

Risk Register Summary Table

Risk Name	Risk Owner	30 Sep 2023			
		RM01 Risk Consequence	RM02 Risk Likelihood	Status	
		Actual	Actual	Actual	Update
Council Tax & Business Rates collections rates drop below budget	Nigel Howcutt	3	4	12.00	The collection of Business Rates is broadly in line with expectations at Quarter 1, although the 2023/24 business rates revaluation and the projected increase in challenges to these rates brings additional uncertainty to the service. The Council Tax collection rate is behind the 23/24 target, but in line with recent financial years when you consider the changing variables, as outlined in the quarterly performance report. A review of Council Tax collection rates is currently underway given the performance being lower than expected during 2020 - 2023, albeit impacted by the pandemic. Although in year collection rates are behind target, the service is achieving greater collection rates on previous years arrears with the expectation that to achieve actual cash collection budgeted levels. This performance is closely monitored and reported. As part of the 2023 MTFS it is proposed at this point to reduce future years collection rates.
Delays and errors in the processing of Benefits claims	Nigel Howcutt	2	3	6.00	The time taken for the benefits team to respond to queries is now at circa 12 days. The performance has been improved year on year with a slight downturn in Qtr 2 this performance is expected to improve in the remainder of 23/24. The sector average is believed to be around 14 days, but few authorities report on this KPI. The service are implementing more digital functionality across revs and bens in quarter 3 such as citizen access that will improve the effectiveness of these teams in the medium term.
Delays to Capital programme	Nigel Howcutt	2	4	8.00	The capital programme has suffered significant delays in recent years due to a combination of the impact of the pandemic, planning moratorium, supply chain delivery and recently cost pressures. As a result the current capital programme is the largest the council has had for many years, which increases the likelihood of delays occurring to one or more of a large number of projects. In addition there are several legacy projects that the new administration need to be briefed on and hence at present these projects are pending further approval before being undertaken.
Failure to optimise income generated by commercial assets	Nigel Howcutt	2	2	4.00	The first half year financial performance of the commercial property portfolio, garages and parking is on or ahead of budget as previously reported to cabinet in the first quarter financial report. These assets make up the majority of the councils commercial asset that we hold.
Variations in General Fund revenue budget	Nigel Howcutt	2	2	4.00	The first quarter financial performance report, presented at Scrutiny, details the outturn projection. The General Fund is expected to deliver an underspend in 2023/24, predominantly due to strong performance of the treasury management service, due to both higher cash balances and interest rates than previously projected at budget setting.

Risk Register Details Table

Risk Name	Detail	30 Sep 2023
		Status
Council Tax & Business Rates collections rates drop below budget	Risk Owner	Nigel Howcutt
	Portfolio	Housing and Property Services
	Risk Description	Council Tax & Business Rates collections rates drop below budget.
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Finance & Resources Operational Risk Register ▪ Financial Resilience.
	Inherent Score	9 ▲
	Mitigated Score	12.00 ▲
	Risk Appetite	6.00
	Comments	<p>The collection of Business Rates is broadly in line with expectations at Quarter 1, although the 2023/24 business rates revaluation and the projected increase in challenges to these rates brings additional uncertainty to the service.</p> <p>The Council Tax collection rate is behind the 23/24 target, but in line with recent financial years when you consider the changing variables, as outlined in the quarterly performance report. A review of Council Tax collection rates is currently underway given the performance being lower than expected during 2020 - 2023, albeit impacted by the pandemic.</p> <p>Although in year collection rates are behind target, the service is achieving greater collection rates on previous years arrears with the expectation that to achieve actual cash collection budgeted levels. This performance is closely monitored and reported.</p> <p>As part of the 2023 MTFS it is proposed at this point to reduce future years collection rates.</p>
	Controls & Assurances	<p>The following controls aim to identify as quickly as possible if the Council is falling behind on its collection rates target for the year. If a problem is identified, the Council is then able to invoke a range of options to minimise the ongoing negative impact on collection.</p> <p>Profiled monthly collection rates are monitored monthly - see KPIs RBF04 and RBF05. Reasons for variances are then investigated in order to address problems quickly as possible.</p> <p>Direct debit payment is recommended for all customers – a pre-filled instruction is sent to all non-DD payers with their annual bill or a first bill for a new taxpayer. The direct debit method reduce the risk of under-collection because it eliminates the risk of a payer forgetting to make a monthly payment.</p> <p>The service always promotes the payment of council tax by direct debit and this supports the consistency and reliability with which residents pay their council tax.</p> <p>Following the cessation of the governments Covid protection policies the council has reinstated an active programme for taking formal recovery action against non payers and this is monitored monthly and overseen through quarterly performance reporting.</p>

