



West Devon
Borough Council

Strategic Risk Register Update

August 2022

Audit Committee



*A Plan for
West Devon*

Introduction

What Do we mean by Risk?

Risk is unavoidable in any organisation. It is ever present and a certain amount of risk-taking is inevitable if we are to achieve our objectives of A Plan for West Devon.

What Is Risk Management?

Successful Risk Management is an essential part of delivering good governance across the Council and reduces the uncertainty or achieving our ambitions (as set out in A Plan for West Devon).

Risk management is about adopting a planned and systematic approach to identifying, evaluating and controlling the things that will prevent us delivering on our priorities.

How does Risk Management fit in to our business planning?

Effectively identifying and managing risks will support the Council in acting in the best interests of our residents, businesses and communities through the ever changing environment of local government.

It is the 5th step in our Performance Management Framework



Step 5: Risk Management

Identify risks that may prevent us delivering our vision and how we will mitigate them



West Devon
Borough Council



A plan for West Devon

Our Risk Management Objectives

We have 6 key objectives that guide our approach to Risk Management

1. Adopt a strategic approach to risk management in order to make well informed decisions
2. Integrate risk management into how we run Council services and deliver key projects.
3. Support a culture of well-measured risk taking throughout the Council including setting risk ownership and accountabilities.
4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
5. Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management
6. Ensure that risk management continues to be a key and effective element of our Corporate Governance

Benefits of Effective Risk Management



Improved Strategic Management

- Greater Ability to deliver against our corporate objectives and targets
- Improved decision making, planning and prioritisation



Improved Operational Management

- Plans in place to respond to incidents when they occur
- Better service delivery



Improved Financial Management

- Better informed financial decision making
- Greater financial control
- Minimising waste and improving Value for Money



Improved Customer Service

Service disruption to customer minimized



Our Risk Management Process

Identification of risks, deciding what action to take to minimise the risk and assessing how successfully we did it is an activity that we are all doing constantly in our personal lives. The same approach is applied by the Councils in assessing risks to our priorities and services.

To do this we follow a 5 step approach



Our Risk Management Scoring

Likelihood
How possible is it that the risk will occur?

#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - Could occur	25-50%	May happen occasionally, e.g. Once in 10 years
4 – Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5 – Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

Impact
If the risk does occur, what is the impact?

#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/Ombudsman, simple fix	Minor first aid required	Isolated staff dissatisfaction
2 – Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/Ombudsman, no or little follow up needed	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3 – Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to delivering a wide range of services	Short term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4 – Major Risk	Financial loss of between £500k & £1Mill	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage, or South West or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5 – Catastrophic	Financial loss of over £1Mill	Major drop in performance or inability to deliver mandatory services	Long term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions

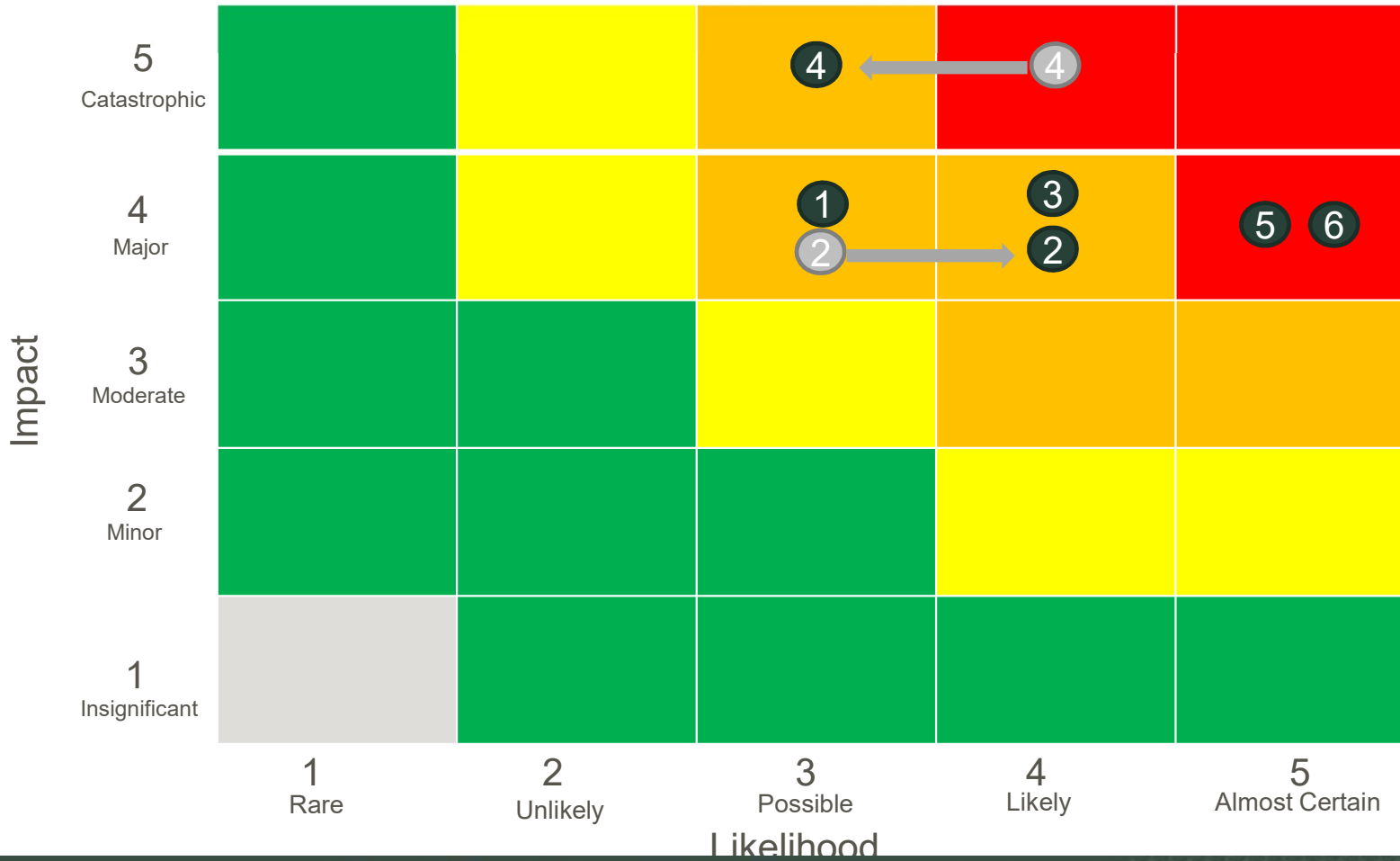
To calculate the overall risk score, we multiply the likelihood by the highest impact category score.

Our Risk Management Treatment

Impact	Likelihood					
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain	
5 Catastrophic					<i>Must be managed down urgently</i>	<p><u>Must be managed down urgently</u> These risks will be the subject to regular monitoring and action by Lead Members and the Senior Leadership Team. Significant Management action is required</p>
4 Major				<i>Seek to influence short to medium term reduction</i>		
3 Moderate			<i>Monitor & Manage to influence a reduction</i>			<p><u>Influence down in medium term</u> These will be regularly monitored by the relevant Director and Head of Service with plans developed to reduce the risk in the medium term.</p>
2 Minor		<i>Accept – continue to monitor</i>				<p><u>Monitor and Manage</u> These will be monitored by Heads of Service and plans developed to reduce the risk and prevent escalation</p>
1 Insignificant	<i>Close as a Strategic Risk</i>					<p><u>Accept</u> These will be monitored however on the whole the risk level is deemed acceptable with normal managing of the activity</p>



Summary of Strategic Risks August 2022



X Current Period Score
X Previous Period Score (if different)

- Risk Title**
1. Adherence to Medium Term Financial Strategy
 2. Inadequate Staffing Resource
 3. Health and Wellbeing Service Provision
 4. Business Continuity
 5. Cost of Living Pressures *(New)*
 6. Homes for Ukraine Placement Breakdowns *(New)*



Risk Title: Adherence to Medium Term Financial Strategy 

What is the risk? Failure to sustain a robust on-going medium term financial strategy in WDBC with adequate reserves to meet unforeseen circumstances, due to cost pressures and reduced income, council decisions, changes in Government policy with regard to business rates and affordable housing.

What is causing the risk? Reduction in Government grant, increasing demand for services and other cost pressures and increased risks associated with localised business rates and council tax support. Additionally, income from activities may not materialise or may be reduced, e.g. a reduction in sales, fees and charges income or business rate appeals. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn, the effects of the pandemic and other factors such as the bankruptcy/liquidation of large ratepayers or any sizeable rateable value reductions achieved by business rated properties in the area.

