



South Hams
District Council

Strategic Risk Register

March 2023 Update

Audit & Governance Committee 9th March 2023



Better lives for all

Introduction

What Do we mean by Risk?

Risk is unavoidable in any organisation. It is ever present and a certain amount of risk-acceptance is inevitable if we are to achieve our objectives of our Better Lives for All Strategy.

What Is Risk Management?

Successful Risk Management is an essential part of delivering good governance across the Council and reduces the uncertainty of achieving our ambitions (as set out in Better Lives for All).

It 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



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

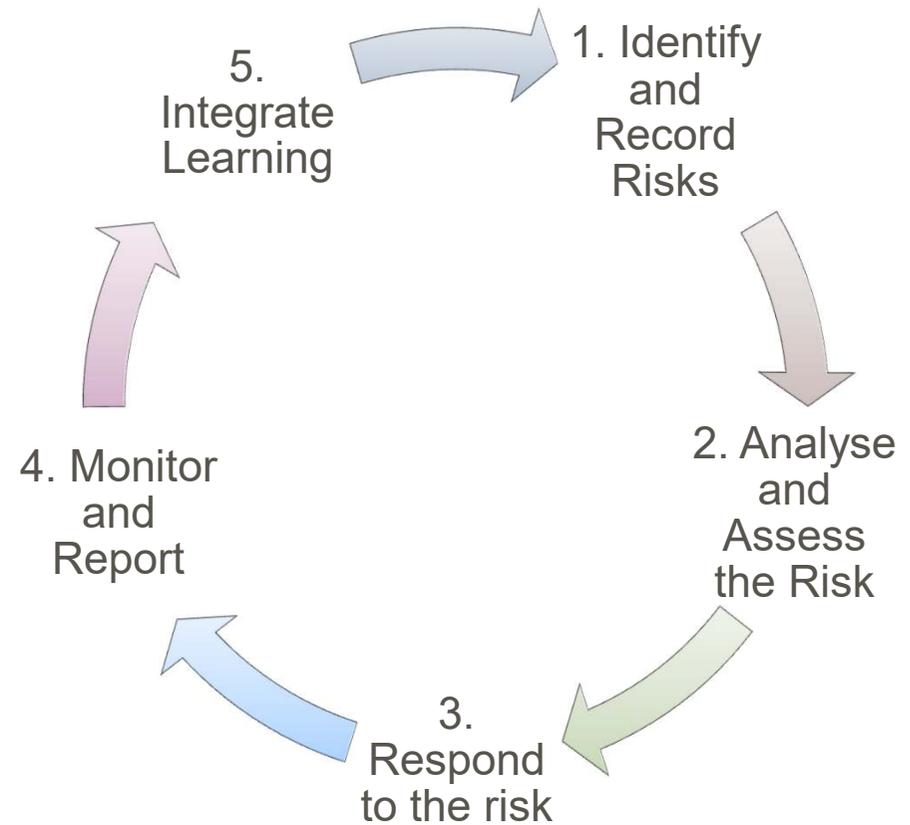
Service disruption to customer minimized



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 Council 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?

