

## **HAMBLETON DISTRICT COUNCIL**

**Report to:** Scrutiny Committee  
16 November 2017

**Subject:** REVIEW OF RISK MANAGEMENT

All Wards

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The Council has a robust risk management process in place which includes a comprehensive risk register. The register captures all risks identified as presenting a threat or opportunity which may impact the Council's service delivery. At Hambleton District Council, risks on the register are recognised as being either strategic or operational in nature; operational risks are those affecting individual services and tend to involve the day to day running of those services, whilst strategic risks affect the whole Council and are wide reaching, both in terms of timescale and potential impact.
- 1.2 All risks are reviewed by the relevant service on a quarterly basis to reflect upon their appropriateness and the adequacy of the mitigating action plan. Strategic risks and high level operational risks are also reviewed by Management Team and Heads of Service.
- 1.3 To ensure that strategic risks are appropriately managed and that suitable actions are undertaken to mitigate the effect of each risk, Scrutiny Committee receive a quarterly report to monitor these. Audit, Governance and Standards Committee also receive reports on strategic risks on an ad-hoc basis if significant changes occur.
- 1.4 The annual risk review was undertaken during Q4 and the full register provided to Management Team for review. This is in compliance with the council's Risk Management Framework and meets the requirements of the Annual Governance Statement.
- 1.5 Annex A summarises Project Strategic Risks and Annex B summaries Strategic Risks at Q2 2017/18. It should be noted that some 39 risks were changed during the Q2 performance review, resulting in a total of 326 active risks currently on the register. Five new Project Strategic risks have been identified during this period.
- 1.6 As previously reported, Veritau conducted an audit of the council's Risk Management during Q1, concluding that whilst arrangements for managing risk are satisfactory with an acceptable control environment in operation, improvements can be made. These requirements were reiterated by Corporate Peer Challenge team and by Scrutiny Committee at the end of June 2017.
- 1.7 In light of this, during Q2 Management Team agreed proposals for a comprehensive review of risk management procedures during the coming year, to support the council's drive towards excellent governance and effective internal controls by strengthening the approach to identification and management of risk.
- 1.8 It is proposed to establish a Strategic Risk Management Group to conduct the review and to oversee ongoing risk management across the Council thereby ensuring resilience to factors which could otherwise prevent the council accomplishing its aims. Progress will be reported in due course.

## **2.0 RISK MANAGEMENT:**

2.1 There are no risks associated with the recommendations of this report.

## **3.0 RECOMMENDATIONS:**

3.1 It is recommended that the Committee review Annex A which identifies Project Strategic risks and Strategic risks affecting the Council, together with the actions that are in place to mitigate their potential impact.

LOUISE BRANFORD-WHITE  
DIRECTOR OF FINANCE (S151 OFFICER)

**Background Papers:** Internal Audit Report - Annual Review of the Risk Management Strategy  
Department Quarterly Risk Register Review

