

**REPORT TO THE AUDIT & STANDARDS COMMITTEE
MEETING ON: 15 OCTOBER 2020**

Status: For Discussion
Title: Corporate Risk and Opportunity Management: Quarter 1, 2020/21
Originator: V. Wenham, Chief Officer Governance and Monitoring Officer
Where from: N/A
Where to next: N/A

1 Purpose of report

1.1 To receive and consider the Council's Corporate Risk and Opportunity Register at the end of Quarter 1 of the 2020/21 year.

2 Recommendations

2.1 **That the Committee receives and notes the contents of the Corporate Risk and Opportunity Register at the end of Quarter 1 of the 2020/21 year.**

3 Summary of Reasons for the Recommendations

3.1 The Council's Risk and Opportunity Management Framework provides that the Council's Risks and Opportunities will be reported on a regular basis.

4 Impact on Communities

4.1 None arising directly from this report.

5 Key Facts

5.1 The Corporate Risk and Opportunity Register (attached at Appendix A to this report) sets out the Council's Corporate Risks and Opportunities. Corporate Risks and Opportunities are defined as issues that may have a significant impact on the delivery of the Council's vision and priorities. They are identified, monitored and managed via the Council's Risk and Opportunity Strategy Board which meets on a quarterly basis. The Board last met on 6 July 2020.

5.2 The Board amends the Register to reflect progress on actions which have been identified to:

- (i) reduce the likelihood of a risk occurring, the impact the risk would have if it were to occur, or both.
- (ii) monitor opportunities.
- (iii) add and/ or remove risks and opportunities.

5.3 At the end of Quarter 1 of the 2020/21 year there were 34 Risks and 4 Opportunities on the Corporate Risk and Opportunity Register. Full details of the Risks and Opportunities, including scores and mitigating actions, are attached at Appendix A.

5.4 The Council’s Risk and Opportunity Management Framework uses a matrix which scores both impact and likelihood out of 4.

5.5 The Council’s Risk and Opportunity Management Framework categorises Risks and Opportunities in the following way:

Score	Risk Category	Opportunity Category
9 or above	Red	Green
5-8	Amber	Amber
1-4	Green	Red

Table 1 Risk and Opportunity Scores and Categories

6 Summary

6.1 A summary of the status of the Council’s 34 Corporate Risks and 4 Corporate Opportunities at the end of Quarter 1 can be seen at Figure 1 below:

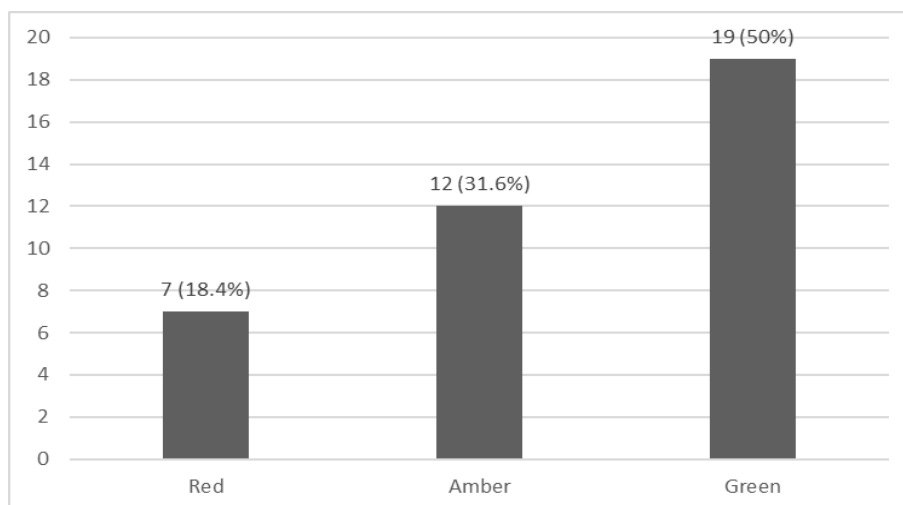


Figure 1 Summary of Risk and Opportunity Statuses

6.2 Red Risks and Opportunities

Of the 38 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 7 (18.4%) were assessed as Red status. The Red Status Risks are shown below at paragraphs 3.2.1 to 3.2.7.

6.2.1 CR 25 The Council does not have sufficient funding to deliver its current services in the medium term

This Risk has a residual impact of 3 (Significant), a residual likelihood of 3 (Likely) and a residual score of 9.