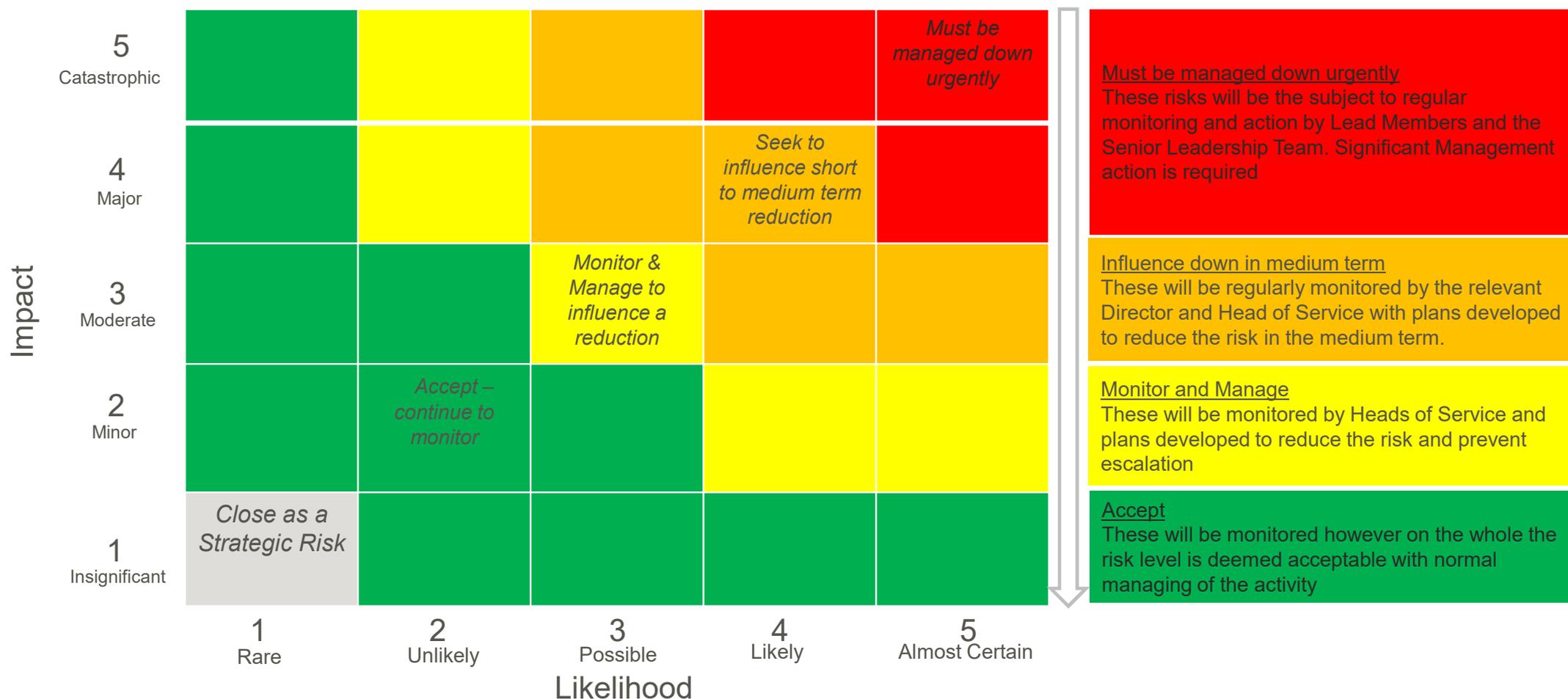
#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - 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?

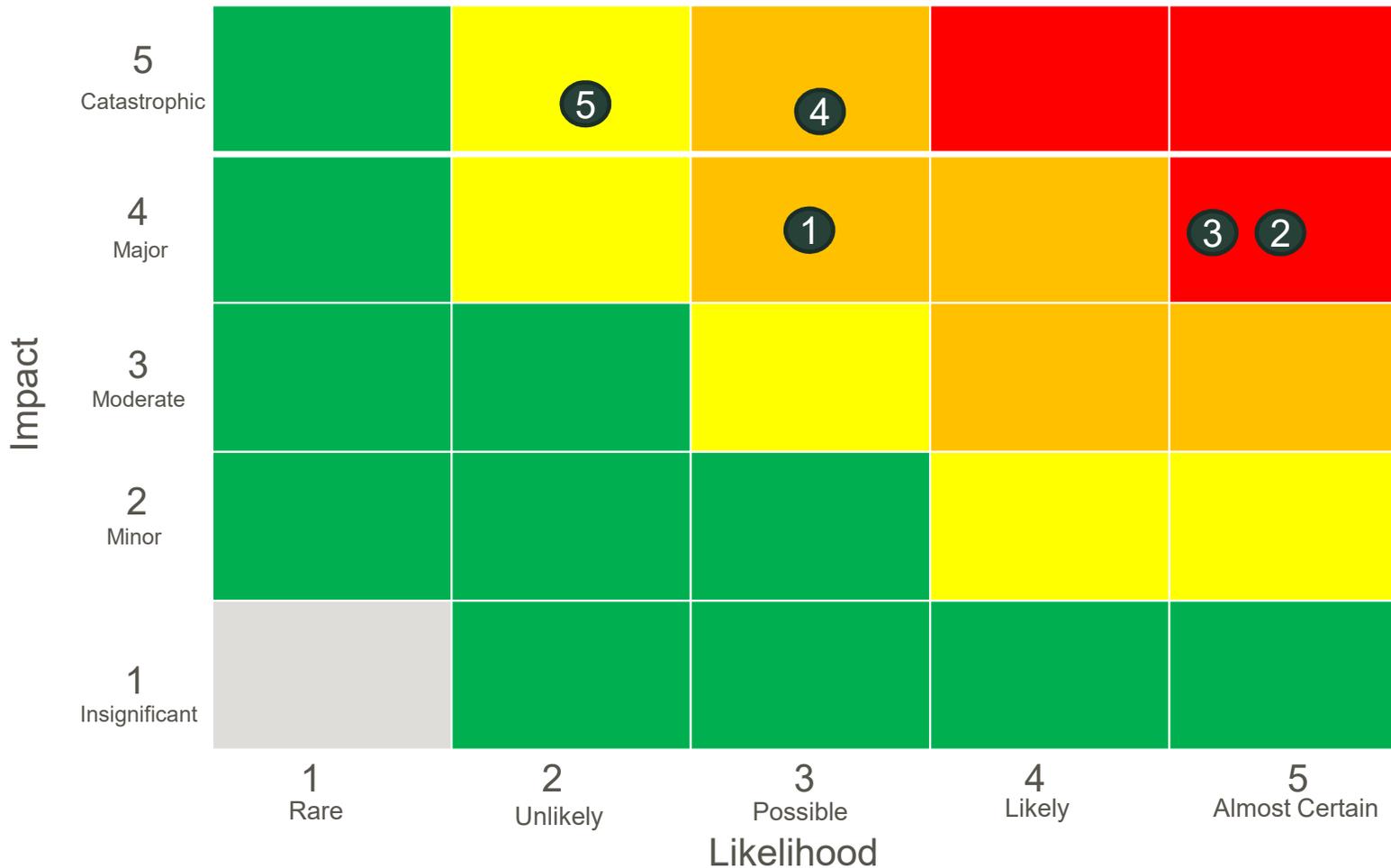
#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	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



