

# Public Document Pack



West Devon  
Borough  
Council

Please reply to: Darryl White  
Service: Strategy & Commissioning  
Direct Dial: (01803) 861247  
E-mail address: [Darryl.White@swdevon.gov.uk](mailto:Darryl.White@swdevon.gov.uk)  
Date:

Dear Councillor

## WEST DEVON AUDIT COMMITTEE - TUESDAY, 23RD JUNE, 2020

I refer to the agenda for the above meeting and attach papers in connection with the following item(s).

Agenda No	Item
-----------	------

7.	<b><u>Corporate Risk Register</u></b> (Pages 1 - 12)
----	--

PART TWO – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED (if any).

The Committee is recommended to pass the following resolution:

“**RESOLVED** that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraph given below in bold type from Part I of Schedule 12(A) to the Act.”

This document can be made available in large print, Braille, tape format, other languages or alternative format upon request. Please contact the Committee section on 01822 813662 or email [darryl.white@swdevon.gov.uk](mailto:darryl.white@swdevon.gov.uk)

Yours sincerely

Darryl White  
Senior Specialist – Democratic Services

Encs

Report to: **Audit Committee**

Date: **23<sup>rd</sup> June 2020**

Title: **Strategic Risk & Opportunity Monitoring – bi-annual update**

Portfolio Area: **Governance and Assurance**  
**Cllr Neil Jory (Leader of Council)**

Wards Affected: **All**

Scrutiny Committee: **N/A**

Urgent Decision: **N** Approval and clearance **Y**  
obtained:

Date next steps can be taken:

Authors: **Neil Hawke – Head of Strategy & Projects**

Contacts: [Neil.Hawke@swdevon.gov.uk](mailto:Neil.Hawke@swdevon.gov.uk) **01803 861323**

---

**Recommendations:**

**That the Audit Committee REVIEW the Strategic Risk & Opportunity Register (Appendix 1) and make recommendations to Council on any further action the Committee concludes should be considered**

**1. Executive summary**

- 1.1. In accordance with the Risk & Opportunity Management Strategy adopted on 4<sup>th</sup> December 2018 by West Devon Borough Council, this report forms the required bi-annual update to Audit Committee Members.
- 1.2. The Strategy sets out the roles and responsibilities for various Council Committees and officer groups. The Audit Committee is to "Provide independent assurance to the Council on the effectiveness of the Council's risk and opportunity management, internal control and overall assurance framework".
- 1.3. This report aims to provide the Committee with the information required in order to provide that assurance to the Council. Included is a copy of the current strategic risk (Appendix 1).

**2. Background**

- 2.1. The Council at its meeting on 4 December 2018 resolved to adopt the Risk & Opportunity Management Strategy.
- 2.2. The strategy requires the Senior Leadership Team (SLT) to:

- ✓ Identify, evaluate, prioritise and control risks and opportunities facing the Council in achieving its objectives
  - ✓ Ensure the Council implements and manages risk effectively through the delivery of the Risk and Opportunity Management Strategy and consider risks affecting delivery of services
  - ✓ Ensure risk and opportunity management is considered by SLT on a quarterly basis
- 2.3. To aid the achievement of these tasks, monitoring reports are presented for approval to the SLT and to the Audit Committee on a six-monthly basis. Operational red risks may be referred to the Overview and Scrutiny Committee.
- 2.4. The questions to be asked during monitoring include:
- ✓ Is the risk still relevant?
  - ✓ Is there any movement in the risk score?
  - ✓ Are the controls still in place and operating effectively?
  - ✓ Has anything occurred which might change its impact and/or likelihood?
  - ✓ Have potential opportunities been considered and maximised?
  - ✓ Have any significant control failures or weaknesses occurred since the last monitoring exercise?
  - ✓ If so, does this indicate whether the risk is increasing or decreasing?
  - ✓ If the risk is increasing do I need to devise more controls or think of other ways of mitigating the risk?
  - ✓ If the risk is decreasing can I relax some existing controls?
  - ✓ Are controls / actions built into appropriate documented action plans?
  - ✓ Are there any new or emerging risks?
  - ✓ Have any of the existing risks ceased to be an issue (and can therefore be archived?)

