



Quarter 3 Strategic Risk Report

Dec-2019

Summary

The over all risk score for each or the risks highlighted within this report are arrived at by multiplying the score given for the probability of the risk happening and the severity of the consequences of this risk.

The probability and severity are scored 1-4 relating to their severity as shown in the below table

The severity of the overall risk score can also be found in the below table

Risk Score	Probability	Severity
1	Low	Low
2	Medium	Medium
3	High	High
4	Severe	Severe

Overall Score	RAG
0 - 4	Green
6 - 10	Amber
12-16+	Red

Inherent Probability	Inherent Impact	Inherent Risk Score	Mitigated Probability	Mitigated Impact	Mitigated Risk Score
SR1 - Funding and income is not sufficient to deliver the Council's Corporate Objectives					James Deane
4	4	16	3	3	9
SR2 - The Council is unable to recruit and retain the staff required to progress as a Modern and Efficient Council					Sally Marshall
3	3	9	2	3	6
SR3 - Social media risk					Sally Marshall
3	3	9	2	3	6
SR4 - Cyber Attack					Sally Marshall
3	4	12	2	3	6
SR5 - The Council will be unable to ensure that sufficient good quality and affordable homes can be delivered, particularly for those most in need					Mark Gaynor
4	4	16	3	3	9
SR6 - That the Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future					Mark Gaynor
4	4	16	3	3	9
SR7 - Uncertainty around Brexit negotiations could result in the Council facing additional demand for its services in the short- to medium-term					Sally Marshall
4	4	16	4	2	8

Risk Owner : James Deane Porfolio holder : Graeme Elliot

SR1 - Funding and income is not sufficient to deliver the Council's Corporate Objectives

Quarterly Update

On 20 December 2019, the Secretary of State announced the Provisional Local Government Finance Settlement for 2020/21. As expected, this was a one-year settlement, with a potential multi-year deal not expected until the conclusion of Government's Fair Funding Review project currently scheduled for November 2020. In the short term, the funding for 20/21 was, as the Council forecast in its draft budget to December Joint OSC, effectively a roll forward of 19/20 funding and therefore requires no further modelling for next year's budget.

Members will be kept updated on any announcements made by Government about future funding arrangements, and the implications these have for the Council's Medium-Term Financial Strategy.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

The Council is currently in the final year of a 4-year funding deal with MHCLG, which has provided relative certainty over the minimum level of funding the Council can expect until April 2020.

Government has stated that Revenue Support Grant will not continue beyond 2020 and that in future local authorities will be funded solely through the national redistribution of Business rates. The model for determining post 2020 funding levels will be based on assessment of need, and is currently being devised through the Government's Fair Funding Review. Government has recently announced that the outcome of the Fair Funding Review will be delayed until 2021 and that the Funding Settlement for 2020 will be a one-year deal, likely to be announced in late December.

As yet there is no certainty over the level of funding that Dacorum or any other authority can expect in the future. However, there is a strong belief across the sector that the new model will divert funding away from lower tier authorities in favour of those authorities with responsibility for the provision of social care.

There are two major elements of risk associated with the impending change in funding methodology. Firstly, the Council must ensure that it's in a position to adapt to significant funding reductions at short notice when the new model is announced in November 2020. Secondly, the longer term funding outcome of the new methodology may threaten the sustainability of the services the Council plans to deliver in support of its Corporate Priorities.

Controls to manage the risk

The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment. Sound financial planning maximises the opportunity for the Council to identify funding risks in advance, and therefore grants more time for it to plan to provide its services differently in order to continue delivering its corporate priorities. The Council's sound financial planning processes, detailed below, have resulted in my reducing the inherent probability score from '4', Very Likely, to a residual probability score of '3', Likely.

The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version (approved in July 2019) is accessible via the following link:

<https://democracy.dacorum.gov.uk/documents/g2126/Public%20reports%20pack%2030th-Jul-2019%2019.30%20Cabinet.pdf?T=10>

The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.

By keeping the Corporate Plan and Communications Strategy under review the Council is able to mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently by managing aspiration and expectation (detail below). On this basis, I have reduced the Impact score from '4', Severe, to '3', High.

