

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE  
MEETING ON 24 JULY 2019**

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**Status:** For Discussion  
**Title:** Corporate Risk and Opportunity Management: Quarter 1, 2019/20  
**Originator:** S. Riley, Head of Finance and Corporate Services  
and Section 151 Officer  
**Where from:** N/A  
**Where to next:** Cabinet

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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 2019/20 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 2019/20 year.

3 Summary of Reasons for the Recommendations

3.1 The Committee is provided with the Corporate Risk and Opportunity Register at the end of Quarter 1 of the 2019/20 year (attached at Appendix A to this report).

3.2 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 15 July 2019.

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

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

- 3.4 At the end of Quarter 1 of the 2019/20 year there were 15 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.
- 3.5 The Council's Risk and Opportunity Management Framework uses a matrix which scores both impact and likelihood out of 4.
- 3.6 The Council's Risk and Opportunity Management Framework categorises Risks and Opportunities in the following way:

<b>Score</b>	<b>Risk Category</b>	<b>Opportunity Category</b>
9 or above	Red	Green
5-8	Amber	Amber
1-4	Green	Red

Table 1 Risk and Opportunity Scores and Categories

#### 4 Summary

- 4.1 A summary of the status of the Council's 19 Corporate Risks and Opportunities at the end of Quarter 1 can be seen at Figure 1 below:

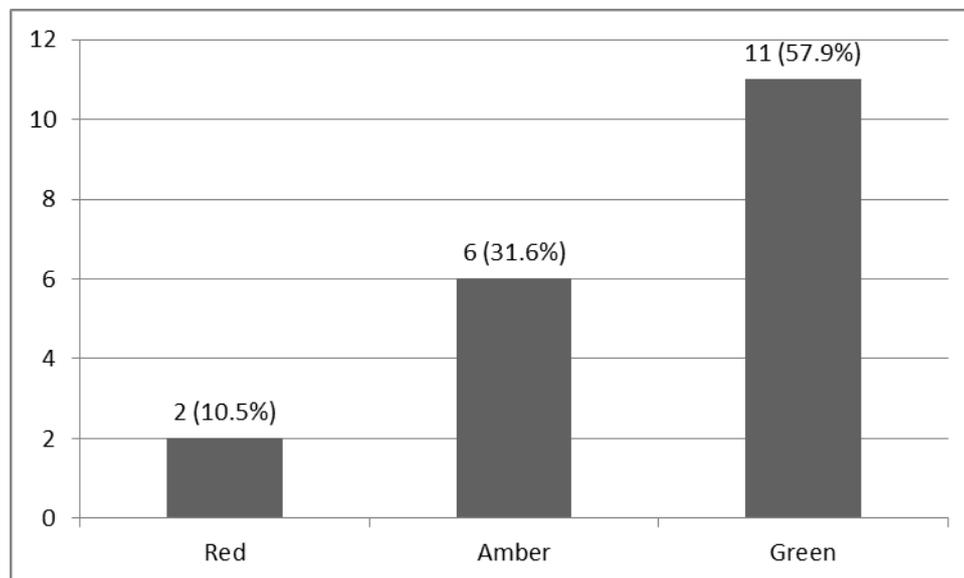


Figure 1 Summary of Risk and Opportunity Statuses

## 4.2 Red Risks and Opportunities

Of the 19 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 2 (10.5%) were assessed as Red status. The Red Status Risks are shown below at paragraphs 4.2.1 and 4.2.2:

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

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

#### Mitigations

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. Regular updates are made to the LRF and staffing arrangements have been made to cover the EU exit 'no-deal' period. 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.

### 4.2.2 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 ongoing work, the Council is reviewing future provision of temporary accommodation to meet the needs of homeless residents in the most cost-effective manner.

## 4.3 Amber Risks and Opportunities

Of the 19 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 6 (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 and further action could be taken to influence a Risk or Opportunity.

The 6 Amber Risks and Opportunities are shown below at paragraphs 4.3.1 to 4.3.6.

**4.3.1 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. The Joint Chief Executive attends the Place Board which reports directly into the LLEP. 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 pilot status for 2019/20 which will retain increased funds within Leicestershire.

**4.3.2 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 2020 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.

**4.3.3 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

The Business Continuity plans and their dependencies have been updated. A multi-agency disaster recovery test in the Symington Building took place on 25 July 2017 and an action plan was developed which will cover the issues raised. During Quarter 3 of the 2018/19 year, an exercise took place to test the Council's updated Business Continuity Plans. Business Continuity plans were updated during the 2018/19 year and are stored off-site on the Resilience Direct website. A revised ICT disaster recovery solution has been

sourced and implemented. An initial live failover of core infrastructure technologies has already been tested. A test failover is scheduled to take place in Quarter 2 of the 2019/20 year for the Uni-form and Document Management applications. This will be followed by a test failover of the Express (elections) system. A schedule for testing disaster recovery procedures within service areas is being devised for completion in Quarters 3 and 4. The Council's ICT disaster recovery arrangements are due to be audited during the 2019/20 year.

