



West Devon
Borough Council

Strategic Risk Register Update

7th December 2021

Audit Committee



*A Plan for
West Devon*

Introduction

What Do we mean by Risk?

Risk is unavoidable in any organisation. It is ever present and a certain amount of risk-taking is inevitable if we are to achieve our objectives of A Plan for West Devon.

What Is Risk Management?

Successful Risk Management is an essential part of delivering good governance across the Council and reduces the uncertainty or achieving our ambitions (as set out in A Plan for West Devon).

Risk management is about adopting a planned and systematic approach to identifying, evaluating and controlling the things that will prevent us delivering on our priorities.

How does Risk Management fit in to our business planning?

Effectively identifying and managing risks will support the Council in acting in the best interests of our residents, businesses and communities through the ever changing environment of local government.

It is the 5th step in our Performance Management Framework



Step 5: Risk Management

Identify risks that may prevent us delivering our vision and how we will mitigate them



Our Risk Management Objectives

We have 6 key objectives that guide our approach to Risk Management

1. Adopt a strategic approach to risk management in order to make well informed decisions
2. Integrate risk management into how we run Council services and deliver key projects.
3. Support a culture of well-measured risk taking throughout the Council including setting risk ownership and accountabilities.
4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
5. Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management
6. Ensure that risk management continues to be a key and effective element of our Corporate Governance

Benefits of Effective Risk Management



Improved Strategic Management

- Greater Ability to deliver against our corporate objectives and targets
- Improved decision making, planning and prioritisation



Improved Operational Management

- Plans in place to response to incidents when they occur
- Better service delivery



Improved Financial Management

- Better informed financial decision making
- Greater financial control
- Minimising waste and improving Value for Money



Improved Customer Service

Service disruption to customer minimized



Our Risk Management Process

Identification of risks, deciding what action to take to minimise the risk and assessing how successfully we did it is an activity that we are all doing constantly in our personal lives. The same approach is applied by the Councils in assessing risks to our priorities and services.

To do this we follow a 5 step approach



Our Risk Management Scoring

Likelihood
How possible is it that the risk will occur?

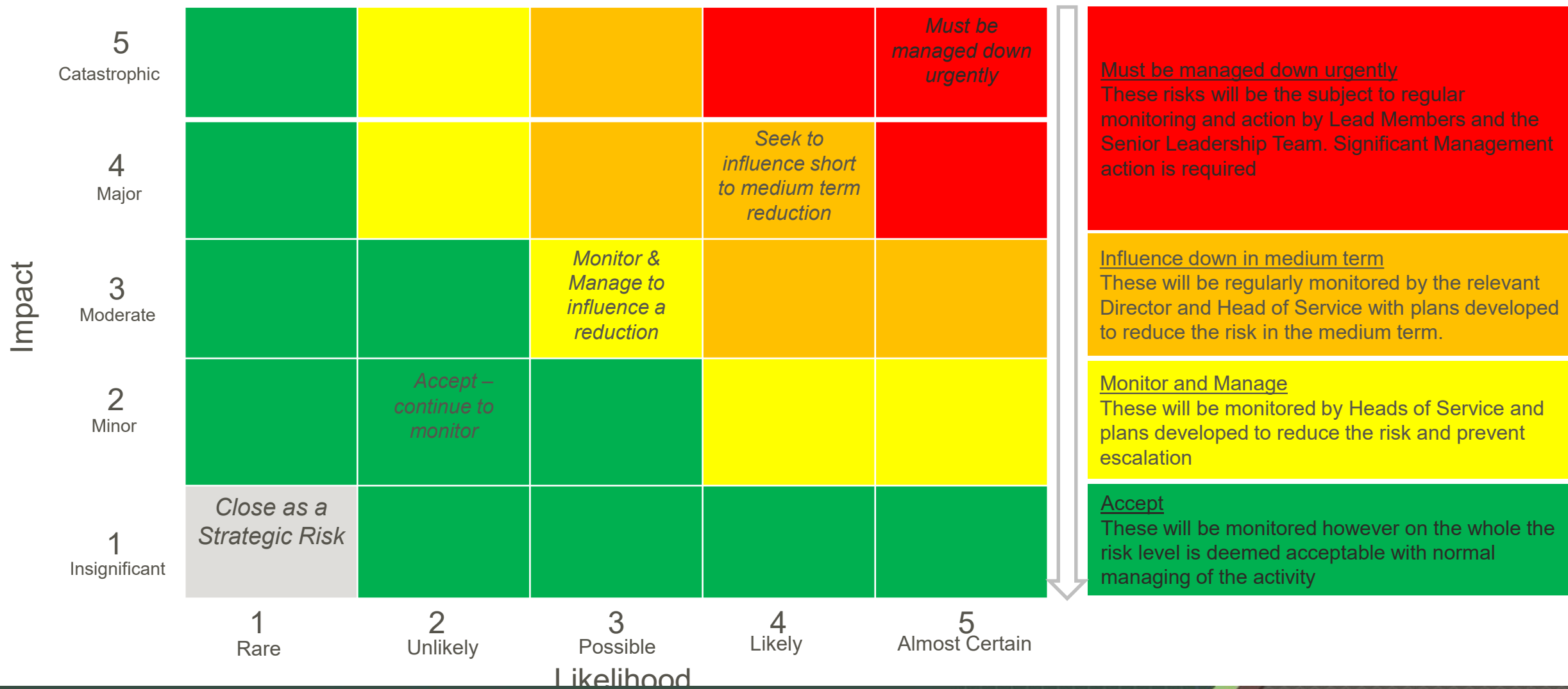
#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - Could occur	25-50%	May happen occasionally, e.g. Once in 10 years
4 – Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5 – Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

