

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	30 May 2017		
TITLE:	Corporate Risk Monitoring Report April 2017		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Systems & Economic Development		
REPORT AUTHOR:	Vanessa Dunmall, Performance & Efficiency Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
This report presents the changes to the Corporate Risk Register since the last monitoring report in October 2016. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.
KEY ISSUES:
Two risks have been removed from the register and two new ones have been added. No risk scores have been changed as part of the review undertaken.
OPTIONS CONSIDERED:
Not applicable
RECOMMENDATIONS:
Members are requested to consider the contents of the Corporate Risk Register and confirm agreement with Management Team's assessment of the risks to the Corporate Objectives.
REASONS FOR RECOMMENDATIONS:
In order to ensure the Council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.

REPORT DETAIL

1. Introduction

- 1.1 The Risk Management Policy and Risk Management Strategy were presented to the Audit and Risk Committee in February 2016 and approved by Cabinet on 1st March 2016.
- 1.2 The Terms of Reference for the Audit and Risk Committee include responsibility for monitoring the management of risk by Management Team. To this end, the Committee receives reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one, as at October 2016, being presented in November 2016.
- 1.3 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**.

- 1.4 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.
- 1.5 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.
- 1.6 The full Risk Register, as agreed by Management Team, has been provided to the Audit Committee in hard copy, for reference.

2. Changes to the Register

2.1 The Risk Management Policy states that to 'ensure it is effective, risk management needs to be aligned with corporate aims, objectives and priorities'. As such the format of the risk register is ordered to reflect the Priorities as contained in the Corporate Business Plan. This makes the link between the Priorities and the management of associated risks clearer.

2.2 Apart from small changes made from a fresh review of the content and updates on progress for various entries, the main changes since October 2016 are listed below.

2.3 Risks to be removed:

Two risks have been removed from the register, from Priorities 1 and 2.

1.14 – Land Charges

The risk was originally added as an adverse judgement on a land charges case may have resulted in the Council being liable to reimburse an element of past Land Charges fees. The Service Manager advises that no further claims are expected and Management Team has determined that this entry may therefore be removed.

2.6 – Major Planning Applications

The risk was originally added to the register when changes were proposed by the Government to the way that Major Planning Applications were to be dealt with. Management Team have determined that the new Minister does not appear minded to progress the possible option and so this risk may be removed from the register.

2.4 New risks identified:

Two new risks have been added to the register:

1.18 Contaminated Land – Financial Impact

Management Team have identified that in the event that the Council decides to take action to deal with the remediation of the residual waste on the site of a large fire within the Borough, potential costs are not included in the financial plan.

1.19 Cyber Security Attack

In light of recent attacks to ICT systems elsewhere, a risk has been added in this area. The risk is that data and systems could be compromised by way of ransomware, virus and / or 'phishing' attacks. The Council has a good level of mitigation in place, including the systems 'patching' being up to date and necessary firewalls and filtering being in place.

2.5 Risk Rating Amendments

No risk rating scores have been changed for this update.

3. Conclusion

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

4.0 Corporate Priorities

The Corporate Risk Register is aligned with the Corporate Priorities and displayed under the 6 'Priority' headings.

5.0 Policy Implications

None

6.0 Financial Implications

6.1 The Corporate Risk Register is a document designed to assist Senior Management to identify and manage any financial implications identified through normal operations.

7.0 Personnel Implications

None

8.0 Statutory Considerations

8.1 Account and Audit Regulations 2015 - s3(c). The Council must ensure that it has 'effective arrangements for the management of risk'.

9.0 Equality Opportunity Considerations

None

10.0 Risk Management Implications

10.1 The Council has in place a Risk Management Policy (last adopted in March 2016) and an associated Risk Management Strategy.

10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the Council's objectives. It is a tool used by the Chief Executive and the Executive Directors (Management Team) to help manage risk within the Authority and is a key document within the governance controls applied within the Council.

11.0 Recommendations

- 11.1 Members are requested to consider the contents of the risk register and confirm agreement with Management Team's assessment of the risks to the Corporate Objectives.

12.0 Declarations of Interest / Dispensations Granted

None

Background Papers

April 2017 Corporate Risk Register

Previous Corporate Risk Registers

Risk Management Policy – approved in March 2016

Risk Management Strategy

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Risk name: Business Rates	Responsible Director: Finance Services (s151 Officer)
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Ref	Description	Mitigation	Progress
1.16	<p>The risk is that:</p> <p>The financial plan may be adversely affected as a result of substantial events that affect the Business Rates due to the Council. Such events may be appeals being agreed leading to substantial Rateable Value reductions; reliefs being granted; failure to grow the business rate tax base or closure of a large business; and uncertainty relating to the 100% retention of Business Rates in future.</p>	<p>Reserves created for measurable risks and membership of the Norfolk Business Rates Pool. Continue to monitor potential areas of risk and work with LGA where possible. Continue working with major businesses to reduce the possibility of closure.</p> <p>VOA has changed its appeal process - now check, challenge and appeal.</p>	<p>The Power station appeal against the 2010 list has now been settled.</p> <p>A contingent liability has been noted in the Statement of Accounts in respect of the possible backdating of business rates to the QE hospital following advice they have received regarding their possible charitable status. Membership of the Business Rates Pool provides some provision to offset some of the impact, should it occur.</p> <p>Reserves have been created to protect against closure of major businesses and the position of major businesses continues to be monitored.</p> <p>The Council has responded to consultation on 100% retention arrangements and the s151 Officer has attended workshops.</p> <p>Mandatory training has been provided for Members sitting on IDB Boards.</p> <p>The VOA list for 31/03/16 is largely neutral.</p>

Risk Score:		
Impact	Extreme	5
Likelihood	Possible	3
Total score		15
Risk Category		Very High

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Risk name: 5-year Land Supply	Responsible Director: Environment and Planning

Ref	Description	Mitigation	Progress
2.4	<p>The risk is that:</p> <p>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. NB A 5-year supply was then agreed, but at end of April 2017 is considered likely to be under question again..</p>	<p>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>	<p>The Council currently has a 5-year plan. However a further appeal has been lodged against planning decisions which will result in a public enquiry due to be held later in 2017.</p> <p>The Housing White Paper produced in early 2017 introduces a new dimension for local authorities; making them not only responsible for supply but also for demand and delivery. If enough houses are not built, it could make the plan out date once again.</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)

- 1.10 – Fraud and Corruption
- 1.12 – Financial Plan
- 1.13 – VAT – Trust arrangements
- 1.18 – Contaminated land – Financial impact
- 2.2 – Empty retail properties / Town centre decline
- 2.3 – Major housing developments
- 3.1 – Emergency Response (External)
- 3.4 – Waste and Recycling Contract
- 3.5 – Health and Safety

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LIKELIHOOD	5 Almost Certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red) 2.4.	(25) (Red)
	4 Likely		(8) (Green)	(12) (Orange)	(16) (Red)	(20) (Red)
	3 Possible		(6) (Green) 2.5.	(9) (Green) 1.2, 1.3, 1.5, 1.9, 1.17, 1.19, 3.3, 4.1, 6.1.	(12) (Orange) 1.10, 1.12, 1.13, 1.18, 2.2, 2.3, 3.1, 3.5.	(15) (Red) 1.16.
	2 Unlikely			(6) (Green) 1.7, 1.11, 3.2.	(8) (Green) 1.1, 1.4, 1.8, 1.15, 2.1.	(10) (Orange) 3.4.
	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. Responsibility to be allocated by Management Team to a named Service Manager.
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.