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## ANNEX A

## HDC PROJECT STRATEGIC RISKS 2017-18 Q2

| Risk ID                                 | Risk Name  | Project Risk | Org Level | CP Priority | Risk Category                              | Status | Likelihood : Impact | Score | Risk Level | Service                                     | Service Director / Responsible Officer | Risk Manager                    | Action Plan  |
|---|--|--------------|-----------|-------------|--|--------|---------------------|-------|------------|---|--|---------------------------------|--|
| <b>DRIVING ECONOMIC VITALITY</b>        |  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
|   | <b>North Northallerton DA</b>  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 632                                     | North Northallerton Project is delayed or stalls completely, adversely affecting the Council's supply of housing and employment land.  | Project      | Strat     | EV          | Economic, Reputational                     | Active | 5x5                 | 25    | High       | Business & Economy                          | Helen Kemp                             | Nicole Patterson & Sam Swinbank | The situation is monitored and regular communication maintained with the developer consortium and stakeholders to ensure delivery of project   |
|   | <b>Central Northallerton Redevelopment</b>   |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 738                                     | The dividends expected from the development are not received   | Project      | Strat     |             | Financial                                  | Active | 3x4                 | 12    | High       | Corporate                                   | Justin Ives                            | Louise Branford White           | A development company has been set up and has two directors on board.  |
| 739                                     | The site is not developed to reflect the aspirations of the Council  | Project      | Strat     |             | Economic, Reputational                     | Active | 3x4                 | 12    | High       | Corporate                                   | Justin Ives                            | Louise Branford White           | The development will be monitored and discussed at the Board meetings on a regular basis.  |
|   | <b>Dalton Bridge</b>   |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 736                                     | Cost escalation during construction stage of Dalton Bridge development with HDC having to pick up 50% of the escalation above the budget   | Project      | Strat     |             | Financial                                  | Active | 3x4                 | 12    | High       | Business & Economy                          | Helen Kemp                             | Nicole Patterson / Sam Swinbank | Review and challenge where appropriate areas of costs escalation outside the budget. Monitor through monthly report from NYCC and bi-monthly progress meetings with NYCC to understand the schemes financial expected out-turn.  |
|   | <b>Bedale Gateway Car Park</b>   |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 615                                     | Inability to deliver Bedale Gateway Car Park project leads to long-term damage to local economy through loss of visitors and trade.  | Project      | Strat     | EV          | Economic, Reputational                     | Active | 3x4                 | 12    | High       | Design & Maintenance (incl Public Lighting) | Helen Kemp                             | Clive Thornton                  | Cabinet report March 2017, outcome - pause on project to allow further options to be considered. Bedale, Aiskew and Leeming Bar relief road now operational. Further work being undertaken to understand economic impact and give cost confidence of project for Winter 2017/18 cabinet report.                                  |
|   | <b>Sowerby Gateway - Junction</b>  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 740                                     | Key elements of infrastructure are not delivered   | Project      | Strat     |             | Economic, Reputational                     | Active | 2x4                 | 8     | Med        | Planning                                    | Helen Kemp                             | Mark Harbottle                  | Ongoing Officer engagement with Developers and other stakeholders in the scheme to ensure any issues are addressed at the earliest opportunity.  |
|   | <b>Loan to Broadacres</b>  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 715                                     | Loan to Broadacres Association fails because the third party no longer requires the loan, or encounters difficulties in their repayments and the income received by the council is reduced | Project      | Strat     | Corp        | Financial                                  | Active | 3x1                 | 3     | Low        | Corporate Finance                           | Louise Branford-White                  | Louise Branford-White           | Ensure other income generating possibilities are being explored to maintain a balanced budget; monitor the third parties financial position to ensure they are in a secure position for the Council to loan the money; maintain good relations with the third party. Also note that the loan is secured with their housing stock |
| <b>ENHANCING HEALTH &amp; WELLBEING</b> |  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
|   | <b>North Northallerton DA</b>  |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 699                                     | Northallerton Sports Village - Funding Plan cannot be resourced sufficiently to develop the village as intended  | Project      | Strat     | HW          | Partnership/ Contractual, Customer/Citizen | Active | 3x3                 | 9     | Med        | Leisure & Communities                       | Paul Staines                           | Steven Lister                   | National governing bodies to be consulted with a needs driven community supported proposal. 106 Agreement to be implemented to enable suitable funding   |
|   | <b>Sowerby Gateway - Village</b>   |              |           |             |  |        |                     |       |            |   |  |                                 |  |
| 703                                     | Sowerby Sports Village - Funding Plan cannot be resourced sufficiently to develop the village as intended  | Project      | Strat     | HW          | Partnership/ Contractual, Customer/Citizen | Active | 3x3                 | 9     | Med        | Leisure & Communities                       | Steve Lister                           | Lisa Wilson                     | National governing bodies to be consulted with a needs driven, community supported proposal. 106 Agreement to be implemented to enable suitable funding. Application submitted to European Regional Development Fund   |

## ANNEX A

## HDC PROJECT STRATEGIC RISKS 2017-18 Q2

| Risk ID | Risk Name | Project Risk | Org Level | CP Priority | Risk Category | Status | Likelihood : Impact | Score | Risk Level | Service | Service Director / Responsible Officer | Risk Manager | Action Plan |
|---------|-----------|--------------|-----------|-------------|---------------|--------|---------------------|-------|------------|---------|--|--------------|-------------|
|---------|-----------|--------------|-----------|-------------|---------------|--------|---------------------|-------|------------|---------|--|--------------|-------------|

