

**PAPER NO. 2**

**REPORT TO THE EXECUTIVE MEETING OF 5 SEPTEMBER 2016**

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<b>Meeting:</b>	Executive
<b>Date:</b>	5 September 2016
<b>Subject:</b>	Corporate Risk and Opportunity Register: Quarter 1, 2016/17
<b>Report of:</b>	S. Riley, Head of Finance and Corporate Services and Section 151 Officer
<b>Portfolio Holder:</b>	Councillor Rickman, Performance Management and Rural Portfolio
<b>Status:</b>	For information and comment
<b>Relevant Wards:</b>	All

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1 Purpose of the Report

- 1.1 To provide the Executive with information on the Council's Corporate Risks and Opportunities at the end of Quarter 1 of the 2016/17 year.

2 Recommendations:

- 2.1 **That the items contained within the Council's Corporate Risk and Opportunity Register (attached at Appendix A), be noted.**

3 Summary of Reasons for the Recommendations

- 3.1 Monitoring of the Council's Corporate Risks and Opportunities is prescribed by the Council's Risk and Opportunity Management Framework.

4 Key Facts

- 4.1 The Executive is provided with the Corporate Risk and Opportunity Register at the end of Quarter 1 of the 2016/17 year (set out at Appendix A to this report).

- 4.2 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.

4.3 The Corporate Risk and Opportunity Register was last considered at the Officer Risk and Opportunity Strategy Board on Tuesday 9 August 2016 (the information contained within this report was the current position up to that date). At this meeting a number of amendments to the Register were made to reflect progress on actions which had 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.

4.4 At the end of Quarter 1 of the 2016/17 year there were 16 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.

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

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

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

Table 1 Risk and Opportunity Score and Categories

## 5 Points for discussion

5.1 A summary of the status of the Council’s 20 Corporate Risks and Opportunities at the end of Quarter 1 can be seen in Figure 1 below:

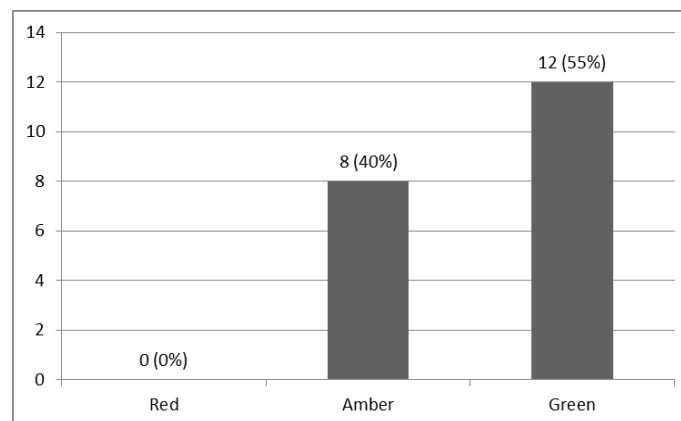


Figure 1 Summary of Risk and Opportunity Statuses

## 5.2 Red Risks and Opportunities

Of the 20 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), zero Risks and Opportunities were assessed as Red status.

## 5.3 Amber Risks and Opportunities

Of the 20 Risks and Opportunities on the Corporate Risk and Opportunity Register (attached at Appendix A to this report), 8 (40%) were assessed as Amber status (residual score of between 5 and 8). Amber status suggests that more could be done to influence a Risk or Opportunity.

The 8 Amber Risks and Opportunities are shown below (paragraphs 5.3.1 to 5.3.8):

### 5.3.1 Risk CR 04: Impact on Council's resources of welfare reform is not yet known

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

#### Mitigation

CR 04.01 Universal Credit (UC) is now live in part of the Council's area (Market Harborough Job Centre Plus area). An agreement is in place between the Council and the Department of Work and Pensions (DWP) and is being monitored on a monthly basis. Impact on the Council's resources during the 2015/16 year was minimal. The Market Harborough Job Centre Plus area has been included in the DWP's 2016/17 roll-out plan to make UC applicable to a wider range of claimants. It is anticipated this will be in the late autumn of 2016. The Council has also been advised that the national roll-out programme has been extended and will now run up to 2022 for working age claimants. Roll-out to claimants of pensionable age will commence after 2022. Information regarding the Government's plans for implementation of UC has been received and the Council has been advised that staff will not be TUPED to DWP. The Council will have to manage the reduction at the appropriate time.

### 5.3.2 Risk 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

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

### Mitigation

The Council needs to ensure that an up-to-date, sound Local Plan is adopted, in accordance with established work programmes and budgets that meet the Objectively Assessed Housing needs of the District. It also has to ensure the Local Plan is adopted in accordance with the timescales set out in the up-to-date Harborough Local Development Scheme, February 2016. In addition to progressing the Local Plan, and to ensure that this risk is adequately managed ahead of the Local Plan being adopted, the Council is making every effort to achieve a five-year land supply (including the 20% buffer) at the earliest possible date through positively granting planning permissions to support the delivery of housing whenever possible and appropriate.

