

**NON EXEMPT**

**HAVANT BOROUGH COUNCIL**

**GOVERNANCE & AUDIT COMMITTEE**

**2 December 2015**

## **Quarterly Update on Corporate Risks from the Executive Board**

**Report by Cheryl Lincoln, Governance and Information Manager**

**FOR NOTING**

**Cabinet Lead for Governance & Logistics**

**Key Decision: No**

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### **1.0 Purpose of Report**

1.0 Risk is a part of life and of business. If the Council avoided risk it would not be able to deliver its services or achieve its ambitions outlined in the Corporate Strategy. Risk management is a way of understanding, evaluating and mitigating risks to ensure we can achieve the Council's objectives.

- A 'risk' is a specific thing that might cause harm to the business
- 'Risk management' is a good governance process to understand the threats to the business and put in place processes and actions that will bring greater safety and reduce risk
- Inclusion of a risk on the risk register does not mean that managers believe that the risk will happen
- The entry on the risk register will include an assessment of (a) the likelihood and (b) the impact of a risk, as well as the actions and processes in place to reduce both risk and impact

1.1 Efficient organisations have clear frameworks and processes led from Board level. The Council's Constitution names the Governance & Audit Committee as the Councillor board responsible for managing risk.

1.2 The details of how the Council manages risk are outlined in the statement of arrangements for managing risk. The Governance & Audit Committee reviews this statement every year in June. In their role as the Councillor body overseeing the way Council officers manage risk the Governance & Audit Committee reviews the highest risks remaining in the Council after each management meeting.

1.3 This report gives the Committee an update on the highest corporate risks reviewed by the Joint Executive Board in November 2015

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### **2.0 Recommendation**

2.1 The Committee notes the most serious corporate risks reviewed by the Joint Executive Board on 10 November 2015.

### **3.0 Summary**

3.1 This report tells the Committee about the risks the Executive Board felt remained high after mitigation at their last review meeting.

### **4.0 Subject of Report**

4.1 To oversee the effectiveness of risk management the Governance & Audit Committee note the most important risks facing the Council at the last quarterly review of the risk registers by the Executive Board. The last quarterly review was on 10 November 2015.

4.2 There are several risks showing red on our corporate risk register after mitigation. The risks and the reasons are as follows:

- Contractual Arrangements and External Competition – Work is currently underway on re-letting the revenues, benefits and customer services contract, held by Capita. In addition Cabinet added in December 2014 and July 2015 new areas to the market testing including Finance, IT, facilities management, human resources and property. The contract let will achieve greater gains but also includes higher risks because it is being let as a joint procurement with a group of district councils to try and achieve greater savings.

In addition work continues on the business case to transfer services currently supplied from the depot to a Joint Venture and start date will now be 1 April 2016

As these projects proceed the risk remains very high until such time as the contracts are let/signed.

- Manpower/Resources – With the Senior Management Resourcing review there is a risk of losing key staff during the reorganisation. In addition the Legal Team are understaffed due to a number of resignations and the loss of key legal staff will have an impact the organisation until such time as the recruitment drives have been completed. Whilst this remains red the Resourcing review is due to be completed early 2016 and the recruitment campaign for legal services (Head of Legal Services and Assistant Solicitor) is currently underway.
- Welfare Reform & Changes to National Affordable Housing Policy – This a new risk added in July. It is anticipated there will be a reduction in the benefits cap and further national changes to the benefits and affordable housing policy. The Housing, Revenues and Benefits teams are reviewing the impact of the legislation to date and will be reporting to JEB in December. However, the recent House of Lords has increased uncertainty about the implementation and until such time as the impact is known and mitigation in place this will remain a high risk to the organisation.

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4.3 Following review the remaining risks have either been further mitigated or remain unchanged.

### 5.0 Implications

#### 5.1 Resources: (*finance, staffing, property etc*)

There are no resource implications of this report because risk management is one of the regular funded functions of the management of the Council.

#### 5.2 Legal:

There are no legal implications arising from this report.

#### 5.3 Strategy:

Sound risk management supports the Council's objective of financial sustainability by ensuring financial risks are controlled and customer service excellence by ensuring the continuity of our services.

#### 5.4 Risks: (Environmental, Health & Safety and Customer Access Impact Assessment)

This report forms part of the Council's risk management arrangements.

#### 5.5 Communications:

There is no need for communications following this report.

#### 5.6 For the Community:

There is no community impact from this report but it will assist in ensuring the community continue to receive vital council services.

#### 5.7 The Integrated Impact Assessment (IIA) is not needed for this report because it does not contain a decision.

### 6.0 Consultation

Executive Board and the Risk Management Group.

### Background Papers:

None

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### **Agreed and signed off by:**

Legal Services: 17<sup>th</sup> November 2015

Executive Head of Governance & Logistics: 17<sup>th</sup> November 2015

Relevant Executive Head: 17<sup>th</sup> November 2015

Cabinet Lead: 20<sup>th</sup> November 2015

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