

Appendix 1A - SHDC Strategic Risk Register - October 2019

#	Risk Title	Description	What is (or are the) Uncertainties	Likelihood	Financial	Service Quality	Reputation	Legal/Regulatory	Health & Safety	Morale/Staffing	Mar '18 Risk Score	Mar '19 Risk Score	Current Risk Score	Change (Feb 18 to Now)	Mitigating Actions / Internal Controls (October 2019)	Latest Note (as at October 2019)
1	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.	New Council elected in May with new Leader and a large number of new Members. Induction programme delivered and ongoing training and development in place. Regular briefings in place. Renewed emphasis on Governance in the new SLT structure to support Members through the forward plan and the decision making process.
2	SHDC Adherence to Medium Term Financial Strategy (MTFS), due to changes in Government Policy and/or Income Streams	Failure to sustain a robust on-going medium term financial strategy in SHDC 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 SHDC share of the pooling gain being around £200,000. 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.	4	4	4	4	4	2	2	16	16	16	==	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 scheduled for November 2019.	Budget for 2019-20 was approved by Council in February 2019. Waste contract procurement has delivered significant financial savings. Grounds maintenance business review and ICT review to be carried out to deliver either growth opportunity or efficiencies in working methods. Commercial Investment Strategy has set out its current objectives. The latest technical consultation on the Finance Settlement states that the Government is 'minded to' fund negative Revenue Support Grant in 2020-21 for one year. This assumption has been used in the latest budget report to the Executive in October 2019. Possibility of removal of New Homes Bonus (NHB) in 2021 will have a significant negative impact. Larger unknowns on resetting of business rate baseline and fairer funding review which could have a negative impact on finances. These have both been deferred until 2021/22. The Council responded to consultations on the Fair Funding Review and Business Rates reform in February 2019 and copies were sent to all Members and SHWD MPs.
3	Climate Change	Service delivery and economic impact	The climate change agenda is likely to have a wide range of impacts on service delivery and planning in terms of capacity. In addition there are likely to be reputational issues arising from the speed of action as perceived by the wider community.	4	4	3	4	2	2	3	-	-	16	-	Climate change and biodiversity emergency declared and working group formed. Action plan under preparation. Signed up to Devon wide declaration and actively involved in strategic and tactical delivery of Devon Carbon Plan which is well backed financially by DCC and other partners	as per mitigating actions
4	Brexit	Service delivery and economic impact	It is not clear if or when BREXIT will happen and what, if any, direct/indirect implications there will be for the Council, its services and the wider community	4	3	3	3	3	2	2	-	-	12	-	Officers fully engaged with preparation through the Local Resilience Forum (LRF) and Brexit Resilience Operational Group (BROG). Potential impacts under review and business continuity plans in place and tested.	as per mitigating actions

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5	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	4	4	2	3	3	12	12	12	▬	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	Key officers have now attended a training exercise. Officers are updating plans as a result. Business Impact assessments have been completed for most areas and were tested in the above exercise. Internal audit has been completed and identified some weaknesses but acknowledged a positive direction of travel. Further testing has been done as part of BREXIT preparations. Full scale exercise planned for 2020 to test resilience.
6	Emergency Response, e.g. Coastal Erosion / Storm Damage / Flooding	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	4	3	1	2	1	3	1	12	12	12	▬	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	In response to climate change declarations a Devon wide Climate Impacts group has been formed which includes emergency services, Met Office and other key partners. This group will focus on future impacts and their mitigation further enhancing resilience in this area. Due to current climate events, likelihood remains very high.
7	Inadequate Staffing Resources	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	3	3	3	3	2	2	4	12	12	12	▬	Revised ELT and case management structure out to consultation. With the aim of the new roles being in place by the end of 2019. The proposed new structure will provide more flexibility and resilience. New ELT posts will focus on succession planning across the organisation to mitigate the impact of key personnel leaving.	Additional CM roles for planning enforcement approved by council and out to advert. These posts have created an in year budget pressure for 19/20.
8	Contractor Failure	Failure to manage a major failure of a significant council contractor including, any significant related industrial relations issues.	Contingency plans if contractor were to fail; affect on service delivery	2	5	4	4	2	2	3	8	10	10	▬	Good contract and people management, effective Contract Team, use of shared procurement expertise, frequent credit checks (including parent companies), requirement for bonds when appropriate. Jan '19: NB: Bond will be required for Waste & Cleansing contract. April 19 - The Bond was received at the start of the waste and cleansing contract.	Should the Fusion leisure contract fail (likelihood is low) there is a significant financial impact based on the capital expenditure for the improvements to the leisure centres which the councils would become liable for. Checklist for contract monitoring in place for major contracts - part of the procedures are regular financial health checks. These will apply to the waste and cleansing contract. The new waste contract commenced on 1.4.2019 and quarterly meetings of the Partnership Board (consisting of Members from both Councils, officers and management staff from the contractor) are in place with the contractor. An internal audit report has been undertaken on the frontline services (waste and cleansing) contract in Quarter 1 of 2019/20 and the overall audit opinion was a High Standard.
9	Achievement of Income	There are risks relating to the Council's income streams which could result in the budget cost pressures and a failure to meet the annual budget / medium term financial plan.	The Council's income is based around business rates, council tax, car parking and other fees and charges, investment returns, commercial property lettings and bad debt collections processes / credit management. Each of these have inherent risks, some of which are outside of the Council's control.	3	3	3	2	2	1	2	9	9	9	▬	Regular monitoring of investment income and management / analysis of monthly budget reports. Regular performance management analysis at SLT / ELT level. Reporting of budget adherence through committee process. Robust business plan / business case appraisal.	The Q1 revenue budget monitoring report was reported to the September Executive. The actual net revenue expenditure is forecast to be overspent by £65,000 when compared against the total budget set for 2019/20. The total income budget for 2019/20 of £6.498 million is expected to be exceeded by £30,000.

