



## ADUR & WORTHING COUNCILS

Joint Governance Committee  
27 March 2018  
Agenda Item 10

Ward(s) Affected:N/A

### **Risk and Opportunity Management**

### **Report by the Director for Digital & Resources**

### **Executive Summary**

#### **1.Purpose**

1.1 This report provides the regular updates on the management of the Councils' risks and opportunities.

#### **2. Recommendations**

- 2.1 That the progress in managing risks and opportunities be noted;**
- 2.2 That the Committee consider if it would like any further information on any of the Risk/Opportunities; and**
- 2.3 That the Committee agree to receive a further progress report in September 2018.**

#### **3. Context**

- 3.1 The Committee has previously requested that progress update reports on the management of the Councils' risks and opportunities should be reported to the Committee to assist it in its role monitoring the effective development and operation of risk management and corporate governance in the Councils. The Committee has also requested that more detailed information be provided on the 'High/Red' Service Risks for each Directorate.

#### **4. Issues for consideration**

4.1 Progress continues to be made to monitor and review the full Risk and Opportunity registers:-

1. Regular reports on Corporate Risks are reported to the Councils Leadership Team for monitoring and review. Corporate Risks and Opportunities reflect the aims set out in the strategic vision (Platforms for our Places);
2. Executive Members receive regular reports on the details of Corporate Risks and Opportunities;
3. All Service Risks are regularly updated in consultation with Directors, Heads of Service, Departmental Management Team meetings and Risk and Opportunity management is being integrated into the culture and working practices of the organisation to ensure that Risks and Opportunities are identified in an open and honest manner ;
4. All risks and opportunities are monitored in separate risk and opportunity registers.

4.2 Details of the latest Risks and Opportunities can be viewed via the following links:-

[Corporate Risks and Opportunities](#)  
[Communities Directorate Service Risks](#)  
[Digital and Resources Directorate Service Risks](#)  
[Economy Directorate Service Risks](#)

4.3 It should be noted that there is some information provided in the reports attached to the Risk and Opportunities registers which is of a commercially sensitive and/or confidential nature, therefore, these are not to become broader public documents at this stage but are used for internal management purposes only.

4.4 These regular Risk/Opportunities review techniques continue to expand the coverage of Risk and Opportunity management across the Councils and identification/updates of Risks and Opportunities is closing the gaps on Risks and Opportunity assessments.

#### **5.0 A Summary of the Risk and Opportunities Management updates**

5.1 A summary of the main changes to the Risks and Opportunities since the last update report is included in the table attached as Appendix A to this report. At the request of the Committee, this report also includes details of the mitigation measures in place for all 'High/Red' Risks in each Directorate/Service area and these are attached at Appendix B to the report.

5.2 There are currently 107 Risks and 15 Opportunities compared with 112 Risks and 16 Opportunities in the report in November 2017. A number of Risks have

had their assessment changed, some new Risks and Opportunities have been added, several removed and the details of these changes are set out in the Appendix A to this report.

## **6. Engagement and Communication**

6.1 The Councils Leadership Team and Heads of Service have been consulted on the production of this report.

## **7. Financial Implications**

7.1 There are no direct financial implications as a result of this report but there are some financial implications if the Risks/Opportunities occur.

## **8. Legal Implications**

8.1 There are no legal matters arising as a result of this report. The Joint Governance Committee does have responsibility for receiving the annual risk report and also for monitoring the effective development and operation of risk and opportunity management.

8.2 Risk and Opportunity management is an important element in ensuring that service delivery objectives are achieved.

## **Background Papers**

Adur and Worthing Councils Risk and Opportunity Management Strategy - 2016 - 2018

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## **Sustainability & Risk Assessment**

### **1. Economic**

Matter considered. The Risks and Opportunities are directly linked to the projects and work streams that are in place to help deliver the commitments and activities contained in the Councils' strategic vision 'Platforms for our Places'. Some of these will impact on the economic development of the areas if they occur.

### **2. Social**

#### **2.1 Social Value**

Matter considered. Some of the Risks and Opportunities do impact on communities.

#### **2.2 Equality Issues**

Matter considered. Some of the Risks and Opportunities refer to equalities issues.

#### **2.3 Community Safety Issues (Section 17)**

Matter considered. Some of the Risks and Opportunities may relate to crime and disorder issues.

#### **2.4 Human Rights Issues**

Matter considered and no direct issues identified.

### **3. Environmental**

Matter considered and no direct issues identified.