What is the level of the risk?	Likelihood of risk occurring		3 (Possible)	<p>What are we doing to reduce the risk?</p> <p>Robust horizon scanning to monitor changes in Government policy. SLT awareness of the risks, cautious approach to budgeting and robust systems of financial control. The Council is not intending to rely heavily on sources of income which may not be sustainable.</p> <p>SLT actively participate in Government consultations, MP discussions and keep aware of changes and the response by peer group, ensuring where appropriate the learning from this is incorporated into strategic plans. SLT engaged in the development of the MTFS.</p>
	Impact	Financial	4 (Major)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	2 (Minor)	

Current Update (August 2022)

The Council has prepared its Medium Term Financial Strategy for the period covering 2023/24 to 2025/26 and this is being presented to the Hub Committee at its September 2022 meeting. The forecast budget gap for 2023/24 is £269,296. This is 3% of the Projected Net Budget for 23/24 of £8.72million. A cumulative budget gap of £356,867 is predicted for 2024/25. A Government technical consultation on the finance settlement is expected in the Autumn. The hope is that this will enable greater confidence to be had in the assumptions underlying the MTFS and might also set out the principles of how a two-year finance settlement would be implemented. In the meantime, there are continuing uncertainties about the level of local government funding for 2023/24. There is no indication yet of the detailed local government funding levels for 2023/24 and beyond. Therefore there are many uncertainties in preparing for the challenges we know we will face in the near future.

The Council has closed its Accounts for 2021/22 and the Draft Un-Audited Accounts were published by the end of July 2022. The Council reported a surplus for the 21/22 year of £196,000 (2.7%) against the Council's total net budget of just over £7.3million.

The Council has to be entirely independent to fund all of its services, as the Borough Council no longer receives any main Government Grant (Revenue Support Grant). The Council has had a reduction in core Government funding of £3million per year since 2010.

As at 31 March 2022, the Council has £9.189 million in Earmarked Reserves and £1.490million in Un-earmarked Reserves.

Overall Scoring

Risk Score (Current)

12

Likelihood 3 x Impact 4



Risk Direction

Risk Title: **Inadequate Staffing Resource**



What is the Risk? The risk is that the Council fails to have the right culture, organisational conditions or resources to deliver our priorities for our communities. Insufficient staffing arrangement resulting in a loss of staff morale, and inadequate resources for training and re-skilling in an ongoing period of change. Failure to engage staff resulting in uncertainty regarding changes in working practices and job security. Particular risk in relation to future terms and conditions. Cost and time of retraining/up-skilling staff. Unrealistic expectations in relation to staffing capacity.

What is causing the risk? The last few years have seen Local Government stepping up to provide significant and varied support to our residents, communities and businesses in addition to maintaining our core service delivery, This has been a sustained period of the council delivering additional support and services and is only likely to continue in to the short-medium term.

What is the level of the risk?	Likelihood of risk occurring		4 (<i>Likely</i>)	<p>What are we doing to reduce the risk?</p> <ul style="list-style-type: none"> We are continuing with our programme of service reviews, implementing recommendations to make a positive impact on our ability to meet customer demands, this has included:- <ul style="list-style-type: none"> Restructuring our Planning Service with a new Head of DM for West Devon (and a separate Head of DM for South Hams) and now aligning specific team members to meet the needs of West Devon Appointing a Head of Revenues and Benefits to drive forward our improvement plans for this service We are holding regular staff briefings and have recently held our first staff briefings since before the pandemic
	Impact	Financial	4 (<i>Major</i>)	
		Service Quality	4 (<i>Major</i>)	
		Reputation	4 (<i>Major</i>)	
		Legal / Regulatory	4 (<i>Major</i>)	
		Health and Safety	2 (<i>Minor</i>)	
		Morale / Staffing	4 (<i>Major</i>)	

Current Update (August 2022)

There have been a number of significant changes to our operating environment in recent months which has significantly increased the risk that we do not have sufficient staffing resource to meet the needs of our residents and communities. For West Devon these changes include responding to the Cost of Living crisis and supporting the Homes for Ukraine scheme. We are also entering Autumn and there is the risk the Covid-19 (as well as other seasonal illnesses) reduces the availability of staff. Since April we have lost 281 working days to Covid-19 illness.