Summary of Strategic Risks March 2023



X Current Period Score

- Risk Title**
- Adherence to Medium Term Financial Strategy
 - Inadequate Staffing Resource
 - Health and Wellbeing Service Provision
 - Business Continuity
 - Delivery of Waste and Recycling Service
- Removed since last update:-
- Cost of Living Impacts
 - Homes for Ukraine Placements



Risk Title: Adherence to Medium Term Financial Strategy

Overall Scoring

What is the risk? Failure to sustain a robust on-going medium term financial strategy in SHDC with adequate reserves to meet unforeseen circumstances, due to cost pressures and reduced income targets, council decisions, changes in Government policy with regard to business rates and affordable housing; Potential impact on delivering the MTFS, particularly if national/regional businesses successfully appeal against business rate valuations or litigation proceedings / legal challenges / planning appeals, etc.

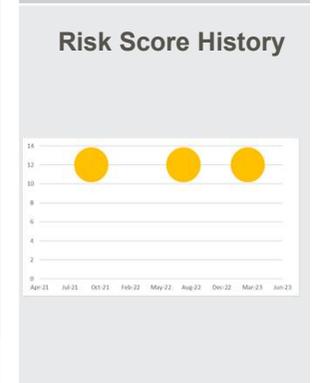
Risk Score (Current)



What could cause the risk to occur? 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.

Likelihood 3 x Impact 4

Risk Scoring	Likelihood of risk occurring		3 (Possible)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> 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 e.g. New Homes Bonus. 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.
	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 (March 2023)

The Executive considered the Medium Term Financial Strategy for the Council in September 2022. The Council has continued to work in partnership with West Devon Borough Council which has allowed South Hams to achieve annual savings of £3.9 million and more importantly protect all front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.

We had expected a longer term financial settlement to be made in December 2022 however Government again made only a single year settlement but with a commitment for consultation on further funding reforms to come forward during 2023.

As at the update to Executive in March 2023, the Council is forecasting a budget surplus for the current (22/23) financial year of £127,000 – or 1.2% of our annual budget.

In February 2023, Full Council considered the proposals for a balanced budget for 2023/24

Risk Direction

Risk Title:	Inadequate Staffing Resource
-------------	------------------------------

Overall Scoring

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.
-------------------	--

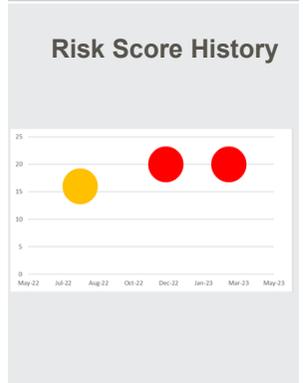
Risk Score (Current)



20

Likelihood 5 x Impact 4

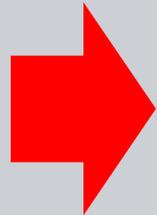
What could cause the risk to occur?	The last few years have seen Local Government stepping up to provide significant and varied support to our residents, communities and businesses in addition to maintaining our core service delivery. This has been a sustained period of the council delivering additional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



