

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Corporate Risk Register
Meeting/Date:	Overview & Scrutiny Panel (Performance & Customers) – 1st February 2017 Cabinet – 9th February 2017
Executive Portfolio:	Executive Councillor for Strategic Resources, Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Wards affected:	All Wards

Executive Summary

This report provides Cabinet with details of the corporate risks faced by the Council and summarises operational risks as at 9 February 2017.

The risk register is reviewed frequently by Heads of Service to ensure that it remains fit for purpose and captures the significant risks to the achievement of the Council's objectives.

Since the Cabinet received the last report on risk management in July 2016, they have approved a new risk management strategy. The strategy broke the automatic link that existed between the Corporate/Operational risk levels and the 13 risk areas (the general headings against which risks were allocated). Senior Management Team have taken the opportunity to review the full risk register against the new risk management strategy. Four risks have been added and 52 risks removed, resulting in the total number of risks reducing from 114 to 66.

Corporate risks have reduced from 28 to 9. Operational risks have reduced from 86 to 57. Risk that have been omitted fall into the following categories.

36	Business as usual
3	Amalgamation of risks
13	Risk no longer exists or classified as significant

There are no very high residual risks at the current time.

It was explained to Cabinet in June, that future risk reports would be presented on a more regular basis and show risks by risk appetite category. Over the course of a municipal year this would allow Cabinet to review the whole register. Due to the large number of changes that have been made, it is felt appropriate that Cabinet have the opportunity to review all the changes that have been made along with the current Corporate risks.

Recommendation:

The Overview and Scrutiny Panel is invited to comment on the report.

The Cabinet is

RECOMMENDED

1. To note the changes made to the risk register since it was last considered in July 2016; and
2. Review and scrutinise the corporate risk register and then consider what, if any, further risks should be included in it.

1. PURPOSE OF THE REPORT

- 1.1 This report provides Cabinet with information about the risk register as at 9 January 2017 and the changes that have occurred since they considered the register in July 2016 (in respect of the register entries as at 24 May 2016).

2. BACKGROUND

- 2.1 The risk management strategy gives responsibility to the Cabinet for ensuring effective risk management procedures are in place across the Council.

3. ANALYSIS

- 3.1 Risks contained within the register are in the main identified by Heads of Service and Team Managers and reflect the risks associated with the delivery of the themes and aims contained in the Corporate Plan and individual Service Plans.

- 3.2 The total number of corporate and operational risks and their 'risk scores' (the sum of likelihood and impact) at both the inherent (without controls) and residual (with controls) levels are summarised in Appendix 1 and 2. The full corporate risk register is attached at Appendix 3.

- 3.3 Corporate risks are those that are likely to affect the medium to longer term priorities of the Council. Operational risks are those that are encountered in the day-to-day provision of services.

- 3.4 Cabinet approved a new risk management strategy in September 2016. The automatic link that existed between the Corporate/Operational risk levels and the 13 risk areas (the general headings against which risks were allocated) was removed. This meant that managers could assign risks freely to either risk level. Senior Management Team (SMT) have reviewed the full risk register against the new risk management strategy. This resulted in seven risk being moved from the Corporate to Operational level. One risk (No. 73) was also entered in both categories, but has now been classed as a Corporate risk.

- 3.5 Four risks have been added to the register. These are listed in Appendix 4 together with the 52 risks that have been closed. Risks have been closed by SMT members for a variety of reasons. For ease of reporting these have been categorised as either being considered as managed through normal day to day service activity so have become business as usual, amalgamated with other risks, or either determined to be no longer present or classified as being significant. Closed risks have been reviewed by the Internal Audit & Risk Manager and decisions challenged if necessary. Managers make the final decision as to the status of their risks.

- 3.6 In respect of corporate risks, there are three risks that exceed their risk appetite category target levels. In accordance with the risk management strategy further treatment of these risks is the responsibility of Corporate Management Team (CMT). The current risk levels have been tolerated.

