

Directorate Risk Register Review – Neighbourhoods & Housing**AUDIT COMMITTEE
MEETING DATE 2017/2018****17 January 2018****CLASSIFICATION:****Open****WARD(S) AFFECTED****All Wards****GROUP DIRECTOR****Kim Wright Group Director Neighbourhoods and Housing**

1. INTRODUCTION AND PURPOSE

- 1.1 This report updates members on the current Risk Register for Neighbourhoods and Housing Directorate at January 2018 (attached). It also identifies how risks within the Directorate are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

2. RECOMMENDATION(S)

The Audit Committee is recommended:

- 2.1 To note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

- 3.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Directorate. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Directorate but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. It will be highly unlikely, if not impossible, if there were never any red rated risk on the register. The important point is to know what they are and how they can be controlled and mitigated. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

4. BACKGROUND

- 4.1 The directorate risk profile is reviewed and ratified by the Directorate Leadership Team (DLT) on a regular basis throughout the year; the current risk register was reviewed by DLT in December 2017. This report is presented as a high level risk management report for the Directorate.

4.2 **Policy Context**

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

4.3 **Equality Impact Assessment**

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

4.4 **Sustainability**

This report contains no new impacts on the physical and social environment.

4.5 **Consultations**

In order for Risk Registers to progress to Committee, they will already have been reviewed by the relevant Senior Management Team within the corresponding Directorate, or at overall Council level. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.5 **Risk Assessment**

The Directorate Risk Register is attached in Appendix one.

5. **Directorate Approach to the Management of Risk**

5.1 To ensure the management of risk within the directorate is effective, our risks are aligned to our directorate aims and objectives, which reflect corporate and the Council's priorities. Our focus is on the "place". We want to work in a joined up way in order to create, sustain liveable neighbourhoods. Our vision is that wherever people live they have the same high quality services, the environment is just as good and their life opportunities enable them to be just as successful. The directorate approach to embedding risk management at all levels of management is to create a culture that spreads best practice, identifies and communicates lessons learnt from both internal and external experiences. This approach runs through all levels of management from the directorate risk register, monitored and managed by DLT, through the divisional risk registers, managed and monitored by the Divisional Management Teams through to team and project risk registers.

5.3 Effective risk management anticipates and avoid risks where possible rather than dealing with the consequences of events happening. However, not all risks can be managed, particularly those that are caused by external factors over which the Council has no control e.g. nationwide austerity measures and introduction of new legislation. These are the risks that are likely to rated high, and will require constant monitoring by senior management and

escalation to Hackney Management Team (HMT) for inclusion on the Corporate Risk Register.

- 5.4 The directorate risk register, attached at Appendix 1, comprises risks that cut across the Directorate's business and those which have the potential greatest impact on service delivery and the performance of the Directorate and Council as a whole. It is informed by the divisional and service risk registers and is maintained at Directorate level to ensure that risks are managed and monitored at senior management level.
- 5.5 The directorate risk register risks assesses risk in light of the controls already in place so that the register is focused on those key risks that could prevent the directorate from achieving its objectives. Any risk that DLT consider significant enough will be escalated to the status of a Corporate Strategic Risk as per the Council's risk impact guidelines. All other risks will remain as Directorate risks.

6 Directorate Risk Review

- 6.1 The Directorate Risk Register is comprised of risks that cut across the numerous services of Neighbourhoods and Housing and represent the most significant risks faced by the directorate.
- 6.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Directorate, and Council, – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in the Council's Risk Strategy where it is stated: "if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks." In the case of the Directorate, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or ICT problems impact service delivery and this has often led to improved efficiencies, and has served as an opportunity to streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Directorate, in managing risks, strives to look for this positive angle within risk management.
- 6.3 The main changes to note from last year's register are:
 - A new risk relating to solely to Fire Safety (NH DR 009) was escalated to the directorate and corporate risk registers in the summer following the tragedy at Grenfell. It should be noted that controls have always been in place to manage fire safety on our housing estates but the extra focus and scrutiny is now being applied to all elements of fire safety in the Borough. Audit Committee was advised of this in September and the risk has been reviewed and updated to reflect the latest position in respect of fire safety across our housing estates.

A report on the Council's response to the tragedy was reported to Cabinet in September which set what we have done to check and ensure the safety of our residents; what work is ongoing and what we intend to do in the future (pending the reports from the public inquiry).

We have worked very closely with both the London Fire Brigade and the Council's independent fire safety adviser in the development and implementation of the Housing Services Fire Safety Action Plan. The LFB Borough Commander attends the Housing Services Fire Safety Response Group meetings as and when needed to advise the Council on the fire safety work and ensure our compliance with regulatory requirements. In addition, our independent fire safety adviser attends the Housing Services Fire Safety Response Group on a fortnightly basis and feeds into the Housing Services Fire Safety Action Plan

One of the key actions we have taken is to develop a fire safety webpage to provide information and reassurance to our residents in respect of fire safety. The website includes frequently asked questions, downloadable copies of the two resident-facing letters, and a Fire Risk Assessment (FRA) map where all the FRAs have been published.

- The Contract, Procurement and Management risk (NH DR 007) has marginally increased in the last year in light of the internal audit investigation work currently ongoing. Housing Services are implementing increasingly robust controls to manage these contract related risks and we expect this risk rating to reduce over the coming year.

6.4 There is one red rated risk on the Neighbourhoods and Housing Risk Register, Housing Regeneration Programmes (NH DR 006). This rating reflects the external risk relating to drops in property values which could impact the viability of the schemes and the overall programme. The ongoing economic downturn and the impact of Brexit poses risks to the schemes that rely mainly or in part on disposal of assets or subsequent sale of newly developed sites. The Robust programme management and governance procedures ensure continued active management and oversight.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

7.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions within services are made as a result.

7.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Corporate Finance and Resources.

7.3 There are no direct costs arising from this report.

8. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

8.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This report is part of those arrangements and is designed to ensure that the appropriate controls are effective.

8.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix 1 **Neighbourhoods and Housing Directorate Risk Register**

EXEMPT

N/A

BACKGROUND PAPERS

None

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