Impact
If the risk does occur, what is the impact?

#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/Ombudsman, simple fix	Minor first aid required	Isolated staff dissatisfaction
2 – Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/Ombudsman, no or little follow up needed	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3 – Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to delivering a wide range of services	Short term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4 – Major Risk	Financial loss of between £500k & £1Mill	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage, or South West or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5 – Catastrophic	Financial loss of over £1Mill	Major drop in performance or inability to deliver mandatory services	Long term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions

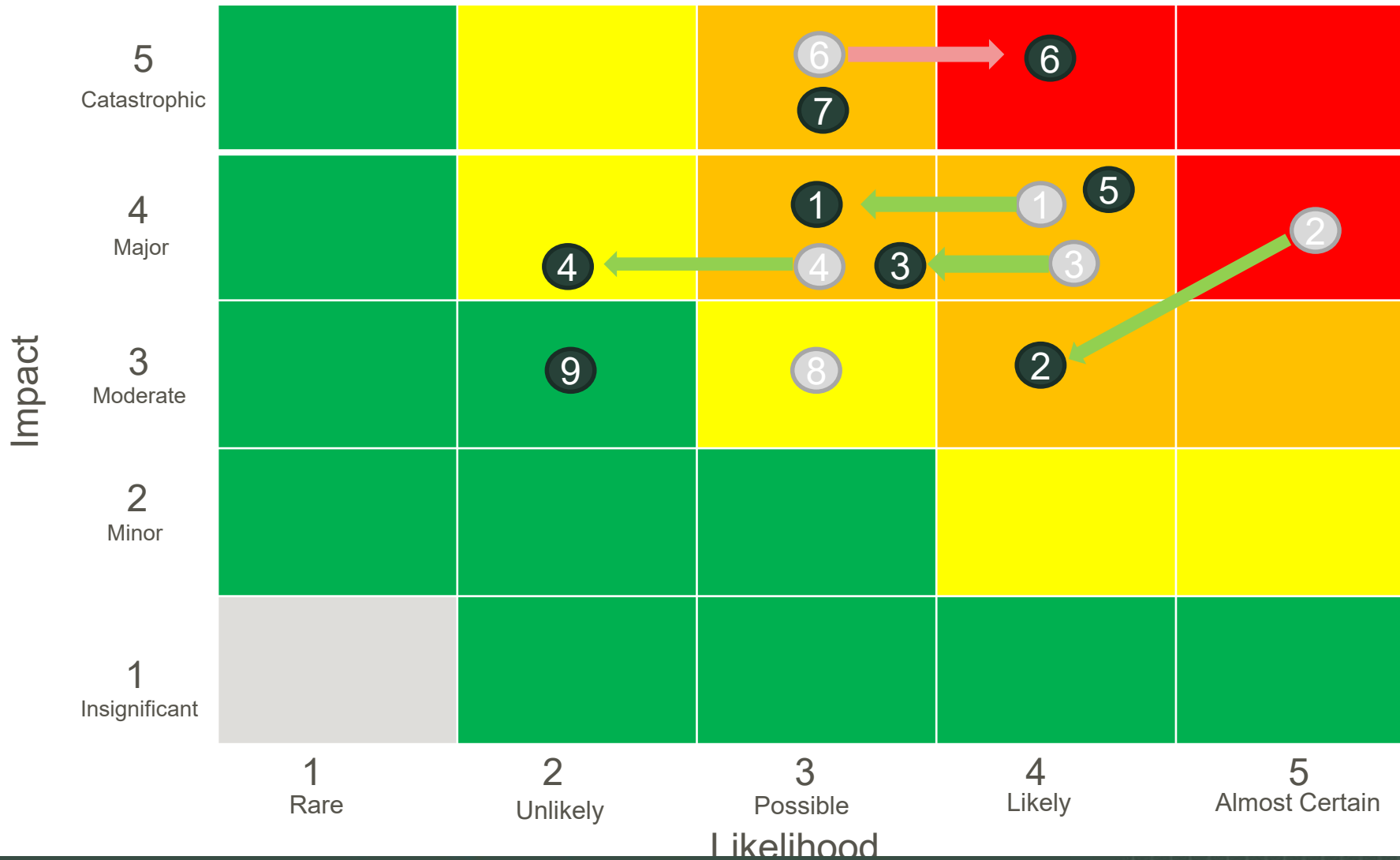
To calculate the overall risk score, we multiply the likelihood by the highest impact category score.