Recruitment of staff has been a significant challenge with many posts that we attempt to recruit to not being filled – current notable challenges include planning, legal and finance posts. We are working with other Councils to secure a sharing of resource in areas of acute need (such as legal) and commissioning private sector organisations where required for the short term. We will need a review of our recruitment approach and reward strategy for the medium term.

We continue to review our structures and resources to ensure we can best align to meeting the needs of our residents. In September we will launch our staff survey as part of our commitment to be a listening council and employer. The results of the survey will contribute to the development of an Organisational Development Strategy for the Council which will focus on ensuring that our staff have the skills, tools and motivation to succeed and deliver on our Plan for West Devon ambitions.

Overall Scoring

Risk Score (Current)

16

Likelihood 4 x Impact 4



Risk Direction



Risk Title: **Health and Wellbeing (Leisure) Service Provision**



What is the risk? The risk is that following the negative impacts to leisure centres as a result of Covid-19, leisure centres may now face further pressures due to the increased cost of living including through loss of revenue as residents consider where they can save money and through increased cost of operating the centres given the energy price increases and increasing inflation.

What is causing the risk? This risk original escalated to the Strategic Risk register as a result of the Covid-19 pandemic forcing the closure of leisure centres, meaning a loss of income. The risk has now changed slightly and the main cause for it to remain on the strategic risk register is the risk that revenues reduce as the cost-of-living crisis deepens.

What is the level of risk?

Likelihood of risk occurring	4 (Likely)	
Impact	Financial	4 (Major)
	Service Quality	2 (Minor)
	Reputation	2 (Minor)
	Legal / Regulatory	2 (Minor)
	Health and Safety	4 (Major)
	Morale / Staffing	2 (Minor)

What are we doing to reduce the risk?

1. Worked with Fusion Leisure to revise the management fee profile in response to the reductions in income seen through Covid-19 (agreed by Council in Feb 2022)
2. Continue to engage with Fusion to understand issues and support where possible
3. Continue to monitor local and national position (given that all leisure providers will be in the same position)
4. Promote active participation in sport and leisure through Council communication channels

Current Update (August 2022)

As of July 2022, leisure centre memberships were at 99% (Meadowlands) and 76% (Parklands) compared to pre-pandemic levels.

The leisure sector is still facing difficult times following the recovery from Covid-19 in the operations of leisure centres. The energy crisis and the cost of living challenges has resulted in costs increasing and customers re-evaluating their memberships and usage levels, impacting on income levels for leisure operators.

The provision of leisure centres is a discretionary service. However the activities align with the Council's corporate strategic plan – 'A Plan for West Devon' in providing quality services and community wellbeing. This includes increasing active participation in sport and leisure activities

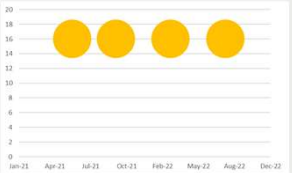
Overall Scoring

Risk Score (Current)



Likelihood 4 x Impact 4

Risk Score History



Risk Direction



Risk Title: **Business Continuity**



What is the risk? The risk is that we do not develop and keep maintained robust processes to ensure business continuity in the event of a significant event occurring, e.g. Failure to ensure the continuous availability of critical IT systems leading to inability to deliver key council services.

What is causing the risk? Developing and maintaining robust Business Continuity Plans requires significant and sustained focus. During Covid-19 response, the Councils risk profile has changed as we have relied much heavier on working in different ways (for example more staff working from home the majority of time) and with significant pressures being placed on some of our key delivery partners/ contractors. Work is required to update our BCP's to the changing environment that we are operating in. We are also entering a period where extreme weather events increase the risk of a business continuity event triggering.

What is the level of risk?	Likelihood of risk occurring		3 <i>(Possible)</i>	<p>What are we doing to reduce the risk?</p> <ul style="list-style-type: none"> Having two HQ locations is main mitigating factor - however an outage of power/ICT at either location would lead to a serious disruption of service. Agile working further reduces reliance on two office buildings. Locality workers can be despatched more easily to ensure customer engagement can be maintained during any incident. Business Continuity plans have been updated - priority areas - ICT Networking - Payroll & Creditors Payments; other plans need to be made more robust – further work underway for the new year
	Impact	Financial	5 <i>(Catastrophic)</i>	
		Service Quality	5 <i>(Catastrophic)</i>	
		Reputation	4 <i>(Major)</i>	
		Legal / Regulatory	2 <i>(Minor)</i>	
		Health and Safety	3 <i>(Moderate)</i>	
		Morale / Staffing	3 <i>(Moderate)</i>	

Current Update August 2022

Positive progress has been made and we have increased the resilience of our business continuity arrangements with new hardware in place to enable a more stable IT environment and more frequent off-site backups.