No.	Risk	Target	Actual
		Risk Appetite level	
14	High levels of sickness absence affect the ability of the council to deliver the full range of services to meet targets	Low	Medium
141	The Council does not provide effective	Low/Med	High

No.	Risk	Target	Actual
		Risk Appetite level	
	community leadership and engagement opportunities leading to the reduced inclusion of key sections of the community.		
237	Fundamental changes in Government Policy could undermine Council's ability to enable new affordable homes to be built.	Med	High

3.7 There are 15 operational risks that exceed their risk appetite category levels. Responsibility for taking decisions on further treatment rests with individual Heads of Service or CMT collectively. The current risk levels have been tolerated.

Risk	Description	Risk category
15 58	IT security is breached Information Security Policy is not followed	Compliance & Regulation
17 57	A member of the public is injured Plant and equipment used by staff is not properly maintained	Health & Safety
147 168	Safeguarding procedures are inadequate Insurers unwilling to accept liability for historic claims	
186	Assets used by the public are not maintained	
72 190 194 254	In appropriate contract terms & conditions Emergency housing need Reducing active lifestyle services Disabled facilities grants funding is lost to the County Council	Operational / Service
264 266	Noise compliance Non-compliance with external funding agreements	
29 40	Deficiencies in the election process Planning policy insufficient	Reputation

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 To be inserted following the 1 February meeting of the Overview and Scrutiny Panel (Performance and Customers).

5. KEY IMPACTS

5.1 The significant corporate and operational risks that have the potential to affect the delivery of the Corporate Plan need to be identified, controlled and monitored. If effective risk management (as set out in the risk management strategy) does not take place, there is the possibility that inappropriately informed decision-making may take place and the Corporate Plan outcomes may not be achieved. Maintaining an adequate and effective risk register and risk management process is a key management control.

6. WHAT ACTIONS WILL BE TAKEN

- 6.1 The risk register is a dynamic document and is subject to regular review. Depending on the decisions taken by Cabinet, updates to the register may be required.

7. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND CORPORATE OBJECTIVES

- 7.1 Risk management is one of the six core principles within the Council's Code of Governance – managing risks and performance through robust internal control and strong public financial management.
- 7.2 Good risk management practice contributes to the overall delivery of the Corporate Plan. It improves the performance of the Council by identifying and assessing current and emerging risks and opportunities and how they are to be treated.

8. RESOURCE IMPLICATIONS

- 8.1 Risk management is a business as usual activity and as such the cost of risk mitigation is controlled within individual service budgets. Additional resources may be required to further mitigate any risk that exceeds its risk appetite, but these will not be known until the mitigation has been identified.
- 8.2 The cost of any risk materialising also needs to be considered. Whilst an individual residual risk score may be below its risk appetite level the failure of any control may result in unknown levels of financial costs being incurred.

9 REASONS FOR THE RECOMMENDED DECISIONS

- 9.1 Cabinet need to ensure that the risk management process is robust and that the corporate risk register reflects their understanding of the significant corporate risks faced by the Council. In addition, they also need to be satisfied that risks have been mitigated to an appropriate level.

10. LIST OF APPENDICES INCLUDED

Appendix

- 1 Risk matrix – inherent to residual scoring: Corporate risks
- 2 Risk matrix – inherent to residual scoring: Operational risks
- 3 Corporate risk register
- 4 Summary of risk register amendments

BACKGROUND PAPERS

Risk register.
Risk management strategy.

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**Inherent Risks
before controls**
January 2017

Likelihood	5			1		
	4			3	1	
	3			1	2	1
	2					
	1					
		1	2	3	4	5
		Impact				

Residual risk scores rely on the identified controls working effectively.

CMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls**
January 2017

Likelihood	5					
	4			1		
	3		1	2		
	2		1	2	1	
	1			1		
		1	2	3	4	5
		Impact				

total
9

May 2016

Likelihood	5					
	4			1		1
	3		2	4		
	2		3	13	3	
	1			1		
		1	2	3	4	5
		Impact				

total
28

-19

Key Descriptions as per RM Strategy

	Very High
	High
	Medium
	Low

**Inherent Risks
before controls
January 2017**

Likelihood	5			1	1	1
	4		4	10	4	1
	3		2	10	12	1
	2		1	4	2	2
	1			1		
		1	2	3	4	5

Impact

Residual risk scores rely on the identified controls working effectively.

CMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls
January 2017**

Likelihood	5					
	4		1			
	3		12	5		
	2	1	6	23	4	
	1		1	1	2	1
		1	2	3	4	5

Impact

total
57

May 2016

Likelihood	5					
	4	1	3	4		
	3	3	11	6		
	2	1	16	28	6	1
	1		1	1	3	1
		1	2	3	4	5

Impact

Total
86



No.	Risk	Cause & Effect	Inherent Risk	Risk Controls	Residual Risk
6	Corporate Business Continuity plans are inadequate resulting, over both the short and medium term, in the Council's inability to provide an appropriate service.	<p>Cause: Loss of utilities / power for substantial amount of time. Loss of core systems. Flu pandemic. Staffing and resourcing. Severe weather. Major accident.</p> <p>Effect: Inability to deliver core services. Inability to fulfil statutory obligations. Reputation damage. Loss of income. Payments not made. Lack of leadership & effect on staff morale.</p>	High	<p>BCP is reviewed and, if necessary, revised annually. This is then considered by SMT and CGC.</p> <p>IT recovery agreement in place; data is backed up for each site and is stored off site on a weekly basis; physical environment - air conditioning</p> <p>UPS - allows 10 mins closing down time.</p> <p>Server suite at Eastfield House in addition to Pathfinder House.</p> <p>Virtualisation of servers is complete. This capability is being incorporated in the IMD BCP which allows greater resilience should either PFH or EFH inoperable.</p>	Medium
14	High levels of sickness absence affect the ability of the council to deliver the full range of services to meet targets.	<p>Health & Safety protocols: Updated work programme in place to check adherence.</p> <p>Adherence to corporate policies - varying protocols & operational guidance.</p>	Very High	<p>Activity Managers are all trained in their responsibilities to manage sickness</p> <p>New starters attend a half day corporate induction and a staff handbook which offers directions on all of our policies</p> <p>IOSH supervising safely</p> <p>SMT/CMT have over sight of sickness and health and safety data as part of the management of the organisation.</p>	Medium

No.	Risk	Cause & Effect	Inherent Risk	Risk Controls	Residual Risk
73	National government places additional burdens on council services which lead to reprioritisation of the planned business of the council to meet local need.	Changing national policies Effect: Staffing impacts. Overspends. Priority need remains unmet. Changing targets. Inability of the Council to achieve in all areas.	Very High	Corporate Training Programme in place. Professionally trained staff undertake CPD and so would become aware of new legislation affecting their own profession. MTFS process in place to plan for future pressures and bid for additional resources. Ongoing monitoring of impact of external and internal economic forces to allow prompt reactions / early intervention programmes.	Low
74	Robust Partnerships agreement are not effectively secured with relevant organisation and as a consequence the delivery of key objectives is not achieved	Breakdown in relationship with partners. Targets not achieved. New initiatives unsuccessful.	Very High	Current review of all Partnerships to ensure alignment with our corporate priorities, delivering value for money and are fit for purpose.	Medium
141	The Council does not provide effective community leadership and engagement opportunities leading to the reduced inclusion of key sections of the community.	Increased Community tensions. Public dissatisfaction. Potential legal challenges in respect of diversity and equality. Reputation. Financial. Inequality of service delivery.	High	Bring partners together to discuss and work together on community issues in Huntingdonshire.	High