### CARING FOR OUR ENVIRONMENT

No projects currently being undertaken which have a strategic risk

### A SPECIAL PLACE TO LIVE

#### Local Plan

|     |  |         |       |  |                  |        |     |    |     |          |            |                      |   |
|-----|--|---------|-------|--|------------------|--------|-----|----|-----|----------|------------|----------------------|---|
| 737 | The Plan is found to be unsound at the Examination stage | Project | Strat |  | Customer/Citizen | Active | 2x5 | 10 | Med | Planning | Helen Kemp | Sue Walters-Thompson | Robust evidence base is being developed. Policies to reflect government guidance. Plan is to be checked by experts prior to Publication |
|-----|--|---------|-------|--|------------------|--------|-----|----|-----|----------|------------|----------------------|---|

## ANNEX B

## HDC STRATEGIC RISKS 2017-18 Q2

| Risk ID                | Risk Name   | Org Level | CP Priority | Risk Category   | Status | Likelihood : Impact | Score | Risk Level | Service                  | Service Director / Responsible Officer | Risk Manager          | Action Plan   |
|------------------------|---|-----------|-------------|---|--------|---------------------|-------|------------|--------------------------|--|-----------------------|---|
| <b>STRATEGIC RISKS</b> |   |           |             |   |        |                     |       |            |                          |  |                       |   |
| 227                    | Unable to access HDC services due to ineffective individual business continuity plans leading to loss of service.   | Strat     | Corp        | Partnership/<br>Contractual,<br>Customer/Citizen,<br>Economic,<br>Environmental,<br>Financial, Health &<br>Safety, Legal,<br>Reputational, Social | Active | 4x5                 | 20    | High       | Corporate                | Paul Staines                           | Paul Staines          | Following recent audit and working with Veritau an action plan to refresh the Council's Business Continuity Plan at corporate and service level has been identified. This will include, review and challenge of business continuity plans, including risks and targets; provide training to increase understanding of Business Continuity Plan / Disaster Recover and to clarify responsibilities for Management Team, Heads of Service and Service Managers; produce a schedule for authorising, testing and reviewing Business Continuity Plans and Disaster Recovery. Complete an internal review of services, risks and agree operational importance to inform Business Continuity Plans, updating risk register as appropriate. Review and agree Business Continuity Plan support with NYCC. Timeline for delivery is in development. Responsibility transferred to Leisure & Environment Directorate. |
| 677                    | Cyber attack facilitated by user error leads to loss of key ICT infrastructure resulting in reduced ability to provide ICT Services   | Strat     | Corp        | Reputational  | Active | 5x3                 | 15    | High       | ICT (inc. Reprographics) | Helen Kemp                             | Jenny Pan             | Compulsary annual Cyber Security training for all users, Cyber Security Incident Management Plan in place, actively monitor and review ICT security policies, participate in WARP (Warning, Advice and Reporting Point) to share knowledge and information with other Councils, arrange ICT staff training to keep up with the latest development   |
| 151                    | Increased direct fitness competition leading to customer migration resulting in less usage/income.  | Strat     |             | Customer / Citizen, Financial   | Active | 4x3                 | 12    | High       | Leisure & Communities    | Steve Lister                           | Natalie Curgenven     | Improve quality of existing provision, improve gym management & improve quality/quantity of frontline gym fees.   |
| 153                    | Economic downturn leads to fewer customers / memberships and therefore reduced income   | Strat     |             | Financial   | Active | 3x4                 | 12    | High       | Leisure & Communities    | Steve Lister                           | Natalie Curgenven     | Improve value and quality of products / services and alternative offerings  |
| 416                    | Significant reductions in government grant leading to the inability to sustain council services at the current level.   | Strat     | Corp        | Financial, Reputational   | Active | 3x4                 | 12    | High       | Corporate Finance        | Louise Branford-White                  | Louise Branford-White | An on-going programme of service delivery and saving reviews that ensures best value is being achieved and income is maximised.   |
| 423                    | Health of local housing market leads to reduced ability to deliver affordable housing through planning, resulting in failure to achieve corporate plan target and to address housing need | Strat     | SP          | Customer / Citizen, Reputational, Social  | Active | 3x4                 | 12    | High       | Strategic Housing        | Helen Kemp                             | Sue Walters-Thompson  | Affordable housing targets and thresholds are being reviewed as part of work on new Local Plan and with regard to Government view on Starter Homes and viability considerations. RHE focus on delivery via exception sites that are not reliant on market. Work also underway to promote Community Led Housing Schemes.   |
| 139                    | Failure of the Safer Hambleton Local Delivery Group leads to non-compliance with statutory regulations  | Strat     | L           | Legal   | Active | 2x4                 | 8     | Med        | Leisure & Communities    | Steve Lister                           | Lisa Wilson           | The SHLDP is changing its operating model to Integrated Neighbourhood Management during 2016, this will include a pilot phase from Oct 2016 - Mar 2017, at which point a full review will be undertaken.  |
| 383                    | Failure to review and update emergency plans leads to inadequate response.  | Strat     | Corp        | Customer/Citizen, Environmental, Financial, Reputational  | Active | 2x4                 | 8     | Med        | Corporate                | Paul Staines                           | Paul Staines          | HDC to maintain review process with NYCC Emergency Team. Responsibility transferred to Leisure & Environment Directorate.   |
| 225                    | Failure to manage Capital Programme leading to inability to deliver Council Services efficiently and effectively  | Strat     | Corp        | Financial, Reputational   | Active | 2x3                 | 6     | Med        | Corporate Finance        | Louise Branford-White                  | Saskia Calton         | Monthly review and management of Capital Programme  |