Our Risk Management Treatment



Summary of Strategic Risks November 2021

⊗ Previous Period Score
 ⊙ Current Period Score



- Risk Title**
1. Adherence to Medium Term Financial Strategy
 2. Covid-19 Impact on Services
 3. Inadequate Staffing Resource
 4. Organisational Commitment for Change
 5. Health and Wellbeing Service Provision
 6. Business Continuity
 7. Emergency Response
 8. Waste 3 Weekly Trial (*Now closed*)
 9. Maximising use of government economic support grants



Risk Title: Adherence to Medium Term Financial Strategy



Overall Scoring

What is the risk? 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.

Risk Score (Current)

12

Likelihood 3 x Impact 4

What is causing the risk? 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. a reduction in sales, fees and charges income or business rate appeals. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn, the effects of the pandemic 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 around £6.8 million for 2021-22, with the WDBC share of the pooling gain being around £119,000.



What is the level of the risk?	Likelihood of risk occurring		3 <i>(Possible)</i>	<p><u>What are we doing to reduce the risk?</u></p> <p>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.</p> <p>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.</p> <p>An Amended Budget for 2020-21 was approved by Council in September 2020, in response to the Covid19 pandemic. The latest Medium Term Financial Strategy was approved by the Hub Committee on 21st September 2021.</p>
	Impact	Financial	4 <i>(Major)</i>	
		Service Quality	4 <i>(Major)</i>	
		Reputation	4 <i>(Major)</i>	
		Legal / Regulatory	4 <i>(Major)</i>	
		Health and Safety	2 <i>(Minor)</i>	
		Morale / Staffing	2 <i>(Minor)</i>	

Current Update (November 2021)

The Council has closed its Accounts for 2020/21 and the Audited Accounts were published on 2nd November 2021 . The Council reported a small surplus for the 20/21 year of £75,000 (1%) against the Council's total net budget of just over £7million.

The Council has to be entirely independent to fund all of its services, as the Borough Council no longer receives any main Government Grant (Revenue Support Grant). The Council has had a reduction in core Government funding of £3million per year since 2010.

The Council prepared its Medium Term Financial Strategy for the period covering 2022/23 to 2024/25 and this was presented to the Hub Committee at its September 2021 meeting. The Council will continue to respond to national funding consultations and lobby alongside other Devon Councils and national organisations such as the District Councils' Network for a multi-year financial settlement, to aid long term strategic financial planning. The Fair Funding Review and the re-setting of the Business Rates baseline will be deferred until at least 2023/24. The Council is also awaiting further Government announcements on the New Homes Bonus funding. The Budget Gap over the next two years is predicted to be in excess of £0.5million and work is already underway to address this. Much will also depend on the next Government financial settlement for the three year period from 2022/23 and confirmation on funding items like Negative Revenue Support Grant, which has been assumed in the modelling to start impacting in 2023/24 onwards.