		30 Sep 2023
Detail		Status
	Evidence Risk is being managed	<p>The processes for collection of council tax and business rates have been consistent over time and the budgeted collection rate levels have been achieved over the medium term.</p> <p>The collection rates achieved are above national averages and specifically business rates collection was in the upper quartile of national performances. The average national council tax collection in 2022/23 was 98% with Dacorum targetting 99.4% collection rate.</p> <p>The service has been able to increase the volume of CT payers that are received through Direct Debits and has also developed 10 and 12 monthly payment processes in the last few years.</p>
	Consequences / Impacts	<p>Distribution of collection fund to other preceptors is based on the budgeted collection level, if collection falls short this could lead to a cashflow issue within the Council's finances. The fund distribution is balanced after the end of the financial year.</p> <p>Reputational risk if collection rate falls significantly – this could also impact on future years' council tax base leading to increased budget pressures.</p> <p>Financial risk in relation to business rate retention scheme if rates collection falls below government set baseline.</p>
Delays and errors in the processing of Benefits claims	Risk Owner	Nigel Howcutt
	Portfolio	Housing and Property Services
	Risk Description	Delays and errors in the processing of Benefits claims
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Finance & Resources Operational Risk Register ▪ Financial Resilience.
	Inherent Score	12 ▲
	Mitigated Score	6.00 ●
	Risk Appetite	6.00
	Comments	The time taken for the benefits team to respond to queries is now at circa 12 days. The performance has been improved year on year with a slight downs turn in Qtr 2 this performance is expected to improve in the remainder of 23/24. The sector average is believed to be around 14 days, but few authorities report on this KPI. The service are implementing more digital functionality across revs and bens in quarter 3 such as citizen access that will improve the effectiveness of these teams in the medium term.

Detail

Status

Controls & Assurances

The controls in place aim to mitigate this risk by closely monitoring performance to assist with effective decision-making around resource allocation. This is a heavily process driven service area and close monitoring also helps to identify bottle necks in the process which need to be improved to optimise performance. By subjecting the process to this regular in-depth scrutiny the Service is able to reduce the probability of the risk crystallising, hence the reduction between the Inherent Risk score (4) and the Residual Risk score (2) after the controls have been taken into account.

Quality checking and individual performance management is in place. These mean that each officer has targets for their personal productivity and accuracy, and information from quality checks is fed back in order to sustain improvement.

Average time taken for processing new claims and changes in circumstances forms part of monthly monitoring which is deemed good practice.

Processes are in place to expedite cases where the customer is vulnerable or facing eviction. These processes start when a case is identified within benefits, or by customer services, homelessness, housing etc. The service work in partnership with other council services and external bodies to achieve good outcomes for the residents.

Monthly meetings are held between senior officers within Finance & Resources to monitor detailed performance levels at each stage of the claims process, and quarterly performance meetings with the S151 are undertaken.

This enables intermediary targets to be set for discrete elements of the process, which in turn enables the more effective monitoring which has resulted in significantly improved performance over the last 6 months.

The service is experiencing more requests for benefits and more complex queries from residents, likely linked to the current cost of living pressures being experienced, and additional energy reliefs being processed by Dacorum. The performance has stabilised to around 14 days which is very much in line with sector averages.

Evidence Risk is being managed

Prior to pandemic the KPI's for the housing benefit service in 2019/20 were all achieved with new performance records set along the way.

The 20/21 and 21/22 financial years saw a surge in new cases and changes to existing claimants. The service have had to introduce new ways of working to deal with the new cases pre and post covid. The performance on changes to existing housing benefit cases has remained strong with performance in the second half of 22/23 being the strongest achieved in the last 2 years.

The annual housing benefits audit and audit returns have all being approved by auditors and the processes have received substantial assurance.

Consequences / Impacts

This risk links to the corporate objective of delivering modern and efficient council services.

Customers could suffer personal hardship resulting from delays or errors in the processing of claims.

Significant reputational risk associated with high-profile errors.

Staff time spent on addressing unnecessary errors leads to duplication of effort and is an inefficient use of resources.

Government subsidy for housing benefit expenditure is based on external audit certification of the claim made. There is financial risk if errors on cases are identified during their testing.

Communications with claimants needs to be well written and jargon-free in order to reduce the risk of repeat queries which puts pressure on limited staff resources.