Mitigation

The Cabinet is working through the budget for the 2020/21 year. Levels of reserves are sufficient to manage any unplanned change effectively. The budget (including income and expenditure) is monitored on a quarterly basis and corrective action taken as required. Preparation for the 2021/22 budget and medium term financial planning will start earlier than in previous years (Spring 2020).

6.2.2 CR 36 Uncertainty following the United Kingdom's imminent departure from the European Union

This Risk has a residual impact of 3 (Significant), a residual likelihood of 3 (Likely) and a residual score of 9.

Mitigation

Continue to monitor information provided by the Local Government Association. Maintain robust business continuity arrangements, including with partners and suppliers. Continue to work with the Leicestershire Resilience Forum (LRF) to coordinate plans and responses to operational or civil eventualities. The Council is represented on County-wide groups which are planning and preparing for potential implications. Two workshops were held in January 2019 to consider the implications for the Council and Members were advised via a Briefing Note in March 2019. Local businesses have been made aware that support is available. The Council will continue to work with the LRF and participate in the agreed reporting process to identify any local emerging issues. During Quarter 2 of the 2019/20 year, the Council held a service workshop and undertook an assurance assessment in line with the MHCLG checklist. During Quarter 3, all previous no-deal arrangements were stood down nationally.

6.2.3 CR 37 Increase in homeless presentations results in an increased demand in Council support for relief

This Risk has a residual impact of 3 (Significant), a residual likelihood of 3 (Likely) and a residual score of 9.

Mitigation

Following the introduction of the Homelessness Act 2017, the Council introduced a new Housing and Homelessness Prevention Strategy which highlighted key actions that the Council is taking to meet its statutory responsibilities. As part of this on-going work, the Council is reviewing future provision of temporary accommodation to meet the needs of homeless residents in the most cost-effective manner. During Quarter 3, of the 2019/20 year, the Council submitted an offer on a property consisting of three flats to use as temporary accommodation for homeless households. During Quarter 4 of the 2019/20 year, the Council completed purchase of the three flats and they began to be used to accommodate homeless households.

6.2.4 CV 02 Unforeseen, unfunded financial burdens as a result of responding to the ongoing situation weaken the Council's financial stability

This Risk has a residual impact of 4 (Major), a residual likelihood of 3 (Likely) and a residual score of 12.

Mitigation

Upfront forecasting and monitoring of the costs likely to be needed; Recording and itemising the extra expenditure so as to make a claim for Belwin Funding; Short-term use of financial reserves to fund the costs (but note the significant adverse impact on longer-term financial sustainability of the Council).

6.2.5 CV 03 Loss of income, as economic activity reduces, weakens the Council's cashflow and financial sustainability

This Risk has a residual impact of 4 (Major), a residual likelihood of 3 (Likely) and a residual score of 12.

Mitigation

Rigorous and more frequent monitoring of key income streams but no mitigation actions available to the Council; Short-term use of financial reserves to balance the budget (note the significant adverse impact on longer-term financial sustainability of the Council).

6.2.6 CV 04 The focus on high-priority, short-term needs prevents the medium-term financial planning and decision-making needed to balance the Council's finances in the medium term

This Risk has a residual impact of 4 (Major), a residual likelihood of 3 (Likely) and a residual score of 12.

Mitigation

Whilst the Section 151 Officer and Corporate Management Team will promote and plan for an early Medium-Term Financial Strategy process, this is dependent on Central Government letting councils know its intentions of the changes to the Local Government Finance Regime planned to be implemented from 2020/21.

6.2.7 Increased fatalities leads to increased demand on burial infrastructure including existing cemetery provision and storage of cadavers

This Risk has a residual impact of 3 (Significant), a residual likelihood of 3 (Likely) and a residual score of 9.

Mitigation

Investigated the capacity of crematoria to process the deceased which would reduce demand on 'burial' spaces (multiple ashes interments may be required in existing grave spaces in the event of District/National emergency situation).

6.3 Amber Risks and Opportunities

Of the 38 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 12 (31.6%) were assessed as Amber status (residual score of between 5 and 8). Amber status suggests that the controls and mitigations do not fully manage a risk or opportunity and that further action could be taken to influence it.

The 12 Amber Risks and Opportunities are shown below at paragraphs 3.3.1 to 3.3.12.

