

**HARBOROUGH DISTRICT COUNCIL**

**REPORT TO THE CABINET MEETING OF 2 DECEMBER 2019**

**PUBLIC REPORT: Yes**

**EXEMPT REPORT: No**

|                                     |  |
|-------------------------------------|--|
| <b>Report Title</b>                 | Corporate Risk and Opportunity Management: Quarter 2, 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 2 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 10 December 2019, the Governance and Audit Committee will consider the Council's Corporate Risks and Opportunities at the end of Quarter 2 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 Executive on 15 January 2018).  |
| <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 2 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 7 October 2019.

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

(i) reduce the likelihood of risks 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 2 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 2 can be seen at Figure 1 below:

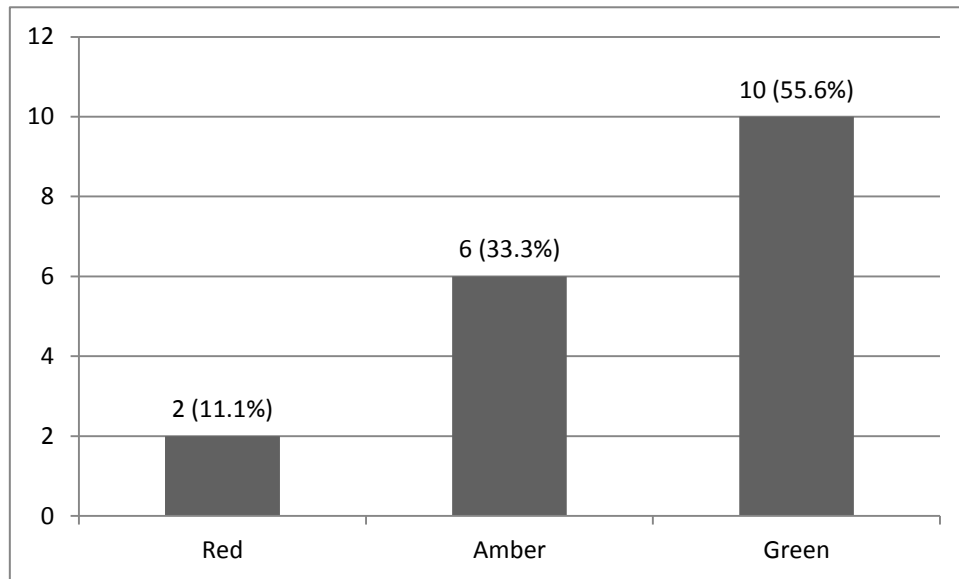


Figure 1 Summary of Risk and Opportunity Statuses

### 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), 2 (11.1%) were assessed as Red status. The Red Status Risks are shown below at paragraphs 3.2.1 and 3.2.2:

#### 3.2.1 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.

#### 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. 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. 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.

### **3.2.2 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 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 Quarters 3 and 4 of the 2019/20 year, we intend to investigate a particular option for accommodation.

### **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), 6 (33.3%) 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 3.3.1 to 3.3.6.

#### **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. A number of 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. The Cabinet is working through the budget for the 2020/21 year and updating its medium-term financial plan.

### **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 event of a disaster recovery incident. Testing has been completed on bringing business applications, such as TLC (Land Charges) and elections, online. 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 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. 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 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 2 of the 2019/20 year legal costs related to planning matters were within budget.

### 3.3.6 **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 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 2 of the 2019/20 year.

## 3.5 **Risks and Opportunities Removed**

3.5.1 The following Corporate Risk was removed from the Corporate Risk and Opportunity Register during Quarter 2 of the 2019/20 year. The removed risk is shown 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**

### Reason for Removal

The Council now has an adopted Local Plan. Therefore, this risk is no longer applicable.

### **3.6 Risks and Opportunities Amended**

3.6.1 No Corporate Risks or Opportunities were amended during Quarter 2 of the 2019/20 year.

### **3.7 Managing Operational Risks & Project Risks**

3.7.1 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.

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

3.7.3 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.

3.7.4 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.

3.7.5 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.