Risk Scoring	Likelihood of risk occurring		5 (Almost Certain)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> Continuing to review services and update service plans to ensure that we can meet future demand Reviewing our recruitment campaigns – ensuring that they are effective and targeted Filling key roles with temporary resource to ensure services can continue to be delivered effectively while we progress with the recruitment of permanent employees Developing plans for ‘grow our own’ talent Identifying local recruitment events with a view to attending and highlighting roles available within the Council Assessing the ‘offer’ to employees with other similar organisations
	Impact	Financial	4 (Major)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	3 (Moderate)	
		Morale / Staffing	4 (Major)	

Current Update (March 2023)	<p>The Council currently continues to experience recruitment and retention challenges. In February 2022, the Council introduced a market supplement policy that enables an enhancement to be made to the salary of certain roles in accordance with specified qualifying criteria. All enhancements are initially for a period of 2 years and are kept under review. The Council also undertook a job evaluation exercise on all principal professional and technical roles (level 4) and, with a new criterion that looked at the difficulty in attracting candidates for vacant roles and retaining existing employees. As a result, it is proposed to implement a new pay band for senior, professional and technical roles (level 4B) and slight changes at the top of the salary range for senior and principal officers at Levels 5 and above. A report on this matter will be considered by Executive on 2nd March 2023.</p> <p>The recent staff survey, while reasonably positive, highlighted employees had particular concerns around pay. The changes to pay and grading identified above are also intended to demonstrate a positive response to the genuine concerns of staff facing cost of living pressures. Alongside this a comprehensive Organisational Development plan has been developed to ensure that the Council makes the best ‘employment offer’, with an end-to-end approach covering recruitment, training and development, talent management and progression, to make us an employer of choice.</p>
-----------------------------	---

Risk Direction



Risk Title:	Health and Wellbeing 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 could cause the risk to occur?	This risk originally 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.
-------------------------------------	--

Risk Scoring	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. Worked with Fusion Leisure to revise the management fee profile in response to the reductions in income seen through Covid-19 (agreed by Council on 31 March 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
	Impact	Financial	4 (Major)	
		Service Quality	2 (Minor)	
		Reputation	2 (Minor)	
		Legal / Regulatory	2 (Minor)	
		Health and Safety	4 (Major)	
		Morale / Staffing	2 (Minor)	

Current Update (March 2023)	<p>The likelihood of this risk occurring has now increased to '5' as leisure Services nationally are now being significantly impacted by the increases to energy costs and other supplies and services, with the issue being further compounded as individuals consider their own levels of expenditure and focus on essential spending – with discretionary spending on items such as leisure being areas where individuals consider making savings.</p> <p>The Council continues to regularly meet with the Chief Executive of Fusion Leisure to understand the impacts. We are actively taking steps to support fusion progress plan for the decarbonisation of its sites which will, longer term, result in a reduction of energy costs – although does not address the immediate impacts.</p>
-----------------------------	--

Overall Scoring

Risk Score (Current)



Likelihood 5 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 could cause the risk to occur?	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.		
Risk Scoring	Likelihood of risk occurring	3 (Possible)	<p><u>What are we doing to reduce the risk?</u></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 (Catastrophic)	
	Service Quality	5 (Catastrophic)	
	Reputation	4 (Major)	
	Legal / Regulatory	2 (Minor)	
	Health and Safety	3 (Moderate)	
	Morale / Staffing	3 (Moderate)	
Current update (March 2023)	<p>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.</p> <p>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.</p> <p>An officer planning day was held in January to develop an update business continuity planning framework and to lead business continuity planning moving forward. We have also undertaken a successful power-cut test of our IT systems. This was successful and back-up systems operated as expected</p>		

Overall Scoring

Risk Score (Current)



Likelihood 3 x Impact 5

Risk Score History



Risk Direction



Risk Title:	Delivery of Waste and Recycling Service
-------------	---

What is the risk?	The risk is that the Council fails to adequately plan and deliver its Waste and Recycling service following the return to its control from the previous contractor.
-------------------	---

What could cause the risk to occur?	There are a number of issues that could result in issues to delivering the Waste and Recycling service including:- <ul style="list-style-type: none"> - Insufficient staff resource - Incorrect rounds planning
-------------------------------------	---