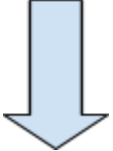
### **4. Governance**

Matter considered. As part of good governance the Council's need to manage Risks and Opportunities. The Council's Risk and Opportunity Management Strategy sets out clear governance controls for the management of Risks and Opportunities and part of these include provision for the Service Risks and Opportunities to be considered quarterly by the Joint Governance Committee.

Updates on Risk and Opportunity Management

Risk & Opportunity Management Dashboard	March 2018 update	November 2017 update	June 2017 update
Corporate Risks & Opportunities	Risks - 8 Opportunities - 5	Risks - 7 Opportunities - 5	Risks - 7 Opportunities - 5
Service Risks & Opportunities	Environmental Services (AWCS and Environment) - 9 Risks  Housing - 8 Risks/2 Opportunities  Wellbeing - 6 Risks  Business & Technical Services - 5 Risks  Customer & Digital - 11 Risks  Financial Services - 7 Risks/1 Opportunity  Human Resources 6 Risks  Legal Services - 2 Risks/1 Opportunity  Revenues & Benefits - 5 Risks  Culture - 11 Risks/5 Opportunities  Place & Investment - 6 Opportunities  Planning & Development (Incl Building Control & Land Charges) - 23 Risks/1 Opportunities	Environment - 4 Risks Housing - 11 Risks/ 2 Opportunities Wellbeing - 5 Risks AWCS - 5 Risks Business & Technical Services - 5 Risks Customer Contact & Engagement - 6 Risks Digital & Design - 6 Risks Financial Services - 8 Risks/ 1 Opportunity Human Resources - 6 Risks/ 1 Opportunity Legal Services - 2 Risks/ 1 Opportunity Revenues & Benefits - 5 Risks Building Control & Land Charges - 6 Risks/1 Opportunity Culture - 12 Risks/ 5 Opportunities Place & Investment - 6 Risks Planning & Development - 16 Risks	Environment - 3 Risks Housing - 10 Risks/ 2 Opportunities Wellbeing - 5 Risks AWCS - 7 Risks Building Control & Land Charges - 6 Risks/1 Opportunity Customer Contact & Engagement - 10 Risks Revenues & Benefits - 6 Risks Business & Technical Services - 6 Risks Digital & Design - 6 Risks Financial Services - 8 Risks/ 1 Opportunity Human Resources - 6 Risks/ 1 Opportunity Legal Services - 3 Risks/ 1 Opportunity Culture - 10 Risks/ 6 Opportunities Place & Investment - 7 Risks Planning & Development (Formerly Economic Growth) - 16 Risks

<b>Number of High Risks on Service Registers</b>	Environmental Services - 1 Housing - 6 Customer & Digital - 3 Financial Services - 3	Environment - 1 Housing - 7 AWCS - 1 Customer Contact & Engagement - 2 Digital & Design - 2 Financial Services - 3 Revenues & Benefits - 1 Culture - 4 Place & Investment - 1	Environment - 1 Housing - 5 AWCS - 1 Customer Contact & Engagement - 3 Revenues & Benefits - 1 Business & Technical Services - 2 Digital & Design - 2 Financial Services - 4 Human Resources -1 Culture - 4 Place & Investment - 1

 <p>Risks where assessment score has reduced since the previous report.</p>	<p>Environmental Services - Potential public safety issues due to driver health issues - Risk reduced to Medium from High</p> <p>Customer &amp; Digital - Freedom of Information requests. Failure to comply with FOI responses - Risk reduced to Medium from High..</p> <p>Revenues &amp; Benefits - Increasing dependency on Business Rates and Council Tax - Risk reduced to Medium from High.</p> <p>Culture - Theatres - Competition from new multiplex cinema - Risk reduced from High to Medium</p> <p>Culture - Evening security of all venues - Risk reduced from High to Medium</p> <p>Culture - Risk that the operational theatres vehicle is not replaced - Risk reduced from High to Medium</p> <p>Culture - Pavilion toilets refurbishment - Risk reduced from High to Medium</p> <p>Place &amp; Investment - Shoreham Airport - Risk reduced from High to Medium</p>
<p>New Risks/Opportunities added since last report</p>	<p>Corporate - Emergency response</p> <p>Wellbeing - Not achieving an improvement to bathing water quality by end of September 2019.</p> <p>Planning and Development - New Monks Farm and Shoreham airport.</p>

	Planning and Development - Shoreham Harbour.
Risks/Opportunities removed since last report.	Customer & Digital - Car Parking income Human Resources - Opportunity - HR shared working with others. Culture - Assembly Hall floor. Planning & Development - Failure to adopt Adur Local Plan

