

Committee: Standards and General Purposes Committee

Date: 9 November 2023

Wards:

Subject: Progress Report on Risk Management

Lead officer: Asad Mushtaq, Executive Director of Finance & Digital

Lead member: Councillor Billy Christie, Cabinet Member for Finance and Corporate Services

Contact officer: Zoe Church, Head of Financial Strategy and Capital, 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
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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 approved by Cabinet on 20th February 2023 and approved by Council on 1st March 2023 as part of the 2023/27 Business Plan.

The current Risk Management Strategy is at Appendix A.
- 1.3 All departments review their risks each quarter at their respective DMTs, followed by a review of all risks by the Corporate Risk Management Group (CRMG). The final report in the quarterly cycle is presented to CMT to review the risks that are on the Key Strategic Risk Register (KSRR); these are significant risks/issues, which may have a strategic impact on the council as a whole. (Attached as Appendix B)
- 1.4 Strategic oversight is provided annually by Cabinet, and assessment of governance arrangements are considered as part of the annual report to the Standards and General Purposes Committee.

2 DETAILS

- 2.1. Merton's risk management strategy emphasises the benefits and importance of having effective risk management and provides a concise and structured approach for managing our risks.

It includes clear guidance for defining the likelihood and impact of risks, in order to ensure a consistency in risk scores across the council. Our risks are scored using a Red, Amber or Green status, with scores ranging from one (Green) to a maximum of 24 (Red)

The strategy also includes the process for identifying and raising new risks, the removing of risks from our registers and for escalating any risks, which might affect the Council as a whole, onto the Key Strategic Risk Register (KSRR).

Guidance in relation to financial risk management, particularly in the context of budget setting and monitoring, is detailed in the strategy.

- 2.2. 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 and that effective Control Actions to mitigate the risk are in place and updated.

- 2.3. The Corporate Risk Management Group (CRMG) meets quarterly, within two weeks of the DMT risk review meetings, and subjects the departmental risk registers, the KSRR and risk registers for Pensions and Merton & Sutton Joint Cemetery Board, to a thorough scrutiny and challenge.

This includes reducing or increasing risk scores, where applicable, and ensuring that Control Actions are effective and current. CRMG also agrees the removal of any existing risks once they are no longer deemed to be a risk and the introduction of any new risks.

- 2.4. After each CRMG meeting details of all Key Strategic Risks and Issues, including proposed amendments such as increased or reduced scores and the addition of new or deletion of risks, are reported to CMT. Any urgent decisions regarding KSRs outside of this quarterly cycle can be escalated to CMT via the monthly financial monitoring report.

- 2.5. In accordance with the risk reporting cycle, the most recent quarterly review of departmental risks was undertaken by DMTs during September 2023, following which all risks were scrutinised at CRMG on 4 October 2023.

2.6. There are currently 7 Key Strategic Risks and 3 Key Strategic Issues on the KSRR.

- A Risk is defined as an event which might occur in the future
- An Issue is something which is happening now.

Of these Risks and Issues, four are scored as red:

- One red issue is scored at 18 (Likelihood: 6 Very High / Impact: 3 Serious):
 - RE16 / KSR61 Annual Savings Programme (Issue)
- Two red risks / issues are scored at 16 (Likelihood: 4 Significant / Impact: 4 Very Serious):
 - ER153/ KSR84 Implementation of the Climate Action Plan (risk)
 - IT30/ KSR83 Risk of Cyber attack on the Council's IT Infrastructure and Systems (risk)
- One red risk is scored at 15 (Likelihood: 5 Significant / Impact: 3 Very Serious):
 - RE02 / KSR49 Corporate Business Plan & Balanced Budget (risk)

2.7. The KSRR Q2, containing full details of all strategic risks and issues together with their associated Control Actions, can be found at Appendix B. The register details the steps/actions being undertaken to mitigate each risk/issue.

2.8. CRMG also reviews the level of insurance claims against the council on a quarterly basis. Cross-departmental efforts are discussed to try to resolve any identified issues.

