

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Maxine O'Mahony – Executive Director of Strategy and Governance

To: Governance and Audit Committee – Thursday 6th November 2019

Author: Corey Gooch – Senior Change, Innovation and Performance Business Partner

Subject: Quarter 2 Risk Report

Purpose: To provide an update to the committee on the progress of the Council's identified strategic risks

Recommendation(s):

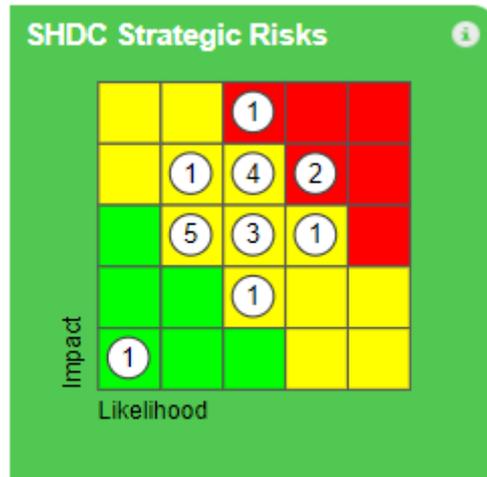
- 1) To note the content of the report

1.0 BACKGROUND

- 1.1 The report presents the status of the Council's 19 identified strategic risks as of the end of quarter 2 19/20
- 1.2 Strategic risks are captured within the councils Risk management system, which is available to the Executive Management Team (EMT) and reviewed by EMT quarterly. In addition, risks are reviewed monthly at the internal Performance, Risk & Audit Board chaired by the Executive Director of Strategy and Governance.
- 1.3 Strategic risks have been reviewed and updated with responsible members of the Executive Management Team. The strategic risk register includes 19 strategic risks (see Appendix A). These cover the over-arching risks that may affect the strategic direction of the council, rather than risks that affect discreet service areas.
- 1.4 By their nature, strategic risks have been identified as having the potential to cause organisation wide impact and will often cover a number of key services and departments.
- 1.5 The Council's risk scoring mechanism is based on a 5x5 matrix and is comparable with best practice in other similar organisations. The risk matrix provides a comprehensive assessment and understanding of risk likelihood and impact. The matrix results in a numerical score which combines the impact of the risk occurring with the likelihood of it happening.
- 1.6 Risks fall into High, Medium or Low categories depending on their rating

High	
Medium	
Low	

- 1.7 Risks are tracked below in a heat map to represent the number of strategic risks currently reported at each score



- 1.8 There are 19 strategic risks included within the Q2 19/20 Risk Report, three more than at the end of Q1 19/20.

Risks are made up of the following -

Level of identified risk	Q2 19/20	Q1 19/20
High	3	0
Medium	15	14
Low	1	2

As identified by the table above, there have been a number of changes to report in this quarter, the number of risks has also increased, the new risks featured on this report are listed as the below.

- Emerging Government Policy
- Temporary Accommodation Spend
- Pay Claim for National Employers

Further details of the new risks highlighted for this quarter can be found in the strategic register (Appendix A) including current mitigations and future planned works around these risks.

Members will note a key change to the risk register in terms of layout for this quarter, following on from the request at the last meeting of Governance and audit the risk register has been amended to highlight previous quarter scores in order for the committee to track the progress of each risk in more detail.

Within the high-risk category, the following 3 risks have been identified, with 2 previously being at medium and 1 being a new risk highlighted within the Q1 report.

The first high level risk to highlight within this report is on the Pay claim for national employers which has been lodged by the NJC Trade Unions for 2020, the pay claim is for a 10% pay increase for local government staff as well as increases in annual

leave and a two-hour reduction in the working week, the risk of this claim coming through would have significant financial impact but would also affect council service delivery and potentially reputation. Consultations on this pay claim are underway; the executive management team are working closely with the HR team to keep a watching brief on this as it develops.

Latest information on this risk following a pay briefing in September is that it is likely a 'deal' be completed until Spring/Summer next year. However as the main risks to SHDC are the proposals for a pay increase (unions requesting 10%), South Holland District Council (and all other LA's in the East Midlands region) have budgeted for a 2% increase from 1 April 2020. Unions have also requested a decrease of working week to 35 hours from 37 hours. We will continue to monitor the situation and update HR Board/EMT/CMT and this risk, as events evolve however, it has been deemed to keep this risk at a high level until we get further direction on this.

The two other high risks currently on the register fall under the housing service provision, firstly the risk, which is focused on the service impact of the homelessness reduction act and secondly the risk on the temporary accommodation spend. Following the Homelessness Reduction Act, which came into effect in 2018, the costs of providing temporary accommodation have risen significantly. The forecast reflects the impact for the first two quarter only of £280k. If this trend continued and there were no mitigating actions, the pressure on the Homelessness Budget by 31st March would be circa £560k

However, there are a number of steps being taken to mitigate this: -

- The primary task is homelessness prevention, which would reduce the need for short term bed and breakfast.
- Secondly steps need to be taken to ensure all those who can make a contribution to the accommodation costs do so.
- Thirdly, the backlog of claimants need to be reduced, which is part of a larger long term project.
- Discretionary Housing Payment grant is being reviewed to see how much of this can be used to support homelessness costs.
- Finally, options are being explored to increase our provision of temporary accommodation.