### **3. Outcomes / Outputs**

- 3.1. Following the last update to Audit Committee on 29 October 2019, the Strategic Risk Register has been updated in line with our Risk and Opportunity Strategy.
- 3.2. The following summarises the key changes to the Strategic Risk Register as at June 2020.

#### Transfer of the following risks to service operational risk registers

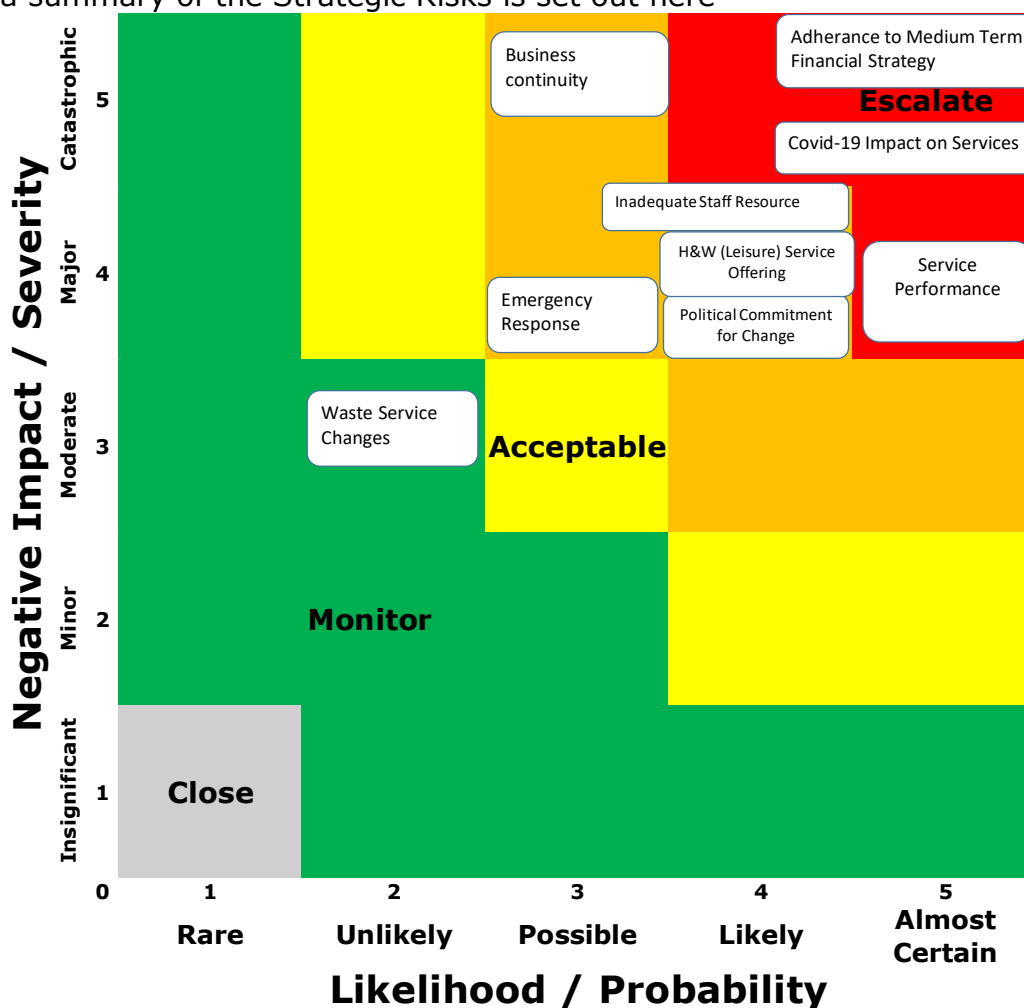
- 3.3. The following risks have been removed from the Strategic Risk Register as they are now being managed by services (where they are best placed to be managed)
- Inadequate Asset Maintenance (Risk score 8)
  - Finance Systems and Budget Monitoring (Risk score 6)
  - Achievement of Income (Risk score 9)