#### **5.3.3 CR 10 Local Plan Risks: lack of a sound Local Plan may lead to sporadic development and the inability to defend appeals**

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

### Mitigation

The Council will mitigate this risk by ensuring that an up-to-date, sound local plan is adopted in accordance with established work programmes that meet the Objectively Assessed Housing needs of the District; and by ensuring that the Local Plan is adopted in accordance with the timescales set out in the up-to-date Harborough Local Development Scheme, February 2016. N.B. the mitigation outlined here may not fully mitigate the risk until the Local Plan is adopted.

#### **5.3.4 Risk 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

In February 2016 the Council adopted a four-year Medium Term Financial Strategy (MTFS) which provided visibility and provision for savings proposals included in Leicestershire County Council's MTFS (e.g. recycling, early years). The Council actively engages with partners in shaping future public service provision and being aware of any further potential reductions (revenue and capital) in funding from all partners.

#### **5.3.5 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

Testing of business recovery plans, undertaken during Quarter 3 of the 2015/16 year, showed that there was still the need for further development and integration of business continuity plans within service areas. For this reason, the residual score of the Risk increased to 8 at the end of Quarter 4 of the 2015/16 year. The residual score remained at 8 at the end of Quarter 1 of the 2016/17 year.

#### **5.3.6 CR 27 Local Plan: 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**

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

### Mitigation

The Council will mitigate this Risk by ensuring that the Local Plan has a robust delivery, monitoring and review chapter that is linked to the housing trajectory supporting the Plan's Spatial Strategy. The developers have an integral role in ensuring the deliverability of The Plan, both through its preparation and subsequent implementation.

#### **5.3.7 CR 28 Microsoft Windows Server 2003 un-supported: a lack of support implies that no new security patches will be released for this version of Windows which increases the Council's exposure to security vulnerabilities**

### Mitigation

Since the product was de-supported on 14 July 2015, the Council continues to progress a programme of removing/upgrading Windows Server 2003 servers to a newer version of Windows that is supported by Microsoft. The ICT Team anticipates that by early September 2016 the majority of the affected servers will be replaced; and any remaining servers will be replaced by the end of Quarter 3 of the 2016/17 year.

#### **5.3.8 Opportunity COR OP 03: Combined Authority**

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

### Progress

The Monitoring Officers continue to work on the Constitution and the operating agreement. A report will be considered by Council in the autumn. The Leicestershire councils are awaiting publication of the draft Combined Authority Order by central government.

## 5.4 New Risks and Opportunities

- 5.4.1 One new Corporate Risk was added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2016/17 year. No new Corporate Opportunities were added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2016/17 year. The new risk is:

CR 28 Microsoft Windows Server 2003 un-supported: a lack of support implies that no new security patches will be released for this version of Windows which increases the Council's exposure to security vulnerabilities (paragraph 5.3.8)

## 5.5 Risks and Opportunities Removed

- 5.5.1 Three risks were removed from the Corporate Risk and Opportunity Register during Quarter 1 of the 2016/17 year. The three Corporate Risks that were removed are set out at paragraphs 5.5.2 to 5.5.4 below.
- 5.5.2 CR 09 Reduced outcomes delivered from external partnerships and contracts through inadequate monitoring and accountability frameworks (leading to loss of service, financial and/or reputational damage)

### Reason for Removal of CR 09

Following the Environmental Services contract negotiations, the major contracts of the Council are now considered to be part of business as usual and will be monitored as Operational Risks.

- 5.5.3 CR 18: Failure to procure an affordable waste and environmental service within budget and timescale

### Reason for Removal of CR 18

An affordable waste and environmental service was procured within budget and timescale and came into effect on 1 April 2016.

- 5.5.4 CR 28: Claw-back of ERDF Funding relating to previous capital investment

### Reason for Removal of CR 28

The Council challenged the original claw-back for £365K and successfully reduced the claw-back to £7K. Therefore this risk can now be removed from the Corporate Risk and Opportunity Register.

## 5.6 **Managing Operational Risks & Project Risks**

- 5.6.1 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.
- 5.6.2 Project Risks and Opportunities that are identified through corporate projects are monitored by an Officer-led Programme Board.
- 5.6.3 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.
- 5.6.4 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.
- 5.6.5 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.

## 6 Legal Issues

- 6.1 None arising directly from this report.
- 6.2 Effective risk management minimises the risk of legal issues and litigation occurring in the course of Council business.

## 7 Resource Issues

- 7.1 None arising directly from this report.
- 7.2 Effective risk management allows the Council to better manage its resources.

## 8 Equality Analysis Implications/Outcomes

- 8.1 None arising directly from this report.

## 9 Risk Management Implications

- 9.1 This report sets out the Council's Corporate Risks and Opportunities at Appendix A.

## 10 Consultation

- 10.1 The Performance Scrutiny Panel will consider the Corporate Risks and Opportunities at the end of Quarter 1 of the 2016/17 year, at its meeting on 15 September 2016.

11 Options

11.1 The Council's Risk and Opportunity Management Framework provides that the Council's Risks and Opportunities will be reported on a quarterly basis. Therefore the alternative, to not produce this report, was not considered.

12 Background Papers

12.1 Risk and Opportunity Management Framework (approved for use by Executive on 11 January 2016, Minute 385 2015/16 refers).

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**Information Issued Under Sensitive Issue Procedure: No**

**Appendices:**

- A. Corporate Risk and Opportunity Register**
- B. Risk and Opportunity Scoring Criteria**