

## REPORT 2

### HARBOROUGH DISTRICT COUNCIL

### REPORT TO THE CABINET MEETING OF 9 MARCH 2020

**PUBLIC REPORT:** Yes

**EXEMPT REPORT:** No

<b>Report Title</b>	Corporate Risk and Opportunity Management: Quarter 3, 2019/20
<b>KEY DECISION</b>	No
<b>Report Author</b>	V. Wenham, Chief Officer Governance and Monitoring Officer
<b>Purpose of Report</b>	To provide the Cabinet with information on the Council's Corporate Risks and Opportunities at the end of Quarter 3 of the 2019/20 year.
<b>Reason for Decision</b>	Monitoring of the Council's Corporate Risks and Opportunities is prescribed by the Council's Risk and Opportunity Management Framework.
<b>Portfolio (holder)</b>	Councillor Dann, Corporate
<b>Corporate Priorities</b>	Your Council
<b>Financial Implications</b>	None arising directly from this report.
<b>Risk Management Implications</b>	This report sets out the Council's Corporate Risks and Opportunities at Appendix A.
<b>Environmental Implications</b>	None arising directly from this report.
<b>Legal Implications</b>	None arising directly from this report.
<b>Equality Implications</b>	None arising directly from this report.
<b>Data Protection Implications</b>	None arising directly from this report.
<b>Consultation</b>	At its meeting on 4 March 2020, the Governance and Audit Committee considered the Council's Corporate Risks and Opportunities at the end of Quarter 3 of the 2019/20 year.
<b>Options</b>	The Council's Risk and Opportunity Management Framework provides that the Council's Risks and Opportunities will be reported on a regular basis. Therefore, the alternative (to not produce this report) was not considered.
<b>Background Papers</b>	Risk and Opportunity Management Framework (approved for use by the Cabinet on 10 February 2020).
<b>Recommendation</b>	<b>That the items contained within the Council's Corporate Risk and Opportunity Register (attached at Appendix A to this report) be noted.</b>

## 1. Introduction

1.1 The Cabinet is provided with the Corporate Risk and Opportunity Register at the end of Quarter 3 of the 2019/20 year (attached at Appendix A to this report).

## 2. Key Facts

2.1 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 January 2020.

2.2 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.

2.3 At the end of Quarter 3 of the 2019/20 year there were 14 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.

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

2.5 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>
<i>9 or above</i>	<i>Red</i>	<i>Green</i>
<i>5-8</i>	<i>Amber</i>	<i>Amber</i>
<i>1-4</i>	<i>Green</i>	<i>Red</i>

Table 1 Risk and Opportunity Scores and Categories

### 3 Summary

3.1 A summary of the status of the Council's 18 Corporate Risks and Opportunities at the end of Quarter 3 can be seen at Figure 1 below:

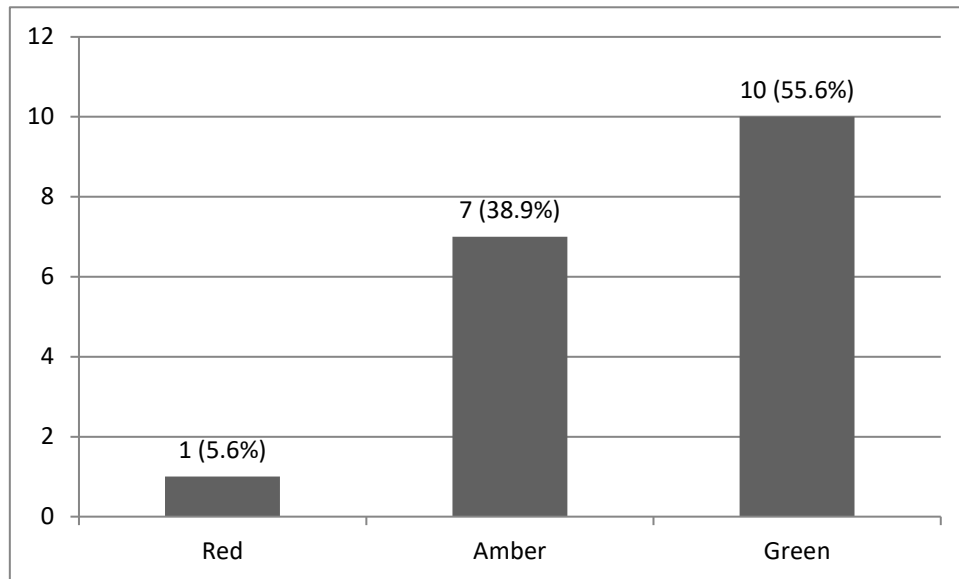


Figure 1 Summary of Risk and Opportunity Statuses

### 3.2 Red Risks and Opportunities

Of the 18 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 1 (5.6%) was assessed as Red status. The Red Status Risk is shown below at paragraph 3.2.1.

#### 3.2.1 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).

#### Reason for Red Status

As reported in the 2020/21 Budget Report, the S151 Officer (Interim Chief Officer: Finance & Assets) has advised Council that, whilst there is an adequate level of reserves for the financial year 2020/21 and for the immediate future going forwards, she does have concerns on the sustainability

of the Council's finances over the longer term given the uncertainties over the impact of the changes being proposed to the local government finance system for 2021/22 onwards combined with the amount of budget growth proposed in the 2020/21 budget, the relatively small amount of savings/increased income proposed, and other budget pressures the Council is likely to face over the next few years (such as funding the financing costs of an ambitious capital programme). She has advised that it is not sustainable for the Council to continue to draw down the same amount of reserves being used to balance the 2020/21 budget (£1.985m) over the longer term.

### **3.3 Amber Risks and Opportunities**

Of the 18 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 7 (38.9%) 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 7 Amber Risks and Opportunities are shown below at paragraphs 3.3.1 to 3.3.7.

#### **3.3.1 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.

#### **3.3.2 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.

**3.3.3 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.

**3.3.4 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. Evaluate the Government's proposals on New Homes Bonus, when known, and this will be factored into the medium-term financial plan and future budgets. Maintain and build financial resilience to manage consequences in a measured way.

**3.3.5 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 is taking place during the 2019/20 year. Training for elected Members, on planning application decision-making, took

place on 28 May 2019. At the end of Quarter 3 of the 2019/20 year legal costs related to planning matters were within budget.

### **3.3.6 CR 37 Increase in homeless presentations results in an increased demand in Council support for relief**

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

#### 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 the Council submitted an offer on a property consisting of three flats to use as temporary accommodation for homeless households.

### **3.3.7 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.

## **3.4 New Risks and Opportunities**

3.4.1 No new Corporate Risks or Corporate Opportunities were added to the Corporate Risk and Opportunity register during Quarter 3 of the 2019/20 year.

## **3.5 Risks and Opportunities Removed**

3.5.1 No Corporate Risks or Corporate Opportunities were removed from the Corporate Risk and Opportunity register during Quarter 3 of the 2019/20.

## **3.6 Managing Operational Risks & Project Risks**

3.6.1 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.

- 3.6.2 Project Risks and Opportunities that are identified through corporate projects are monitored by an Officer-led Programme Board.
- 3.6.3 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.
- 3.6.4 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.
- 3.6.5 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.
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## **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