- Contractor Failure (Risk score 10)
  - Data Protection (Risk score 8)
  - Adherence to policy (Risk Score 8)
  - Health and Safety (Risk score 8)
  - Safeguarding (Risk Score 8)
  - External Fraud (Risk score 6)
  - Internal Fraud (Risk Score 4)
  - Procurement (Risk Score 4)
- 3.4. Should the risk score related to any of these risks increase to above 10, they will escalate back to the Strategic Risk Register to be monitored by the Senior Leadership Team

Addition of new risks

- 3.5. The management team regularly review both internal and external developments to consider any new emerging risks and opportunities. As set out in the October 2019 Audit Committee report, we do this using a PESTLE approach (Political, Economical, Sociological, Technological, Legal and Environmental). As a result, the following risks have been added to the Strategic Risk Register
- Covid-19 Impact on Services (Risk score 25 – the highest possible score)
  - Ability to deliver our Health and Wellbeing (Leisure) offering
- 3.6. We have added the specific Covid-19 risk to the strategic risk register as it has significant impacts on the Council and our communities. The impacts of Covid-19 have also significantly increased the risk profile of other risks on the Strategic Risk Register including our ability to adhere to the Medium Term Financial Strategy, organisational performance and adequacy of staffing resources.

3.7. The most up-to-date strategic risk register is enclosed at Appendix 1 with a summary of the Strategic Risks is set out here



3.2. The risk register (Appendix 1) includes a summary of mitigating and management actions undertaken or proposed, to manage the identified risks. Monitoring requires both a proactive approach to assessing potential risk, as well as carrying out retrospective reviews to improve learning from risk and embedding it across the two Councils.

3.3. Scoring is split to more clearly define the risk impact – with financial, legal/regulatory, health & safety, reputation, morale/staffing, service quality factors all being considered independently. To create a risk score, the likelihood is multiplied by the impact “worst child”.

3.4. Appendix 2 shows the current Risk Scoring Matrix which has been used to identify risk status. A risk rating is developed by assessing risk impact/severity and multiplying it by the likelihood / probability of the risk occurring. The risk score identified is the assessment based on the mitigation being successful.

4. **Options available and consideration of risk**

4.1. Members could opt to follow, amend or reject the recommendation.

4.2. The tables are living documents and will regularly change in response to issues arising.

- 4.3. Members should note that, while risk is assessed collectively within SLT, the judgements in relation to the scores are inevitably subjective and Member challenge of officer conclusions is therefore welcomed.
- 4.4. If the Committee deems necessary, Members may make recommendations to Council on amendments to the register(s) or refer red risks (if applicable) to the Overview and Scrutiny Committee for further detail and investigation.

## 5. Proposed Way Forward

- 5.1. It is suggested that the Committee's attention is focussed on those risks with the highest score i.e. the risks with a score of 16 and over.
- 5.2. While Members are invited to focus on the key risks, Members are welcome to review any of the risks identified
- 5.3. SLT will continue to monitor the Strategic Risks and a further update will be brought to Audit Committee in six months' time

