

AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
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OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 27th October 2015
Subject: Corporate Risk Monitoring Report October 2015

Summary	This report presents the changes to the Risk Register since the last monitoring report in April 2015 and gives details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.
Recommendation	To note the report.

1.0 Introduction and Background

- 1.1 The Committee receives reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one being presented in April 2015.
- 1.2 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Strategy. The definitions are attached for reference in **Appendix 2**.
- 1.3 The Risk Register is reviewed by the Executive Directors on a 6-monthly basis. Any existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are removed and new risks considered in the context of current circumstances are added. The risk reference numbers are not reallocated when risks are removed from the register, to enable the history to be maintained.
- 1.4 A summary of the changes to the Risk Register since the last monitoring report are detailed in section 2 below. Details of the 'Very High' risks are given in **Appendix 1** together with a list of the 'High' risks.

- 1.5 The full Risk Register, as agreed by Management Team, is placed on InSite, within the Risk Management section on the Corporate Documents tab.

2.0 Changes to the Register

- 2.1 Apart from updates on progress for various entries, the main changes since April 2015 are listed below.

2.2 Risks to be removed:

1.14 – Individual Electoral Registration (IER)

The introduction of the IER had raised a risk that the new Government Digital Service would not be sufficiently robust in the run up period to the May 2015 Elections. The elections have now been completed and the IER is no longer an issue.

2.3 New risks identified:

1.15 – Car parking tickets

Score 9 (Medium Risk)

An appeal against a Civil Enforcement Ticket (for on-street parking) is challenging the wording on the ticket. If the appeal finds against the Council, it will impact on the validity of civil enforcement ticket issued since 2011, resulting in reputational damage and possibly some financial loss. The appeal was heard in March 2015 and at the time of writing this report, no decision had been made.

2.12 – Major Planning Applications

Score 12 (High Risk)

There is a risk that if too many appeals are lost in proportion to the number of overall applications received, the applicants will have the choice of having their applications determined by the Inspectorate instead of the Council. This will mean the planning fee will go to the Inspectorate and not the Council.

5.15- Land Charges

Score 12 (High Risk)

An adverse judgement in the 'East Sussex County Council v ICO & Others' case being decided by the European Court of Justice, may result in the Council being liable to reimburse an element of the Land Charges fees for the past ten years and reduced costs being charged in future. At the time of writing the report no decision had been made.

5.16 – Pension Fund

Score 8 (Medium Risk)

The Council may be unable to meet all its liabilities in relation to the Norfolk Pension Fund.

2.4 Risk Rating Amendments

1.11 – Due Diligence

The method of analysing new approaches to delivering services has now become established and more effective. As a result the Likelihood can now be reduced from 'Likely' to 'Unlikely'. The overall risk score reduces from 16 (Very High) to 8 (Medium).

2.10 – 5-year land supply

The loss of an appeal on a major site has further reduced the 5-year land supply identified in the LDF. The Likelihood has therefore been increased from 'Possible' to 'Certain', increasing the overall risk score from 12 (High) to 20 (Very High).

2.11 – Housing Market

The proposals for the Housing Company and Registered Provider have reduced the risk of the Council being adversely affected by any downturn in the housing market. Any surplus housing from the NORA and major housing projects can be effectively managed if necessary. The Impact has therefore been reduced from 'Major' to 'Possible', reducing the overall risk score from 12 (High) to 6 (Medium).

3.0 Conclusion

The Risk Register continues to be actively monitored by Senior Management on a regular basis.

