

## QUARTERLY RISK UPDATE

Governance & Audit Committee – 27 September 2017

Report Author **Tim Willis, Director of Corporate Resources**

Portfolio Holder **John Townend, Cabinet Member – Finance and Estates**

Status **For Information**

Key Decision **No**

Ward: **All**

### **Executive Summary:**

This report provides Governance & Audit Committee with an update of corporate risk, in accordance with the Risk Strategy.

### **Recommendation(s):**

To note the report.

### **CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.
<b>Legal</b>	Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the Council, there are no legal implications for the recommendation required by this report.
<b>Corporate</b>	Governance & Audit Committee approved the Risk Management Strategy on 9 December 2015 which includes a requirement to provide regular corporate risk updates to G&A Committee.
<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p>

	Please indicate which of the aims is relevant to the report	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	✓
	Foster good relations between people who share a protected characteristic and people who do not share it.	
	There are no equity or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.	

<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

## 1.0 Introduction and Background

- 1.1 Risk Management is a fundamental element of the council's arrangements for ensuring goals are achieved and opportunities are taken up. To this end the council has established its Risk Management Strategy and Process and has assigned responsibility to councillors and officers to ensure that resources are used effectively and all that can reasonably be done, is done, to mitigate risk.
- 1.2 Whilst primary member oversight on risk is provided by G&A Committee, Cabinet also has a member Risk Champion (the Portfolio Holder for Corporate Governance) who promotes risk management and its benefits throughout the council. At staff level, the high-level corporate risk register is regularly considered by Corporate Management Team (CMT) and risk is a permanent item on its agenda. G&A Committee considers changes to the corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated. Looking beyond the corporate level, Heads of Service are responsible for maintaining service-level risks and project managers are responsible for project risks.

## 2.0 Corporate risk register

- 2.1 A summary of the latest Corporate Risk Register is set out below, together with the risk scores noted by Governance & Audit Committee on 28 June 2017. The scores are arrived at by multiplying the "likelihood" score by the "impact" score, where the maximum score for each is four, so the maximum total score is sixteen.

Description	June 17 risk score	Sept 17 risk score
Limited Resources	12	12
Health and Safety at Work	12	12
Political Stewardship	12	12

Local Plan	12	12
Homelessness	12	12
Information Governance	9	9
Project Management	9	9
Harbour flap gates	9	9
Safeguarding Vulnerable People	8	8
Dreamland operator	9	2

- 2.2 Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.
- 2.3 It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.

### 3. New/escalated and elevated risks

- 3.1 There are no new or elevated risks for inclusion in the corporate risk register. Corporate Management Team discussed at length the risk of corporate capacity – our ability, primarily at officer level, to deliver the priorities and projects, manage risks and deal with the unexpected. The timing of the discussion arose in light of a corporate restructure that the Chief Executive has indicated is imminent. However, CMT concluded that senior management is well equipped to prioritise workload, and the restructuring would not affect everyone or take a prolonged time. Additionally, CMT will be reviewing its priorities in the coming months.
- 3.2 The tragic events at Grenfell Tower in West London highlighted the issue of fire safety risks in tower blocks across the country. In response the council has worked with the Department for Communities and Local Government, Kent Fire and Rescue Service and East Kent Housing (EKH) to review fire safety arrangements in the 6 council owned blocks. We have completed a programme of joint inspection, commissioning work where necessary and have checked external wall insulation where this has been fitted. EKH have provided reassurance visits and information to residents and are visiting all tower blocks on a daily basis. The council has provided some additional resources to complete a programme of enhanced fire risk assessments, and has set aside funding to assist with any additional works identified within the tower blocks.

### 4. Highest-scoring risks

- 4.1 **Limited Resources:** The high score for Limited Resources reflects the fact that it is one of the few risks that in extremis could result in the council losing control of its own destiny. This, coupled with the challenging and uncertain external financial environment, the savings required in 2017-18 and beyond, and the low level of reserves has resulted in a continuing high overall score.
- 4.2 The council is establishing a track record of managing its resources, e.g. some £1.2m of budget savings were delivered as part of the 2016-17 budget process; and made a small contribution to reserves in 2016-17 (subject to final accounts sign-off). Plans are

under way to deliver income generation and cost savings projects to fund the £2.7m budget gap in 2017-18 and the 2018-22 Medium Term Financial Strategy.

- 4.3 However, the severity of the impact of the risk becoming manifest (e.g. TDC having to terminate services, make large-scale redundancies and/or be externally governed or managed) has not diminished. The management of this risk is further compounded by the uncertainty created by the changing external environment, e.g. the review of local government funding.
- 4.4 **Health and Safety at Work:** there is a risk that the council and its staff will cause harm as a result of a lack of robust Health & Safety procedures, failure to embed those procedures, and failure to comply with the procedures. Despite the conclusion to the prosecution by the Health and Safety Executive, there remain substantial risks pending the mitigating actions including the implementation of a H&S management system.
- 4.5 **Political Stewardship:** The council was boosted by the positive feedback from a visit in July from the LGA peer review team. However, due to the current position of a minority administration this continues to be a risk to the council especially in the light of the need to approve the local plan. The council continues to pursue opportunities for cross-party working and member training.
- 4.6 **Local Plan:** An unsound plan not based on the available evidence at Inspection risks diminished control over Development Management in the district, no ability to demonstrate 5-year housing land supply, losing Appeals or High Court challenges, costs awarded against the Council. Not progressing the Local Plan could impact investment in the area, investor confidence, and the commitment of partner organisations. Mitigation is to ensure the evidence base is robust and defendable and timeous decision making is maintained, a timeframe and overview process is now established to progress the Plan to examination.
- 4.7 **Homelessness:** Homelessness is increasing, both locally and nationally. This represents a significant risk to the council, increasing the costs associated with securing temporary and emergency accommodation and impact on the outcomes for residents. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness and has commissioned new services to address the increasing need for support. The council has also submitted bids for new government funding to support homelessness services locally. This work will continue.

## 5. De-escalated risks

- 5.1 This risk relates to the Dreamland operator failing. Whilst the operator, SHL, went into Administration last year, it recently exited Administration. SHL as a company is now wholly owned and financed by Arrowgrass, a hedge fund with substantial resources at its disposal. This fact alone does not guarantee the security of SHL, but the evidence suggests that an experienced management team is in place, significant investment has been made in the park and surrounding area and the council has developed strong and healthy links with the company. There are still risks associated with Dreamland – e.g. the risks and costs of ownership and the outstanding CPO compensation – but it is considered that these are manageable.

## 6.0 Recommendation

- 6.1 To note the report.

Contact Officer:	Tim Willis, Director of Corporate Resources
Reporting to:	Madeline Homer, Chief Executive

### Background Papers

Title	Details of where to access copy
G&A report 9 December 2015: Review of corporate approach to risk management	<a href="http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4078&amp;Ver=4">http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4078&amp;Ver=4</a>
G&A report 7 December 2016: Update report on the corporate risk register	<a href="http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4397&amp;Ver=4">http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&amp;MId=4397&amp;Ver=4</a>

### Corporate Consultation

<b>Finance</b>	Tim Willis, Director of Corporate Resources
<b>Legal</b>	Tim Howes, Director of Corporate Governance