



NEIGHBOURHOODS AND HOUSING DIRECTORATE RISK REGISTER

AUDIT COMMITTEE MEETING DATE 2021/22 5 January 2022	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 December 2021 (attached at Appendix 1). 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 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. 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 2021. 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. 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. 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 Regarding the contents of this latest Directorate register, important areas to note are:

New Risk Added to Register

- **NH 013 Council property repairs** - During the COVID crisis, Council workers have had limited access to residents' homes, and this has resulted in numerous instances of long waits for fixes, and occasionally the repairs not being up to expected standards. There have also been incidents (as reported in the media), where tenants have been living in completely unsatisfactory conditions with properties in serious states of disrepair, and this is continuing to be investigated along with Tenant Management Organisations (TMOs) and questions relating to Adult Safeguarding. The Pandemic has created a backlog of around 7000 repairs which is being urgently tackled and an action plan has been developed to do this

With the controls that have been established below we expect to see significant delivery against the action plan within six to nine months.

Updates on existing risks

- **NH 009 Pandemic (COVID-19)** - The nature of the virus and its impacts have been constantly changing, and the situation at the end of 2021 seems an improvement on one year ago. However, the sudden emergence of (the new

strain) Omicron introduces new worries. Overall, services across the directorate have been maintained and officers who have been working from home are returning to work in the office following the corporate guidelines. However, the recent messaging from the Government regarding working from home means that officers have paused the return to the office. In the directorate it is recognised that some employees who cannot work from home the pressure of maintaining good service delivery may have an impact on staff morale which in turn may impact service delivery. Similarly, there are employees working from home that are finding it increasingly difficult and this may lead to health and well being issues. Managers need to be equipped to manage these issues.

The controls that are in place and operating effectively enable a slight improvement in the (still high) overall risk assessment.

- **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 there is a risk that 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 stabilised but there is an ongoing 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. This risk also has an impact on the reactive repairs position - as the planned maintenance slows the need for reactive repairs grows.
- **NH 008 Failure of ICT Infrastructure** - The directorate is reliant on the ICT infrastructure to deliver its services effectively and the cyber attack continues to impact the delivery of our services. The cyber attack continues to impact the directorate's key ICT systems, such as Universal Housing, Planning and land charges. Managers continue to work 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 deliver services for residents though productivity continues to be significantly impacted. The Business Continuity Manager has supported service managers in the directorate to review their Business Continuity Plans in respect of ICT systems and DLT has 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 the strategic 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 is one specific risk, **NH 002** - Climate Change Emergency, that has been escalated in its entirety onto the Corporate Risk Register which, though managed within the directorate, represents a significant risk to the Council and Hackney Management Team wish to maintain a close oversight of the management of 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.
- 7.3 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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