

## QUARTERLY RISK UPDATE

### Governance & Audit Committee – 6 December 2017

Report Author	<b>Tim Willis, Director of Corporate Resources</b>
Portfolio Holder	<b>Cllr Derek Crow-Brown, Portfolio Holder (Corporate Governance)</b>
Status	<b>For Information</b>
Key Decision	<b>No</b>
Ward:	<b>All</b>

#### 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>	It is important that members and the public can have confidence in the council's accounts, and each year, the external auditor provides an independent opinion on the accounts. There are no direct financial implications of this report, but the integrity of the accounts forms part of a robust governance framework and helps manage risk. It is therefore encouraging that the auditor has, once again, given a clean opinion in respect of the 2016-17 accounts.
<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> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">Please indicate which is aim is relevant to the report</div>

	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.
- 1.3 A review of risk management processes is under way and in preparation for the annual review of risk, it is expected that some enhancement and refinement to current practice will be recommended to G&A Committee. This will incorporate any change to resource allocation to risk management in light of the corporate restructuring.

## 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 27 September 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	Sept 17 risk score	Dec 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
Harbour flap gates	9	12
Information Governance	9	9
Project Management	9	9
Safeguarding Vulnerable People	8	6

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 **Harbour Flap gates:** The Inner Basin of Ramsgate Harbour accommodates approximately 212 vessels on floating pontoons, this is known as the Inner Marina. The water level in the Inner Basin is retained at high tide by two pieces of mechanical infrastructure this being the flap gate and the mitre gates. Maintaining the integrity of these systems ensures that there is always sufficient water within the Inner Basin where the majority of boats are moored permanently. A failure of any part of the system that resulted in a significant loss of water within the Inner Basin could cause damage to vessels giving rise to third party claims and potential loss of custom and future income.

3.2 The flap gate, mitre gates and lift bridge all require urgent refurbishment and improvement. The purpose of this project is to sustain the long term serviceability of both gate systems and the bridge to avoid negative impact on marina customers and loss of associated revenue income. It was agreed to fund this work due to the potential risk of failure and based on external third party estimates £750k was allocated, however following an OJEU procurement exercise the returning tenders were between £1.3 and £4m. This was well outside of our affordability envelope and it was agreed that the specification would be adjusted and that a second procurement would be undertaken but only for the replacement of the major infrastructure the flap gates and mitre bridge.

3.3 This has subsequently extended the replacement program to almost 8 months and due to recent high tides we have started to see an increase in issues that have required continually call out of staff, resulting in the increase in risk score.

#### 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 this year, next year 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; made a small contribution to reserves in 2016-17; and obtained a clean audit opinion on the accounts. Plans are under way to deliver income generation and cost savings projects to fund the £2.7m budget gap in 2017-18, although there is substantial pressure on delivering this year's budget, in particular due to increasing homelessness.
- 4.3 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. A new cloud based document management system (TAM) has now being leased and is presently being rolled out, but as this requires all existing information to be uploaded into a new format, a phased approach is being taken. Once this system is fully functional, CMT will be in a position to understand where the risks are and ensure measures can be put in place to mitigate them.
- 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:** Not having an adopted Local Plan places us at risk of intervention by DCLG, diminished control over Development Management in the district, no ability to demonstrate 5-year housing land supply, losing Appeals or High Court challenges; and costs awarded against the Council. Not progressing the Local Plan could impact investment in the area, investor confidence, and the commitment of partner organisations. In order to mitigate this risk Officers must ensure the evidence base is robust and defensible and timely decision making is maintained. The period from now until examination is critical if we are to maintain our published timeframe.
- 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 impacting on the outcomes for residents. Temporary accommodation budgets are currently overspending and management actions are required to bring this back within budget. 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. Alternatives to expensive temporary and emergency accommodation are being explored. The council has successfully bid for new government funding to support homelessness services locally, and been awarded additional flexible homelessness grant. Preparations for the introduction of the Homelessness Reduction Act in April 2018 are under way.

## 5. De-escalated risks

- 5.1 **Safeguarding:** Since the adoption of the Safeguarding Policy in November 2016 the Safer Neighbourhoods Team have worked to embed this across the authority. We now have a safeguarding forum established with champions from across the organisation, spreading the word on training, challenging behaviours and raising concerns. All procedures have been updated with regular checks and balances in place to ensure compliance. All posts have also been reviewed to ensure that those who are required to have undertaken a DBS check have had one, and that a complete record is maintained of expiry dates, to ensure they are renewed in a timely manner. This is a significant area of concern for the authority, as demonstrated by the recruitment of a safeguarding officer; however, through regular updates to senior managers we are confident that the risk is being managed.

## 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