



NEIGHBOURHOODS AND HOUSING RISK REGISTER REVIEW – JANUARY 2021

**AUDIT COMMITTEE MEETING DATE
2020/21**

13 January 2021

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 2021 (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 2020. 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 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. the Pandemic, 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 consists 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 Throughout 2020 the directorate risk register has undergone a fundamental review. The divisions in the directorate have reviewed their divisional risk registers and DLT have used these registers to review the directorate risk register. Every risk on the directorate risk registers has been reviewed in the light of the divisional risk registers and new directorate risks brought onto the risk registers. The directorate risk register also reflects the responsibilities of the directorate following the Chief Executives restructure of the Council.
- 6.4 Regarding the contents of this latest Directorate register, important areas to note are:
- **NH 009 Pandemic (COVID-19)** - COVID-19 continues to persist (with the potential of further waves) having an undeniably damaging impact on the local area, both in the community and amongst staff within the Directorate. It continues to place a massive demand on resources and impacts on effective service provision in all areas. This is adding financial pressures across the directorate particularly for income collection - on rents, Parking and commercial waste income. It is also affecting services across the

directorate; absences, through sickness or the need to self isolate, could affect the ability of the directorate to continue to deliver the essential services for our residents. The announcement of the 3rd Lock down on the 4th January increases the risk of the Pandemic on the delivery of services to our residents. The emergency planning and business continuity functions sit within Neighbourhoods and Housing directorate and the support delivered to HMT and the rest of the Council in response to the Pandemic is critical to the Council at this time. The controls in place gives assurance that the directorate response to the crisis is robust and effective,

- **NH 004 Budget pressures / insufficient budgets to deliver our service plan** - Due to the financial challenges facing the Council and the expectations of our residents the directorate is unable to deliver services within the budget available. This is especially critical where services are dependent on income streams such as, housing rents, parking income, planning application income. The financial challenge for the Council and directorate continues. The pandemic looks set to create impacts not just in short term budget setting, but over years to come. The damaged income streams may not recover for some time and this may have a severe impact on overall service delivery and strategic objectives of the directorate.
- **NH 003 Delivery of Capital Projects** - This risk has intensified due the impact of both the pandemic and cyberattack on the delivery of the schemes. There has been a slowdown in the delivery of Capital Schemes, including the Major planned maintenance programmes. The risk has shifted from an internal risk as delivery has been impacted more from the impact of the pandemic.
- **NH 006 Response to Civil Emergencies** - Risk that the Council is unable to respond effectively to civil emergencies and does not have an updated, robust and tested corporate resilience plan in the light of a major incident affecting its business. This could impact severely on service delivery throughout the organisation. There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. Since March there has been a constant response to the Covid Pandemic and with the cyber attack impacting delivery of services the pressure on our emergency service function is significant. It is essential that DLT manages this risk effectively to ensure that we are in a position to always respond effectively to all emergencies in the borough. With the controls in place we continue to deliver a high quality and effective emergency response service.
- **NH 008 Failure of ICT Infrastructure** - The directorate is reliant on the ICT infrastructure to deliver its services effectively. In October the Council's ICT systems suffered a serious cyberattack. This has impacted the directorate's key ICT systems, such as Universal Housing, Planning and land charges. Managers are working closely with ICT colleagues to assist in the recovery of services and alternative methods of delivering services. Service delivery has

been seriously impacted across the directorate, but managers continue to work with ICT colleagues to recover services for residents. The Business Continuity Manager has supported service managers in the directorate to review their Business Continuity Plans in respect of ICT systems and DLT have oversight of the recovery of services.

- 6.5 There are a number of risks on the directorate risk registers that have been escalated and included in risks within the Corporate Risk Register, most notably relating to the Pandemic and ICT infrastructure and cyber attack. This reflects the need for these risks to be managed at a Strategic and operational level and management focus is needed at all levels in order to respond to these unprecedented challenges.
- 6.6 There are 3 specific risks that have been escalated in their entirety onto the Corporate Risk Register which, though managed within the directorate, represent a significant risk to the Council and Hacknet Management Team wish to maintain a close oversight of the management of these risks. These are:
- **NH 002** - Climate Change Emergency
 - **NH 010** - Fire Safety
 - **NH 012** - Contract Procurement and Management

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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