## 6. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal / Governance	Y	The Audit Committee has a role in keeping under review and recommending to Council improvements in relation to effective risk management.  There are no direct legal implications arising from the report although a strategic focus on risk and opportunity management is good practice. Any specific legal implications are to be considered in individual risk assessments.
Financial	Y	There are no direct financial implications arising from the report, although effective corporate risk and opportunity management can help protect the Council from budget variances.
Risk	Y	Members should note that while risk and opportunity is assessed collectively within SLT, the judgements in relation to the scores are inevitably subjective and Member challenge of the officer conclusions is therefore welcomed.
Climate Change - Carbon / Biodiversity Impact	Y	There are no direct carbon/biodiversity impacts arising from the recommendations as this will be factored into individual risk assessments where appropriate.
<b>Comprehensive Impact Assessment Implications</b>		
Equality and Diversity	N	Factored into individual risk assessments where appropriate. Equalities Impact Review of the Risk Management Policy in place.
Safeguarding	N	Factored into individual risk assessments where appropriate.
Community Safety, Crime and Disorder	N	Factored into individual risk assessments where appropriate.

Health, Safety and Wellbeing	N	Factored into individual risk assessments where appropriate.
Other implications	N	N/A

**Supporting Information**

**Appendices:**

Appendix 1: Strategic Risk Register

Appendix 2: Risk & Opportunity Scoring Matrix

**Background Papers:**

Risk & Opportunity Management Strategy adopted 4<sup>th</sup> December 2018



Strategic Risk Register

18/06/2020 09:29

#	Risk Title	Description	What is (or are the) Uncertainties	Likelihood	Financial	Service Quality	Reputation	Legal/Regulatory	Health & Safety	Morale/Staffing	Oct 19 Risk Score	March 20 Risk Score	Current Risk Score	Change (March 20 to Now)	Mitigating Actions / Internal Controls	Latest Note (as at June 2020)
WD2	Adherence to Medium Term Financial Strategy	Failure to sustain a robust on-going medium term financial strategy in WDBC with adequate reserves to meet unforeseen circumstances, due to cost pressures and reduced income, council decisions, changes in Government policy with regard to business rates and affordable housing; Potential impact on delivering the MTFs, particularly if national/regional businesses successfully appeal against business rate valuations or litigation proceedings / legal challenges / planning appeals, etc.	Reduction in Government grant, increasing demand for services and other cost pressures and increased risks associated with localised business rates and council tax support. Additionally, income from activities may not materialise or may be reduced, e.g. business rate appeals or a reduction in the commercial property market. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn and other factors such as the bankruptcy/liquidation of large ratepayers or any sizeable rateable value reductions achieved by business rated properties in the area. The latest forecast for the Devon Business Rates Pooling gain is over £7 million, with the WDBC share of the pooling gain being around £100,000. On 9th October the Public Work Loans Board (PWLb) increased their interest rates on borrowing by 1%. This was without any prior notice and this dramatic increase is unprecedented. This only affects new loans taken out. It affects the Council's commercial investment strategy in as much as the Council will need to factor in a higher rate of interest into future business cases. The commercial investment strategy itself remains still relevant. It is expected that various financial institutions will enter the market and make products available to Local Authorities at competitive interest rates.	5	5	4	4	4	2	2	16	16	25	X	Robust horizon scanning to monitor changes in Government policy. SLT awareness of the risks, cautious approach to budgeting and robust systems of financial control. The Council is not intending to rely heavily on sources of income which may not be sustainable.  SLT actively participate in Government consultations, MP discussions and keep aware of changes and the response by peer group, ensuring where appropriate the learning from this is incorporated into strategic plans. SLT engaged in the development of the MTFs. Latest MTFs approved by Council September 2019 with Member Workshops in both Councils held in November 2019.	The Budget for 2020-21 was approved by Council in February 2020. Waste contract procurement has delivered significant financial savings. ICT review to be carried out to deliver either growth opportunity or efficiencies in working methods.  Since the budget was set in February, the impact of Covid-19 has begun impacting on the Council's finances. The gross service expenditure budget for 2020/21 was set at £23 million (£7.212 million net). Actual net revenue expenditure is forecast to be over budget by £1.028 million when compared against the total budget set for 2020/21, due mainly to the impact of the Covid 19 pandemic. The significant extent of these predicted losses present imminent funding challenges for the Council. With income falling, unemployment expected to rise and a lack of certainty around funding, there are going to be difficult decisions to be made. A Members' Budget Workshop will be arranged for August 2020. <b>Council will be asked to consider a revised budget for 2020-21 at the September 2020 cycle of meetings.</b>
WD9	Covid-19 (Coronavirus) impact on services	Covid-19 (Coronavirus) will impact on the ability for the Council to deliver its services leading to a drop in operational performance and customer satisfaction. There will be additional financial implications	The situation evolves on a daily basis and there are many	5	3	5	3	4	4	4	12	12	25	X	Incident Planning is well underway but this has already meant a significant impact on service delivery with most of the Senior and Extended Leadership now focusing on ensuring our response plans are robust. A separate risk register is monitoring the impacts of COVID-19	The Councils Management Team undertook planning of a 'Pandemic Flu' scenario in February 2020 to prepare for the Covid-19 pandemic. We have also made many changes to the services that are being delivered, stopping some and changing others to align to our response.  As a result of Covid-19, the Council will need to reconsider its budget for this current year and make plans for future years to address the financial impacts.  There are likely to be direct impacts on:- - Housing and Benefits - Increased service demand as the economic impact is realised - Environmental Health - support to businesses as well as enforcement of government policy around reopenings - our Corporate Strategy which may no longer reflect our priorities - Delivery of current projects such as the Future IT Project and Waste Service Changes