Risk Direction

What is the Risk? The risk is that 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 is the potential for additional financial implications due to increased demand for services or a reduction in income.

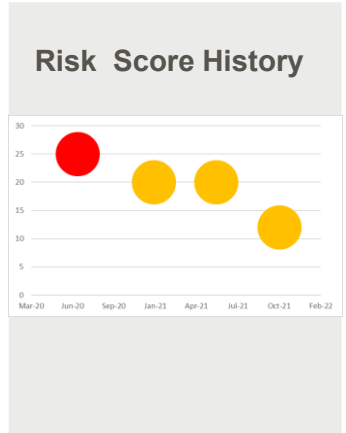
Risk Score (Current)

12

Likelihood 4 x Impact 3

What is causing the risk? This risk has arisen as a result of the global pandemic that has been difficult to predict. There remain a number of uncertainties about how the pandemic will continue to progress and therefore the level of response required by the Council and in turn the impact on our services. A new variant of covid-19 (Omicron) is seeing the government re-implement mandatory mask wearing in some sectors with a review scheduled in 3 weeks.

What is the level of the risk?	Likelihood of risk occurring		4 (<i>Likely</i>)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> 1. Monitor national and local situation and guidance 2. Continue to encourage staff to work from home where possible to reduce any potential spread of Covid and in turn reduce likelihood of staff requiring time off from work 3. Work with partners to implement measures to respond to the pandemic
	Impact	Financial	3 (<i>Moderate</i>)	
		Service Quality	3 (<i>Moderate</i>)	
		Reputation	3 (<i>Moderate</i>)	
		Legal / Regulatory	3 (<i>Moderate</i>)	
		Health and Safety	3 (<i>Moderate</i>)	
		Morale / Staffing	3 (<i>Moderate</i>)	



Current Update (November 2021) Our office based staff continue to work from home in order to mitigate the risk of spreading Covid 19 and in turn reducing the capacity of our workforce. Our frontline staff continue to employ safety measures to reduce the risk of transmission of Covid with risk assessments continually being updated. Member meetings have resumed face to face for many months and with the exception of wearing facemasks when moving around the building and maintaining social distancing, other safety measures have been removed. This has not so far resulted in any significant outbreaks. We will continue to monitor the impact on services (particularly given Omicron variant developments) over the winter but overall the impact on services to this point has not been significant.

Risk Direction



Risk Title: Inadequate Staffing Resource



Overall Scoring

What is the Risk?
 The risk is that the Council fails to have sufficient staffing arrangement resulting in a 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.

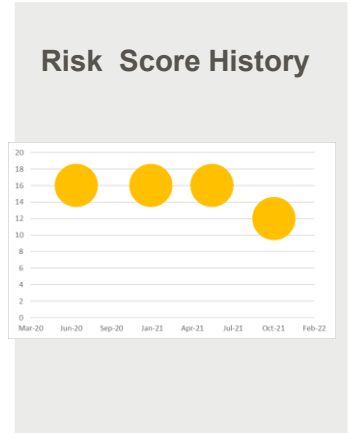
Risk Score (Current)

12

Likelihood 4 x Impact 3

What is causing the risk?
 Ensuring that we resource to deliver against competing priorities has been challenging without an agreed strategic direction.

What is the level of the risk?	Likelihood of risk occurring		3 (<i>Possible</i>)	<p><u>What are we doing to reduce the risk?</u> 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.</p>
	Impact	Financial	4 (<i>Major</i>)	
		Service Quality	4 (<i>Major</i>)	
		Reputation	4 (<i>Major</i>)	
		Legal / Regulatory	4 (<i>Major</i>)	
		Health and Safety	2 (<i>Minor</i>)	
		Morale / Staffing	4 (<i>Major</i>)	



Current Update (November 2021)

Good progress has been made in reducing this risk.