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|---------|---|-----------|-------------|--|--------|---------------------|-------|------------|--------------------------|--|-----------------|--|
| 149     | An incident resulting in death(s) leads to impact on family/staff & reputational damage resulting in lower usage/income & failure to improve residents health.  | Strat     |             | Customer / Citizen, Economic, Environmental, Financial, Health & Safety, Legal, Reputational, Social | Active | 1x5                 | 5     | Med        | Leisure & Communities    | Steve Lister                           | David Ashbridge | Adherence to nationally prescribed safety standards, adherence to site specific safe operating practices, competent staff  |
| 226     | ICT system(s) failure leads to loss of Council operations & key channels of communication (telephones, email, website, etc.) resulting in inability of the Council to communicate and carry out transactions with Citizens. | Strat     | Corp        | Reputational   | Active | 1x5                 | 5     | Med        | ICT (inc. Reprographics) | Helen Kemp                             | Jenny Pan       | ICT to revise, test and maintain a Disaster Recovery plan according to identified business needs   |
| 407     | Failure to develop and maintain an effective Business Continuity plan leads to lack of resilience or inability to access HDC services resulting in loss of service or failure of service delivery.                          | Strat     | Corp        | Customer / Citizen   | Active | 1x5                 | 5     | Med        | ICT (inc. Reprographics) | Helen Kemp                             | Jenny Pan       | ICT Disaster Recovery Policy procedure is in place and will work with Business Areas to provide resilience in line with the business needs. Emergency Kit is in place, being reviewed and backed up on regular basis |
| 705     | Failure to provide timely legal advice and assistance regarding key strategic projects results in delays to the projects with potential adverse partnership effects and reputational damage.                                | Strat     | Corp        | Partnership/ Contractual, Legal, Reputational  | Active | 2x2                 | 4     | Low        | Legal Services           | Gary Nelson                            | Laura Venn      | Ensure prioritisation of work and working in project deadlines for the key strategic projects to promote the Council's priorities.   |
| 709     | Failure to set annual Budget to reflect the Financial Strategy and the budgeted Council Tax.  | Strat     | Corp        | Financial  | Active | 1x3                 | 3     | Low        | Corporate Finance        | Louise Branford-White                  | Saskia Calton   | Complete and challenge the Budget setting process  |