## APPENDIX B

### Communities Directorate High Service Risks and Projects

#### Environmental Services

<u>Risk</u>	<u>Potential Effect</u>	<u>Internal Controls</u>	<u>Risk Impact</u>	<u>Risk Likelihood</u>	<u>Ownership</u>	<u>Risk Assessment</u>
Durrington Cemetery - Extension of Burial ground	Environment Agency (EA) have commented that extending the burial ground at this site is not acceptable after sampling of the ground.  The effect would be that we may run out of burial space by the end of 2021.	Looking at alternative solutions including lining the burial space as an option if acceptable to the EA or looking at other areas at Durrington Cemetery to provide burial space.  Continue to have dialogue with EA and Southern Water to discuss mitigating measures that will enable full earth burials to still take place on the planned extension area.  Further ecological surveys requested by EA. Further ecological surveys complete Summer 2017. Hoping to use information gained to submit a Planning Application in Spring 2018 for conversion of the extra space for burial space. If Planning Permission is granted then the construction will begin in	Major	Likely	HES/DC	<b>High</b>



		Summer 2018 and then burials to start in Winter 2018.				
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## Housing

<u>Risk</u>	<u>Potential Effect</u>	<u>Internal Controls</u>	<u>Risk Impact</u>	<u>Risk Likelihood</u>	<u>Ownership</u>	<u>Risk Assessment</u>
1. Compliance - Fire, Gas, electrical and water quality	<p>1. Death/injury/illness. - Fire/safety related; - water borne disease (legionella)</p> <p>2. Potential legal action and-or claims. - Legal action against accountable staff (up to Head of paid Service) - compensation and or other claims for injury etcl</p> <p>3. Financial risk -Of managing service failure and loss of accommodation</p> <p>4. Reputational risk -see above</p> <p>5. Loss of use of premises and personal impact to tenants as well as operational and financial risk to councils - see above</p> <p>1-5 Can result from a failure to comply with regulatory standards around Fire/Gas/Electrical and Water Safety and/or implement action plans agreed with WSFR and other bodies.</p>	<p><b>Compliance Manager appointed 2nd October 2017</b></p> <p><b>Adur Homes</b> New Compliance Manager has introduced a weekly compliance review and actions</p> <p><b>Fire action plan agreed.</b> Quarterly meetings being held with WSFRS - and all fire assessments from Keegans have been received. Ongoing FRAs to be completed as part of an agreement with Potter Raper and to include loft spaces, void risers and service cupboards. Works required will be assessed and prioritised according to risk.</p>	Extreme	Moderate	HH/DC	High

<p>2.Changes due to welfare reform including Housing Benefit changes</p>	<p>The changes taking place in the HB system (extending single room rate to over 35s, removing all HB from under 21's, freezing the LHA for 4 years. Will make it more difficult for both Councils to sustain tenancies and resolve people's housing problems by helping them into the private sector, and is causing homelessness acceptances and bed and breakfast /emergency temporary housing costs to increase.</p> <p>Loss of income both for Adur Homes and temporary accommodation.</p>	<p>Controlling and reducing rent arrears.</p> <p>Role of Tenancy Sustainment Officer and introductory Tenancy officer working with the most vulnerable and new tenants.</p> <p>Members Housing Improvement Board is aware of this risk and has identified it as one of its priorities.</p> <p>Southdown workers (Under contract from WSCC) focus on those identified as those affected by Welfare reform changes.</p> <p>Key staff from DWP meeting with key staff from both Councils regarding implementation of Universal Credit.</p> <p>Cross partner welfare reform partnership chaired by Director for Communities. .</p>	<p>Major</p>	<p>Likely</p>	<p>HH/DC</p>	<p><b>High</b></p>
<p>3. Failure to manage leaseholder services appropriately</p>	<p>Loss of income. Reputational damage.</p>	<p>Implementing improvement and outcomes plan from the Audit . Review resources to implement and run the service.</p> <p>Appointed Interim Temporary Leaseholder Services Manager to work with the Team to deliver the action plan.</p>	<p>Moderate</p>	<p>Very Likely</p>	<p>HH/DC</p>	<p><b>High</b></p>
<p>4. Rising costs of emergency and temporary accommodation</p>	<p>Increased pressure on general funds</p> <p>Councils have to spend money on expensive B&amp;B type accommodation.</p>	<p>£3 million pot to buy properties.</p> <p>Programme to privately lease properties both in \hmos and individual properties</p>	<p>Major</p>	<p>Very Likely</p>	<p>HH/DC</p>	<p><b>High</b></p>