- Planning (Development Management) Review has identified a requirement for additional planning officers. This has been approved by Members and recruitment underway.
- Extended Leadership Team has been realigned to better support delivery of our priorities and also to ensure an even spread of management across the organisation which will enable improved support for staff across the Council.
- New performance management and appraisal process has begun to be rolled out which will ensure we enhance our understanding of training and development requirements for staff.
- A Plan for West Devon is now guiding the work planning and in turn enabling better resource planning.

Risk Direction

Risk Title:

Organisational Commitment for Change



Overall Scoring

What is the risk? The risk is that there is a lack of on-going organisational commitment to support changes needed for ongoing financial sustainability & community resilience.

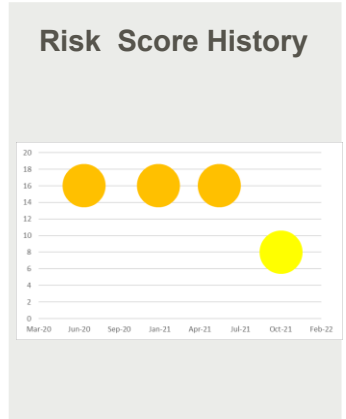
Risk Score (Current)

8

Likelihood 2 x Impact 4

What is causing the risk? 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.

What is the level of the risk?	Likelihood of risk occurring		2 (Unlikely)	<p>What are we doing to reduce the risk?</p> <ul style="list-style-type: none"> 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. Ensure that staff are provided the opportunity (and encouraged) to identify areas for change and improvement
	Impact	Financial	4 (Major)	
		Service Quality	3 (Moderate)	
		Reputation	4 (Major)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	1 (Insignificant)	
		Morale / Staffing	4 (Major)	



Current Update (November 2021)

In September 2021, Council unanimously adopted 'A Plan for West Devon' its longer term plan for the Council and Borough as a whole. Developed over many months and with full Member engagement through workshops, it is now underpinned by detailed delivery plans. This is a positive step and will guide the work of the Council, its resource allocations and its priorities for lobbying and partnership working.

We will also soon have much greater certainty around funding with proposals for a three year financial settlement from government. This will further enhance our future financial planning capabilities.

Risk Direction

Risk Title: Health and Wellbeing Service Provision



Overall Scoring

What is the risk?
 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.

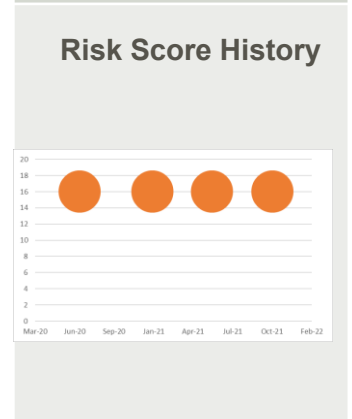
Risk Score (Current)

16

Likelihood 4 x Impact 4

What is causing the risk?
 This risk has arisen as a result of the covid-19 pandemic. There are many unknowns including:-
 - If there is likely to be further restrictions re-imposed on centres
 - When they do fully re-open, what will the customer appetite be
 - How long any measures that reduce capacity will have to remain in place (or be reintroduced)

What is the level of risk?	Likelihood of risk occurring		4 (<i>Likely</i>)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> Engage with Leisure Services provider (Fusion) 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) Promote active participation in sport and leisure through Council communication channels
	Impact	Financial	4 (<i>Major</i>)	
		Service Quality	2 (<i>Minor</i>)	
		Reputation	2 (<i>Minor</i>)	
		Legal / Regulatory	2 (<i>Minor</i>)	
		Health and Safety	4 (<i>Major</i>)	
		Morale / Staffing	2 (<i>Minor</i>)	



Current Update (November 2021)

At their meeting on 2nd November 2021, Hub Committee considered a report on the Leisure Services provision as a result of the pandemic.

The report set out that following their reopening (from lockdown) on 12th April 2021, and with more activities able to take place from 19th July as restrictions were eased, centre participation has increased across both Fusion operated leisure centres in the Borough. Meadowlands participation has increased by 67% and Parklands has increased by 63%.

The report also set out some actions that Fusion are taking to further increase participation including launching a new tourist membership and extending hours to increase uptake where demand and revenue growth has allowed.

The report set out options to Members in respect of the contract management fee for delivery of the leisure services. Further work is planned to consider this and a decision will be taken by Members In the new year.