No.	Risk	Cause & Effect	Inherent Risk	Risk Controls	Residual Risk
237	Fundamental changes in Government Policy could undermine Council's ability to enable new affordable homes to be built.	This includes an increase in the threshold of sites on which affordable housing can be sought. This means that less new affordable homes will be built in rural areas. In addition, changes to the rules governing section 106 obligations as they relate to new affordable housing. Where a development is unviable, the affordable housing obligation could be reduced or waived in the future resulting in fewer new affordable homes being built. HCA no longer generally funds s106 developments and the cumulative impact of these policies is likely to lead to fewer priority needs households (including homeless) being accommodated. People would have longer stays in temporary accommodation and increased use of B&B at a higher cost to the Council with detrimental impact on vulnerable people in the district.	High	<p>Adopt a new Housing Strategy and Action Plan.</p> <p>If a developer contends that their affordable housing requirement (Section 106) is not economically viable for them to fulfil we would scrutinise the inputs to the development to assess overall site viability. If proven, we would renegotiate a lower percentage of affordable housing, or we would revise the tenure split of the site to enable a viable development to proceed.</p> <p>Maximise new affordable housing opportunities on S106, rural exception sites and others.</p> <p>Review and increase provision of temporary accommodation as an alternative to B&B.</p>	High

No.	Risk	Cause & Effect	Inherent Risk	Risk Controls	Residual Risk
262	Failure in the governance of shared services which results in non-delivery of vision of shared services leading to inability to deliver the required efficiency savings	<p>Cause Destabilising of partnership as local priorities change.</p> <p>Effect Lack of buy in from partners and staff - benefits of shared working not communicated. Perception that efficiencies to be gained will be insufficient. Incompatible cultures.</p>	High	<p>Forward plan of future phases to be built around review of phase one and business cases for next round.</p> <p>Regular board meetings to oversee roll out of projects across the three work streams and three Councils.</p> <p>Robust risk management now embedded in the programme.</p>	Medium
270	LPA cannot demonstrate a 5 year housing land supply	Higher benchmark to justify refusal of planning applications. Appeal decisions that would not otherwise be granted are granted to increase housing supply i.e. loss of local control, increase in speculative applications.	High	Annual monitoring report produced. Light touch report on current position provided to CMT on a quarterly basis. Housing land supply is a material consideration in planning decisions. Action Plan agreed at October 2016 PDG meeting.	High
271	Failure to adequately resource and influence the priorities for the devolution programme	<p>Cause The pace of the programme is dictated by central government.</p> <p>Effect Loss of funding. Breakdown in countywide commitment and partnership. Reputational damage. Impact on relations with other partners and agencies.</p>	High	Robust governance structures and programme management arrangements.	High

	Additions	Closed	Category Change	Net result
Corporate	+ 2	- 14	-7	- 19

Risk	Risk Title	Inherent Risk Priority	Residual Risk Priority	Narrative
Additions (2)				
270	Local Planning Authority cannot demonstrate a 5 year housing land supply.	High	High	Risk created 02/08/16
271	Failure to adequately resource and influence the priorities for the devolution programme.	High	High	Risk created 05/12/16

Risk	Risk Title	Narrative
Closed (14)		
2	The Council does not invest in or develop its staff leading to motivational problems and service developments not being delivered on time or within budget.	Business as Usual (BAU).
47	Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected service cuts.	BAU.
54	Managers discriminate against certain service users by not considering the needs of all service users when delivering or developing services.	BAU.
104	Delays to the construction of the new A14 may lead to a failure to achieve the longer term development/regeneration strategy for Huntingdon.	No longer considered a significant risk. Work has started.
130	Reductions in government funding leading to the need for additional savings in future years.	BAU.
157	Reduction in income streams would reduce the available revenue base leading to either the requirement for additional revenue support to maintain service levels, or a reduction in operating cost by reducing service provision (and staffing levels)	BAU. All service level agreements with third parties reviewed as part of ZBB and realigned at market rates to ensure full recovery of costs.
204	Service developments and new/amended policies introduced without due consideration of their equalities impact resulting in legal challenge in respect of equality and diversity.	BAU.