2.9. The last report to Standards and General Purposes Committee was on 28 November 2022.

2.10. Zurich provided training on risk management to:

- Risk Champions on 5 July 2023, and
- Standards and General Purpose Members on 21 September 2023

2.11. The quarterly review of the departmental risk registers was undertaken throughout September 2023, and the results scrutinised by CRMG in early October 2023 and included in the 2024/28 Draft Business Plan. The proposed final Business Plan will be updated with January 2024 review information before being approved by February Cabinet and March Council.

- 2.12. Cabinet is responsible for agreeing the risk management strategy on an annual basis. The Standards and General Purposes Committee provides an annual 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.
- 2.13. The risk management strategy is included within the dedicated risk management pages on the Merton Hub, and informs and underpins all risk management processes. This includes a wide range of areas, including project management, procurement and savings delivery. The intranet also includes guidance and information to assist officers who are responsible for managing and monitoring risks.
- 2.14. 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. CRMG contributed to consultations for the revision of the Risk Management Strategy which is attached at Appendix B.

5 TIMETABLE

- 5.1. Not applicable.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Merton closely monitors its financial position providing regular updates to CMT, Cabinet, Scrutiny and Council.

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. With regards to responses to requests made under the Freedom of Information Act 2000 (FOIA) and other statutory enquiries relating to Council's risk these are based upon the published Key Strategic Risk Register within the Council's annual Business Plan. Requests in relation to disclosure of departmental risk registers under FOI (or under other legislation) will be responded to by the provision of the departmental registers but redacted as and where appropriate.

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

8.1. There is one specific Key Strategic issue around equalities that is contained within the body of the report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. There are no Key Strategic Risks which focus on specific crime and disorder implications.

10 HEALTH AND SAFETY IMPLICATIONS

10.1. There is one Key Strategic Risk with Health and Safety implications that is contained within the body of the report.

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

- Appendix A – Risk Management Strategy (January 2023)
- Appendix B - Key Strategic Risk Register (Status as at Q2, 2023/24)

12 BACKGROUND PAPERS

12.1. Relevant papers held within the Resources Division



London Borough of Merton

Risk Management Strategy

Revised January 2023

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 Standards 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 pro-actively identify and manage risk i.e., the Risk Management Toolkit and other guidance.

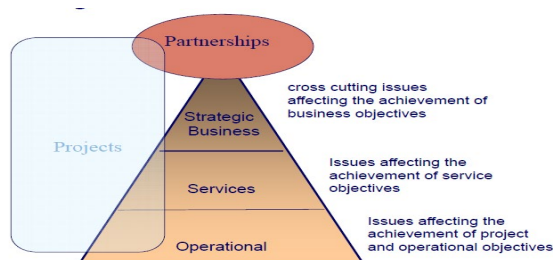
Risk Appetite

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.



Key Strategic Risks

These are the Council's most serious risks and tend to be either broad in impact whereby they have the potential to impact significantly on the capability, vitality, or success of the Authority as a whole or they are deep in impact, that is the effects of the risk event occurring are especially serious. The approach to corporate risks sets the context for decisions at other levels in the council. The number of corporate risks will vary depending on the Council's risk profile. However, generally corporate risks are the top ten to 15 most serious risks faced by the Council. A key strategic risk is likely to have one or more of the following characteristics: -

- Strategic and cross-cutting, with the potential to impact on a range of different areas or functions;
- Related to the Council's ability to successfully deliver one or more corporate objectives;
- Affects the outcomes sought from one of the Council's major programmes;
- Operates over the medium or long-term;
- The potential to impact negatively on the organisation's capacity, for example by limiting, reducing or failing to maximise financial or human resources;
- Linked to the organisation's ability to successfully deliver transformational change and major initiatives, while continuing with business as usual;
- Concerned with the wellbeing of residents, businesses and/or LBM staff; and may impact on the Council's reputation

Corporate risks are captured on the KSRR, which is owned by the Corporate Management Team (CMT) The KSRR is also presented to the Standards and General Purposes Committee meetings each year as this committee is responsible for monitoring the effective development and operation of risk management. Risks from the Departmental Risk Registers can be escalated here as part of the ongoing review process. The KSRR is reviewed on a regular basis.