Risk Direction

Risk Title:

Business Continuity



Overall Scoring

What is the risk?
 The risk is that we do not develop and keep maintained 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 leading to inability to deliver key council services.

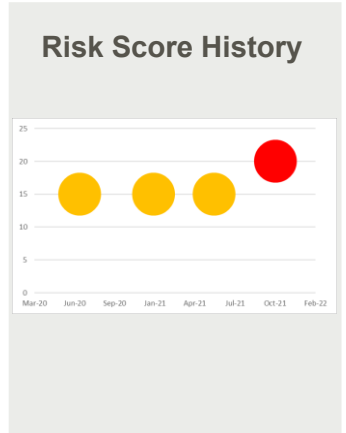
Risk Score (Current)

20

Likelihood 4 x Impact 5

What is causing the risk?
 Developing and maintaining robust Business Continuity Plans requires significant and sustained focus. During Covid-19 response, the Councils risk profile has changed as we have relied much heavier on working in different ways (for example more staff working from home the majority of time) and with significant pressures being placed on some of our key delivery partners/ contractors. Work is required to update our BCP's to the changing environment that we are operating in. We are also entering a period where extreme weather events increase the risk of a business continuity event triggering.

What is the level of risk?	Likelihood of risk occurring		4 (<i>Likely</i>)	<p><u>What are we doing to reduce the risk?</u></p> <ul style="list-style-type: none"> 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 – further work underway for the new year
	Impact	Financial	5 (<i>Catastrophic</i>)	
		Service Quality	5 (<i>Catastrophic</i>)	
		Reputation	4 (<i>Major</i>)	
		Legal / Regulatory	2 (<i>Minor</i>)	
		Health and Safety	3 (<i>Moderate</i>)	
		Morale / Staffing	3 (<i>Moderate</i>)	



Current Update (November 2021)

While we still find ourselves in the 'response' phase of the pandemic however focus is now changing to refining our broader business continuity plans to cover other scenarios.

Our ability to work online is fundamental to our ongoing delivery of services and this is therefore a key focus for our Business Continuity Planning. We are aware of rising incidents of cyber attacks on local authorities and are monitoring their learning closely in order to refine our own response plans. Where cyber attacks on those have been successful (i.e. not prevented by their systems and processes) they have been without core operating systems for many months and with the cost of recovery being in the several millions of pounds. As a result of this learning we have increased the financial impact score to 5.

Additionally, our Waste collection service continues to be impacted by the national HGV driver shortages and while out of our control, does represent an increase in the risk of further impacts to delivery of that service (particularly as we get in to the typical flu season and with added Covid risk). We have commissioned external advice to support us in updating our ICT Business Continuity Plans with this work aiming to complete in January 2022. Following this we can update our other service business continuity plans.

A group of core officers will be recommending a dedicated work stream to reduce this risk to acceptable levels

Risk Direction

Risk Title: Emergency Response



What is the risk?
 The risk is that the council fails to meet the high public expectation in relation to supporting communities during storm damage/flooding/ other 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.

What is causing the risk?
 The Council has a key role in supporting the response to emergency incidents within the Borough, These are, by their very nature, difficult to predict when and where they will occur. The type of events that the Council could be called upon to support include storm events, floods, major accidents, incidents requiring temporary or longer term re-accommodation of residents etc.

What is the level of risk?	Likelihood of risk occurring		3 (Possible)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 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.
	Impact	Financial	3 (Moderate)	
		Service Quality	4 (Major)	
		Reputation	5 (Catastrophic)	
		Legal / Regulatory	3 (Moderate)	
		Health and Safety	4 (Major)	
		Morale / Staffing	4 (Major)	

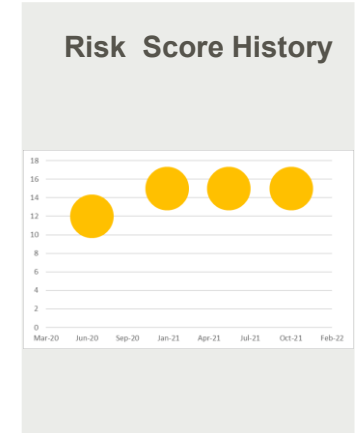
Current Update (November 2021)
 The Council continues to engage with the Local Resilience Forum and is keeping its emergency response plans up to date. Winter plans are developed and in place.
 Most of our emergency response support will be provided by the Environmental Health Team who are also the team that are involved in supporting any requirements to respond to Covid-19. To support their ability to respond to any other emergencies through the winter, we have extended the contract of the covid-19 support officers until end of March 2022.