Risk	Risk Title	Narrative
239	Town centre development does not progress as agreement anticipates	No longer considered a significant risk. Multi-storey car park complete and open. Churchmanor started work on redevelopment of Chequers Court. Alternative plans to be considered for redevelopment of Hunts West.
248	Non achievement of actions set out in the MTFS leading to a failure to ensure financial sustainability.	BAU.
251	Social media activity operates inconsistently leading to inappropriate and unauthorised use of social media by service.	No longer considered a significant risk.
260	The Council does not meet its obligations under the 2014 Data Transparency Code leading to complaints from the public and a judicial review.	BAU.
261	Shared service provision fails to deliver the required service leading to potential deterioration in service delivery, loss of control, loss of reputation and potentially increased costs.	BAU.
267	Delivery of the Building Control service via the Shared Service arrangements is not adequately managed leading to poor performance and dissatisfaction of its customers.	BAU.
268	Inadequate performance of Legal Shared Service resulting in legal challenge. Inadequate performance of Legal Shared Service resulting in legal challenge.	BAU.

	Additions	Closed	Category Change	Net result
Operational	+ 2	- 38	+7	- 29

Risk	Risk Title	Inherent Risk Priority	Residual Risk Priority	Narrative
Additions (2)				
217	Personal data is not processed in accordance with the rights of data subjects and the Council's Notification of processing purposes to the Information Commissioner under the Data Protection Act, resulting in complaints or litigation against the Council	Very High	Medium	Re-opened 11/08/2016
269	Closure of OL Centres due to security of tenure not being formalised	High	Medium	Risk created 02/08/16

Risk	Risk Title	Narrative
Closed (38)		
7	Localised flooding occurs after periods of heavy rainfall and due to inadequate planning and/or funding, property damage occurs and the economic life in the District is disrupted.	No longer considered a significant risk. Planning permission will not be granted contrary to Environment Agency advice.
18	The Council, as a partner to the Leisure Centre Joint Agreements, does not ensure that agreements are regularly reviewed resulting in reduced income to the Council.	No longer considered a significant risk. Superseded by lease/use agreements.
20	An incident or accident occurs at a Leisure Centre which requires services to be halted or dramatically reduced.	BAU.
22	Users of the Leisure Centres are put at risk by staff and/or other users who are unsuitable to have access to young and/or vulnerable people	Risk amalgamated with 147 which deals with safeguarding procedures.
31	Bailiffs are subject to violence & aggression resulting in injury and/or the non-collection of debts.	BAU – risk sits with the enforcement agency.
43	Development Management decisions are challenged requiring staff and financial resources to be directed at defending the challenge resulting in a reduction in service.	BAU - ongoing risk that relates to individual proposals and would not prevent wider Corporate objectives being met.
45	The procedures for the implementing of licensing activities are not robust, resulting in the Council being unable to perform its statutory duties.	BAU.
51	Deficiencies in Housing policy / strategy	No longer considered a significant risk.