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Risk name: 5-year Land Supply	Responsible Director: Environment and Planning
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Ref	Description	Mitigation	Progress
2.10	The Planning Inspectorate does not agree that the Council has identified an adequate supply of land designated as housing development land for the next 5 years, and consequently this will lead to development approved in areas that the Council does not want developed.	Work on the LDF to ensure the Council can evidence that sufficient land is available. Also approve applications to boost the supply in the short-medium term.	<p>The High Court challenge was not successful. Therefore will continue assessing applications on the basis of a lack of 5 year land supply until it can be shown that the Council has such a supply.</p> <p>Concerns have been expressed through the District Council Network to the Planning Inspectorate, and also raised with local MP's.</p>

Risk Score:		
Impact	Major	4
Likelihood	Almost certain	5
Total score		20
Risk Category		Very High

Risks categorized as 'High Risk' (Score 10-12)

- 1.4 – Emergency Response (External)
- 2.5 – Empty retail properties/ Town centre decline
- 2.7 – Capital receipts
- 2.9 – Major housing developments
- 2.12 – Major Planning Applications
- 3.1 – Loss of ICT server
- 3.2 – ICT failure of backup.
- 4.1 – Health and Safety
- 5.2 – Fraud and Corruption
- 5.4 – Financial Plan
- 5.11 – Business Rates Appeals
- 5.12 – Loss of major businesses
- 5.13 - Loss of King's Court
- 5.14 – VAT – Trust arrangements
- 5.15 – Land Charges

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LIKELIHOOD	5 Almost Certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red) 2.10	(25) (Red)
	4 Likely		(8) (Green)	(12) (Orange) 5.15	(16) (Red)	(20) (Red)
	3 Possible		(6) (Green) 2.11	(9) (Green) 1.2, 1.6, 1.13, 1.15, 4.3	(12) (Orange) 1.4, 2.5, 2.7, 2.9, 2.12, 4.1, 5.2, 5.4, 5.11, 5.12, 5.13, 5.14	(15) (Red)
	2 Unlikely			(6) (Green) 1.7, 5.3, 5.16	(8) (Green) 1.1, 1.11, 2.1, 4.2	(10) (Orange) 3.1, 3.2
	1 Rare					(5) (Green)
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
		IMPACT				

Risk Category	How the Risk should be managed
Very High Risk (15 – 25) (Red)	Immediate action required. Senior Management must be involved.
High Risk (10 – 12) (Orange)	Senior Management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Green)	Manage by specific monitoring or response procedures
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

Likelihood

Score	Definition
1 – Rare	The event may occur only in exceptional circumstances
2 – Unlikely	The event is not expected to occur
3 – Possible	The event might occur at some time
4 – Likely	The event will probably occur in most circumstances
5 – Almost Certain	The event is expected to occur in most circumstances

Impact

Score	Definition
1 – Insignificant	<ul style="list-style-type: none">• Little disruption to services• No injury• Loss of <£25,000• Unplanned change in service delivery due to budget overspend <£100,000• No effect on delivering partnership objective fully• No damage to BCKLWN reputation• No or insignificant environmental damage
2 – Minor	<ul style="list-style-type: none">• Some disruption to services• Minor injury• Loss of £25,000 - £175,000• Unplanned change in service delivery due to budget overspend of £100,000 - £500,000• Little effect on achieving partnership objective• Minimal damage to BCKLWN reputation (minimal coverage in local press)• Minor damage to local environment
3 - Moderate	<ul style="list-style-type: none">• Significant disruption to services• Violence or threat of serious injury• Loss of £175,000 - £500,000• Unplanned change in service delivery due to budget overspend of £500,000 - £1m• Partial failure to achieve partnership objective• Significant coverage in local press• Moderate damage to local environment

4 – Major	<ul style="list-style-type: none"> • Loss of services for more than 48 hours but less than 7 days • Extensive or multiple injuries • Loss of £500,000 - £1m • Unplanned change in service delivery due to budget overspend of £1m - £3m • Significant impact on achieving partnership objective and significantly affects BCKLWN corporate objective • Coverage in national press • Major damage to local environment
5 - Extreme	<ul style="list-style-type: none"> • Loss of service for >7 days • Fatality • Loss of >£1m • Unplanned change in service delivery due to budget overspend >£3m • Non delivery of partnership objectives and BCKLWN corporate objective • Extensive coverage in national press and TV • Significant damage to local or national environment • Requires resignation of Chief Executive, Executive Director or Leader of the Council