

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	30 May 2018		
TITLE:	Corporate Risk Monitoring Report April 2018		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>This report presents the changes to the Corporate Risk Register since the last monitoring report in October 2017. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.</p>
KEY ISSUES:
<p>It is proposed to remove 1 risk from the register and add 6 new risks. Following the review, the risk scores for 2 entries have been proposed to change.</p>
OPTIONS CONSIDERED:
<p>Not applicable</p>
RECOMMENDATIONS:
<p>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.</p>
REASONS FOR RECOMMENDATIONS:
<p>In order to ensure the Council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.</p>

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 2017, being presented in November 2017.

- 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 2017 are listed below.
- 2.3 **Risk proposed to be removed:**

It is proposed to remove one risk from the register, from Priority 1.

1.20 – King's Court

The risk was originally added to reflect potential for disruption to and loss of/impact upon services delivered at this site and financial risks relating to income and implementation costs. The Department of Work and Pensions moved into the building in April 2018 and snagging issues are being dealt with by the project team.

- 2.4 **Proposed new risks identified:**

Six new risks have been added to the register:

- 1.24 - Financial Ledger software replacement
- 1.25 - Provision of leisure services
- 2.7 - West Winch/North Runcton Strategic Growth Area
- 3.6 - Modern slavery
- 3.7 - Homelessness Reduction Act 2017
- 3.8 - New regulations regarding Houses of Multiple Occupancy

1.24 - Financial Ledger software replacement

Management Team has agreed with the inclusion of this risk on the register given the potential impact on service delivery associated with the procurement and implementation of this new system. Robust procedures are in place to govern the procurement of the new system, with appropriate staff resources being allocated to the project. An implementation plan will be developed to ensure effective implementation once the new provider is identified.

1.25 - Provision of leisure services

Management Team has identified that given the review of leisure arrangements and potential consequences for service delivery this should be included on the register. Specialist advice has been obtained and an implementation plan will be developed once the review has been concluded.

2.7 - West Winch/North Runcton Strategic Growth Area

Management Team has agreed that this risk be included on the register given the implications of the development. Progress and key issues will continue to be reported to Cabinet.

3.6 - Modern slavery

This is an emerging national issue highlighted by LGA guidance published in December 2017. Management Team propose to include this on the register to assess with partners the potential local impact, referral arrangements and training and development requirements.

3.7 - Homelessness Reduction Act 2017

Management Team has agreed to include the implementation of these responsibilities on the register given that it will take time to embed and refine new processes and procedures.

3.8 - New regulations regarding Houses of Multiple Occupancy

Management Team has agreed to include the implementation of these new regulations on the register given that work to assess the impact and potential need to change systems/procedures will take time to embed.

2.5 Risk Rating Amendments

The risk rating scores for two entries on the register have been changed for this update:

Increased Risk Score

1.23 - General Data Protection Regulations (GDPR)

New requirements are effective from May 2018. Briefings and staff development have been undertaken and service areas are reviewing their activities, preparing Records of Processing Activities, updating consent notices and reviewing retention of

records, refreshed Records Management and Disposal Policy with Retention Schedule drafted and Senior Information Risk Owner proposed with Information Asset Owners and Information Asset Administrators. Management Team proposed raising the likelihood one level from Unlikely to Possible pending implementation of preparatory works.

Decreased Risk Score

1.22 – Revenues and Benefits Software Tender

Following completion of the tender process the contract was awarded to existing supplier, Civica, in January 2018. An implementation plan is in place and resources allocated to ensure effective implementation and training for staff. It is proposed to reduce the impact one level from Major to Moderate.

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

October 2017 Corporate Risk Register

Previous Corporate Risk Registers

Risk Management Policy – approved in March 2016

Risk Management Strategy

CORPORATE RISK REGISTER MONITORING REPORT
APRIL 2018

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>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 - this is a situation raised across the country and we await further information. Membership of the Business Rates Pool provides some provision to offset some of the impact, should it occur. Reserves have been created to provide some funding protection from the impact on business rates income in the event of the closure of major businesses. The movement in the overall business rates position is monitored on a monthly basis The Council has responded to consultation on 100% retention arrangements and the s151 Officer has attended workshops. The MHCLG invited applications for 100% business rates retention for pilots for 2018/2019, but the Norfolk submission was unsuccessful. NHS Foundation Trusts have initiated legal action and the Council has contributed to the LGA's response. Progress with the legal case is being monitored.</p>

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

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

- 1.10 - Fraud and Corruption
- 1.12 - Financial Plan
- 1.24 - Financial Ledger software replacement
- 2.3 - Major housing developments
- 2.4 – 5 year land supply
- 2.5 - Housing Market
- 2.6 - Strategic Land and Property Acquisition
- 3.1 - Emergency Response (External)
- 3.4a - Waste and Recycling Contract
- 3.5 - Health and Safety
- 4.2 - THi 2 Application to the Heritage Lottery Fund

CORPORATE RISK REGISTER MONITORING REPORT
APRIL 2018

After April 2018 review

LIKELIHOOD	5 Almost Certain	(Green)	(Orange)	(Red)	(Red)	(Red)
	4 Likely		(Green)	(Orange) 2.4, 2.5	(Red)	(Red)
	3 Possible		(Green) 3.6, 3.8	(Green) 1.2, 1.3, 1.9, 1.17, 1.19, 1.22, 1.23, 1.25, 2.7, 3.3, 3.7, 4.1, 6.1	(Orange) 1.10, 1.12, 1.24, 2.3, 2.6, 3.1, 3.5, 4.2	(Red) 1.16
	2 Unlikely			(Green) 1.7, 1.11, 1.13, 3.2	(Green) 1.1, 1.4, 1.8, 1.15, 1.21, 2.1, 2.2, 3.4b	(Orange) 3.4a
	1 Rare					(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.