Risk Name	Detail	30 Sep 2023
		Status
Delays to Capital programme	Risk Owner	Nigel Howcutt
	Portfolio	Housing and Property Services
	Risk Description	Delays to Capital programme
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Finance & Resources Operational Risk Register ▪ Financial Resilience.
	Inherent Score	8 ▲
	Mitigated Score	8.00 ●
	Risk Appetite	6.00
	Comments	<p>The capital programme has suffered significant delays in recent years due to a combination of the impact of the pandemic, planning moratorium, supply chain delivery and recently cost pressures. As a result the current capital programme is the largest the council has had for many years, which increases the likelihood of delays occurring to one or more of a large number of projects.</p> <p>In addition there are several legacy projects that the new administration need to be briefed on and hence at present these projects are pending further approval before being undertaken.</p>

Detail

Status

Controls & Assurances

The controls that have been implemented to mitigate this risk target the robustness of capital bids both at the time they are submitted and throughout the delivery phase of the projects.

In particular, scrutiny is focused on those elements of the capital bid that experience indicates are the primary cause of delays to capital projects. These include

- How robust are the assumptions on the estimated duration of the procurement exercise?
- How realistic is the estimated time taken for contractors to deliver the works?
- How realistic are the assumptions on officer availability to manage the project on time?

The rationale behind this approach is that an increased culture of challenge will lead to more realistic programming of future capital projects, and therefore a reduced likelihood of slippage.

The following controls are in place with a view to developing a culture of scrutiny and challenge for officers to improve the accuracy of future bids:

- Monthly meetings take place between accountants and budget holders to monitor progress against original timeframes and costs;
- Strategic Leadership Team (SLT) receive a quarterly report on the progress of capital projects against anticipated timeframes;
- Performance Group comprising Chief Officers and cabinet Members receive a monthly report on the progress of current projects;
- Reports go to Cabinet and all Overview and Scrutiny Committees (OSC) every quarter. These reports have been redesigned to focus on the more immediate risk of in-year delivery, highlighting higher risk areas to invite closer scrutiny from Members.

The quarter 3 financial report in February outlined additional slippage on the capital programme for 22/23, With slippage of £2m on the general fund and £10.6m on the HRA for 22/23. The main reasons for this slippage is a combination of the planning moratorium preventing new planning approvals and supply chain of providers in delivering materials and goods such as the fleet replacement programme. It is likely that further slippage will happen in the 4th quarter, due to the ongoing impact of the moratorium and also because of one supplier failure in quarter 4, but these reports are still being finalised at present

The overall risk score reduced in quarter 3 but has remained static in quarter 4. The likelihood of delayed spending has increased whilst the impact of delays reduced as finance have taken mitigating actions to reduce the impact of this delay.

Evidence Risk is being managed

The General Fund and New House Building capital programmes have been maintained throughout the pandemic and covid recovery period. The timeframes have extended as a result of covid, and the capital programme has been adjusted accordingly. There has been no significant financial pressures realised to date as a result of the capital programme being delayed.

The recent increase in capital project costs has been maintained within existing contingency budgets, it is expected that future procurement of construction partners will exceed historic cost expectations.

Detail

Status

Consequences / Impacts

Many of the major projects within the Capital Programme are fundamental to delivery of the Council's corporate objectives. Therefore significant delays can impact on the achievement of the corporate plan.

Financial decision-making is negatively affected if the timing of projects in the Capital Programme is wrong. This can result in lost investment income or increased interest costs as the Council moves closer to the point where it will need to borrow.

The estimated delivery date is considered as part of the decision to allocate capital funds to one project over another. If estimated timings are not accurate, there is a risk that the allocation of funds is not being decided on appropriately.

If inaccurate project management is tolerated, there is a risk that the culture of financial management across the Council will be negatively affected which will have consequences for wider financial decision-making.

Not delivering major projects within the timeframe to which it has committed itself exposes the Council to reputational risk.

Failure to optimise income generated by commercial assets

Risk Owner

Nigel Howcutt

Portfolio

Housing and Property Services

Risk Description

Failure to optimise income generated by commercial assets

Reference to Strategic Objectives / Priorities

- Finance & Resources Operational Risk Register
- Financial Resilience.

Inherent Score

12 ▲

Mitigated Score

4.00 ★

Risk Appetite

6.00

Comments

The first half year financial performance of the commercial property portfolio, garages and parking is on or ahead of budget as previously reported to cabinet in the first quarter financial report. These assets make up the majority of the councils commercial asset that we hold.