Service Delivery / Operational Risks

These are risks that relate to the day-to-day delivery of Council services and could relate to a wide variety of different types or sources of risk. Key service risks should be recorded in the Departmental Risk Register. The risks should be owned by the relevant Head of Service (HoS) or Assistant Director and be reviewed on a regular, usually quarterly basis by Departmental Management Teams (DMTs).

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.

Financial Risk Management

Local government has faced unprecedented financial challenges in recent years that are likely to remain well into the next decade. The harsh financial economy faced by local authorities has led Central Government and the public sector accounting body CIPFA to start to consider how best to minimise the chance of further Section 114 notices being released and providing early warnings of authorities being unable to balance their budgets. Within Merton the following activity is already undertaken:

Budget Setting

- Financial pressures caused by demographic pressures in Special Educational Needs, Placements and Adult Social Care have been monitored closely – ongoing demands have received some additional funding
- Financial modelling within the Medium Term Financial Strategy and Capital has been developed
- Horizon spotting is used to improve response times to changes in Central Government funding.
- Financial Risk thresholds are kept under review
- Impact of Brexit and Covid

Budget Monitoring:

- All budgets are monitored monthly, and reviewed with outturn, current spend and commitments
- Monthly review of progress on delivery of savings with management action
- Monitoring resources are targeted at high-risk areas

Year End Accounting

- Reviewing closing issues to minimise the chance of the issues occurring again
- A greater emphasis on quality control of working papers
- More emphasis on reconciliation work within the financial year.

There is also a financial impact element to the authorities risk matrix which has been reviewed and simplified. Officers will continue to review activity and adopt best practice etc. where appropriate.

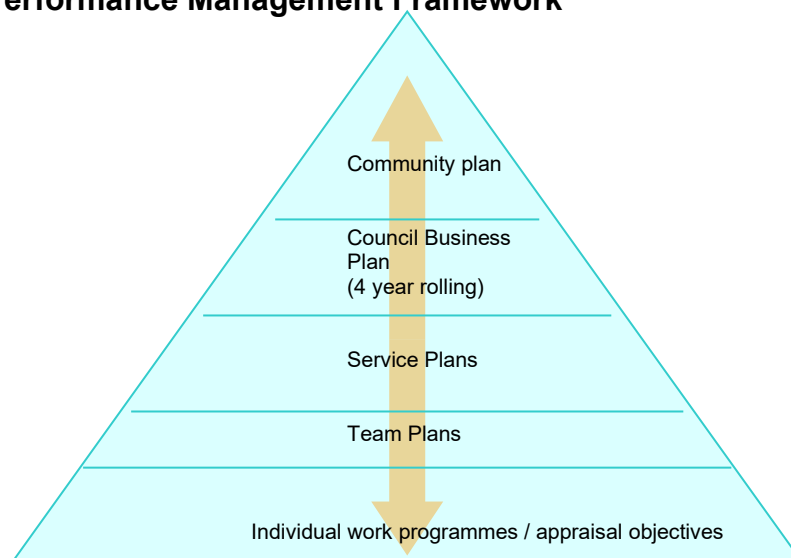
Corporate approach to risk management

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 Financial Strategy and Capital team.

Corporate Risks – corporate risks not contained on the KSRR are normally incorporated into either the Innovation and Change or Financial and Digital Directorates (previously Corporate Services) where and appropriate risk owner will be identified.

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

When determining a score for service level risks, definitions of likelihood and impact of risk 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, serious, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

Definition of the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur over 50% of the time
4 - Significant	Occurs or likely to occur over a 25% of the time
3 - Possible	Occurs or likely to occur less than a 25% of the time
2 - Low	Occurs or likely to occur less than 5% of the time
1 - Almost Impossible	Occurs or likely to occur less than 1% of the time

Definition of the Impact of Risk

Categories	1 - Marginal	2 – Moderate	3 - Serious	4 - Very serious
Financial Impact – FI	£100k - £500k per annum	£500k - £1m per annum	£1m - £5m per annum	Over £5m per annum
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

Risk Matrix

Likelihood	6	6	12	18	24	Likelihood 6. Very high 5. High 4. Significant 3. Possible 2. Low 1. Almost impossible	Impact 4. Very Serious 3. Serious 2. Moderate 1. Marginal
	5	5	10	15	20		
	4	4	8	12	16		
	3	3	6	9	12		
	2	2	4	6	8		
	1	1	2	3	4		
		1	2	3	4		
			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 included in Key Strategic Risk Register, which contains risks which could have a detrimental impact across the whole organisation should they occur.