6.3.1 CR 07 Risk of the Council not helping to encourage conditions for new business growth results in the District not benefitting from the LLEP funding

This Risk has a residual impact of 2 (Moderate), a residual likelihood of 3 (Likely) and a residual score of 6.

Mitigation

The Council is represented on the LLEP Board through a nominated District Leader representation. Two bids were successful in the 2018/19 year, these were: the Town Centres Master plan Project and the Grow-on Space Project. The Council has submitted a number of expressions of interest for the Business Rates pooling fund for 2019/20. The Council was successful in securing business rates pilot status for 2019/20 which will retain increased funds within Leicestershire. Three bids have been made to the Leicestershire Business Rates Pool which are aimed at promoting economic growth and provides funding for a number of projects in the District.

6.3.2 CR 15 Reduction in public sector funding by all partners leads to service gaps and reduced public sector offer to residents

This Risk has a residual impact of 2 (Moderate), a residual likelihood of 3 (Likely) and a residual score of 6.

Mitigation

The Council actively engages with partners in shaping future public service provision and to maintain awareness of any further potential reductions (revenue and capital) in funding from all partners. However, the significant

changes in Fair Funding and business rate changes due in 2021 is leading to a lack of clarity over funding available to partners to support outcomes in the District. The Council partially mitigates this through representation on working groups and the maintenance of contingency and provision budgets to manage the impact of any change in the short-term.

6.3.3 CR 20 Business Continuity: loss of building(s) / service(s) through unforeseen events

This Risk has a residual impact of 4 (Major), a residual likelihood of 2 (Unlikely) and a residual score of 8.

Mitigation

Disaster recovery facilities are now in place for the hosting of key IT systems in the event of a disaster recovery incident. Testing has been completed on bringing business applications, such as TLC (Land Charges) and elections, online. The Elections system has been tested by the service area. Next stage: service areas to test using the recovered systems. Other activities include testing individual business continuity plans with service areas and review priority services and accommodation, if necessary.

6.3.4 CR 27 Risk of failing to deliver housing in a timely way could lead to reduction in receipts of new homes bonus

This Risk has a residual impact of 3 (Significant), a residual likelihood of 2 (Unlikely) and a residual score of 6.

Mitigation

The up-to-date adopted District-wide Local Plan contains robust delivery, monitoring and review mechanisms linked to the housing trajectory. Evaluation of the Government's indicative proposals on New Home Bonus is underway and is being factored in to the Medium-term financial plan and future budgets.

6.3.5 CR 33 Costs of planning appeals, and legal challenges, exceed budget

This Risk has a residual impact of 4 (Major), a residual likelihood of 2 (Unlikely) and a residual score of 8.

Mitigation

Monitoring of the budget takes place throughout the year. Ensure that all planning decisions taken by Members and Officers are robust and based on sound planning grounds to minimise the risk of a successful appeal/challenge. Further member training took place during the 2019/20 year. At the end of Quarter 1 of the 2020/21 year legal costs related to planning matters were within budget. Further training for elected members will take place as required during the 2020/21 year.

6.3.6 CV 01 Disruption causes delays in the decision-making ability of the Council

This Risk has a residual impact of 2 (Moderate), a residual likelihood of 3 (Likely) and a residual score of 6.

Mitigation

Use delegations in the Council's Constitution; Increase delegations by Leader to Portfolio Holders; postpone, non-urgent, non-decision-making meetings; lobby LGA for guidance; Implement new emergency regulations on Governance.

6.3.7 CV 08 Additional homeworking requirements lead to increased demand on the Council's ICT infrastructure which subsequently becomes unstable

This Risk has a residual impact of 3 (Significant), a residual likelihood of 2 (Unlikely) and a residual score of 6.

Mitigation

Utilising available cloud resources will limit the need to rely on the Council infrastructure for a portion of the workforce, freeing up resources for those who need them.

6.3.8 CV 09 The ongoing situation leads to multiple, concurrent Emergency Planning situations which the Council does not have the capacity to deal with

This Risk has a residual impact of 3 (Significant), a residual likelihood of 2 (Unlikely) and a residual score of 6.

Mitigation

Working in partnership with the LRF; Availability of mutual aid as necessary through the Resilience Partnership; Separation of roles between Corporate Management Team to deal with any concurrent issues.

6.3.9 CV 11 Illness, self-isolation, and other factors lead to loss of capacity to operate services and recruit staff

This Risk has a residual impact of 2 (Moderate), a residual likelihood of 3 (Likely) and a residual score of 6.