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10	Data Protection	Failure to control the appropriate use of data and unauthorised access.	To manage the risk of non compliance with Cabinet Office PSN Coco, PCI DSS, GDPR, Data Protection Act, RIPA, Human Rights Act.	2	3	3	3	4	1	2	16	8	8	—	DPO is member of SLT. Information Security Policy; All employees responsible for adequacy of data security arrangements within their control. Access to electronic data is only available via council managed devices. Look out for advice from the Information Commissioners office. Compliance with relevant PSN Coco through implementation of security changes required. All staff have completed Data Protection E-Learning with new starters undertaking this as part of their mandatory induction. Where a breach, or near-miss has occurred, policy and process reviews are completed as part of our continuous improvement approach.	2018 GDPR implementation date passed with minimal increases in contact from data subjects (SAR's remain low). The Council has made good steps in reviewing its processes and procedures and continues to refine in light of developing guidance from the Information Commissioners Office. October 2019 - Internal Audit have completed a review of our GDPR compliance with the report being finalised shortly. Consideration has been given to impact of BREXIT on data and no issues have been identified. The focus for the coming period to further mitigate risk will be progressing the Information Asset Register for the Council.
11	Governance: Adherence to Council policies & processes and Government guidelines	Failure to maintain effective Corporate Governance arrangements. Failure to manage/enforce s106 conditions. Ombudsman complaints could lead to finding of maladministration due to management of issues, e.g. poor record keeping; time to resolve issues or meet imposed timelines; reputational damage. Failure to meet current and changing needs of customers and to manage customer feedback. There is a risk of failure to respond to changes and to recognise external influences such as changes in government policy; Risks of losing JRs, appeals and Ombudsman rulings	To maintain effective Member standards and develop new Council Constitution. To continue to raise awareness of the risk of fraud and the implications of the Bribery Act 2010. To ensure that there is on-going review and self assessment of the effectiveness of governance arrangements within the Council. T18 programme rollout saw service levels reduce but these have now recovered	2	3	3	4	4	3	3	16	8	8	—	Promotion of necessary policies via staff intranet. Reviewed and implemented new Council constitution. To provide necessary Annual governance self assessment review by both ELT and SLT. Audit Committee established with wider terms of reference. External reviews including the Council's external auditors. Appropriate committee monitoring. Service based risk assessments and action plans, with a particular focus on high risk service activity. Training & Development plans being developed. Policies for H&S and wellbeing and lone working all being updated. Work underway in respect of data protection / GDPR readiness and audit completed. Statutory officers panel set up and meeting quarterly. Internal audit programme of work confirmed for 19/20.	New Director for Governance and Assurance role recruited to in September 2019. Resource in place to monitor and manage s106s. Organisation wide project board in place to manage implementation of projects, to approved PM principles. Regular Statutory Officers Group & Information Governance meetings. RIPA training undertaken for key staff.
12	Inadequate asset maintenance	Failure to maintain all Council owned assets and buildings (including fleet).	To manage the health and safety risks of customers and staff and to ensure budgets are managed effectively to maintain assets to a satisfactory standard, To consider and manage the risk of redundant properties / assets.	2	3	1	4	4	4	2	10	8	8	—	Effective budget monitoring, sound management of assets/ buildings including a planned maintenance approach along with planned capital expenditure programme. Risk assessments and regular health and safety inspections.	Estate team have been collating assets within Concerto and need to develop a proactive asset maintenance plan. 6 month review by SLT took place Feb 19.
13	Health & Safety	Failure to manage the health, safety and welfare of the public, visitors and staff. Key consideration in relation to number of external frontline staff, including lone workers.	High impact on service delivery resulting in resources / services being unavailable for long periods	2	4	3	4	4	4	3	8	8	8	—	Safe working environment, policies and procedures, e.g. fire safety policy, travel at work policy, IIP, PDRs. Revised sickness absence policy, health and other wellbeing initiatives. Awareness of appropriate legislation e.g. Corporate Manslaughter Act, Equalities Act. Up-to-date corporate Health & Safety Policy/procedures. Regular virtual CoP meetings to discuss issues / plans / risks / strategies.	H&S CoP driving improvement programme that requires commitment from all areas and appropriate monitoring by SLT. Corporate risk reduced with outsourcing of waste. Review of H&S Policy and Delegation in light of new SLT/ELT structure underway which will further embed H&S responsibility and awareness within the organisation

