



**CORPORATE STRATEGIC RISK REGISTER CHIEF EXECUTIVE'S
DIRECTORATE**

**AUDIT COMMITTEE MEETING DATE
2018/19**

21st June 2018

CLASSIFICATION:

Open

**If exempt, the reason will be listed in
the main body of the report.**

WARD(S) AFFECTED

All Wards

Tim Shields, Chief Executive

1. CORPORATE DIRECTOR'S INTRODUCTION

- 1.1 This report advises the Committee of the key risks facing the Chief Executive's Directorate in 2018/19 and the actions being taken to reduce the likelihood and impact of those risks. This is all part of the Committee's role in overseeing Corporate Governance.
- 1.2 An end of year review of the risk environment and management actions that the Directorate has lead responsibility for has been undertaken. This will inform the review of the highest level Corporate risk register which is underway and will be presented to this Corporate Committee.
- 1.3 This report is presented for information and comment.

2. RECOMMENDATION(S)

- 2.1 The Audit Committee is recommended to note the contents of this report and the Chief Executive's Directorate Risk Register attached at Appendix 1 and, if appropriate, provide feedback on the management of risks that the Directorate has lead responsibility for.

3. REASONS FOR DECISION

- 3.1 There are no decisions associated with this report.

4. BACKGROUND

- 4.1 The Council is exposed to a wide number of risks in its ordinary activities. This report focuses on the key risks within the Chief Executive's Directorate, which includes the following service areas: Human Resources, Organisational Development and Elections, Legal and Governance Services, Strategy, Policy and Economic Development (SPED), Communications, Culture and Engagement. Risks relating to the Economic Regeneration service will be included in the Neighbourhoods and Housing Directorate register.
- 4.2 The changing risk environment and progress in managing down risks have been assessed by the Chief Executive's Management Team at its annual year-end review. The team take individual responsibility for managing and reporting on their associated risks, in line with their overall remit within the Council and this work has informed the review.

5. SUMMARY OF KEY RISKS

5.1 STRATEGY, POLICY AND ECONOMIC DEVELOPMENT (SPED)

- 5.1.1. A new risk has been added relating to Environmental Sustainability and the development of a new strategy and cross-cutting work in this area. Risk will be managed by the Environmental Sustainability board.

- 5.1.2. A new risk has been added relating to *Growth Boroughs and Unlocking Opportunities European Social Fund*. Risk is being controlled by close monitoring and the development of new governance structures around the programme.
- 5.1.3. Previous risks relating to the continued delivery of 2012 Legacy benefits and the wider portfolio of regeneration delivery were subsumed last year into a new risk relating to the council's objectives around Economic and Community Development. The main control for this area is the Economic and Community Development board and the delivery groups that sit below it. This governance structure enables a more strategic and joined up approach to this agenda across the council.
- 5.1.4. The risk around business relationships illustrates the importance of businesses to the council as stakeholders, service users, and as a means for the council to generate income through business rates. The importance of strong relationships with the business community is a key tenet of the Economic and Community Development Strategy and will be reflected in the new Community Strategy to be published in 2018.
- 5.1.5. In the area of Employment and Skills, there are several external risks that could increase the level of need in the borough and compromise the council's ability to deliver on priorities including Welfare Reform, the impact of Brexit on EU funding streams and increasing demand for high skill levels in the local labour market.
- 5.1.6. There remains a risk concerning safety and security at the council's employment hubs. Ways into Work (Hackney Works) is a key front-line service for vulnerable residents and the location of hubs can place staff and service users at risk which requires effective management – particularly in context of increasing pressures on personal finances (in the context of welfare reform) as well as wider UK security issues.
- 5.1.7. The Council are in the process of developing a new set of strategic priorities and objectives to replace and build on the Sustainable Community Strategy (2008-2018). The new Community Strategy will link to and complement the existing Economic and Community Development Strategy. The main identified risk is that external factors limit our potential to deliver on priorities and that this presents strategic and reputational risks. The likelihood of this happening remains high because of the pace of economic and demographic change in Hackney, coupled with the pace of institutional and fiscal change.

The management of risks associated with key partnerships focuses on the priorities of the Council's Sustainable Community Strategy and on the risk that partners' plans diverge from these priorities. Adoption of Voluntary Community Sector Strategy was deferred to allow time to work with new Cabinet Member. on Forward Plan for January 2019. This places emphasis on formal partnership providing leadership and strategic direction so that all partners are working towards a coherent, shared vision for the local area, as articulated in a

Community Strategy. A review of grants will follow, informed by new VCS Strategy, for 2020-2021.

There is also an additional risk that the value of the voluntary and community sector (VCS) is not maximised because we fail to maintain effective partnership working. This risk remains the same in terms of likelihood and impact. Even though the Grants Review and Compact Refresh have been completed and these were designed to control these risks, the pace of institutional change is such that the risks remain. The VCS may not understand the reasons for institutional change or service redesign and this might affect partnership working.

5.2 COMMUNICATIONS, CULTURE AND ENGAGEMENT

5.3.1. A main communications risk is reputation management. This risk is relevant to all directorates and is included in the Corporate Risk Register. The risk has decreased slightly due to positive progress but controlling the risk remains a high priority. This risk is controlled firstly by a proactive communications campaign to address budget setting and council priorities and secondly, by communications associated with changes to specific services.

5.3.2. The risk concerning DCLG's legal challenge to Hackney Today remains ongoing. The Council has put forward a strong legal challenge and, given the scale of the potential impact of closure, a contingency plan is being prepared to deal with this possibility.

5.3 HUMAN RESOURCES

5.4.1. The main HR risk is in relation to HR systems, due to the current replacement of the core HR and payroll system and agency staff contract and system, both of which are key to the operation of the Division and the Council as a whole.

5.4 LEGAL

The key risks facing legal services remain ensuring directorates seek timely legal advice, and ensuring Lawyers and Governance Team identify in a timely manner Legal and Governance Risks.

5.5 Full details on the key risks facing the Chief Executive's Directorate and associated controls are detailed in Appendix 1. As Directorate Risk Champion, it is the role of the Director of SPED to ensure that there is appropriate focus and support on risk management through a range of ongoing work. This includes; robust risk management across all major programmes and projects, a quarterly review of the risk environment, and dedicated task groups to tackle major risk. This work will be done in conjunction with the Corporate Risk Team.

5. Policy Context

5.1 The Directorate's management of risk reflects the Council's framework for managing risk.

6. Equality Impact Assessment

6.1 This report is for information only and as such does not require an Equality Impact Assessment.

7. Sustainability

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

8 Consultations

8.1 This report is for information only and as such does not require any consultation.

9 Risk Assessment

9.1 This report deals with the overarching management of risk in the Chief Executive's Directorate.

10 COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

10.1. Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

11 COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

11.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk, as set-out in regulation 3. This Report, although for the purposes of noting and allowing for any feedback to be provided, is part of those arrangements and is designed to ensure that the appropriate controls are effective.

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

APPENDICES

Appendix 1- Chief Executives Directorate Risk Register (June 2018)

BACKGROUND PAPERS

None

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