

## Appendix 1 - SHDC Corporate Risk Report - October 2018

#	Risk Title	Description	What is (or are the) Uncertainties	Likelihood	Financial	Service Quality	Reputation	Legal/Regulatory	Health & Safety	Morale/Staffing	Prior Risk Score	Current Risk Score	Change	Mitigating Actions / Internal Controls	Latest Note
1	Political commitment for change	On-going political commitment to support changes needed for ongoing financial sustainability & community resilience	Considerable external change with devolution and Governmental funding cuts; leading to uncertainty within the South West and beyond.	4	4	3	4	4	1	4	16	16	2	Regular leader & deputy meetings. Regular surgery and informal sessions for wider membership.	Position unchanged, councils have commissioned an LGA peer review for the autumn. One of the areas that will be reviewed is political leadership, decision making and governance. With elections next year there could be significant changes.
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 targets, 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. Business rates pilot 2018/19 – 100% local business rate retention of growth above baseline is confirmed for one year only. A further year of business rates pilot for 2019/20 at 75% of local business rate retention has been applied for by Devon Authorities.	4	4	4	4	4	2	2	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 2018 with Member Workshops in both Councils arranged for October 2018.	If Members approve (in Dec 2018) an external waste contract, there is a possibility that this will deliver financial savings.  Government consultation on negative RSG will help in year one if implemented.  Council will submit a bid for business rates pilot for 19/20  Possibility of removal of NHB in 2020 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.
3	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.	4	3	4	4	3	2	4	12	16	✗	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.	Customer Satisfaction survey results have been poor and shows that the customer experience is not at the standard that we want or that customers expect. However, call volumes continue to reduce as are complaints in most service areas.  Waste complaints and service issues are increasing. Additional resources have been put in place (including management and localities) to support the operation. Performance management is being strengthened. SLT are monitoring on a daily basis.
4	Delivery of local plan (Inc. 5 Year Land Supply)	Risk of speculative development without a 5 year land supply in SH & WD, following recent planning appeal losses. Risk of designation in relation to Development Management & local plan across both councils.	Lack of detail / contingency around 5 year land supply until the joint local plan is completed.	3	4	2	3	3		2	16	12	✓	JLP Submitted to PINS for examination, but more work required on evidence base for housing need assessment.	JLP monitoring team recruited and high level process agreed, work underway
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	→	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	With support from DCC a further training exercise is planned for November.  Business Impact assessments have been completed for most areas and will be tested in the above exercise.  A live test of the IT resilience is to be planned before the end of the year.  Officers will be attending a Devon wide Brexit emergency planning session. Following this SLT will make a decision as to whether Brexit needs its own risk.

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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	→	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	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	→	Transitional resource & monitoring arrangements were put in place after staffing arrangements and GAP analysis completed in 16/17. Staff forum embedded; continued SLT engagement with unions and regular staff comms sessions held. Other comms media under review and several improvements made. Staff satisfaction survey re-run in April '18, actions and review underway. 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.	There are difficulties recruiting waste professionals due to location, complexity and the current waste procurement process. This is unlikely to be resolved whilst the procurement process is ongoing.
NEW 8	WD Financial Position Affecting SH arrangements	South Hams operate a joint working arrangement with West Devon. Both councils have different financial pressures and strategies to meet predicted financial gaps. If West Devon were unable to meet its financial obligations, this could have significant negative impacts on South Hams.	Considerable external change, budget pressures, Governmental funding cuts; leading to uncertainty within the South West and beyond. West Devon has a number of external income sources and if these fail to materialise to the expected level, this could impact on service deliverability.	2	3	3	5	3	1	3	N/A	10	N/A	A Cross Party Member Working Group (Financial Stability Review Group) was set up in November 2017 with defined Terms of Reference to look at the Medium Term Financial Strategy and to further look at options for securing financial stability for the longer term. The Group regularly reports to the Hub Committee and the Overview and Scrutiny Committee. External audit reports for West Devon also give an independent view on WDBC's financial position and are publicly available.	New Risk Identified at Request of Audit Committee in March 2018. West Devon Borough Council has £1.2m in Unearmarked Reserves. In addition £0.3m from the 2018/19 Budget (pilot gain) was put into a Future Financial Stability Earmarked Reserve and the Council also has £0.4m uncommitted in an Invest to Earn Earmarked Reserve and £0.2m uncommitted in the 2016/17 Budget Surplus Contingency Earmarked Reserve. Therefore the level of Reserves is robust for WDBC's size (Net Budget £7.3m).
9	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	✗	Good contract and people management, effective Contract Team, use of shared procurement expertise, more frequent credit checks (including parent companies), requirement for bonds where appropriate.	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.
10	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	→	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.	Q1 budget monitoring reports were presented to Members in September 2018