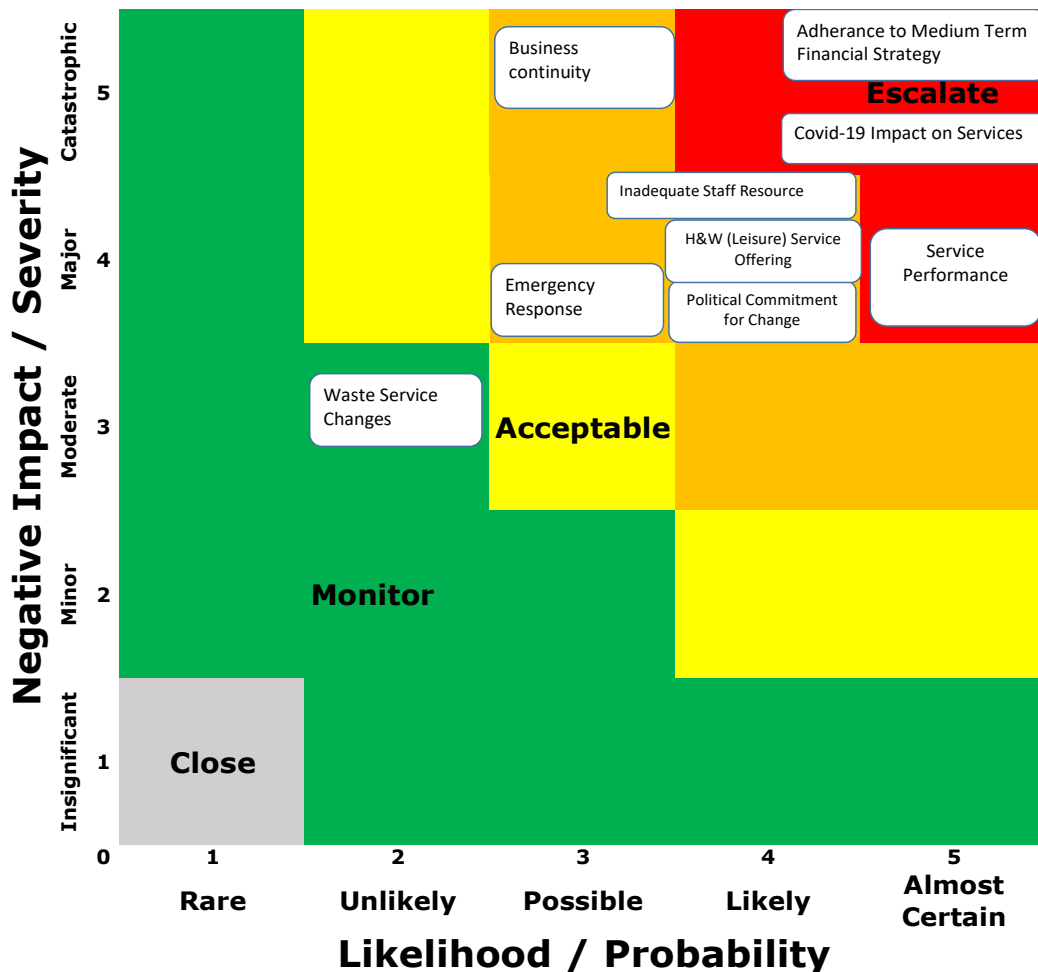
WD3	Service Performance	Any service failure or degradation of service impacts on the customer, which then impacts on all areas of the council and members	Process implementation is now complete. Uncertainties could be due to a lack of appropriate resources. In the past, a lack of appropriate resource and the T18 transformation and change in processes combined to affect our ability to deliver appropriately on occasion. This pressure was increased due to county and general elections in 2017.	5	3	4	4	3	2	4	12	16	20	✘	A Customer Survey was carried out in Autumn 2018 and staff Customer Away days were held in September 2018. Getting it right the first time, getting back to people appropriately and more timely. Better channel recognition to clear responses. Keep better records. Appropriate resources in the right places. Plan to commence measuring customer satisfaction during 17/18. Increased customer engagement; new complaints policy in place. Ongoing review of internal and external policies.	The Customer Satisfaction survey undertaken in 2019 shows an encouraging improvement in overall customer satisfaction levels. We will continue to ensure that progress is made to further improve satisfaction. In December 2019, as part of the Extended Leadership restructure, we created a Customer Improvement Manager post to lead these improvements.  Covid-19 has impacted service performance, with some services having to stop delivering services to ensure that we comply with Government guidance to ensure our employees were kept safe. That said, it must be noted that the vast majority of office based employees have been able to continue undertaking their work from home from day 1 of the lockdown.  <b>Business Managers have been asked to undertake a review of service performance across the Council during the past 3 months to inform future planning.</b>
WD7	Inadequate Staffing Resource	Failure to have sufficient staffing arrangements. Loss of staff morale, and inadequate resources for training and re-skilling in an ongoing period of change. Failure to engage staff resulting in uncertainty regarding changes in working practices and job security. Particular risk in relation to future terms and conditions. Cost and time of retraining/up-skilling staff. Unrealistic expectations in relation to staffing capacity.	Performance being reviewed to understand whether resourcing levels are correct; difficult to assess accurately as organisation continues to experience change effects and processes being embedded / roll-out of new technology and working practices	4	3	3	3	2	2	4	12	12	16	✘	Customer Satisfaction Survey has been initiated and staff away days undertaken to update staff and embed solutions to tackle issues raised. Mechanism in place for ELT to appoint within budget where appropriate without recourse to SLT. Apprenticeship scheme developed by HR.	The Council quickly moved to a 'Working at Home' scheme for all employees that could work from home in order to ensure that we minimised any risks to staff, and in turn, ensure that we did not experience any significant reductions in staff numbers.  So far, we have not experienced levels of un-planned absences above what we would normally see at this time of year.  A staff survey was undertaken to 'check-in' on staff which on the whole saw positive responses. Managers are regularly catching up with staff over skype and SLT are holding frequent staff briefings to keep them updated.
