



Title: Strategic Risk Register

Report of: Interim Managing Director

Purpose of Report

1. To recommend the approval of an updated Strategic Risk Register for the company.

Background

2. The Board approved an updated Strategic Risk Register at its meeting in November 2019.
3. At that meeting the Board also approved an updated Risk Management Policy that had been reviewed following a recommendation from Internal Audit. The Policy requires that the Strategic Risk Register is reviewed up to three times a year.

Strategic Risks

4. Strategic risks are those which are critical to the direction of an organisation. Strategic risks may be driven by government policy, competition or a change in stakeholder requirements.
5. The following four scale matrix has continued to be used for impact and likelihood:

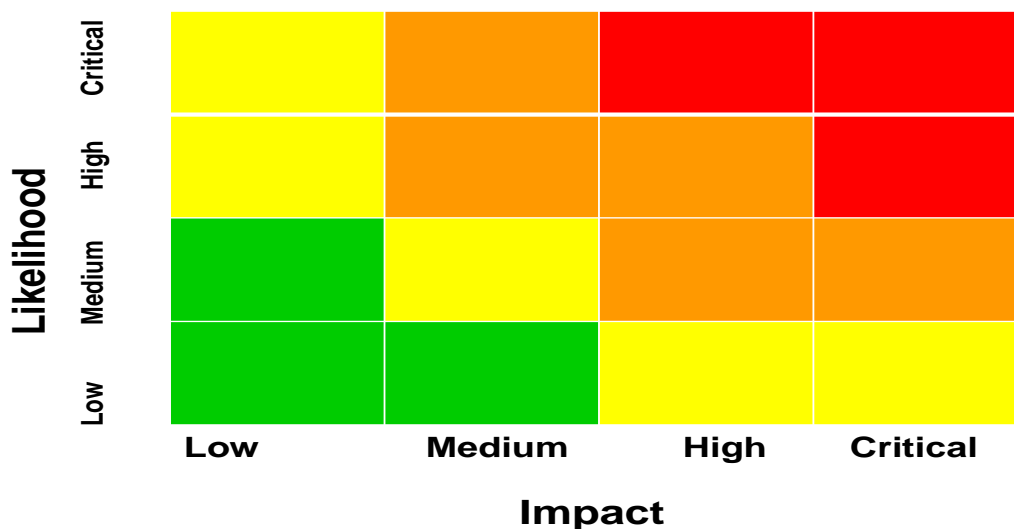
Likelihood

Scoring	Definition	Timing of occurrence
4	Almost certain	Less than 3 months
3	Likely	3 – 6 months
2	Moderate	6 – 12 months
1	Unlikely	In excess of 12 months

Impact – Strategic Risks

Scoring	Definition	Example of impact
4	Critical	Total service loss for significant period Fatality Financial loss over £500,000 Government / Council intervention
3	High	Significant service disruption Major/disabling injury Financial loss over £100,000 Adverse national media coverage
2	Medium	Service disruption Loss time injury Financial loss over £50,000 Adverse local media coverage / lots of service user complaints
1	Low	Minor service disruption / short term inconvenience Minor injury Financial loss under £50,000 Isolated service user complaints

6. The following four scale matrix demonstrates how the risks will be assessed using a traffic light system: -



Review of Strategic Risk Register

7. The Strategic Risk Register has been reviewed. The impact of the Covid-19 pandemic and the housing options review have been considered when reviewing the register.
8. The updated register is attached at the Appendix to this report. The amendments are highlighted in red.

Health Implications

9. Although there are no implications directly arising from this report, the successful implementation of the recommendations will have a positive impact on the health and well being of Gateshead residents.

Consultation carried out

10. The Strategic risks, existing and planned controls have been discussed and agreed with members of the Senior Management Team.

