



CLIMATE, HOMES AND ECONOMY DIRECTORATE RISK REGISTER

AUDIT COMMITTEE MEETING DATE
2023/24

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 Climate, Homes and Economy Directorate as at April 2023 (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.
- 1.3 This report reflects for the first time the risk register for the Climate, Homes and Economy Directorate which was created in the early part of 2022. Economy, Policy and New Homes (EPNH) incorporating the Council's Regeneration responsibilities, moved to become part of Climate, Homes and the Economy and risks relating to this service are now included in this risk register.

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 2022. The 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. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.6 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 the Corporate Leadership Team (CLT) 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 Climate, Homes and Economy 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 Risks added to Register

- **CH&E 001 - Cost of living crisis on CH&E** - the cost of living crisis is having a dramatic effect on so much of the Council's work and objective, overarching strategic risks on this are covered within the Corporate risk register. The cost of living crisis continues to present risks which impact on the Directorate in multiple ways, whether from the perspective of residents, services, businesses or partners. All of these could ultimately affect the overall cohesion and stability of the Borough. Individual services within CH&E will have to respond in different ways, which will be reflected in their individual service registers.
- **CHE ERNH - 009 - Damp and Mould** - This new risk relates to the potential extent and prevalence of damp and mould throughout the housing stock in Hackney, private and socially rented, in terms of risk to residents and to building fabric. Damp and mould constitutes a wide range of risk from threat to life to minor effect and intervention. Different landlords, residents and stock

typology will require different treatment and responses. Underlying data is fragmented and with gaps in key areas. A timely response to any problems here will be critical to the Council's reputation. An initial Hackney Damp and Mould plan is under development and the Council has invested in the Private Sector Housing Services and the Housing Repairs service as part of the 2023/24 budget to mitigate the risks associated with our response.

Updates on existing risks

- **CHE ERNH 002 - London Legacy Development Corporation (LLDC)** - The risk level on this risk has increased which reflect the issues regarding the resources and budget needed to ensure the transfer back of planning powers from the LLDC reflects our future plans for Hackney Wick and maximises social and economic opportunities from development.
- **CHE ERNH 005 - Building Safety** - This risk is red rated and whilst the risk is stable it is at the highest red rating. The risk relates to new and emerging building safety legislation which place additional responsibilities on the Council including enforcing fire safety measures in the private rented sector, as well as ensuring the 'golden thread' of building information is passed from Regeneration to Housing Services for new council homes. The risk remains at this high level due to emerging legislation yet to be fully embedded into working practices.
- **NH001 - Customer Services Satisfaction** - This risk has increased over the last year for a number of issues in the year. A recent EPA prosecution will have a significant impact on the Council's reputation. ICT development in Housing Services has not progressed at the pace expected. The lack of an integrated system will negatively impact on staff morale, our ability to deliver effective services and meet KPIs. In order to make progress in this area an option to move away from building our own ICT housing system to purchasing an off the shelf system is currently being considered. Due to the backlog of housing repairs and increase in disrepair issues as a result of the impact of the pandemic the Housing Regulator investigated whether the Council is in breach of the consumer standards, and found we were not in breach in November 2022. However, we must maintain focus in this area and ensure we maintain a responsive repairs service. As we enter the recovery phase from the pandemic and the cyberattack there is a renewed focus on improving customer service in Housing Services. A recent management conference theme was about excellence in customer focused service delivery and how we can achieve that given where we have come from. This work has been incorporated into our Service Planning for 2023.
- **NH012 - Contract Procurement and Management** - This risk has increased over the last year in light of the delay to the Housing Planned Maintenance contracts. The COVID-19 pandemic and now the cost of living crisis also increased the likelihood of problems for suppliers and contractors who may be dependent on financial variables outside the control of the Council. There is also a resourcing requirement to progress the procurement work which as at

March was not in place. A resolution to this is under development and once in place, the work will be able to properly progress.

- **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. The Pandemic created a backlog of around 7,000 repairs. Significant steps have been made to reduce the responsive repairs backlog, with all the 7,088 repairs that were overdue in Dec 2021 now completed. We do have some newly arising backlog of repairs, but this is in the main all within one month of the expected date. The Improvement Board is still in place and chaired by the Strategic Director.
- **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 HRA Rent Cap for 2023/24 will result in a reduction of income to the HRA which means that we have insufficient resources to meet the inflationary pressures of delivering the service. This means that savings of £13.5m were required to set a balanced budget. In addition, this real term reduction of income in 2023/24 will compound and have a detrimental impact on the HRA business plan going forward which will reduce our ability to deliver core housing management services and maintain investment in our homes.
- **NH 008 Failure of ICT Infrastructure** - In October 2020 the Council's ICT systems suffered a serious cyberattack. This impacted the directorate's key systems, Universal Housing, Planning and land charges. In the years following the attack, managers have worked closely with ICT colleagues to assist in the recovery of services and alternative methods of delivering services - such as more cloud based hosting, helping to minimise future risks. We continue to use alternatives such as Google workplace as we work with ICT to progress procurement of cloud based systems to replace legacy systems.

Risk removed

- **NH 009 Pandemic (COVID-19)** This risk has been removed from the risk register. Whilst there are still some legacy impacts from the pandemic for the directorate, such as repairs backlog, income recovery in some services and impact on procurement, these are being managed as business and usual within services.

6.4 There are a number of risks on the directorate risk register that have been escalated and included in the strategic risks within the Corporate Risk Register, most notably relating to the North London Waste Authority. 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.

6.5 The Climate Change Emergency risk (SRCR 0039) remains in its entirety on the Corporate Risk Register which, though managed within the directorate, continues to represent a significant risk to the Council and Hackney Management Team wish to maintain a close oversight of the management of this risk. The Council has developed a Hackney Climate Action Plan (CAP) which was approved at Cabinet to go out to public consultation and is due to be formally adopted in May 2023. The CAP provides the strategic framework to work through a number of key issues and challenges, utilising recently completed evidence assessments to underpin a more strategic approach for future delivery and integrate better with external stakeholders.

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 - Climate, Homes and Economy Directorate Risk Register.

 **Climate, Homes and Economy - Directorate risk register April 2023**

BACKGROUND PAPERS

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

None

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