

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Corporate Risk Register
Meeting/Date: Cabinet – 8th February 2018
Executive Portfolio: Executive Councillor for Strategic Resources
Report by: Internal Audit and Risk Manager
Wards affected: All

Executive Summary

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.

The report lists the 10 corporate risks recorded in the risk register as at 15th January 2018. Cabinet are asked to review the corporate risk register and consider whether or not it reflects their understanding of the significant corporate risks currently faced by the Council.

The Risk Management Strategy requires the Cabinet to consider each risk where the residual risk exceeds the agreed risk appetite level, and to decide whether they should be further mitigated by cost-effective and affordable actions. This report provides information in respect of the three risks that fall into this category.

There are currently no financial implications arising from this report, however some costs may be incurred if it is decided that further risk mitigation should be introduced.

The Cabinet is

RECOMMENDED

1. To review the corporate risk register and then consider if any, further risks should be included; and
2. In respect of risks 147, 237 and 273 comment on whether the stated mitigations are sufficient (paragraph 2.2) or whether further mitigation is required.

1. PURPOSE OF THE REPORT

- 1.1 The risk management strategy requires Cabinet to receive reports on the management of corporate risks. Corporate risks are those likely to affect the medium to longer term priorities and objectives of the Council. Risks that exceed their agreed risk appetite level also have to be considered.

2. ANALYSIS

- 2.1 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. There are currently 10 corporate risks within the risk register. Full details can be found at Appendix 1.

- 2.2 All of the risk register entries are required to be classified against one of seven risk areas. Each risk area has its own risk appetite. Risk that exceed their risk appetite level are required to be considered by the Cabinet. Three risks fall into this category and are set out below. They have been considered by the Corporate Management Team who are of the opinion that the current level of residual risk is acceptable.

Risk:	147	Current residual risk score: Likelihood x Impact	2	3	Medium
				Target risk appetite	Low
Arrangements and procedures are insufficiently robust or managed and result in harm to a vulnerable person including children.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> DBS checks received prior to commencement of employment. Procedures in place to allow managers to identify posts requiring DBS checks. A spreadsheet will be sent to all HoS to enable them to identify all posts within HDC that require DBS checks and appropriate Safeguarding training. 			<ul style="list-style-type: none"> Safeguarding Governance Board established to oversee the delivery of actions identified in the Safeguarding Audit report. Training for all managers delivered by end of 2017. 		
Are these controls operating effectively?			<p>Yes, with the exception of training having been delayed due to the work of the Safeguarding Governance Board.</p> <p>The Safeguarding Governance Board have also agreed a separate action plan to further improve safeguarding procedures. Upon completion of the actions, it is not felt that the residual risk will fall below a medium risk score.</p>		

Risk:	237	Current residual risk score: Likelihood x Impact	4	3	High
			Target risk appetite		Medium
Fundamental changes in Government Policy could undermine Council's ability to enable new affordable homes to be built.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> • Adopt a new Housing Strategy and Action Plan, and prepare a more permissive Local Plan policy. • 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. 			<ul style="list-style-type: none"> • Maximise new affordable housing opportunities on s106, rural exception sites and others. • Review and increase provision of temporary accommodation as an alternative to B&B. • Additional resource proposed as part of budget process to meet new statutory housing duties. 		
Are these controls operating effectively?			Yes.		

Risk:	273	Current residual risk score: Likelihood x Impact	3	4	High
			Target risk appetite		Medium
The Commercial Investment Strategy (CIS) is curtailed by the Govt. or doesn't achieve its aims of increased investment returns leading to reducing opportunities for the Council to become financially self-reliant.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> • Cabinet approved CIS incl. defined governance arrangements and delegations. • Effective budget setting and financial monitoring processes, incl. frequent reports to Cabinet and O&S on CIS delivery. 			<ul style="list-style-type: none"> • Qualified and experienced Officers in post supported by external professional advisors. 		
Are these controls operating effectively?			Yes		

3. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 3.1 Comments made by the Overview and Scrutiny Panel (Performance and Customers) at their 31st January meeting are to be included.

4. KEY IMPACTS

- 4.1 The significant corporate 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.

5. WHAT ACTIONS WILL BE TAKEN

- 5.1 The risk register is subject to regular review. Depending on the decisions taken by Cabinet, Managers may be required to identify further mitigation. If this is the case, Cabinet will be informed of the outcome of that review process.

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

- 6.1 Risk management is one of the seven core principles within the Council's Code of Governance. 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.

7. RESOURCE IMPLICATIONS

- 7.1 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.
- 7.2 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.

8 REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 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.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Corporate risk register

BACKGROUND PAPERS

Risk register
Risk management strategy

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Corporate Risks at 15 January 2018

Managing Director						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
14	High levels of sickness absence affect the ability of the council to deliver the full range of services to meet targets.	Gaps in service adherence to corporate policies - varying protocols/operational guidance across organisation. Managers/Staff not understanding their roles and responsibilities in relation to Health & Safety. Incomplete/cursory investigation of accidents/near misses in some areas. Cause Inconsistent management. Out of date policy. Effects: Lost time and service targets missed. Reputational damage: among peers, with regulator, with Members and the wider public. Financial cost due to back fill/agency . Staff morale adversely affected.	L = 5 I = 3 Very High (15)	Activity Managers are all trained in their responsibilities to manage sickness and MD conducts routine case management meetings with all HoS to review open cases. This then cascades into the organisation New starters attend a half day corporate induction and a staff handbook which offers directions on all of our policies Practical fire training IOSH supervising safely Accident Reporting (RIDDOR). SMT/CMT have over sight of sickness and health and safety data as part of the management of the organisation.	L = 3 I = 2 Medium (6)	
73	National government places additional burdens on council services which lead to reprioritisation of the planned business of the council to meet local need.	Cause Changing national policies. Effect: Staffing impacts. Overspends. Priority need remains unmet . Changing targets. Inability of the Council to achieve in all areas.	L = 4 I = 4 Very High (16)	Corporate Training Programme in place. Also, as part of being a member of most professions, employees would undertake a certain amount of CPD and so would cover 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. Transformation programme is in place to ensure that the Council is both as efficient and productive as it can be, in order to build capacity and drive out waste.	L = 2 I = 2 Low (4)	