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.

Quarterly (1 st Week)	Quarterly (2 nd Week)	Quarterly (4 th Week)	Annually	Annually
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	The Strategy is presented to Cabinet (Feb) and Council (March) for Review and Approval as part of the Budget Process	Standards and General Purposes Committee- provide independent oversight of the adequacy of the risk management framework and KSR's

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.

Removal of any risks from the registers must be approved by DMTs and CRMG prior to being presented to CMT. CRMG will only approve removal of a risk if it is scored green for a minimum of two consecutive reporting cycles (i.e., two quarters). There are otherwise no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. 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 those with an assurance role can be confident 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. They are responsible for reviewing the Key Strategic risks. 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 a annual report on the key strategic risks to the Standards and General Purposes Committee and an annual report to Cabinet.

Executive Directors

Each Executive 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 department. They will be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Executive Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Department. Alongside their DMT colleagues they monitor their Risk Registers on a regular, usually quarterly basis.

Executive Directors will:

- Work with their departmental management team to scan the horizon, put in place early warning mechanisms, and to take an overview of risk within their department
- Use information about risks to inform decisions, develop strategy and implement policy
- Champion and embed proactive, enabling and robust risk management practices within their department, in line with the risk management strategy
- Review and monitor risk appetite for their department
- Lead strategies to address corporate risks within their department
- Ensure risk registers are held for any major programmes and projects
- Assign responsibility for managing and controlling specific risks
- Serve as the primary link between risks emerging at the department level and the key strategic risk register, cascading risks up and action down
- Monitor the implementation and efficacy of risk management within their department

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. The section 151 officer will chair the CRMG group.

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. Internal Audit will: -

- Use risk assessments to inform its annual audit plan;
- Carry out risk-based audits, evaluating controls and providing an opinion of levels of assurance; carry out audits to test the suitability and implementation of the risk management framework; and
- Make recommendations for improving risk management practices

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 Department and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their department 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.

Programme and Project Sponsors and Managers

Programme and Project Sponsors and Managers are responsible for the development and review of the Project and Programme Risk Registers. They will:

- Embed risk management, in line with the Council's risk management framework, within the programme/project lifecycle to support project definition, approval, change control, decision making and delivery
- Agree risk appetite within the programme/project and the overall approach for managing and escalating risk
- Maintain a programme/project risk register and an overview of total risk exposure
- Align risks with programme/project objectives and outcomes
- Assign clear accountabilities for risk, including risk owners and risk action owners
- Put in place early warning mechanisms
- Communicate clearly risks to stakeholders and relevant governance boards, and ensure risk is comprehensively covered in project documentation, escalate risks to directors and senior managers where appropriate, and if the overall risk exposure or a specific risk is particularly serious, to the Key Strategic Risk Register
- Seek out expertise to help effectively identify and control risks
- Maintain records of historic and current risk registers forming an effective audit trail.

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.

Service managers will:-

- Manage operational risk and the risks associated with policy implementation in accordance with the risk management framework;
 - Escalate serious risks to the department and corporate levels as appropriate, as well as advise when operational risk may impact on project delivery;
 - Take account of risk management issues when setting staff performance target
- 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 discussing risk to support the identification of risks at an early stage and ensure that appropriate mitigation actions and control measures can be put in place.

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 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.

Risk owners will:-

- Seek out relevant expertise to help in the assessment of risk and appropriate control measures
- Review and report on the proximity and status of assigned risks
- Escalate risks to the department or corporate level as and when necessary
- Identify risk action owners for implementing control measures and ensure that they put in place actions to control risks, drawing on the advice of relevant experts; monitor risk and control measures and feedback on the progress in implementing controls and their efficacy.

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.

All staff should

- Understand the Council's approach to risk management
- Make active and effective use of risk management
- Escalate risks to the project, department or corporate level as appropriate
- Provide feedback on the usefulness of the risk management framework.