The Council reviews its Corporate Plan periodically to ensure that the vision for the borough remains relevant and realistic within the financial constraints outlined within the MTFS and the HRA plan. The aspirations of the Council and the community are managed through the Council's Communications Strategy both through social media, the local press and Digest.

Evidence the risk is being managed

The financial planning controls the Council has in place to mitigate this risk are audited annually by both Internal Auditors (Mazars) and External Auditors (Grant Thornton).

The most recent internal audits of the Council's Core Financial Systems (including Budgetary Control) were undertaken in May 2019, and all areas received a FULL level of assurance, which is the highest possible.

The external auditors, Grant Thornton, most recently gave the following 'value for money' opinion within the 2018/19 year end audit of the Council: 'based on the work we performed to address the significant risks, we are satisfied that [the Council] has proper arrangements for securing economy, efficiency and effectiveness in its use of resources.'

These independent audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives. Both reports are available on the following link:

<https://democracy.dacorum.gov.uk/documents/g2126/Public%20reports%20pack%2030th-Jul-2019%2019.30%20Cabinet.pdf?T=10>

Risk Owner : Sally Marshall Porfolio holder : Julie Banks

SR2 - The Council is unable to recruit and retain the staff required to progress as a Modern and Efficient Council

Quarterly Update

During this last quarter there have been a number of significant actions completed. In particular, the risk presented by the shortage of qualified Building Control professionals has been mitigated by the transfer of the service to the Hertfordshire Building Control partnership to provided additional resilience for this service.
 There has been some minor restructuring within Environmental Health which will enable the Council to pursue a new recruitment drive for EHOs. The Recruitment website has been completed and will be launched during the National Apprenticeship week.

Inherent Impact	Inherent Probability	Inherent Risk Score
3	3	9
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

The Council continues to find it challenging to recruit and retain staff with the appropriate skills to deliver all of its services, particularly within professional areas.

This challenge has grown over recent years – as the economy has emerged from the worst of the recession, the private sector employment market has become relatively more buoyant due to the continued constraints on public sector funding. General competition with the private sector for skilled employees is exacerbated for Dacorum by its close proximity to the higher salaries of the London market.

This has resulted in the appointment of agency staff in some service areas in order to maintain service delivery. A reliance on agency staff can bring with it some risks:

- Statutory – staff shortages can put delivery of the Council’s statutory services at risk, e.g. Environmental Health, Housing repairs and Fire safety;
- Resilience – any need for agency staff leaves the Council vulnerable to potential higher turnover and loss of knowledge which can affect continuity of service provision;
- Financial – the cost of agency staff is higher than for permanent staff, which can pressurise budgets in several areas across the Council.
- Staff Morale - could be affected in areas which are carrying vacancies, due to increased workload pressure and as a result of lack of team rapport

This challenge affects all public sector organisations within the region, and a solution is high on the agenda for county-wide working groups of which DBC is a member.

Controls to manage the risk

This challenge affects all public sector organisations within the region, and a solution is high on the agenda for county-wide working groups of which DBC is a member.

A programme of work has been developed to enhance our ability to recruit and retain staff:

- Terms and conditions were reviewed in 2017/18 to develop a range of benefits within the remuneration package
- Flexible working arrangements were implemented at the time of moving to the Forum which provided a modern and efficient working environment
- Enhanced and expanded Graduate/apprenticeship scheme to create up to 8 new posts within areas experiencing recruitment and retention difficulties, has been implemented which is supported by a planned approach to utilising the Council's apprenticeship levy to support some of the professional training costs
- Modernisation of the recruitment web pages including video clips has been completed and the launch will coincide with National Apprenticeship week.

