

QUARTERLY RISK UPDATE

Governance & Audit Committee – 6 March 2018

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

Portfolio Holder **Cllr Derek Crow-Brown, Cabinet Portfolio Holder (Corporate Governance)**

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

Financial and Value for Money	There are no direct cost implications. Strategic financial considerations are contained in the report.
Legal	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.
Corporate	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.
Equalities Act 2010 & Public Sector Equality Duty	<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 & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p>
	Please indicate which is aim 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.		

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

CORPORATE VALUES (tick those relevant) ✓	
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 updated monthly 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 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. 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.

- 2.2 An internal audit report has been completed since the last G&A Committee meeting and this G&A report has begun to incorporate the recommendations in the audit report.
- 2.3 A summary of the latest Corporate Risk Register is set out below, together with the risk scores noted by Governance & Audit Committee on 6 December 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.

Ref	Description	Dec 17 risk score	Mar 18 risk score	Last year change
CR-01	Limited Resources	12	12	None
CR-02	Health and Safety at Work	12	12	None
CR-03	Political Stewardship	12	12	None
CR-04	Local Plan	12	12	None
CR-05	Homelessness	12	12	None
CR-06	Harbour flap gates	12	12	n/a
CR-07	Information Governance	9	9	None
CR-08	Project Management	9	9	None

3. New/escalated and elevated risks

- 3.1 **Local Plan:** The December risk update highlighted the consequences of not approving a Local Plan, as follows:

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 timeous decision making is maintained. The period from now until examination is critical if we are to maintain our published timeframe.

- 3.2 Council on 18 January did not approve a Local Plan, despite the measures put in place that aimed to reduce the likelihood of the risk occurring. The impact of this, at the time of writing, is still unknown, as the council is awaiting a response from MHCLG. However, it is reasonable to assume that all the risks still exist. The key mitigating actions taken since 18 January are that the council has written to the Secretary of State so that the council can enable continued dialogue with the Government and await guidance on what, if any intervention it proposes; and it has issued a call for sites to mitigate the risk of additional housing being required.

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 and next year, 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. staying within its budget and obtaining a clean audit opinion on the accounts. Council on 8 February approved the 2018-19 Budget and 2018-22 Medium Term Financial Strategy, despite a very challenging financial and political environment.
- 4.3 Despite this, 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. Recent news regarding at least one other local authority facing severe financial problems highlights the reality of local government finance, caused by reduced funding combined with increased demand for services.
- 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, the issues can be better understood and measures can be put in place to resolve 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 **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. Changes to this and future risk updates

- 5.1 Some additional information has been added to the table in 2.3, which now includes a reference number in keeping with an internal audit recommendation; it also shows the direction of travel over the last year. Future reports will also include more details of each Corporate Risk Register mitigation plan.

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	http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&MId=4078&Ver=4
G&A report 6 December 2017: Update report on the corporate risk register	https://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&MId=4766&Ver=4

Corporate Consultation

Finance	Tim Willis, Director of Corporate Resources
Legal	Tim Howes, Director of Corporate Governance