Financial Strategy and Capital Team

The financial strategy and capital 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 guidance and intranet pages remain up to date and relevant,
- Maintain and administer the Key Strategic risk register and support the Corporate Management Team in ensuring it is comprehensive and accurate
- Keep abreast of best practice and draw on Internal Audit recommendations to review and coordinate improvements to the risk management framework;
- Communicate and promote the risk management framework,
- Be available to provide support to those undertaking risk management;
- Promote, integrate and reinforce risk management within other disciplines, in particular project governance and management and decision making

In addition, the financial strategy and capital 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, Standards and General Purposes 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

The Standards and General Purposes Committee is responsible for monitoring the effective development and operation of risk management. Its role is to provide an independent oversight of the adequacy of the risk management framework and the associated control environment. Annual reports will 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

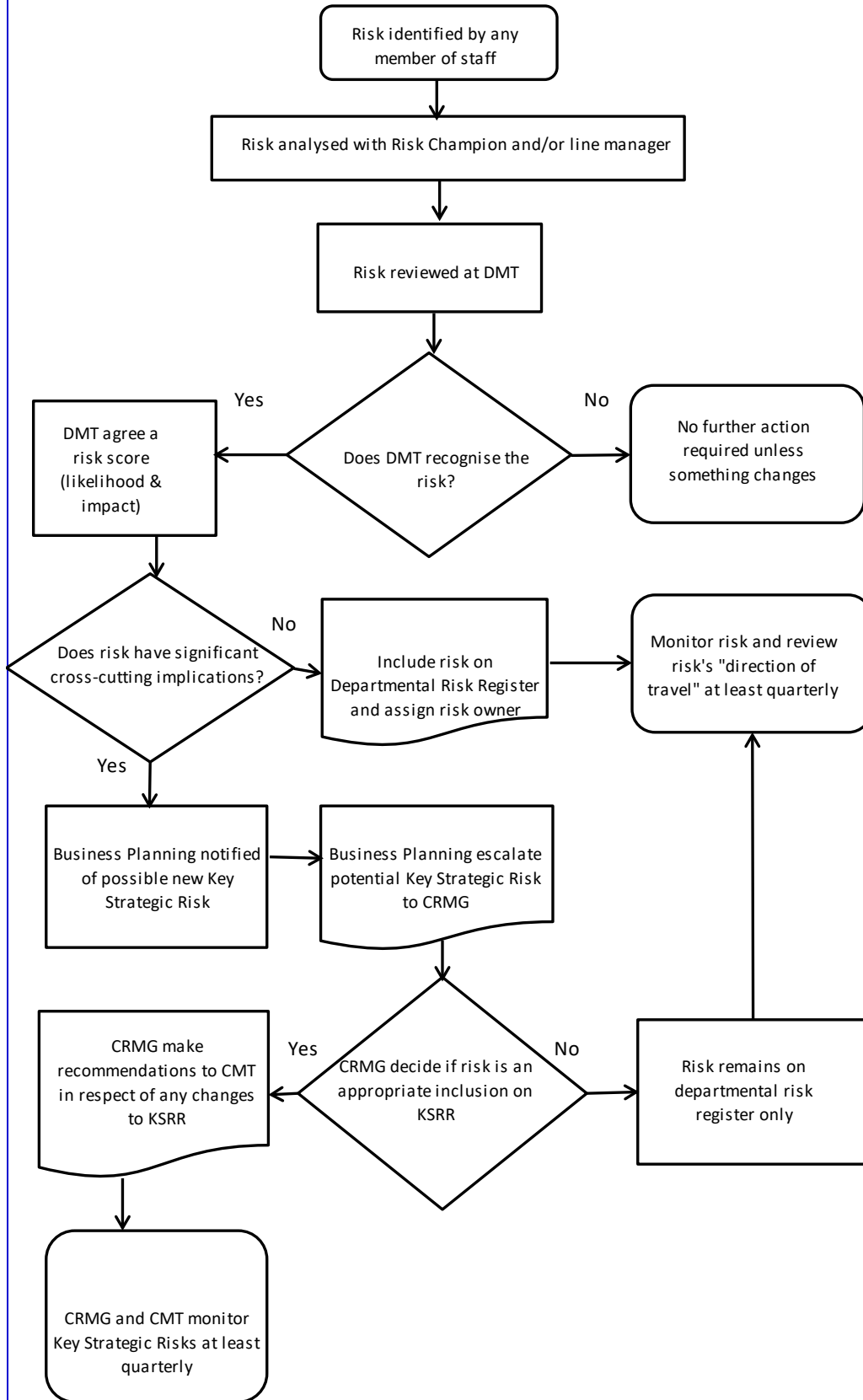
When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course 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 Financial Strategy and Capital team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