		<p>Actively working with landlords to increase supply Held open day in March 2017 to attract new landlords and to develop landlord incentive scheme.</p> <p>Change in approach to homeless prevention Including priority banding for those who would be owed a duty if they can make their own arrangements.</p> <p>Develop a homelessness strategy (Aim to make homelessness everyone's responsibility - At final consultation stage oct 2017.</p> <p>Provide people with more information on choices so that they can help themselves.</p> <p>Allocated a dedicated housing solutions officer dedicated to working with clients who are interested in private sector housing as an option (prevention)</p> <p>Joint project with Worthing Churches Homeless Project/Roffey Homes and the Council at Lyndhurst Road in Worthing to create new temporary accommodation - 37 units - 18 for the Councils.</p> <p>Parkfield scheme. Grant funding Worthing Homes to convert old children's centre into four flats (Homeless Prevention)</p>				
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<p>5. Overall Risk of increasing demand for housing advice and homelessness applications</p>	<p>Impact on front line service delivery for customer services in terms of Contact Centre and front line services from Portland House.</p> <p>Increased waiting time for housing advice and casework.</p> <p>Increased costs of temporary and emergency accommodation.</p> <p>Increased competition for limited affordable housing supply.</p> <p>Risk of not meeting legal obligations of the new Homelessness Reduction Act 2017</p>	<p>Triage system implemented to provide advice and guidance at the earliest opportunity to reduce presentations as homeless.</p> <p>Create more housing options for those at risk of homelessness via the housing solutions officer dedicated to seeking private sector accommodation</p> <p>Early identification of potentially vulnerable individuals and families to the development of multi agency pathways eg hospital discharge and care leavers. Better joint working with agencies to prevent crisis presentations.</p> <p>Improving Communication and digital offer to increase customer self service and understanding of alternatives with the aim to reduce administration and officer time processing applications.</p> <p>Working with partners across sussex in Sussex Home-Move Partnership to implement the new Home Connections System Better recording and case management.</p> <p>Improve the Housing Team performance.</p>	<p>Major</p>	<p>Very Likely</p>	<p>HH/DC</p>	<p><b>High</b></p>
<p>6. Housing Revenue Account - Financial sustainability as a result of Rent Reduction Policy and Rent collection levels</p>	<p>1. Financial</p> <p>-Reduced ability to Invest in capital expenditure to maintain buildings and properties and new homes</p> <p>2. Operational</p>	<p>30 year business plan shows the potential to outlive the issues highlighted if the service is able to raise rents post 2020</p> <p>Reviewing what services we offer with the budget available.</p>	<p>Major</p>	<p>Very Likely</p>	<p>HH/DC</p>	<p><b>High</b></p>

<p>- Impact on budget and service provision</p>	<p>- Limited ability to deliver good quality services and meet customer need</p> <p>-Ability to cover day to day repairs and maintenance</p> <p>3. Business Sustainability/failure</p> <p>-deficit budgets set for forthcoming years, any further uncertainty could result in business failure</p> <p>Background - Until 2020 the Government requires all social housing providers to reduce their rents by 1% each year.</p> <p>This creates a financial pressure over the next 3 years.(£0.68m in 2018/19 and by 2020/21 this will have increased to £1,944,000)</p> <p>Arrears level is running at 3.19% (£452,202). Good practice benchmark is 1%.</p> <p>Loss of income to the HRA.</p>	<p>Prudent management of revenue budget</p> <p>Senior Housing Manager meets with team weekly to review all rent accounts over £500 in arrears.</p> <p>Engagement with Wellbeing and Housing Solutions staff to promote budgeting and financial inclusion strategies</p>				
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**Digital & Resources Directorate High Service**  
**Risks and Projects**

**Customer & Digital**

<b><u>Risk</u></b>	<b><u>Potential Effect</u></b>	<b><u>Internal Controls</u></b>	<b><u>Risk Impact</u></b>	<b><u>Risk Likelihood</u></b>	<b><u>Ownership</u></b>	<b><u>Risk Assessment</u></b>
<p>Corporate Contact Centre Technology &amp; Demand</p> <p>High levels of failure demand and high volumes of transactional calls result in existing staff resources not being able to cope with demand.</p> <p>Lack of alternative channels (incl effective self serve)</p> <p>Failure of IT and/or telephony systems</p>	<p>Customers unable to get through, cases escalating, increases in complaints, loss of commercial opportunities, reputational damage, vulnerable customers unable to get assistance they need, high pressure for contact centre staff contributing to staff turnover and absence. Failure to resolve calls at first point of contact also affect efficiency.</p>	<p>Contact Centre: Recruiting and training of contact centre staff. Recruited to establishment levels January 2017, additional agency staff retained to cope with ongoing demand.</p> <p>Analysis of call demand through Avaya system to pinpoint and quantify failure demand</p> <p>Organisational focus and technology solutions needed on customer journey to move transactional calls away from phones to other channels including self serve.</p> <p>Service improvement in back office needed to address failure demand and address repeat calls.</p> <p>Work underway on Housing Repairs project highlighting opportunity but also identifying resources needed for transformation.</p> <p>Up to date location risk assessments and supplemented staffing levels.</p>	Major	Likely	HCD/DDR	<b>High</b>