WD1	Political Commitment for Change	On-going political commitment to support changes needed for ongoing financial sustainability & community resilience	Considerable external political uncertainty and Governmental inertial; leading to uncertainty over policy direction and financial decisions from central government. Political balance of the Council impacting on policy and decision-making within and between SH & WD. Lack of briefing/understanding of issues or clear direction affects decision making by Members.	4	4	3	4	4	1	4	16	16	16	⇒	Keep Members informed and updated on central government policy relating to local government services. Provide Members with training and ongoing development. Ensure Members are fully briefed on options within the policy and budgetary framework in order to inform decisions. Ensure policy changes are brought forward in a timely way for decision making, that due process is followed and that there is appropriate consultation, information and scrutiny. Provide regular L&DL briefings, group meetings and Member briefings and drop-ins.	We continue to keep Members informed on policy changes which has become even more crucial during the Covid-19 pandemic. SLT continue to attend Member briefings.  Despite Covid-19, the Council has continued to hold key meetings via Skype and has so far held two Full Council meetings and an Overview & Scrutiny Meeting.  <b>All-Member workshops will be held during the summer to develop the Councils Covid-19 recovery plan which will be considered by Full Council in September 2020.</b>
WD9	Health and Wellbeing Service Provision	Covid-19 has a significant impact on Leisure provision given the nature of activities and hygiene requirements. The risk is that as leisure centres make adjustments to reduce the risk of Covid-19 to both staff and customers, the capacity of the centres is significantly reduced while many overheads and operating costs remain the same.	There are many uncertainties:- - When leisure centres may reopen - When they do open, what will the customer appetite be - How long any measures that reduce capacity will have to remain in place	4	4	2	2	2	4	2				New	- Engage with Leisure Services provider to understand issues and support where possible - Continue to monitor local and national position (given that all leisure providers will be in the same position)	Discussions continue with our Leisure Services provider who will continue to develop plans for safe reopening when allowed. Measures will include signage, pre-booking to limit numbers etc  The Council has been successful in securing a Sport England grant (Lottery Funding of £4,560 across both Councils) for external support to ensure that the impact on the contract is minimised and the Centres are in the best position to adapt and react to the future environment, delivering services for customers which enhance key outcomes (such as increased health and wellbeing). The work will result in a remobilisation action plan and a check and challenge of the current arrangements.