Risk Scoring	Likelihood of risk occurring		2 (Unlikely)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 1. Appointed a dedicated project manager to support the Head of Service with the co-ordination and management of the transfer of services back to the Council. 2. Developed a detailed project and resourcing plan with weekly project team meetings monitoring and managing progress 3. The Council engaged with the contractor to ensure relevant and timely transfers of data and knowledge to enable a successful transfer 4. Developed a comprehensive Communication Plan to manage expectations of Day one service
	Impact	Financial	4 (Major)	
		Service Quality	5(Catastrophic)	
		Reputation	5 (Catastrophic)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	3 (Moderate)	
		Morale / Staffing	4 (Major)	

Current Update (March 2023)	Since the service has been returned to the control of the Council, service performance has stabilised and improved significantly. We have taken steps to reduce the amount of agency resources to provide further resource stability. The introduction of a chargeable garden waste service has progressed well and is on track to commence on 6 March. Officers continue to manage the service provision closely
-----------------------------	---

Overall Scoring

Risk Score (Current)



10

Likelihood 2 x Impact 5



Risk Direction



Risk Title:	Cost of Living Pressures		
-------------	--------------------------	--	--

What is the risk?	The risk is that the Council fails to sufficiently respond to the significant increase in the cost of living, with 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 District.		
---------------------------	---	--	--

What is the level of risk?	Likelihood of risk occurring		2 (Unlikely)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 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 Launched a Household Support Fund to provide emergency funding to households that are not able to meet their essential bills 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 (March 2023)	<p>At the point of the last update to Audit Committee in early September 2022, the Council had not agreed a plan for responding to the Cost of Living impacts and was not clear the level of support Councils would be expected to provide to residents (grants etc) therefore this risk was escalated to the Strategic Risk Register. A Cost of Living Action plan was agreed by Executive and Council later in September 2022 and therefore this risk is de-escalated from the Strategic Risk Register but is however continuing to be a key focus for the Council. Recent action including:-</p> <ul style="list-style-type: none"> Continuing with weekly newspaper articles developed with partners such as Citizens Advice, Tamar Energy and others Extended the funding for Citizens Advice for a further two years, and increasing it in respect of the anticipated increase in demand for advice Delivering on the provision of slow cookers and electric blankets for those that require additional support to reduce bills / stay warm Awarded funding to voluntary and community groups across the District that are supporting residents locally in respect of the cost of living and general winter wellbeing Holding weekly officer 'Cost of Living' planning meetings, attended once a month by the Citizens Advice Manager for South Hams to ensure co-ordinated response Reviewing the Council Tax reduction scheme to enable more people to access Council Tax Reduction support 		
-----------------------------	---	--	--

Overall Scoring

Risk Score (Current)



8

Likelihood 2 x Impact 4



Risk Direction



Risk Title:	Homes for Ukraine Placements		
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 district through the Homes for Ukraine scheme (or other routes) resulting in significant need for temporary accommodation or consideration of placements out of the area.		
What is causing the risk?	The Council has so far welcomed 201 Ukrainians to South Hams, we are anticipating further arrivals in the coming months. There has been a fantastic level of response from South Hams 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 their initial six months but also due to increased cost of living for hosts resulting in maintaining a larger number of individuals in their homes much more expensive that anticipated and far over and above the £350 per month 'Thank you' payment.		
What is the level of risk?	Likelihood of risk occurring	3 (Possible)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> 1. Developed a dedicated team to work with hosts and guests to try to ensure as many placements as possible are maintained. 2. Recruited 3 x case workers to undertake home visits 3. 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 4. Continued work with Team Devon to develop longer term proposals
Impact	Financial	3 (Moderate)	
	Service Quality	3 (Moderate)	
	Reputation	3 (Moderate)	
	Legal / Regulatory	3 (Moderate)	
	Health and Safety	3 (Moderate)	
	Morale / Staffing	3 (Moderate)	
Current Update (March 2023)	<p>We now have certainty around the future of the scheme from Government which extends the financial support available including making additional financial provisions available for homelessness prevention. The Council has extended the support workers for a further 18 months to continue to work with Ukrainians to help them into longer term accommodation where current host/ guest placements are approaching an end.</p> <p>The Council is also considering longer term, strategic options to ensure we can accommodate any Ukrainians (and other refugees) that find themselves at risk of homelessness. This is subject to a report to Executive on 02/03/2023.</p> <p>As a result of these actions, the Council considers it is currently able to meet the demands of the scheme within the budget provided by Government and with the resources we have secured and therefore this risk now de-escalates from the Strategic Risk Register.</p>		

Overall Scoring

Risk Score (Current)



Likelihood 3 x Impact 3

Risk Score History



Risk Direction