		30 Sep 2023
Detail		Status
	Controls & Assurances	<p>The following controls aim to mitigate the risk of under-performance of the Council's commercial assets by maintaining good communication links between relevant Council services, and by regularly monitoring performance against targets (see KPIs CP01 and CP02) to ensure that underperformance is identified and addressed as quickly as possible. The existence of these controls has led to the 'Inherent Probability' of this risk occurring reducing.</p> <p>Estates officers responsible for negotiating rent reviews hold monthly meetings with the Debtors team to track current bad debtors. This increases their understanding of the economic pressures businesses are facing, and how it can impact on council income.</p> <p>There are currently InPhase performance targets to maintain the number of voids (empty properties) below 5%, and to keep the rent arrears below 10%. Failure to meet either of these targets would prompt further investigation.</p> <p>The post covid period has resulted in larger levels of debt from the period of the pandemic and as such increased levels of payment plans that result in slower payment of rental.</p> <p>The financial performance is reviewed monthly and reported as part of the corporate financial performance framework, resulting in quarterly reports to scrutiny and cabinet.</p>
	Evidence Risk is being managed	<p>In 2019/20 the commercial property service achieved occupancy of 96.2% with rent arrears of only 7%. This performance is above the targeted KPI levels and well ahead of commercial expectations.</p> <p>In 20/21 when Covid impacted the occupancy level remained strong at 95% with arrears increasing to 15% in 20/21, and up to 20% in 21/22 in reaction to the pandemic and in particular government covid restriction policies in relation to rent arrears and evictions. Arrears in 2022/23 have been on average about circa 20% which is ahead of the market average for the retail sector of circa 60%, but behind pre covid levels.</p> <p>The service have increased the number of payment plans and alternative methods for debt collection in this period and this has meant debt levels are higher than previous levels but have remained below sector averages. In a post covid scenario and with the release of government covid policies the commercial property team and debt collection service are working proactively to assess and collect outstanding debt.</p>
	Consequences / Impacts	<p>The council has a significant portfolio of commercially let properties, which provides one of the council's largest sources of income.</p> <p>Council officers must attempt to maximize income from these assets whilst avoiding the risk of vacant properties and increasing bad debts, which could arise if rents are set too high, and would jeopardise the council's achievement of its corporate objectives of Regeneration and Economic Development.</p> <p>The continuing decline in the economic environment and the difficulties it brings for local businesses increases the likelihood of this risk crystallising.</p>
Variances in General Fund revenue budget	Risk Owner	Nigel Howcutt
	Portfolio	Housing and Property Services
	Risk Description	Variances in General Fund revenue budget
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ■ Finance & Resources Operational Risk Register ■ Financial Resilience.

		30 Sep 2023
Detail		Status
Inherent Score	12 ▲	
Mitigated Score	4.00 ★	
Risk Appetite		6.00
Comments	The first quarter financial performance report, presented at Scrutiny, details the outturn projection. The General Fund is expected to deliver an underspend in 2023/24, predominantly due to strong performance of the treasury management service, due to both higher cash balances and interest rates than previously projected at budget setting.	
Controls & Assurances	<p>The following controls aim to reduce the probability of there being a variance in the General Fund Revenue Budget by ensuring that there is strong challenge put to Budget Holders on the robustness of their assumptions, from a range of audiences.</p> <p>It is intended that these controls will increase the opportunity for flawed assumptions to be exposed as soon as possible, as well as incorporating a stronger culture of financial management across the Council leading to continuous improvement in the setting of accurate budgets.</p> <p>The annual budget-setting process consists of an ongoing scrutiny process in which senior officers from across the Council, together with the Financial Services team, challenge the following year's budget bids from Group Managers.</p> <p>This scrutiny process is augmented by the Budget Review Group (BRG), consisting of officers and the Portfolio Holder and Leader, provides early Member-level challenge.</p> <p>There are two opportunities for OSCs to scrutinise the budget proposals and directly question the relevant officers before the budget report is finalised and considered by Cabinet and Council.</p> <p>Once approved, in-year budget performance is managed through monthly reporting to the SLT which underpin quarterly reports to Cabinet and OSCs.</p> <p>The Council's Financial Regulations provide a guide to all budget-holders and are subject to annual review.</p>	
Evidence Risk is being managed	<p>The Financial Performance for 2022/23 was in line with budgeted expectations, and the reserves support provided from the economic recovery reserve was in line with budgeted expectations.</p> <p>The budget required additional in year draw downs from reserves to support the inflationary pressures leading to an increased pay award and increased cost in utilities as well as to support new one off corporate initiatives.</p>	
Consequences / Impacts	<p>Accurate, well-controlled budgeting relates directly to the corporate Objective creating a modern and efficient council. Indirectly, through the financial decision-making process, this links to the achievement of all of the Council's corporate objectives.</p> <p>Inaccurate budgeting negatively affects the Council's ability to make evidence-based decisions. A significant underspend at year-end could indicate that funds have been needlessly diverted from a competing priority. A significant overspend at year-end could result in reserves being used to support lower priority objectives. Both of these could result in reputational damage for the Council.</p> <p>Failure to address the causes of inaccurate budgeting could negatively impact the Council's culture of financial management, which in turn increases the risk of poor financial decision-making.</p>	