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14	Safeguarding	Council and/ or contractors fail to adhere to meet safeguarding obligations as set out in legislation such as Children Act 2004 section 11.	Do staff, members and contractors know what is required and how to react?	2	3	1	4	3	3	2	8	8	8	—	Policies in place and key staff & management have received appropriate training and contact details to spot and report safeguarding issues. Training is ongoing and reviewed as legislation changes and also is reactive to local emerging issues. There is a robust reporting process in place to key designated safeguarding leads (KDSL) how to guides on intranet, sessions are delivered particularly to relevant front line staff such as localities, housing and customer service staff through small group and one to one sessions and to larger groups of "general" staff in staff briefings.	Link to all safeguarding is accessed through Safeguarding on the intranet. Document is intelligence led and is straightforward. Training requirements and relevant courses for KDSL identified, online training through learning pool finalised and available now the adult package has been finalised.
15	External Fraud	Fraud, financial impropriety or improper business practises anywhere against the organisation	Fraud could occur anywhere against the organisation; but the likely impact is limited due to existing management controls	3	2						6	6	6	—	Audit has highlighted generally ok. Management to remain vigilant; random spot checks where appropriate (e.g. expense claim forms)	SLT happy that controls are in place and any fraudulent activity is identified quickly and investigated thoroughly. Fraud awareness training has been arranged for the Extended Leadership Team for their December 2019 meeting.
16	Financial Systems & Budget Monitoring	Financial Systems & Budget Monitoring	Can the current system, use of the system and our financial processes support transforming the way we manage our budgets and financial reporting. There is a risk that any changes could jeopardise year end processes.	2	3	1	2	2	1	2	6	6	6	—	Temporary resource was brought in to drive process changes and recommend & implement changes to our set up of the financial system. S151 & CoP lead role now dis-aggregated, to provide more focus and resilience on each aspect. We engaged with the system provider to review our system set-up through a process known as Assessment of Current Use (AoCU).	18/19 accounts closed on time with an unqualified Audit opinion. Whilst progress has been made on enabling budget holders to self serve, it is recognised that further changes need to be made to financial systems to provide the full self serve experience, such as training for budget holders in accessing the web financials system.
17	Internal Fraud	Fraud, financial impropriety or improper business practises anywhere in organisation	Fraud could occur anywhere throughout the organisation; but the likely impact is limited due to existing management controls	2	2						6	4	4	—	Audit has highlighted generally ok. Management to remain vigilant; random spot checks where appropriate (e.g. expense claim forms)	SLT happy that controls are in place and any fraudulent activity is identified quickly and investigated thoroughly. Fraud awareness training has been arranged for the Extended Leadership Team for their December 2019 meeting.
18	Procurement	The risk is that we don't follow procurement procedures. A number of contracts to be let by the Council over the next 2 year period which will be in excess of the EU procurement thresholds.	There are a number of contracts to be let by the Council over the next 2 year period which will be in excess of the EU procurement thresholds. These will require specialist input and project teams to ensure best value for money is achieved. Current level of procurement competence is unknown	1	4	3	3	3	2	2	4	4	4	—	Procurement Champions group set up and led by shared Corporate Procurement Officer. Key officers attend and receive training and updates. Key procurements are identified at an early stage and, where necessary, highlighted to programme board. The procurement elements required should be captured and prioritised within the service planning exercise being carried out currently. It is important therefore that the project management of major procurements is robust. Dedicated resources have been recruited to ensure this is done.	The Council continues to access procurement services through a shared arrangement with Teignbridge which provides expert knowledge to ensure compliance with regulations. Opportunities to widen the shared procurement arrangement have been explored and discounted. An internal 'sustainable' procurement guidance manual is currently being prepared and will be consulted upon - before being shared amongst the organisation.