**4.3.4 CR 27 Risk of reduction 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.

**4.3.5 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

CR 33.01 Monitoring of budget 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. Additional Member training is scheduled to take place during the 2019/20 year. At the end of Quarter 4 of the 2018/19 year, the Council had exceeded its budget for legal fees related to Planning. Training for elected Members, on planning application decision-making, took place on 28 May 2019. At the end of Quarter 1 of the 2019/20 year legal costs related to planning matters were within budget.

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

This Risk 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 to commission external support.

#### 4.4 New Risks and Opportunities

4.4.1 One new Corporate Risk was added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2019/20 year (this is shown below at paragraph 4.4.2). No new Corporate Opportunities were added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2019/20 year.

#### 4.4.2 **New Risk: 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 ongoing work, the Council is reviewing future provision of temporary accommodation to meet the needs of homeless residents in the most cost-effective manner.

#### 4.5 Risks and Opportunities Removed

4.5.1 The following Corporate Risks were removed from the Corporate Risk and Opportunity Register during Quarter 1 of the 2019/20 year. The removed risks are shown below at paragraphs 4.5.2 and 4.5.3:

4.5.2 **CR 01 The Council does not meet its income Generation Aspirations and Targets.** Reason for removal: the scope of this risk is now covered under **CR 25 The Council does not have sufficient funding to deliver its current services in the medium-term.**

4.5.3 **CR 23 Not Balancing Budget for the next financial year.** Reason for removal: the scope of this risk is now covered in **CR 25 The Council does not have sufficient funding to deliver its current services in the medium-term.**

#### 4.6 Risks and Opportunities Amended

4.6.1 **CR 08 Risk of challengeable planning decisions being taken relating to planning applications for residential development / Risk of planning appeals being upheld relating to residential planning applications and CR 10 Local Plan: lack of a sound Local Plan may lead to sporadic development and the inability to defend appeals** have been combined into a single risk, as set out below:

**CR 08 Not having a sound Local Plan leads to: risk of challengeable planning decisions being taken relating to planning applications for residential development; risk of planning appeals being upheld relating to residential planning applications; risk of sporadic development.**

4.6.2 In the interest of clarity, the wording of **CR 27** has been amended from:

***Risk of reduction in receipts from New Homes Bonus and increased uncertainty of timely housing delivery as a result of housing development not coming forward***

to

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

4.6.3 The wording of **CR 34** has been amended, to broaden its scope, from:

***The Council fails to meet data protection requirements of the Data Protection Act 2018 (UK Implementation of GDPR). Personal data is not processed according to legislative requirements resulting in reputational damage and potential financial penalty***

to

***The Council fails to meet its information governance and records management obligations under various enactments such as the Data Protection Act 2018 and GDPR. Personal and non-personal data is not processed according to legislative and or policy requirements resulting in reputational damage and potential financial penalty.***

#### **4.7 Managing Operational Risks & Project Risks**

4.7.1 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.

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

4.7.3 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.

4.7.4 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.

4.7.5 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.

5 Impact on Communities

5.1 None arising directly from this report.

6 Legal Issues

6.1 None arising directly from this report.

7 Resource Issues

7.1 None arising directly from this report.

8 Equality Implications

8.1 None arising directly from this report.

9 Risk Management Implications

9.1 The Council's Corporate Risks and Opportunities are set out at Appendix A.

10 Consultation

10.1 At its meeting on 2 September 2019, the Cabinet will consider the Council's Corporate Risks and Opportunities at the end of Quarter 1 of the 2019/20 year.

11 Options Considered

11.1 Monitoring of the Council's Corporate Risks and Opportunities is prescribed by the Council's Risk and Opportunity Management Framework. For this reason, the alternative (to not produce this report) was not considered.

12 Background Papers

12.1 Risk and Opportunity Management Framework (approved for use by the Executive on 15 January 2018).

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**Previous report(s): *not applicable***

**Information Issued Under Sensitive Issue Procedure:  $\checkmark$  / N**

**Ward Members Notified: *not applicable***

**Appendices:**

- A. Corporate Risk and Opportunity Register
- B. Risk and Opportunity Score Movement over the last five Quarters
- C. Risk and Opportunity Residual Scoring Distribution