

## CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

5 December 2018	<b>Governance and Audit Committee</b>
Report Author	<b>Tim Willis, Deputy Chief Executive and s151 Officer</b>
Portfolio Holder	<b>Councillor Ashbee, Portfolio Holder for Corporate Governance and Coastal Development</b>
Status	<b>For information</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>
Ward:	<b>All</b>

### **Executive Summary:**

This report provides Governance & Audit Committee with a quarterly review of corporate risks.

### **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>	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

	<p>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 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.	

<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 the council uses its resources effectively, and all that can be reasonable 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 and Coastal Development) 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 The Risk Strategy requires that there is a high-level review of corporate risk; this report presents the quarterly update of the corporate risk register.

## 2.0 Corporate risk register

- 2.1 A summary of the highest scoring corporate risks on the register is set out below, together with the comparative scores noted by Governance & Audit Committee on 26 September 2018. 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	Sept 18 Score	Dec 18 Score	Change
CR-05	Political Stewardship	12	16	Increased
CR-01	Limited Resources	12	12	No change
CR-02	Homelessness	12	12	No change
CR-09	Brexit	-	12	New
CR-07	Harbour flap gates	12	4	Reduced

- 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.

## 3.0 Highest-scoring risks

- 3.1 **Political Stewardship:** This continues to represent a risk to the council due to the number of political parties represented and the minority administration. Even though the Local Plan was recently adopted, it is still evident that there remain ongoing issues which could have a significant effect on the council. As a consequence, the score has increased since the last quarter. The council continues to pursue opportunities to support cross-party working and member training.

- 3.2 **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.

There remains continued uncertainty regarding the external funding environment and challenges still exist with delivering the 2018-19 budget and Medium Term Financial Strategy. Although decisions were made to set the 2018-19 budget, there still remains the challenge of staying within that budget, as evidenced by the quarterly monitoring reports.

Cabinet received an updated Medium Term Financial Strategy for 2019-23 in September showing that savings of £1.8m are estimated to be required to deliver the 2019-20 budget alone and steps are now being taken as part of the 2019-20 budget preparation to bridge this gap.

All of this is being undertaken within the context of an uncertain financial environment. For example, the government announcement to devolve business rates to local authorities has not been supplemented with the detail needed to assess its impact; also, the drive for devolution and the potential for restructuring of local government creates more uncertainty and costs.

Therefore, 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.

- 3.3 **Homelessness:** Homelessness has grown as a challenge for many local authorities over the last year, Thanet included. There are additional pressures on Housing as the gap between supply and demand increases but plans have been developed to ensure that this pressure is minimised. 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. This work will continue. The council has successfully bid for new government funding to support homelessness services locally, and has been awarded an additional flexible homelessness grant.

The Homelessness Reduction Act came into force in April 2018 and its implications have been incorporated in changed processes and structures. The council is also looking at introducing charges for residents in temporary and emergency accommodation to help with cost recovery with a Temporary Accommodation Officer leading on collection of charges, maximising housing benefit income and supporting households to move on to permanent homes.

One of the options to increase the supply of permanent homes for homeless families is the new housing acquisition programme which is being implemented. The capital programme includes provision for TDC developing or acquiring its own emergency and temporary accommodation to help reduce cost and improve quality.

#### 4.0 **New/escalated and elevated risks**

- 4.1 **Brexit** - The UK is due to leave the European Union on 29 March 2019. UK Government is continuing to work on arriving at an agreed deal on exit and recent

developments seem promising in this respect. Significant risk prevails should no deal be agreed within the timescale. Whilst there are national concerns that must be addressed, the council must focus primarily on managing those risks which have a local and regional impact in particular. The scale of its effect should not be underestimated and the council has already begun some contingency planning for a disorderly Brexit. The significant issues to consider are those concerning the strategic transport network, funding and the port. In addition, the council has identified a number of issues that could potentially impact on the council's ability to deliver its services.

## 5.0 De-escalated risks

5.1 **Harbour Flap Gates:** A bid for an urgent capital project was agreed in 2017-18 to refurbish the gates and bridge including hydraulic and electrical systems to sustain the long term serviceability of both gate systems and the bridge and to support continued revenue income generation by providing a reliable service to marina customers. The contract was awarded to Ravenstein who completed all relevant surveys. The mitre gates and lift bridge were both removed on the 26th May, to be repaired and refurbished.

Works are now substantially complete with the flap gate and lifting bridge having been reinstalled and the new East and West Plant rooms are installed and operable. The Mitre gates have also now been fitted with the new hydraulic apparatus. The new plant is now being operated by harbour staff and the system is working on normal operation mode. There are still some works that require completion over the next 2 weeks but operational risk is now significantly reduced in the long term over the situation that existed before the works and during the early phase of the works.

## 6.0 Risk management strategy and processes

6.1 The Risk Management Strategy requires review and updating. Once the budget for 2019/20 has been approved attention will be given to revising the document and it is planned to present this to members in the spring.

## 7.0 Recommendation

7.1 To note the report.

Contact Officer:	Gary Whittaker, Interim Head of Financial and Procurement Services
Reporting to:	Tim Willis, Deputy Chief Executive and s151 Officer

## Corporate Consultation

<b>Finance</b>	Gary Whittaker, Interim Head of Financial and Procurement Services
<b>Legal</b>	Tim Howes, Director of Corporate Governance