Mitigation

Redeployment of staff resources across the Council where needed, continuous support from managers, prioritisation of working within the teams, identify skills and gaps and seek to fill by training. Recruitment is not seen as a problem yet, it may be three months before someone is due to start. Interviews can be conducted remotely.

6.3.10 CV 20 The Council fails to meet its statutory Data Protection duties by, for example, releasing personal data pertaining to individuals which results in fine(s) and reputational damage

This Risk has a residual impact of 4 (Major), a residual likelihood of 2 (Unlikely) and a residual score of 8.

Mitigation

Annual Data Protection refresher is being completed by all staff in Quarter 2. Regular updates on breach trends and causes are raised through the Information Governance Board. Breach notifications, where substantial, are raised with the Senior Information Risk Officer at the time of report. Learning outcomes are communicated at regular intervals in order to foster staff appreciation of common concerns and failings. Ensure new systems and processes are subject to Data Protection Impact Assessment, where appropriate. Staff engage with the Information Governance Team and Data Protection Officer where they have information and personal data concerns.

6.3.11 COR OP 04: Income maximisation/ Cost Reduction

This Opportunity has a residual impact of 2 (Moderate), a residual likelihood of 3 (Likely) and a residual score of 6.

Action

Regular monitoring takes place alongside a monthly review by the relevant Portfolio Holder. Regular re-profiling of income targets takes place and is informed by current and future activity levels. Regular monitoring by the Corporate Management Team and quarterly reporting to the Cabinet monitors income trends and action plans. The Environmental Services team has recently taken on Grounds Maintenance services via FCC with Rutland County Council. The costs of running the Council's Building Control service have reduced significantly since the Council became a member of the Leicestershire Building Control Partnership. The cost to the Council of the Lifeline Control Centre has been reduced by increasing income through marketing and increasing customer numbers, and by reducing costs through efficiencies; this will continue during 2020-21. The Council undertakes an annual review of budgets, including fees and charges, which highlights opportunities for income generation and cost reduction.

6.3.10 COR OP 05 To work with the other Leicestershire Authorities to explore different structures for delivering Council services for the benefit of residents

This Opportunity has a residual impact of 4 (Major), a residual likelihood of 2 (Unlikely) and a residual score of 8.

Action

The Leader of the Council has committed to working collaboratively for the potential benefit to the residents of Harborough District. Some preparatory

work has been completed to identify the scope of the project. A scope has been agreed between a number of Leicestershire Authorities on further collaboration and work is continuing in this area.

6.4 New Risks and Opportunities

6.4.1 20 new Corporate Risks were added to the Corporate Risk and Opportunity register during Quarter 1 of the 2020/21 year. These risks were added to the Corporate Risk and Opportunity register in light of the Covid-19 pandemic. These risks are given the prefix 'CV' to differentiate them from the other Corporate Risks (details of the new Risks can be viewed at Appendix A).

6.4.2 No new Corporate Opportunities were added to the Corporate Risk and Opportunity register during Quarter 1 of the 2020/21 year.

6.5 Risks and Opportunities Removed

6.5.1 No Corporate Risks or Corporate Opportunities were removed from the Corporate Risk and Opportunity register during Quarter 1 of the 2020/21 year.

6.6 Managing Operational Risks & Project Risks

6.6.1 In addition to the Corporate Risks and Opportunities attached at Appendix A, the Council monitors and manages Operational Risks and Opportunities identified through the Corporate Delivery Plan and Team Plans.

6.6.2 Project Risks and Opportunities that are identified through corporate projects are monitored by an Officer-led Programme Board.

6.6.3 Operational Risks and Opportunities are updated on a quarterly basis alongside quarterly performance updates. Project Risks are updated on either a monthly or quarterly basis as part of their associated highlight reports.

6.6.4 Operational Risks are managed via an internal Performance Improvement Board on an exception basis i.e. Red Risks (those with a residual score of 9 or more) and those with a negative direction of travel.

6.6.5 Corporate Risks, Operational Risks and Project Risks are all included in the Risk and Opportunity Register which is held on the Council's Performance Management database.

Appendices

Appendix A Corporate Risk and Opportunity Register

Appendix B Risk and Opportunity Movement

Appendix C Risk and Opportunity Residual Scoring Distribution

Appendix D Risk and Opportunity Scoring Criteria