	Audit & Standards Advisory Committee 25 September 2025
	Report from the Corporate Director of Finance and Resources
	Lead Cabinet Member - Deputy Leader and Cabinet Member for Finance &Resources

Strategic Risk Report

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Appendix 1 – Strategic Risk Register
Background Papers:	None
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1.0 Executive Summary

1.1. This report provides an update on the Council's Strategic Risks as of September 2025. The update has been prepared in consultation with risk leads and Directorate Leadership Teams and summarises the risks that are considered to be of an impact and/or likelihood of materialising, and which may have an adverse effect on the achievement of the Council's corporate objectives.

1.2. Since the previous update in March 2025, most risks have remained stable. However, one risk—relating to non-compliance with statutory housing duties—has shown an upward trend and has moved from a risk score of 10 to a score of 25.

1.3. No new risks have been added. While no risks have been closed, the two risks previously reported in relation to Climate Change (adaptations and net-zero) have been consolidated into a single overarching risk.

2.0   Recommendation(s)

2.1   The Committee is asked to note the report.

3.0   Detail

3.1   Contribution to Borough Plan Priorities & Strategic Context

3.1.1   Risk Management is a core element of the Council's corporate governance framework. The primary objective of risk management, as a process, is to identify, assess, manage and control potential events or situations that may prevent the achievement of objectives. The Council's approach to risk management, including the preparing of the Strategic Risk Report, is therefore closely linked and aligned to the Borough Plan priorities and forms an integral part of decision-making, business planning and performance management practices.

3.1.2   The overarching vision of the Risk Management Strategy is to assist the Council with achieving its Borough Plan priorities and objectives through the application of best practice risk management principles.

3.2   Background

3.2.1   The Strategic Risk Report, seen at **Appendix 1**, presents the Council's most significant risks which have the potential to significantly impact on the success of the Council as a whole. These risks are strategic, cross-cutting and have the potential to impact a range of different services or functions.

3.2.2   The Strategic Risk Report is owned collectively by the Council Management Team (CMT), with each risk assigned a Senior Responsible Officer. The report is provided via a 'bottom-up' provision of risks from services and departments, which are deemed to require consideration at the higher level. Additionally, risks are also input directly via CMT.

3.2.3   Internal Audit is responsible for working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate the review and update all strategic risks.

3.3   Strategic Risks - Overview

3.3.1   The Strategic Risk Report was last updated in March 2025. Since then, the Council has continued to operate in a heightened risk environment due to various external factors, and the scale of these risks, the full scale and magnitude of these risks should not be understated.

3.3.2   The Council's overall risk profile therefore continues to reflect this heightened risk environment, with twelve of the thirteen strategic risks sitting outside of their target risk score. However, to balance this, 11 risks are reporting a stable risk

trend with scores remaining consistent with those previously reported in September. Key highlights and themes include:

- **Risk A – Lack of Supply of Affordable Accommodation**

  The demand from homeless households remains high, with an average of 139 applications per week for Q1 of 2025-26. This level of demand, if sustained, would present a 10% increase on the total number of applications received in 2024-25.

  Affordability challenges continue to drive high demand, exacerbated by rising rents and a shrinking supply of accommodation in the Private Rented Sector (PRS). Increasingly, PRS landlords are evicting tenants and withdrawing from the market. This contraction in supply, combined with escalating rental costs, has significantly limited the service's ability to secure sufficient affordable PRS accommodation at Local Housing Allowance (LHA) rates to meet current demand.

  This remains one of the Council's highest score risk with a score of 25.

- **Risk B – Cost of Living Crisis**

  The cost-of-living crisis continues to affect Brent residents. In response, the Council remains committed to supporting those most in need, with a particular focus on approaches that empower individuals to improve their circumstances over the longer term. The impact in Brent is especially pronounced due to higher-than-average unemployment rates and comparatively low wages among those in work.

- **Risk H – Financial Resilience and Sustainability**

  This risk was escalated from a score of 15 to a score of 20 in September 2024 and has remained at this level within previous two updates.

  In February 2025, Full Council agreed the budget for 2025/26, based on a package of agreed savings, including amending the Council's Council Tax Support Scheme to require a greater contribution from all residents. This package of savings takes the total savings since 2010 to £238m (55% of the net revenue budget for 2025/26).

  Alongside developing the budget, the MTFS was extended to cover the three year period from 2026/27 to 2028/29. This is expected to cover a three-year local government finance settlement from 2026/27, due in the autumn. As a result of ongoing pressures, particularly on homelessness and temporary accommodation, a further budget gap across the three years of £30m was identified.

This budget gap exists amid significant uncertainty in local government finances, as a result of the ongoing Fair Funding Review, which the Government have recently consulted on.

- **Risk L – Non-compliance with Statutory Housing Duties**

  This risk has increased from a score of 10 previously, to the maximum score of 25.

  As landlord, the Council must comply with statutory health and safety duties covering Fire, Legionella, Asbestos, Gas, Electric and Lifts (FLAGEL). Failure to do so breaches consumer standards and risks sanctions from the Regulator of Social Housing (RSH). As previously reported to the Committee, in April 2025 the Council self-referred to the RSH over fire safety concerns. Subsequent reviews identified similar issues in water safety and asbestos. In May 2025, the RSH issued a regulatory judgement, grading the service C3 and citing serious failings, hence the increase in risk score.

3.3.3 No risks are currently showing a downward trend. However, two risks are reporting an upward trend:

- Risk L – Non-compliance with Statutory Housing Duties (as noted above); and
- Risk K – Risk of a serious incident or wider safeguarding concern involving a vulnerable adult. This score has been increased to align with Risk H – Risk of a serious child protection incident or wider safeguarding concern.