Risk Management Practice during Extraordinary Events

It is envisaged that the velocity of change during such an occurrence (i.e. Covid) will require the authority to maintain a separate risks and issues register to ensure an adaptable, flexible and frequent review to accurately track the movement of items. During these periods an additional risk log will be established, where by managers submit and update their risks directly via a secured, interactive shared portal (currently SharePoint). This information will then be reviewed and amended appropriately by senior management, DMTs, CMT and Members.

London Borough of Merton Risk Management Process

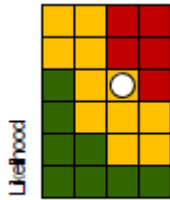





Risk Register ~ Key Strategic Risks

Appendix B

Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
CG05 / KSR79 Data Protection Compliance	Key Strategic Risk	We may fail to comply with the requirements of Data Protection legislation	- inappropriate processing, use, retention, access or inaccuracy of data - staff insufficiently aware of requirements of Act and other legislation	Harm to service users, through breach of privacy (could result in physical harm); loss of services; damage to reputation; financial impact on council through ICO fines; key stakeholders lose confidence & may not share data with the council	FI & R		12 04-Sep-2023	FOI/SARS response rate is improving largely due to weekly reports being sent to EDs re: o/s ones.	05 Sep 2023
							12 02-Jun-2023		
ER153/ KSR84 Implementation of the Climate Action Plan	Key Strategic Risk	Merton's Climate Action Plan is prepared by FutureMerton, but the delivery of the Council's climate objectives sits with every team, particularly services with buildings and vehicles specific to their service. The risks associated with the delivery of the climate action plan should remain a corporate risk as the mitigation measures are council-wide.	Due to the complexities and uncertainties of achieving decarbonisation, there are a number of potential causes: (a) National policy framework is uncondusive to local action (either through an ineffective policy framework of through lack of finance) (b) Lack of robust evidence/ expertise to assess greenhouse gas emissions and track progress (c) The estimated costs of implementing the actions are very high or very uncertain (d) Lack of control over the majority of emissions and therefore a reliance on behaviour change of Merton's residence and businesses (e) Lack of commitment/ resources of key Officers in all departments who would need to commit to actions and subsequently implement them	Failure to get an action plan which was fit for purpose may result in Merton not playing its part in mitigating the dangerous effects of climate change – as set out in the declaration of a climate emergency that was unanimously passed at Council. It would also mean not delivering against commitments set out in the (revised) Climate Change Act and the Mayor's 1.5 degree compatible climate action plan. This may result in a loss of public confidence and reputation damage for Merton council.	FI/ R		16 18-Sep-2023	Recruitment of retrofit officers was successful, but a new vacancy has emerged and the team are recruiting.	18 Sep 2023
							16 29-Jun-2023		
							12 15-Mar-2023	Dapian/IAR software for online DPIAs and the IAR- contract entered into and training being arranged. The current IAR is in the best shape it has been for some time.	
							12 09-Dec-2022	ARM redaction procurement still ongoing Audit finalised report on Sharepoint and recommendations have been made. Score rating is the same for the moment	
							16 21-Mar-2023	Despite full funding and posts and recruitment the following posts to deliver the climate plan remain vacant (outside future Merton): • Facilities Management buildings surveyor post. • Fleet management carbon reduction post	

Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
IT30/ KSR83 Risk of Cyber attack on the Council's IT Infrastructure and Systems	Key Strategic Risk		Cyber attack	Financial, Reputational, Loss of Service – All of these areas would potentially be very severely impacted and affected.	R		16 17-Jul-2023	<p>The Council has invested in new technology to counter the threat of a cyber security attack, and any subsequent potential loss of data and services.</p> <p>However, the general level of risk continues to increase globally, with regular attacks on both commercial and government sectors alike.</p> <p>In April 2023 the LGA completed an external review of our cyber security arrangements and a summary report containing a number of recommendations was presented to CMT.</p> <p>Officers have developed an action plan to address the recommendations that has been signed off by CMT, together with approval for additional resources to complete the works and further develop the Councils current processes and procedures.</p>	31 Oct 2023
							16 02-Jun-2023		
							16 08-Mar-2023		
							16 02-Dec-2022		
KSR92 Safeguarding of children and vulnerable adults	Key Strategic Risk	<p>Failure to implement Safeguarding good practises and procedures or insufficient allocation of resources results in an avoidable safeguarding incident leading to serious injury or loss of life.</p> <p>Impact includes significant legal,</p>	<p>Serious failing in safeguarding duties, practice and procedures resulting in harm to a child / children or vulnerable people. A notable, high profile or systemic safeguarding incident or Local Child Safeguarding Practise Review that draws significant reputational harm to the borough</p> <p>Systemic failings in safeguarding duties under the relevant legislation relating to children and vulnerable adults.</p>	<p>Serious incidents of harm/abuse of children or vulnerable adults, including deaths or multiple deaths.</p> <p>Reputational damage to LBM.</p> <p>Risk of legal challenge and significant associated costs.</p> <p>Secretary of State intervention</p>	R		8 18-Sep-2023	<p>Robust supervision, regular review of performance information and audit processes in place to ensure effective safeguarding practice.</p> <p>Continued robust implementation of, and compliance with the London Safeguarding Children Procedures and Practice Guidance and for vulnerable adults the London Multi-Agency Safeguarding Policy and Procedures.</p>	18 Sep 2023
							8 18-Sep-2023		
							8 18-Sep-2023		
							8 16-Feb-2023		

Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
		regulatory and reputational consequences for the Council, risk of external intervention and impact on workforce recruitment and retention. High Cost of recovery.	Rising demand and/or workforce shortages relating to referral routes (MASH, Children Social Care) or to services managing Safeguarding enquiries and investigations. Failure of referral routes and/or failure by partners to identify risk and refer accordingly.	OFSTED / CQC intervention Cost of recovery action. Increasing placement costs. Impact on service delivery models and pathways.				Robust Independent Chairing and support arrangements for Children's and Adults Safeguarding Boards Recruitment of additional resource at times of acute demand increases	
Page 237 KSR93 Housing Supply	Key Strategic Risk	Lack of Housing Supply combined with increasing issues of affordability in respect of existing housing stock impacts on the Council's abilities to meet its statutory duties; to achieve the administration's priority ambitions for the borough; and to recruit and retain staff.	Increased Demand via Housing Register, Homeless Applications and Rough Sleepers Lack of turnover of existing social housing tenancies Lack of new build (across all tenure types) Increased competition in private rented market Rising house prices and rents 'price out' an increasing proportion of the population.	Increasing number of households in Temporary Accommodation, including accommodation outside of the borough, and associated General Fund costs.	R, SP		12  28-Sep-2023	Asset review carried out to identify opportunity to deliver 400 new council homes, and first 4 sites are being progressed through a partnership with L&Q. Continuing work with key developers to bring forward larger housing sites, as identified in the Local Plan. The pre application pipeline for these is still strong, but there is a general slow down in the market, so we need to ensure planning and policy encourages developers to invest in Merton.	28 Sep 2023
				Threat of legal challenge			12  24-Aug-2023		
				Increased use of B&B for families for longer than 6 weeks resulting in legal challenge and/or scrutiny from Govt Reputational risk and increasing resident dissatisfaction. Increased numbers of rough sleepers Inability of Council to deliver on administration priority ambitions. Inability to provide a longer term solution for refugees and asylum seekers looking to settle			12  16-Feb-2023		

Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
				<p>in the borough, which impacts on the Council's ability to maintain credibility as a Borough of Sanctuary.</p> <p>Reducing attractiveness as an employer of choice.</p>					
KSR94 Waste Services Change of Delivery Model & Mobilisation	Key Strategic Risk	Waste Collection Retendering and implementation of the new service may be affected due to the lack of market providers, and this may have the potential to impact street cleansing service mobilisation.	The Authority is tendering its Waste Collection Service the new contract is due to commence on 1st April 2025, this is at the similar timing of three neighbouring boroughs, which has the risk of causing pressure in the marketplace.	<p>There are two primary risks to this process:</p> <ul style="list-style-type: none"> • There are limited or no suitable bidders for the service • The bids submitted for the service are considerably higher than budget provision 	FI & R		<p>9 22-Sep-2023</p>	If there were insufficient interest or bidding was too high the service could be taken back in house – given the lead in time for the contract this would be possible and would be in-line with the return of street cleansing services	22 Sep 2023
RE02 / KSR49 Corporate Business Plan & Balanced Budget	Key Strategic Risk	We may fail to develop a corporate Business Plan & set a balanced budget for 23/24 & beyond	<ul style="list-style-type: none"> - Reduction in Government Grant - possible ongoing effect of COVID; - high level of inflation and utilities costs - ensuring DSG deficit is cleared 	<ul style="list-style-type: none"> - negative impact on service provision - damage to council reputation - negative impact on staff morale - dissatisfaction of internal & external customers 	FI		<p>15 05-Sep-2023</p> <p>12 16-Jun-2023</p> <p>12 20-Mar-2023</p> <p>12 20-Jan-2023</p>	<p>Increase in Likelihood risk to 5 leading to overall risk score of 15.</p> <p>A marked increase in forecast overspend in 2023/24 due to inflation, including potential pay award which has an ongoing effect and service demand costs, plus an indication that this will result in growth pressures in 2024/25 and beyond</p>	05 Sep 2023

Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
CPI41 / KSR53 Equalities duties	Key Strategic Issue	We may be in breach of Equalities legislation regarding new policy development, designing services and decision making (formerly RE11)	- insufficient evidence to demonstrate how equalities implications have been considered	- reputational impact for council - risk of judicial review & litigation - negative impact on service users - loss of savings.	R		12 05-Sep-2023	Draft Equality, Diversity and Inclusion Strategy out to consultation and scheduled to be adopted by Cabinet in November 2023. EIA template and guidance review initiated. No new control measures required.	05 Sep 2023
							12 02-Jun-2023		
							12 17-Mar-2023		
							9 19-Dec-2022		
HR07/ KSR91 *NEW* Recruitment and Retention of Staff	Key Strategic Issue	Difficulty recruiting and retaining staff	It is a candidate led market at the moment and all organisations are struggling to recruit. Candidates are also looking for high levels of flexibility from their employers. Unemployment rates are very low and there are more jobs being advertised than people available	Inability to attract and retain good quality candidates/staff. Service delivery could be affected	SP - Service Provision		12 04-Sep-2023	In addition to the January update we are also bringing temporary and permanent recruitment together under a temporary Head of Talent and Resourcing.	04 Sep 2023
							12 02-Jun-2023		
							12 13-Mar-2023		
							12 19-Jan-2023		
RE16 / KSR61 Annual Savings Programme	Key Strategic Issue	Failure to deliver the savings that have been built into the MTFS	We are unable to achieve some of our planned savings due to the changing financial and economic environment facing the Council and its residents.	- we are currently delivering approx. 57% of our 22/23 savings - adverse impact on the authority's ability to balance its budget in the medium to long term - gap is larger than the contingency - we are required to reinstate reserves	FI		18 04-Sep-2023	Detailed focus via CMT and Cabinet on the delivery of savings together with mitigations for those that are proving challenging. Regular review via monthly Budget Monitoring reporting to CMT (quarterly reports to Cabinet), Govt returns etc. Budget Managers will be asked to review options if income situation continuing Ensuring speedy distribution of Govt grants to those most affected. Routine monitoring of impacted staff. Remote working. Enhanced Budget Monitoring	04 Sep 2023
							18 02-Jun-2023		
							18 08-Mar-2023		
							18 09-Dec-2022		

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