



NEIGHBOURHOODS AND HOUSING RISK REGISTER REVIEW – JANUARY 2020

AUDIT COMMITTEE MEETING DATE

2019/20

15 January 2020

CLASSIFICATION:

Open

WARD(S) AFFECTED

All Wards

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1. INTRODUCTION AND PURPOSE

- 1.1 This report updates Members on the current Risk Register for the Neighbourhoods and Housing Directorate as at January 2020 (attached at Appendix 1). It also identifies how risks within the Council 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 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.
- 3.2 Some risks are beyond the control of the Council 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 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 2019. The report is presented as a high level risk management report for the Directorate.

4.1 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.

4.2 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.

4.3 Sustainability

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

4.4 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 relevant 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.
- 5.2 Effective risk management anticipates and avoids 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 be rated high, and will require constant monitoring by senior management and escalation to Hackney Management Team (HMT) for inclusion on the Corporate Risk Register.
- 5.3 The Directorate Risk Register, attached at Appendix 1, comprises risks that cut across the Directorate's business and those which have potentially the 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.

5.4 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 new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, 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:

- There is a new risk on the register for Climate Change/Climate Emergency (NH DR 010) reflecting the Council's commitment to respond to the Climate Change emergency and the Neighbourhoods and Housing Directorates role in contributing to the work on the practical steps the Council can make to address the climate emergency.
- 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. The Head of Resident Safety 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 overseeing the work within Housing Services to ensure services are delivered to the standard required by Members and staff and expected by residents. There are robust governance arrangements in place through the Fire Safety Programme Board chaired by the Group Director, Neighbourhoods and Housing. The arrangement ensures 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 ongoing 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 risk relating to Workforce (NH DR 002) remains stable at amber because of the continuing impact of austerity measures on staffing levels and accompanying restructures which could impact on efficiency levels and service levels. In addition, to meet the financial challenges ahead, it will be necessary for the Directorate to have a more agile workforce and not one constrained by traditional custom and practices. Staff need to be on board with the modernisation agenda. There continues to be pressure to successfully recruit in areas such as Building Control, Project Managers in construction related services, such as Planned Asset Management in Housing Services and Regeneration, and Highway Engineers.
- 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. With these robust controls in place to manage contract related risks 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. This risk is particularly important in the light of the Council's plans for future development and will involve considerable borrowing and an exposure to external influences in the future. There are significant financial implications around this risk.

7. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND 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 Finance and Corporate Resources.

7.3 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 by the Directorate to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

8. COMMENTS OF THE DIRECTOR FOR LEGAL AND GOVERNANCE SERVICES

- 8.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which includes effective 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 Continuous review of the Risk Register and impending legislation referred to is key to ensuring that the Council remains in control of the management of risk.

APPENDICES

Appendix one - Neighbourhoods and Housing Directorate Risk Register.

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required

None

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