ability to provide statutory services, possibility of undermining the Merton Model, causing additional spend pressures in targeted services. Low staff morale, difficulties in managing the impact of the Workforce Management Strategy. Time & effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work.	Likelihood Impact 	9  29-Sep-2017 9  03-Jul-2017 9  31-Mar-2017 9  31-Jan-2017	F1	Monitor Government proposals, consultation response & implications fed into budget & MTFS. Budget savings identified & analysed for impact including equality assessments, TOM & Service Planning work. All CSF Divisional Service Plans, School Improvement Strategy, NRTPF Working Group Strategy Plan, and Children and Family Act Implementation Plan. NRTPF demand management plan in place. TOMS and MTFS savings all progressing. Budgeted growth agreed for 2017/18 and future years in MTFS.	29 Sep 2017

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments																
Yvette Stanley	CSF09 / KSR62 Recommission -ing Early Intervention and Prevention (Partnership)	Key Strategic Issue	Likely reduction in contracting with local third sector leads to reputational & political risk.	Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements.	<table border="1"> <tr><td>Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Medium-Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Medium-High</td><td>Medium-High</td><td>Medium-High</td><td>High</td></tr> </table>	Low	Medium-Low	Medium-High	High	Low	Medium-Low	Medium-High	High	Medium-Low	Medium-Low	Medium-High	High	Medium-High	Medium-High	Medium-High	High	10  29-Sep-2017 10  03-Jul-2017 10  31-Mar-2017 10  21-Dec-2016	R	Ongoing engagement with sector re: reductions in commissioning budgets. Current procurement exercise for residual commissioned services for 2017-20 advertised widely to local sector and contracts awarded.	21 Jul 2017
Low	Medium-Low	Medium-High	High																						
Low	Medium-Low	Medium-High	High																						
Medium-Low	Medium-Low	Medium-High	High																						
Medium-High	Medium-High	Medium-High	High																						
John Dimmer; Yvette Stanley	RE11 / KSR53 Failure to comply with equalities duties	Key Strategic Issue	Failure to evidence how equalities implications have been considered in developing new policy, designing services & decision making	Reputational impact for council, risk of judicial review & litigation, negative impact on service users and loss of savings.	<table border="1"> <tr><td>Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Medium-Low</td><td>Medium-Low</td><td>Medium-High</td><td>High</td></tr> <tr><td>Medium-High</td><td>Medium-High</td><td>Medium-High</td><td>High</td></tr> </table>	Low	Medium-Low	Medium-High	High	Low	Medium-Low	Medium-High	High	Medium-Low	Medium-Low	Medium-High	High	Medium-High	Medium-High	Medium-High	High	9  14-Sep-2017 9  14-Jun-2017 9  13-Mar-2017 9  16-Dec-2016	O/R/F/ SP	The Council adopted a new Equality Strategy on 12 April. There has been positive feedback from the voluntary sector and partners on the new Strategy and the approach taken. We have streamlined the strategy and more closely aligned it with Service Plans to assure delivery.	14 Jun 2017
Low	Medium-Low	Medium-High	High																						
Low	Medium-Low	Medium-High	High																						
Medium-Low	Medium-Low	Medium-High	High																						
Medium-High	Medium-High	Medium-High	High																						