Corporate Risks at 15 January 2018

Managing Director						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
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>	L = 3 I = 3 High (9)	<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. New enhanced governance arrangements are currently being discussed.</p> <p>Robust risk management now embedded in the programme</p>	L = 1 I = 3 Medium (3)	
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>	L = 3 I = 4 High (12)	Robust governance structures and programme management arrangements	L = 2 I = 4 High (8)	

Corporate Risks at 15 January 2018

Managing Director / Corporate Team						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
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:</p> <p>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:</p> <p>Inability to deliver core services. Inability to fulfil statutory obligations. Reputation damage. Loss of income. Payments not made. Lack of leadership & affect on staff morale</p>	L = 3 I = 4 High (12)	BCP is reviewed and if necessary, revised annually. This is then considered by Senior Management Team (SMT) and Corporate Governance Committee (CGC). The BCP indicates plans and practices to facilitate the recovery and restoration of services and the management of BCP in any given situation.	L = 2 I = 3 Medium (6)	SMT have agreed new BCP (January 2017) and the process and mechanism for annual review of BCP. BCP reported to Corporate Governance Committee annually.
74	Robust Partnerships agreement are not effectively secured with relevant organisation and as a consequence the delivery of key objectives is not achieved.	<p>Effects:</p> <p>Breakdown in relationship with partners New initiatives unsuccessful. Adverse impact on the service received by customers. Financial costs to rectify problems / source other help etc. Loss of support. Adverse publicity arising from failures. Poor value for money.</p>	L = 3 I = 5 Very High (15)	Current review of all Partnerships to ensure alignment with our corporate priorities, delivering value for money and are fit for purpose.	L = 2 I = 3 Medium (6)	To complete assessment which list all partnerships and their purpose and value.

Corporate Risks at 15 January 2018

Corporate Director (Delivery) / Head of Development						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
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.	L = 4 I = 3 High (12)	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.	L = 3 I = 3 High (9)	
237	Fundamental changes in Government Policy could undermine Council's ability to enable new affordable homes to be built.	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. 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.	L = 4 I = 3 High (12)	Adopt a new Housing Strategy and Action Plan, and prepare a more permissive Local Plan policy. 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. Maximise new affordable housing opportunities on s106, rural exception sites and others. Review and increase provision of temporary accommodation as an alternative to B&B.	L = 4 I = 3 High (12)	

Corporate Risks at 15 January 2018

Corporate Director (Delivery) / Head of Leisure & Health						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
147	Arrangements and procedures are insufficiently robust or managed and result in harm to a vulnerable person including children.	Accusation of inappropriate behaviour relating to both members of staff and members of the public and in particular young persons. Adverse publicity. Legal implications. Potential adverse impact on service provision if DBS checks of identified posts are not carried out before employment commences.	L = 3 I = 3 High (9)	DBS checks received prior to commencement of employment. Procedures in place to allow managers to identify posts requiring DBS checks. A spreadsheet will be sent to all HoS to enable them to identify all posts within HDC that require DBS checks and appropriate Safeguarding training. Safeguarding Governance Board established to oversee the delivery of actions identified in the Safeguarding Audit report. Training for all managers delivered by end of 2017.	L = 2 I = 3 Medium (6)	

Corporate Risks at 15 January 2018

Corporate Director (Services) / Head of Resources						
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority (IL x II)	Risk Control	Residual Risk Priority (RL x RI)	Action Required
273	The Commercial Investment Strategy (CIS) is curtailed by the Govt. or doesn't achieve its aims of increased investment returns leading to reducing opportunities for the Council to become financially self-reliant.	<p>Cause:</p> <p>Central Govt. amends legislation that reduces or curtails CIS.</p> <p>Council's appetite for pursuing a CIS changes.</p> <p>Increase in cost of borrowing and interest payments.</p> <p>Shortage of appropriate investment opportunities.</p> <p>Lack of appropriate professional advice and ineffective governance.</p> <p>Economic downturn</p> <p>Loss of tenants.</p> <p>Effect:</p> <p>Commercial property yields drop, reducing revenue and impacting on budget position requiring further savings to be made or increasing Council Tax levels.</p> <p>Investment opportunities are being missed or being ineffectively scrutinised leading to poor investment decisions being made.</p> <p>Reputational damage.</p>	L = 3 = 4 High (12)	<p>Cabinet approved CIS incl. defined governance arrangements and delegations.</p> <p>Effective budget setting and financial monitoring processes, incl. frequent reports to Cabinet and O&S on CIS delivery.</p> <p>Qualified and experienced Officers in post supported by external professional advisors.</p> <p>Active monitoring and engagement with professional bodies who are influencing government policy in this area is on-going.</p>	L = 3 = 4 High (12)	