WD4	Business Continuity	Officers fail to develop robust processes to ensure business continuity in the event of a significant event occurring, e.g. Failure to ensure the continuous availability of critical IT systems	Following the event, how quickly will certain systems and processes be able to be back on-line	3	3	5	4	2	3	3	12	12	15	✘	Having two HQ locations is main mitigating factor – however an outage of power/ICT at either location would lead to a serious disruption of service. Agile working further reduces reliance on two office buildings. Locality workers can be despatched more easily to ensure customer engagement can be maintained during any incident. Business Continuity plans have been updated - priority areas - ICT Networking - Payroll & Creditors Payments; other plans need to be made more robust	The last few months have been the most significant test of the Councils Business Continuity plans in many years. We continue to keep Members informed on policy changes which has become even more crucial during the Covid-19 pandemic.  Officers have implemented weekly Business Continuity Management meetings to continually monitor the impact on the Council and rapidly respond to issues. This has been effective in ensuring an effective response.  <b>Weekly BCP meetings will continue to be held (although reducing to once a week) with recovery meetings now also being scheduled weekly</b>
WD5	Emergency Response	There is high public expectation in relation to supporting communities during coastal erosion/storm damage/flooding events, as well as engagement in longer term recovery, in particular assumptions about capital investment to restore assets. The risk relates to how best to support dispersed communities, e.g. with filling, transporting and laying sandbags as well as providing workforce on site, given limited resources and expectations during an event	Following the event, the expectation that coastal defences and asset repairs will be urgently undertaken despite competing claims on capital resources	3	3	3	4	3	4	2	12	12	12	2	Continued management and officer focus on this area to ensure risk is minimised as much as possible; continued close engagement work with DCC and Environment Agency to ensure all parties are aware of each others responsibilities and capacity	The Council has demonstrated, along with partners and community groups, that it can quickly adapt to support our local communities during an emergency.  The concern is that the Covid-19 pandemic will continue for some time which may impact on the Councils ability to respond to other emergencies such as floods.  <b>The Council continues to be an active member of the Local Resilience Forum and will continue to keep its Emergency Response plans updated as the current pandemic progresses.</b>
WD8	Delivery of waste & recycling service changes	the risk is that the Trial of 3 weekly residual collections is negatively impacted by the Covid-19 pandemic as a result of higher than normal waste from homes resulting in skewed data	One aim of the trial is to collect data which will be used to inform a Member decision on introduction of the scheme to all households. It is likely that data will be compromised due to lockdown when we expect more waste was created.	2	3	1	1	1	1	1			6	New	Cross check trial data against whole district data and take into account in Hub report	The trial continues and plans are in place to ensure that any data presented to Hub for consideration takes into account the exceptional circumstances