Following the introduction of these mitigation measures, we have already seen a 50% reduction in the use of B&Bs / hotels for emergency accommodation. Conservatively we can expect to reduce the forecast overspend from £560k to £450k but it is intended to bring this figure down further.

Within the medium risk category the key change to highlight within this quarter would be around the risk of failing to deliver the councils corporate priorities, this risk has been raised only slight in likelihood as the Change, innovation and performance team are currently reviewing the corporate delivery plan with all services and the executive

management team, the main purpose of this work is to track progress on the actions that sit within the corporate plan. Once complete, this work will show which areas of the corporate plan we are on track to deliver and which areas are behind target or work is required to meet the councils over-arching objective. Due to this work being currently underway the risk has been raised slightly in likelihood as until this is complete we will not have as clear of a picture we would like as to which objectives will be delivered. It is important to highlight with the previous statement that the team does not anticipate any key issues and there have been no areas of concerns raised.

Finally whilst the risk to deliver the local plan has not changed in scoring, this risk has been signed off as fully mitigated by the executive manager for Growth, this is due to the fact the local plan has been submitted and approved, however in place of this risk It is proposed for Q3 that a new risk supersedes this risk which will be focused on the failure to maintain a 5 year land supply and to meet the housing delivery test, The HDT works by comparing how many homes have been delivered over the previous three years to the number of homes required. Therefore monitoring these areas in this new risk going forward will ensure any issues within the now adopted local plan and its 5 year land supply are highlighted accordingly.

All remaining risks although reviewed remain static from Q1; these include.

The Councils medium term financial plan including the uncertainty surrounding the future of the Governments Settlement Funding will remain static until the outcome of the government's reviews are known and understood.

The impact of business rate appeals and county council budget reductions, these risks remain the same as the NHS appeal is still ongoing and will not be altered until the outcome is determined, additionally there has been no further update from county council in regards to budget reductions.

With regards to the risk around GDPR implementation there is good progress being made with Audit recommendations and with the continued implementation of the Project Plan. Breaches appear to be reducing and further training of Data Champions has taken place. Provided we continue in this positive direction then it is anticipated that the risks may be deemed to be reduced by the next period.

Our contracts monitoring risk remains the same as last quarter as the service continues to maintain a watching brief in relation to Brexit developments and what impact this may have on our contracted supplier supply chains.

The risk around PSPS failure to deliver core services also remains stable as the PSPS Client lead is now Mark Stinson (Executive Manager Governance) following on from the retirement of the previous client lead Phil Adams, At this time there are no changes to this risk to highlight but as regular meetings take place and the new client leads understanding of the PSPS service provision develops they will review this risk further to highlight any issues etc. if appropriate.

Following on from last Governance and Audit committee members queried the risk around the business continuity plan, following on from a review of this risk with executive manager for place, this risk has still been deemed as valid as there will always be risks considered when implementing a business continuity plan in the event

of any emergency, that being said in terms of sign off the business continuity plan is reviewed on a quarterly basis.

2.0 Recommendation

2.1 That the contents of this report are noted

3.0 REASONS FOR RECOMMENDATION

3.1 None

4.0 EXPECTED BENEFITS

4.1 To ensure that the identified Strategic Risks are properly monitored and reviewed in accordance with the Corporate Risk Policy.

5.0 IMPLICATIONS

5.1 Constitution & Legal

The report is made within the terms of reference of the Governance and Audit Committee.

5.2 Corporate Priorities

The report presents progress monitoring of performance of the corporate priorities.

5.3 Financial

The report contains information on Council's financial risks which does convey some information relating to financial matters.

5.4 Reputation

Performance issues can cause some reputational consequence. It is the purpose of this report to highlight performance issues at an early stage.

5.5 Risk Management

Performance issues may be subject to risk management measures to protect Council interests.

5.6 Staffing

The report contains information relating to staffing issues.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 No Wards or Communities are affected

7.0 ACRONYMS

PMP – Performance Monitoring Panel
LA – Local Authority
PSPS – Public Sector Partnerships Services
SLA's- Service level agreements
GDPR- General Data Protection Regulations
CIP- Change, Innovation & Performance

Background papers:- [None](#)

Lead Contact Officer

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Director / Officer who will be attending the Meeting

Name and Post: Corey Gooch – Senior Change, Innovation & Performance
Business Partner

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A Quarter 2 Risk Register
Appendix B Quarter 2 Risk Register (below the line)