3.3.4 Seven risks currently sit within the upper/red section of the heat map:

- Risk A. Lack of Supply of Affordable Accommodation
- Risk B. Cost of Living Crisis
- Risk C. Increase in Dedicated Schools Grant High Needs Block Deficit
- Risk D. Risk to Community Cohesion
- Risk E. Climate and Ecological Emergency
- Risk G. Financial Resilience and Sustainability
- Risk L. Non-compliance with Statutory Housing Duties

3.4 **New/Closed Risks**

3.4.1 There have been no new risks added to this risk register since the last update. No risks has been closed or de-escalated to a departmental level since the previous iteration; however, the two risks previously reported in relation to Climate Change (adaptations and net-zero) have been consolidated into a single overarching risk.

3.6 Amendments to Risks

3.6.1 Amendments have been made to the individual risk scores of existing risks, as illustrated by the 'previous' and 'updated' risk score columns. Amendments have also been made to the detailed risk plans (section 4), where appropriate.

3.6.2 Target risk scores introduced in February 2023, reflect the risk score that the Council is working towards achieving or maintaining. There have been minor amendments to the target risk scores for risks: G: Financial Resilience and Sustainability; H. Risk of a serious child protection incident or wider safeguarding concerns; and K. Risk of a serious incident or wider safeguarding concern involving a vulnerable adult.

3.7 Action Plans

3.7.1 Each strategic risk is accompanied by a strengthened action plan, which includes a dedicated section tracking progress against previously identified actions and assigns clear ownership to promote accountability. The actions outlined are designed to reinforce existing controls and mitigation measures, with the aim of either reducing the risk to its target score or maintaining it at that level.

3.7.2 It is important to note that monitoring the completion of actions requires a longer-term view across multiple reporting cycles. Additionally, not all actions are discrete or time-bound; for example, "*Continue delivering the New Council Homes Programme to increase the supply of affordable homes*" reflects an ongoing commitment rather than a one-off task. As such, the Committee is encouraged to assess actions within the context of each specific risk, considering whether completed actions have meaningfully influenced the associated risk scores.

3.8 Departmental Risk Registers

3.8.1 All Council departments are responsible for maintaining their departmental risk registers to ensure that all operational risks are effectively managed, and to ensure that risks are escalated to the Strategic Risk Report, via CMT, where risk scores exceed agreed tolerances.

3.8.2 To this end, all departmental risk registers were reviewed and updated, as appropriate, prior to preparing the Strategic Risk Report. Internal Audit continues to liaise with all departments to provide risk management support and to assist with the updating of their risk registers. Internal Audit also comment on the completeness and reasonableness of the information provided and use the information within the risk registers to inform their annual and in-year audit planning processes. This helps to ensure that audit resource is effectively targeted at providing assurance on the highest risk areas.

3.9   Risk Management Strategy

3.9.1   The Council's [Risk Management Strategy](#) was subject to a comprehensive review and update in Summer 2023.This presented a significant revamp that seeks to outline the Council's approach to risk management, to support a robust and consistent process for managing risks and opportunities.

3.9.2   The strategy was updated to ensure that the Council's risk management arrangements remain fit for purpose, but also complement other elements of the Council's governance processes.

3.9.3   A key addition to the strategy was the articulation of a risk appetite statement. Risk appetite is typically defined as the amount and type of risk that an organisation is willing to take in pursuit of its objectives and is a key component of effective risk management. The Council's risk appetite statement seeks to recognise that delivering the Council's strategic objectives is not without risk and some risks may need to be tolerated in order to innovate and improve. Equally, it is acknowledged that there are some risks that the Council should take every effort in managing and mitigating. The risk appetite statement therefore seeks to strike a balance between the Council's responsibility for managing risks against a need to work flexibly in delivering our strategic ambitions. To this end, the risk appetite statement defines six types of risks that the Council will seek to avoid at all cost.

3.9.4   Due to the significance and importance of the statement, it is envisaged that this will be reviewed and refreshed at regular intervals, where necessary and independently to the overall strategy, to reflect changes in the Council's risk profile. To this end, there have been no changes made to the Council's risk appetite statement during this period.

3.10. Enhancing the Risk Management Framework

3.10.1 Over the last two years the Council has made a number of significant improvements to the Council's risk management framework, including:

- Developing and implementing a new Risk Management Strategy;
- Defining the Council's risk appetite;
- Improved impact and likelihood metrics;
- Introducing target risk scores;
- Enhancing the number and level of risks at a strategic level; and
- A more comprehensive approach to presenting the Strategic Risk Report.

3.10.2 As detailed above, as part of this iteration we have also enhanced the action plan to enable a more clear and transparent way of tacking actions to manage and mitigate risks.

3.10.3 It is however acknowledged that continuous improvement and enhancement is required to ensure that the Council's risk management framework and arrangements remain effective. To that end, two objectives and goals will guide future improvements:

1) Increased analysis and categorisation of departmental risks to provide more insight as to the full make up of the Council's risk profile.

2) To develop an integrated assurance plan to demonstrate a clearer link between assurance activities (by Internal Audit and other assurance providers) and the Strategic Risk Report.

4.0   Stakeholder and ward member consultation and engagement

4.1   None.

5.0   Financial Considerations

5.1   There are no specific financial implications arising from this report, other than those already set out within the report.

6.0   Legal Considerations

6.1   All Local Authorities are required to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015:

"A relevant authority must ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk."

7.0   Equality, Diversity & Inclusion (EDI) Considerations

7.1   None.

8.0   Climate Change and Environmental Considerations

8.1   None

9.0   Communication Considerations

9.1   None

Report sign off:

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