Further measures currently being developed and implemented include:

- Creation of a DBC framework for a talent management programme and succession planning approach supported by the career development plans
- Implementation of more robust management information which will be enabled by the implementation of a new Human Resources technology system
- Streamling of recruitment campaigns and modernisation of recruitment web pages including video clips; further develop the use of social media platforms for recruitment.
- Hosting of recruitment days to generate interest in high volume recruitment service areas and retain CV's for future reference to fast track the filling of vacancies
- Establish DBC as employer of choice by presence at careers fairs, developing links with Schools, Colleges and Universities

Evidence the risk is being managed

A recruitment and retention Project Initiation Document has been prepared for CMT.
The Chief Executive is the project sponsor and is holding regularly project management meetings.
project updates are provided to Corporate Management Team, Performance Board and Finance & Resources Overview and Scrutiny Committee.

Risk Owner : Sally Marshall Portfolio holder : Andrew Williams

SR3 - Social media risk

Quarterly Update

There has been no significant change to this risk during the last quarter

Inherent Impact	Inherent Probability	Inherent Risk Score
3	3	9
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

"Almost nine in ten (86%) of UK adults now have internet access at home, and this is highest among those aged under 55. Facebook continues to be the largest social network service in the UK. In April 2016, it attracted a digital audience of 38.9 million (more than three-quarters of active internet users). This was larger than that of LinkedIn (21.8 million) and Twitter (20.9 million)" (Ofcom report 2016).

By design, social media is widely accessible and offers users easy electronic communication of personal information and other content, such as news, videos and photos. With public participation and exchange of content so readily available, this introduces a certain level of risk.

The consequences of using social media include members of the public, pressure groups or employees using DBC social media accounts to raise negative, confidential, incorrect or abusive statements/campaigns aimed at damaging the reputation of DBC. Similarly, the risk of DBC not using social media will exclude a large proportion of residents and key demographic groups including younger residents and businesses.

Controls to manage the risk

The Council monitors and protects its social media presence through a Social Media Management Platform (Social SignIn). Social SignIn provides management options for automatic moderation of abusive messages and other risk mitigation tools.

All staff are required to read and sign up to a range of policies including:

- Corporate Information Security Management Policy
- Corporate Information Technology Security Policy
- Data Protection Act Policy
- Freedom of Information Policy
- PSN/Government Connect (GSx) Acceptable Usage Policy
- Information Security Incident Procedure

Evidence the risk is being managed

An audit of DBC's internal controls in strategy and governance, training and awareness, processes and technology, found that there is a sound system of internal control designed to achieve the system objectives. (Formally audited by Mazars in 2018).

Risk Owner : Sally Marshall Porfolio holder : Andrew Williams

SR4 - Cyber Attack

Quarterly Update

Public Sector Network Compliance sign off has been achieved for 2020/21 during the last quarter.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	3	12
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	2	6

LabelImpactTitle

At least 98 million cyber-attacks were carried out on local authorities between 2013 and 2017. 114 (29%) councils experienced at least one cyber security breach - between 2013 and 2017.

The Council's ICT team is aware that the council's network is the subject of attempted cyber-attacks on a daily basis from a range of sources, likely to include organised crime and state operators.

The potential consequences of a successful cyber-attack are extremely damaging to any organisation. In the public sector, cyber-attacks on NHS trusts have led to cancelled operations, including the WannaCry attack in 2017 that affected 45 NHS organisations. In 2016 Lincolnshire County Council were hit with a £1M demand following a ransomware infection.

Within Dacorum, a successful and extensive cyber-attack has the potential to impair the delivery of all services to its residents. Also any successful Cyber Attack could significantly impact the Council's reputation, as residents may lose confidence in the management of electronic records.

Controls to manage the risk

The Council monitors and protects against threats with particular attention to the following, in line with the Government's Cyber Essentials direction:

- Boundary firewalls and internet gateways
- Secure configuration
- Access control
- Malware protection
- Patch management

Evidence the risk is being managed

Adherence to National Cyber Security Centre (NCSC) Cyber Essentials (formally audited 2017); Public Sector Network (PSN) Compliance (including annual vulnerabilities assessment by approved cyber security consultancy)

Risk Owner : Mark Gaynor Porfolio holder : Margaret Griffiths

SR5 - The Council will be unable to ensure that sufficient good quality and affordable homes can be delivered, particularly for those most in need

Quarterly Update

The Council are liaising with Homes England to bid for Affordable Housing Grant for social rent which, if successful, will allow us to increase the output of new affordable homes.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

Housing costs in Dacorum are already extremely high and among the highest in the country outside of London. The impact of this is that local people (and potential new residents) face considerable difficulties accessing decent and affordable homes. This has potential risks in increased homelessness, difficulties in attracting new business and inward investment and breakdown of family support networks if people have to move away or have to stay longer in parental homes than is desirable.