Cyber-security training has been rolled out to all employees and members so that everyone is better able to identify potential threats to our IT operating environment.

Significant progress has also been made in updating our Business Continuity and recovery plan for our IT service, working with sector experts to ensure they are as robust as possible.

Overall Scoring

Risk Score (Current)








Likelihood 3 x Impact 5

Risk Score History



Risk Direction



Risk Title:	Cost of Living Pressures			    
What is the risk?	The risk is that the significant increase in the cost of living results in many more residents requiring urgent support to meet their basic needs and to keep on top of their essential bills. The increase in residents requiring support will put pressure on Council services – particularly Housing, Revenues and Benefits as well as for some of our key partners such as Citizens Advice and Fusion Leisure. Additionally, as residents have less disposable income, we are likely to see an impact on businesses across the borough.			
What is causing the risk?	There has been a marked increase in the cost of living, largely driven by an increase in energy bills (by 54% since April and a further predicted increase from October). Inflation is at a 40 year high and forecast to increase further in the coming months. This will lead to a reduction in the living standards of all residents within the Borough.			
What is the level of risk?	Likelihood of risk occurring	5 (Almost Certain)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 1. We have taken steps to quickly progress payments through the government Council Tax energy rebate scheme and launched a discretionary scheme for those households not eligible for the main scheme 2. Launched a Household Support Fund to provide emergency funding to households that are not able to meet their essential bills 3. Made one-off payments of £90 to all pensioners who are in receipt of Council Tax discount 	
Impact	Financial	4 (Major)		
	Service Quality	4 (Major)		
	Reputation	4 (Major)		
	Legal / Regulatory	3 (Moderate)		
	Health and Safety	3 (Moderate)		
Morale / Staffing	4 (Major)			
Current Update (August 2022)	There has been a significant escalation in the cost of living in the last few weeks with OFGEM announcing on 26 th August an increase in the energy price cap of £1,578. The Council is currently developing proposals for how we can support our residents and these will be set out to Hub Committee at their meeting on 13 th September 2022.			

Overall Scoring

Risk Score (Current)



Likelihood 5 x Impact 4

Risk Score History

New risk – no history available

Risk Direction

New risk – no history available

Risk Title:	Homes for Ukraine Placements		 
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What is the risk?	The risk is that the Council is not able to meet the longer-term housing needs of Ukrainians arriving in the Borough through the Homes for Ukraine scheme (or other routes) resulting in significant need for temporary accommodation or consideration of placements out of the area.
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What is causing the risk?	The Council has so far welcomed 139 Ukrainians to West Devon in 51 family groups, as at 25 th August, we are anticipating a further 97 Ukrainian guests in the coming months. There has been a fantastic level of response from West Devon residents opening their doors to Ukrainians that are fleeing the war, but we are already seeing a number of Guest/Host relationships breaking down for various reasons. It is anticipated that there will be further breakdowns in the coming months as placements come to the end of the initial 6 months of the scheme but also due to increased cost of living for hosts resulting in maintaining a larger number of individuals in their homes much more expensive than anticipated and far over and above the £350 per month 'Thank you' payment.
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What is the risk level?	Likelihood of risk occurring		5 (Almost Certain)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> Developed a dedicated team to work with hosts and guests to try to ensure as many placements as possible are maintained. Recruited 3 x case workers to undertake home visits Begun to prioritise the property checks of potential 'rematch' hosts, meaning that where a placement breaks down we have a 'pool' of alternative hosts available Continued work with Team Devon to develop longer term proposals
	Impact	Financial	3 (Moderate)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	3 (Moderate)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	1 (Insignificant)	

Current Update (August 2022)	<p>The Council is continuing to work closely as part of Team Devon to monitor the situation and our new caseworkers started on 5th September 2022. This will significantly increase our capacity to work with hosts and guests to maintain placements wherever possible.</p> <p>An in-depth report is due for consideration by Hub Committee on 13th September setting out the steps we are taking to respond to the needs of our Ukrainian guests.</p>
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Overall Scoring

Risk Score (Current)



Likelihood 5 x Impact 4

Risk Score History

New risk – no history available

Risk Direction

New risk – no history available