		Future telephony solutions being explored as part of Digital Programme to improve resilience and functionality.				
IT disaster Recovery Plan and alternative data centre (Priority 1 Audit recommendation)	Councils unable to manage/recover IT services or prolonged recovery occurs following a disaster impacting on service provision to the public. This also covers partial/total loss of the IT data centre in Worthing Town Hall.	<p>DR plans are in place for every service detailing what actions will be taken in the event of IT failure.</p> <p>DPB has commissioned the development of Infrastructure as a Service options to host more applications off-site and reduce reliance on our own data centres.</p> <p>CenSus ICT have confirmed that the Veeam backup system in place and working.</p> <p>Reports to JGC on a regular basis.</p> <p>DR tests were planned for May 2017 and October 2017 but were not completed due to unforeseen circumstances and to avoid further problems. Alternative date for another DR test has been scheduled for June 2018 including a reserve date.</p>	Major	Moderate	HCD/DDR	<b>High</b>
Staff are unable to take or make calls. Public are unable to contact the Council.	Significant reputational damage	Very close management of the supplier. This includes monthly supplier meetings. New and agreed escalation plan.	Major	Likely	HCD/DDR	<b>High</b>

		<p>Planning stages for a new solution.</p> <p>Rolling contract from November 2017 whilst we are seeking a replacement solution.</p>				
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## **Financial Services**

<b><u>Risk</u></b>	<b><u>Potential Effect</u></b>	<b><u>Internal Controls</u></b>	<b><u>Impact</u></b>	<b><u>Likelihood</u></b>	<b><u>Ownership</u></b>	<b><u>Risk Assessment</u></b>
<p>Risk to overall financial position - Known areas of risk within the budget eg Income from demand led services, outcomes of job evaluation, Pay award higher than assumed.</p>	<p>1. Go over budget 2. Do not have resources to meet priorities.</p>	<p>Council holds reserves to manage the risk of lost income.</p> <p>Where a service has been identified as being at risk a close monitoring regime is put in place.</p> <p>17/18 continuing the enhanced monitoring for CLT for areas of commercial risk.</p> <p>Proactive control of discretionary spend implemented to help resolve areas of overspend elsewhere within the budget.</p>	<p>Major</p>	<p>Likely</p>	<p>CFO/DDR</p>	<p>High</p>



<p>Future resources from Government are less than assumed</p>	<p>Budget shortfall is understated leading to a greater level of savings. Particular issue in 19/20 Financial Year is likely due to Business rate changes</p>	<p>Assume that grant will reduce by at least 20% each year within the Medium Term Financial Plan and plan actions accordingly. • Lobby Government for an appropriate resource distribution. • Take action to reduce the overall cost of services or increase income</p> <p>Government has moved to a 4 year settlement which gives the Councils greater certainty about grant levels.</p> <p>Councils have signed up to the 4 year settlement to secure funding levels.</p> <p>Councils have responded to new Business Rate retention scheme proposals.</p> <p>Councils have responded to the fairer funding review consultation.</p>	<p>Major</p>	<p>Likely</p>	<p>CFO/DDR</p>	<p>High</p>
<p>General risk of not finding significant budget savings from both Councils.</p>	<p>Impact on ability to balance the budget to deliver the Corporate Priorities and priority services.</p>	<p>Options for addressing the budget gap contained in the outline forecast 2016/17 to 20/21 and</p>	<p>Major</p>	<p>Likely</p>	<p>CFO/DDR</p>	<p>High</p>

		<p>Budget Strategy report to JSC in December 2015.</p> <p>Budget Strategy agreed by JSC in July 2015.</p> <p>Budget Strategy for 2017 agreed by JSC in July 17 which set out budget process for forthcoming year including options to address the budget shortfall.</p> <p>Sufficient savings have been identified to balance the 18/19 budget.</p> <p>Balanced budget for 18/19 has been set.</p>				
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