The causes for this are complex and varied, and some are outside of the Council's control, but include:

- The high cost of owner occupation due to location, local income levels, market shortage and increasing demand from people moving out from London. This can mean owner occupation is well beyond the reach of a large number of local people.
- The Private Rented Sector is not focused on providing homes of quality to those on low incomes with short 6 months tenancies and often in poor condition.
- The planning system does not have the levers to require new homes to be built and with respect of providing affordable homes the rented product – usually affordable rent at 80% of market rent - they are too expensive for those on low incomes.
- There are still cuts being made to the benefits systems and Universal Credit has seen a dramatic increase in the levels of rent arrears in those areas that have already had the full roll out. This will cause further difficulty for low income households to afford rent and would lead to still further homelessness.

The key risks this raises for the Council are:

- The supply of homes is unable to match demand
- An increase in the levels of homelessness resulting from landlords in private renting seeking to maximise their rents
- The impact of Universal Credit roll out leading to increased arrears, debt and homelessness
- A general risk that the construction industry may not have the capacity to meet the level of demand for development
- The HRA will not be able to access sufficient funds to fulfil the Council's programme of social rented housing

Controls to manage the risk

The Local Plan is currently under development and is likely to go out for public consultation in the summer of 2019. This will incorporate a very high level of housing growth and the plan needs to ensure that the sites are identified and are likely to be delivered in the timescales identified. There will be a strong affordable housing policy, building on the current one, which will require at least 35% affordable homes on every scheme above 10 units. The council is strengthening its expertise in Planning on robustly testing developers viability submissions. This will include no longer accepting developer arguments that the cost of land prevents or reduces the amount of affordable they can deliver – they should take account of the council's policy when agreeing the price.

Ensuring good masterplanning of the larger sites emerging from the Local Plan will mean that they are more likely to be built out as planned and will be more attractive for potential buyers.

The Private Housing Service in Housing, which includes Private Renting, has been reshaped and is geared up to the licensing of up to 900 Houses in Multiple Occupation and addressing issue of disrepair and harassment in the sector. It will work with and support landlords who are prepared to grant longer tenancies which will allow families more security and stability.

There is already a new build council home programme of 370 new homes by 2022 that is just starting. The government has announced that the cap on the HRA borrowing will be ended in April 2019 and the programme will be further expanded. A full assessment of the capacity of the HRA to move to an output of around 100-200 new homes per year will be made in the very near future and will gear up for that level of delivery. This will help, though not solve, the shortage of affordable homes for rent. Housing Associations will be encouraged to include social rented homes at lower rent levels than affordable to be built as grant is now available from Homes England for this aim.

The introduction of the Homeless Reduction Act has allowed the Council to be geared up to dealing with an increased number of homeless households with the initial aim of preventing the homelessness from happening. One important route will be working with those private landlords that have a desire to help those in housing need, and there are many, to be able to continue renting without losing income.

Evidence the risk is being managed

The process for setting out development delivered is through the Authority Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure. Regular reports are made as set out above in controls.

Regular reports will also made to the Housing and Community Overview and Scrutiny Committee on new build council homes, homelessness performance, and Private Renting sector performance.

Risk Owner : Mark Gaynor Portfolio holder : Margaret Griffiths

SR6 - That the Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future

Quarterly Update

The Council continues to work with the Herts Growth Board to ensure that key projects like the A414 and Hemel Garden Communities are included as part of a growth bid to government,

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
3	3	9

LabelImpactTitle

The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it. The risk is, therefore, that new development at a scale not experienced in Dacorum since the New Town development will not be matched with the infrastructure that a healthy and thriving community depends upon.