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11	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	✓	DPO now named and 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 been and new starters will be completing a data protection awareness course in via the Council's new eLearning tool.	GDPR implementation on 25th May 2018 has passed with minimal increases in contact from data subjects (SAR's remain low, one request to be forgotten etc.)  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. Revised policy to be shared with audit committee October 2018.  Data Breaches are investigated in a timely manner and generally there is an increased awareness of Data Protection matters among staff.  As guidance becomes clearer, the assessment of Impact has been revised and lowered however there is always a risk that data breach could occur.
12	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	✓	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. Stat officers panel set up and meeting qtrly. Internal audit programme of work confirmed for 18/19.	SLT are happy with the governance arrangements in place. The external auditors have given a clean bill of health on the councils governance arrangements in their annual audit letter
13	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	✓	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. Needs review in 6 months by SLT (Feb 19 latest)
14	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	→	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	H&S CoP driving improvement programme that requires commitment from all areas and appropriate monitoring by SLT.
15	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	→	Policies in place and key staff & management have received appropriate training and contact details to spot and report safeguarding issues. robust reporting process in place to key designated safeguarding leads (KDSL) how to guides on intranet, series of sessions to localities staff and through staff briefings.	W2 process is at test stage and close to roll out, Training requirements and relevant courses for KDSL identified, online training through learning pool also at final test stage.
16	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	→	Audit has highlighted generally ok. Management to remain vigilant; random spot checks where appropriate (e.g. expense claim forms)	Reviewed by SLT and agreed to leave as is

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17	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	→	Temporary resource has been 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 are engaging with the system provider to review our system set-up through a process known as Assessment of Current Use (AoCU)	17/18 accounts closed on time and with no issues. Self Serve to be rolled out to budget holders in 18/19
18	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	✓	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
19	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	→	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 mgmt of major procurements is robust. Dedicated resources have been recruited to ensure this is done.	The Council is currently mid way though a significant procurement for Waste Services. We continue to access procurement services through our shared arrangement with Teignbridge which provides us with the expert knowledge to ensure compliance with regulations.  We are currently exploring opportunities to further enhance the expertise for different levels of procurements through a potential widening of the shared procurement arrangement.
REM OVE D	Accounts not being published by the legal deadline due to earlier closedown timetable	There is a requirement that closedown of 17/18 accounts be brought forward 4 weeks to end of May 2018. The risk is that resourcing within the finance COP prevents closedown by the new government deadline.	Whether the new timetable is achievable for the existing team.	1	1	1	1	1		1	3	1	✓	Finance COP will do mini-close as at end Sept 2017 by end Nov 2017 to enable faster closedown at year end. Structural changes to split s151 and finance COP has enabled more focus on operational duties.	This risk for 2018/19 remains low and the team have demonstrated this year that closing the accounts on time (a month early) is possible. The 2017/18 Accounts were closed on time with a good audit report. This risk could now be transferred back as an operational risk to be managed within service.
REM OVE D	T18 Benefits Not Delivered	Failure to deliver sustained benefits from the T18 Programme; Risk of new systems not being fit for purpose during transfer and then for BAU; Capacity risk once additional resources exhausted?	Poorly executed delivery could affect quality of customer service; timescales to complete routine tasks and an increase in complaints. Staff moral and reputation can be affected.	1	1	1	1	1	1	1	6	1	✓	Regular SLT and member scrutiny over T18 roll-out; T18 programme being managed closely; currently within budget. Regular monitoring reports to Members.	T18 programme being closed down following successful implementation. Lessons learned report completed. T18 was within budget when Programme closed down.