Risk	Risk Title	Narrative
64	Despite receiving adequate training, employees make unintentional mistakes leading to incorrect levels of services being provided to customers.	BAU.
69	Arrangements for the management of land charges are not robust leading to the provision of inaccurate land charges information.	BAU.
71	The Council is unable to secure sufficient external funding and grants to deliver new projects.	Risk no longer exists. Council no longer promoting large projects.
102	Customer Service Centre and Call Centre are not informed of service issues (e.g. Council Tax bills are delivered earlier than anticipated), resulting in peaks in telephone enquiries and visits.	BAU.
123	Freedom of Information Act and Environmental Information Regulations Request are not successfully responded to.	BAU.
160	Exceptionally inclement weather causes extended closure of OL facilities.	BAU.
161	Possibility of OL Centres being taken over as rest centre resulting in loss of income / admissions.	No longer considered a significant risk. Managed via emergency planning process.
171	Inadequate consultation with Customer Services prior to changes/improvements in individual services resulting in reduced time for implementing the changes and subsequent failure to meet the expectations of customers.	BAU.
173	Staffing levels (within Customer Services) are inadequate leading to reduction in customer service levels.	BAU.
174	Customer Service Centre is not informed of changes to services/events advertised as available at the centre leading to customer dissatisfaction with quality of service provided.	BAU.
175	Housing Benefits and/or Benefits Fraud Visiting Officers are subject to violence & aggression resulting in illness and/or injury.	BAU.
176	Loss of telephony at the Call Centre results in customer dissatisfaction and service targets not being met.	BAU.
184	Disruption in services provided by the Document Centre result in Annual Bills and other statutory documents not being issued correctly or on time.	BAU.
191	Government Connect – Code of Connection (CoCo). Sensitive benefits information is sent by unsecure channels leading to a breach of the CoCo and data protection regulations.	BAU.
193	Food hygiene inspection program not completed within statutory time limits resulting in a potential increase in community ill-health and the subsequent risk of civil action against the Council if we fail to discharge our statutory duties.	BAU.
195	Failure to plan for exceptional or unforeseen increase in demand for planning applications results in insufficient resources and planning applications not dealt with on time.	BAU.
197	The internal H&S inspection & accident investigation	BAU.

Risk	Risk Title	Narrative
	program is not completed on time resulting in potential increase in workplace accidents & occupational ill health and the Council facing legal action for failure to discharge its statutory duties.	
198	Failure to secure core funding to operate the Community Transport schemes leading to a loss of services available from Community Transport Operators and a reduction in community access to services and facilities for Huntingdonshire residents.	No longer considered a significant risk.
199	Insufficient resources (staff, equipment, systems, information) resulting in failure to fulfil key areas of statutory responsibility relating to air quality and noise nuisance.	BAU.
206	Localism Act 2011 - Insufficient resources to deal with new standards regime, maintenance of register and investigation of complaints .	No longer considered a significant risk.
207	Failure to promote local democracy sufficiently resulting in local people not taking an active part in their communities and being involved in the decisions that affect them.	No longer considered a significant risk.
213	Prolonged periods of increased average temperatures, leading to summer heatwaves impacting upon people and the environment.	BAU.
214	Warmer, wetter winters and hotter summers with reduced rainfall resulting in an increased likelihood of subsidence and ground heave.	BAU.
215	Warmer summer weather and outdoor lifestyle increases the scope for outdoor activity leading to an increase in tourism and increased opportunity for leisure.	BAU.
227	Skills and expertise may be lost following staff and licensing panel member changes, which may result in adverse impacts on the service delivered and licensing decisions made.	BAU.
228	Personal search companies claim refund of fees following admission by government that charging for personal searches was incompatible with the Environmental Information Regulations resulting in detrimental effect to Council budget.	Risk no longer exists.
232	Delivery of the Home Improvement Agency via shared service arrangements is not adequately managed leading to poor performance and the dissatisfaction of its customers.	Risk amalgamated with risk 262 which deals with failure of shared services.
234	Employees of the Council who act in isolation or conjunction with a colleague accept an inducement/bribe leading to them acting outside of agreed policies and procedures and bringing the Council into disrepute.	Risk amalgamated with risk 75 which deals with fraud and similar irregularity risks.
249	S106 funding for grounds maintenance reduces resulting in fall in revenue.	BAU. Needs analysis work of open space and play area requirements against provision completed. Core assets and development requirements identified to be delivered within existing resources.

Risk	Risk Title	Narrative
258	Members make grant awards to people who do not meet the criteria of the award scheme.	No longer considered a significant risk.

End