

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	27 November 2017		
TITLE:	Corporate Risk Monitoring Report October 2017		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Becky Box, Policy, Performance and Personnel 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 April 2017. 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 seven new ones have been added. The risk scores for four entries 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 April 2017, being presented in May 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 April 2017 are listed below.

### **2.3 Risks to be removed:**

Two risks have been removed from the register, from Priority 1.

#### 1.5 – Car Parking Tickets

The risk was originally added pending the judgement on an appeal in respect of wording printed on civil enforcement tickets. If the judgement had found against the Council this would have impacted on the validity of every ticket issued since 2011. However, the judgement was received in August, and the appeal found in the Council's favour. Therefore Management Team has determined that this entry may be removed.

#### 1.18 – Manor Farm (Contaminated Land)

The risk was originally added to the register in April due to the issues being dealt with in regards to this site at the time. Since then confirmation that the land is not contaminated has been received, removing the risk to this Authority. Management Team has therefore agreed that the risk should therefore be removed.

### **2.4 New risks identified:**

Seven new risks have been added to the register:

#### 1.20 King's Court

Management Team has identified that, due to the current and ongoing building works at King's Court to accommodate DWP, and the potential for impact on/disruption to services during the building period, this risk should be added to the risk register.

#### 1.21 Pay Policy

Management Team has identified that, in light of recent indications from the Government that it may relax its current policy on public sector pay, this should be included on the risk register. The Council has made provision in the financial plan for some relaxing of pay restraint, but the associated impact on staff turnover and the Council's ability to recruit and retain staff is as yet unknown and will need to be monitored.

#### 1.22 Revenues and Benefits Software Tender

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.

#### 1.23 General Data Protection Regulations

Management Team has agreed to include the implementation of these new regulations on the register given that, at present, work to assess the impact and potential need to change systems/procedures is yet to be completed. Eastlaw will be working with Service Managers to raise awareness of the new regulations and to help identify and plan for potential issues which may arise.

#### 2.6 Strategic Land and Property Acquisition

Management Team has agreed that this risk be included on the register given the financial implications that would be a consequence of the Council not continuing to be proactive in its land/property acquisition. Identified opportunities will continue to be reported to Cabinet for Member approval.

#### 3.4b Procurement of new Waste and Recycling Contract

Management Team has agreed with the inclusion of this risk on the register, the entry being closely linked to existing risk 3.4 Waste and Recycling Contract (which has now been renumbered 3.4a). The new risk specifically links to the procurement arrangements for the new contract, the details of which were reported to Cabinet in August. Robust procurement processes are in place to govern the tender process and appropriate staff resources have been allocated to the project to mitigate risks to the process.

#### 4.2 THi Application to the Heritage Lottery Fund

Management Team has agreed to include this entry on the risk register given the potential impact on the condition of important buildings in King's Lynn should the funding application be unsuccessful.

## **2.5 Risk Rating Amendments**

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

### Increased Risk Scores

2.5 Housing Market – given concern regarding the predicted slow-down in the housing market, which will impact on the Council's ability to sell properties being built, Management Team has agreed to revise the impact rating for this entry from 'minor' to 'moderate'.

### Decreased Risk Scores

1.13 VAT Trust Arrangements – following the completion of relevant health checks Management Team has agreed that this rating for this risk should be decreased.

2.2 Empty Retain Properties/Town Centre Decline – Management Team has determined that having the BID in place reduces the likelihood of this entry from 'possible' to 'unlikely'.

2.4 Five Year Land Supply – as a result of changes in Government regulations which have reduced the uncertainty regarding requirements going forward, it has been agreed that both the impact and likelihood scores for this risk have reduced.

## **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  
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<b>Risk name: Business Rates</b>	<b>Responsible Director: Finance Services (s151 Officer)</b>

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</p> <p>The Council has responded to consultation on 100% retention arrangements and the s151 Officer has attended workshops. the DCLG has invited applications for 100% business rates retention for pilots for 2018/2019, and are particularly interested in receiving applications from two tier and rural areas. A report will be presented to Cabinet in October outlining proposals for a Norfolk pilot. The closing date for submission of an application is 27 October 2017.</p>

<b>Risk Score:</b>		
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
- 1.22 - Revenues and Benefits Software Tender
- 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

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<b>LIKELIHOOD</b>	5 Almost Certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red)	(25) (Red)
	4 Likely		(8) (Green)	(12) (Orange) 2.4, 2.5	(16) (Red)	(20) (Red)
	3 Possible		(6) (Green)	(9) (Green) 1.2, 1.3, 1.9, 1.17, 1.19, 3.3, 4.1, 6.1	(12) (Orange) 1.10, 1.12, 1.22, 2.3, 2.6, 3.1, 3.5, 4.2	(15) (Red) 1.16.
	2 Unlikely			(6) (Green) 1.7, 1.11, 1.13, 1.20, 1.21, 1.23, 3.2	(8) (Green) 1.1, 1.4, 1.8, 1.15, 2.1, 2.2, 3.4b	(10) (Orange) 3.4a
	1 Rare					(5) (Green)
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
		<b>IMPACT</b>				

<b>Risk Category</b>	<b>How the Risk should be managed</b>
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.