



**NEIGHBOURHOODS AND HOUSING RISK REGISTER REVIEW – JANUARY 2019**

**AUDIT COMMITTEE MEETING DATE**

**2018/19**

**28 January 2019**

**CLASSIFICATION:**

**Open**

**WARD(S) AFFECTED**

**All Wards**

**Kim Wright, Group Director Neighbourhood and Housing**

## **1. INTRODUCTION AND PURPOSE**

- 1.1 This report updates members on the current Risk Register for Neighbourhoods and Housing Directorate at January 2019 (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 to note the contents of this report and the attached risk register 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.
- 3.2 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 risks 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 last reviewed by DLT in December 2018. 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 that 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, the performance of the Directorate and therefore the 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 risks contained in the Directorate Risk Register 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 Regarding the contents of this latest Directorate register, important areas to note are:
- The risk relating to Fire Safety (NH DR 009) has been reviewed and amended to reflect the latest arrangements to manage fire safety across the Council's housing estates. The rating of the risk remains stable at amber and the register has been amended to reflect the controls currently in place. In the last year the Council took the decision to create a new post of Head of Resident Safety within Housing Services. The post-holder who started in March 2018 has primary responsibility for all aspects of compliance within Housing Services going forward, including fire safety, asbestos, gas safety, electrical safety and legionella. The Resident Safety team is now permanently recruited to.

There is still work to be done within Housing Services to ensure services are delivered to the standard required by Members and staff and expected by residents and a revised governance arrangement has been established with the Group Director, Neighbourhoods and Housing leading the fire safety related works in Housing Services. This will ensure the capacity remains for the Director, Housing Services to lead the transformation of services along with the 'business as usual' service delivery, with his team of senior managers. The new governance arrangements for this work should also provide Members with the reassurance that there is grip and oversight of delivery of the extensive programme of work while also providing capacity for both business as usual as well as fire safety related business.

- The rating of risk Management of Changes in support services (NH DR004) has decreased over the last year. The main reason for the improvement in the risk measure is that the health and safety arrangements across the Council have been embedded and appear to be working effectively.
- The Contract, Procurement and Management risk (NH DR 007) has been reviewed to reflect the latest controls in place and whilst the rating remains stable with the improved controls in place, such as the Housing Capital Monitoring Board and the Housing Asset Management Strategy, we expect this to improve over the next 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 as yet unknown but anticipated 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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