This page is intentionally left blank

Appendix 2 - Risk Scoring Matrix

#	Likelihood	#	Impact
1	<p><b>Rare - Unlikely to occur under normal circumstances</b> 0-10%</p> <p>Is never likely to occur Very unlikely this will ever happen e.g. Once in 100 years</p>	1	<p><b>Insignificant Risk</b> Financial: Financial loss of less than £10k Service Quality: Drop in performance or delays to a process or temporary loss of an access route to a service Reputation: Limited local interest, single story Legal/Regulatory: Not reportable to regulator/Ombudsman, simple fix Health &amp; Safety: Minor first aid required Morale/Staffing: Isolated staff dissatisfaction</p>
2	<p><b>Unlikely - Potential to occur however likelihood remains low</b> 10 - 25%</p> <p>May occur only in exceptional circumstances Not expected to happen, but is possible e.g. Once in 25 years Not known in this activity</p>	2	<p><b>Minor Risk</b> Financial: Financial loss of between £10k &amp; £100k Service Quality: Drop in performance or delays to a service area or sustained loss of access routes for services Reputation: Local or 'industry' interest, single story over multiple news outlets Legal/Regulatory: Reportable to regulator/Ombudsman, no or little follow up needed Health &amp; Safety: Minor injuries to employees or third parties Morale/Staffing: Pockets of staff morale problems and increased turnover</p>
3	<p><b>Possible - Could occur</b> 25 - 50%</p> <p>Could occur in certain circumstances May happen occasionally, e.g. Once in 10 years Has happened elsewhere</p>	3	<p><b>Moderate Risk</b> Financial: Financial loss of between £100k &amp; £500k Service Quality: Drop in performance or delays to delivering a wide range of services Reputation: Short term negative media exposure Legal/Regulatory: Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution Health &amp; Safety: Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit Morale/Staffing: General staff morale problems and increased turnover</p>
4	<p><b>Likely - Most likely will occur</b> 50 - 80%</p> <p>Will probably occur in many circumstances Will probably happen, but not a persistent issue e.g. Once in 3 years Has happened in the past</p>	4	<p><b>Major Risk</b> Financial: Financial loss of between £500k &amp; £1Mill Service Quality: Major drop in performance or inability to deliver discretionary services Reputation: Sustained negative media coverage, or South West or 'affected industry' publication exposure Legal/Regulatory: Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc. Health &amp; Safety: Limited hospital care required for employees or third parties Morale/Staffing: Widespread morale problems and high turnover. Not perceived as employer of choice</p>
5	<p><b>Almost certainly will occur</b> 80 - 100%</p> <p>Is expected to occur in most circumstances Will undoubtedly happen, possibly frequently e.g. Annually or more frequently Imminent/near miss</p>	5	<p><b>Catastrophic</b> Financial: Financial loss of over £1Mill Service Quality: Major drop in performance or inability to deliver mandatory services Reputation: Long term negative media coverage, or national media exposure Legal/Regulatory: Significant prosecution or fines, incarceration of directors Health &amp; Safety: Significant injuries or fatalities to employees or third parties Morale/Staffing: Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions</p>



This page is intentionally left blank