Failure to provide this infrastructure will have a number of damaging consequences:

- a reduction in the quality of life and opportunities for people in the Borough
- a serious constraint to economic growth with the impact on the prosperity of local people
- reduced financial contribution to service provision through Business Rates growth
- increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope
- damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council.

The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it.

Controls to manage the risk

Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities) or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.

The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:

- Ensuring that the Local Plan (and its component elements such as site allocations, supporting policies and so on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials.
- Working with other South West Herts councils and HCC to make a case at national level for strategically important infrastructure
- Bidding into government funding pots such as the Housing Infrastructure Fund where possible.
- Use of masterplanning which supports what is required to be delivered to produce sustainability on larger sites and formalising as a Special Planning Document where appropriate to give it more 'teeth'.
- The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes an element of CIL which can be spent by local communities and act to link growth directly with infrastructure provision that local people want.
- Operating an 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision making within required time limits.
- Stimulating required growth through the Council's own regeneration activity, including the Enterprise Zone making inward investment being more likely.
- Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.
- Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.
- Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)
- Working to create key partnerships to bring forward development capable of funding major infrastructure such as Hemel Garden Communities with the Crown Estate, St Albans and City Council, HCC, the LEP and the Enterprise Zone.

Evidence the risk is being managed

These controls are exercised and reported within the following:

- Regular reporting to the Growth and Infrastructure Group, CMT, Cabinet and Overview and Scrutiny Committee
- Fortnightly reporting on key projects to CMT
- Reporting to Performance Board before each Cabinet Meeting
- A clear programme for the Local Development Framework and CIL Quarterly reporting to Overview and Scrutiny
- Regular reporting to Cabinet
- Adherence to the agreed performance and project management processes

The process for setting out development delivered is through the Authority Monitoring Report. The agreed process for CIL will see an annual report setting out income due, income achieved and expenditure made on agreed infrastructure. Regular reports are made as set out above.

Risk Owner : Sally Marshall Porfolio holder : Andrew Williams

SR7 - Uncertainty around Brexit negotiations could result in the Council facing additional demand for its services in the short- to medium-term

Quarterly Update

This risk will be reviewed in detail during the next quarter following the UK exit from Europe on the 31st January, 2020 as the UK enters a transition phase.

Inherent Impact	Inherent Probability	Inherent Risk Score
4	4	16
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
2	4	8

LabelImpactTitle

On 23 June 2016, the UK voted, through a referendum, to leave the EU. In March 2017, the Prime Minister invoked article 50 of the Lisbon Treaty, formally notifying the European Council of the UK's intention to leave. This provided a two-year negotiation period in which to agree future ties, with the UK exiting the EU on 29th March 2019.

The negotiations around Brexit continued. The risk of a 'no-deal' outcome has been removed following Parliaments approval of the Brexit deal. The UK will exit Europe on 31st January and enter into a transitional phase. A review of the impact on services in the short-, medium-term will be undertaken. The position post transition poses a strategic risk to the Council primarily because there is lack of clarity over the outcome of the detailed trade discussions. In the absence of more detail, the Council is, in general terms, planning to 'be prepared'.

In addition, there is the possibility that the Council may be required to carry out functions under its Civil Contingencies responsibilities.

Controls to manage the risk

The Chief Executive prepared a report to Members outlining the sector's view on where the key Brexit risks currently lie.

The Corporate Management Team (CMT) has put Brexit negotiations as a standing item on its agenda. All service areas are represented at this meeting, and the majority of CMT members operate within county- and nation-wide professional groups. This means that the knowledge reach of the group is wide and varied, meaning that emerging issues are likely to be raised for discussion around impact as they arise.

CMT has also ensured that all service areas revisit their Business Continuity plans to ensure that they remain up-to-date and capable of mitigating known and emerging risks.

CMT also review and update the a Brexit risk register.

A member of Corporate Management Team - Assistant Director Neighbourhood Delivery has been nominated as the Council's Brexit Officer.

The Leader of the Council and the Chief Executive have taken part in webinars hosted by MHCLG with various Government departments in preparation for Brexit.

Evidence the risk is being managed

The subject of Brexit has been designated as a standing item on the CMT agenda. Members will be kept advised as more information becomes available.