Overall Scoring

Risk Score (Current)

15

Likelihood 3 x Impact 5



Risk Direction

Risk Title:

Delivery of Waste and Recycling Service Changes



Overall Scoring

What is the risk? 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

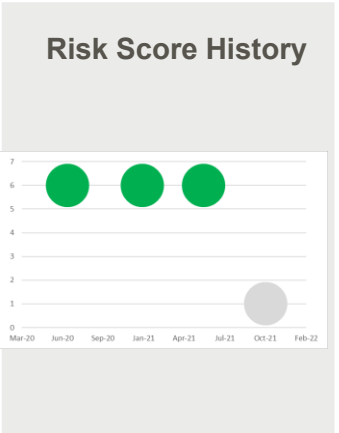
Risk Score (Current)

1

Likelihood 1 x Impact 1

What is causing the risk? 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.

What is the level of risk?	Likelihood of risk occurring		1 (Rare)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> Cross check trial data against whole district data and take into account in Hub report Detailed planning for decision points.
	Impact	Financial	1 (Insignificant)	
		Service Quality	1(Insignificant)	
		Reputation	1 (Insignificant)	
		Legal / Regulatory	1(Insignificant)	
		Health and Safety	1 (Insignificant)	
		Morale / Staffing	1 (Insignificant)	



Current Update (November 2021) Members of the Hub committee voted on 21 Sept 2021 to end the trial and to not extend the 3 weekly service across the whole Borough.

The risk is now closed (trial project ended) and will be removed from the Strategic Risk Register

Risk Direction

Risk Title:

Maximising use of government economic support funds



Overall Scoring

What is the risk?
 The risk is that the Council does not maximise the use of government high street support funding and business grants which in turn support the economic recovery of the area leading to a longer term negative impact as we begin to recover from Covid-19.

Risk Score (Current)

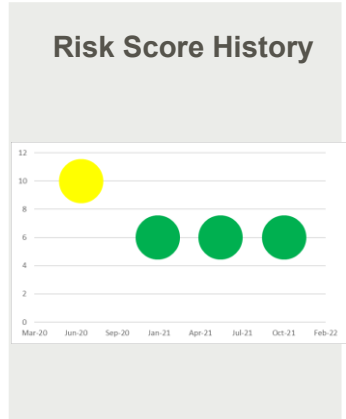
6

Likelihood 2 x Impact 3

What is causing the risk?
 The ongoing impact on the economy as we continue through response and in to recovery remains to be fully understood. Government have provided funding for both grants to businesses and for the Council to support the recovery of the highstreets. This funding must be spent in a compliant way.

- Clarity of eligible expenditure that delivery partners wish to incur
- The longer term impact as restrictions continue to change or potential for reimplementaion of restrictions that negatively impact on our key economic centres.
- Ability to demonstrate sufficient evidence to support claim to draw down government funding.

What is the risk level?	Likelihood of risk occurring		2 (Unlikely)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 1. Implementation of a dedicated team to support the economic and 'place based' activities required to support the area 2. Clear guidance related to the Government funding schemes to be issued 3. Work with our town councils, the LEP, DCC (Team Devon) and other key stakeholders to develop co-ordinated plans 4. Delivery partner agreements in place in order to make responsibilities clear
	Impact	Financial	2 (Minor)	
		Service Quality	1 (Insignificant)	
		Reputation	3 (Moderate)	
		Legal / Regulatory	3 (Moderate)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	1 (Insignificant)	



Current Update (November 2021)

As part of its Plan for West Devon, the Council has placed a significant emphasis on the support to the economy of West Devon with a clear delivery plan in place for the next three years.

One aspect of supporting project activity is funded by ERDF monies. The Council has recently been notified that its first claim for funding was successful and payment is being processed. We were able to demonstrate through the claim process our compliance with the requirements of the scheme. It is a requirement of the scheme that the funding scheme is included on the Councils strategic risk register.

This funding has enabled to support projects in all of our key towns and we have plans for further promotional and marketing activities over the Christmas period.

Risk Direction