Impact on Customers

11. An effective risk management process will maintain the delivery of services to customers.

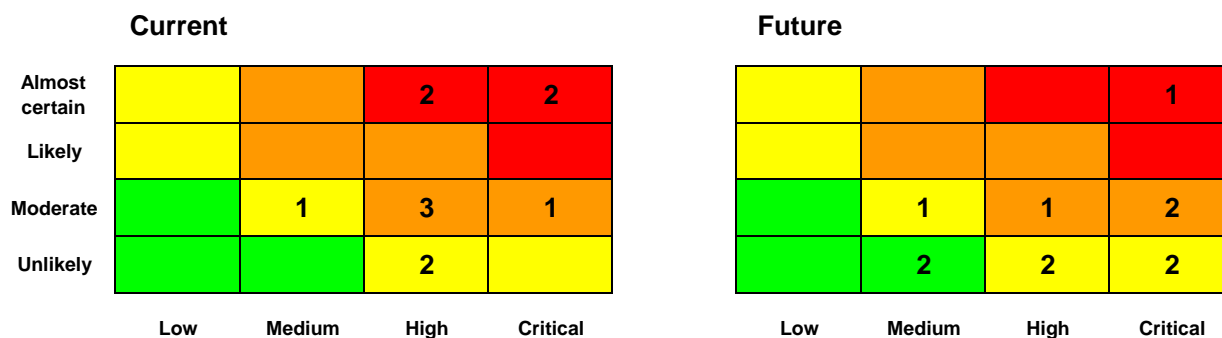
Recommendation

12. The Board is recommended to
 - (i) approve the updated Strategic Risk Register;
 - (ii) consider any other strategic risks to be added to the register.

Strategic Risk Register (July 2020)

Impact

Heat Map in October 2019



Impact

Impact

Risk No	Risk	Likelihood Current	Impact Current	Movement v previous	Owner	Likelihood Future	Impact Future
SR1	Impact on rents of universal credit and welfare reform	4	4	→	Interim Managing Director	4	4
SR2	Failure to deliver business model due to future government policy	2	4	→	Interim Managing Director	2	4
SR3	Causing serious harm or neglect to a customer, supplier or third party	3	4	→	Director of Property & Assets	1	4
SR4	Failure to adapt to the housing & support needs of our customers	2	4	→	Interim Managing Director	2	2
SR5	Failure to achieve a viable model for repairs, maintenance and capital delivery	3	4	→	Director of Property & Assets	1	4
SR6	Failure to manage the company's finances and demonstrate value for money	2	3	→	Interim Managing Director	2	3
SR7	Failure to plan the workforce efficiently	2	3	→	Interim Managing Director	1	2
SR8	Failure to maintain an effective relationship with the Council	1	3	→	Interim Managing Director	1	2
SR9	Failure to provide a response during a Major incident or business interruption affecting availability of the TGHC's resources and impacting on ability to deliver critical services impacting on communities	2	3	→	Interim Managing Director	1	3
SR10	Failure to manage effective corporate governance	1	3	↑	Interim Managing Director	1	3
SR11	Excessive levels of vacant properties	4	4	→	Interim Managing Director	2	4

SR1	Impact on rents of universal credit and welfare reform	Interim Managing Director
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Consequence of the risk	Tenants unable or not willing to pay rent. TGHC and partners unable to meet requests for assistance. Mismatch between demand and supply of appropriately sized properties. Increase in levels of voids, with associated increase in demands on resources. Some properties at risk of being unsustainable, with high turnover and low demand. Rental income significantly reduced due to increased rent arrears and void rent loss. Will lead to TGHC being unable to meet budgetary requirements within revenue, repair and capital budgets; - reduction in satisfaction with services and loss of confidence in ability to manage
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Current Likelihood	Current Impact
4	4

Previous Likelihood	Previous Impact
4	4

Existing Controls

1	Specialist teams provide information, advice and guidance, arrears prevention and recovery services and referral, including 10 x Advice and Support Officer posts embedded within the service
2	Membership of various council-led partnership groups
3	Partnership arrangements with public, private and third sector agencies
4	Advice and support for tenants looking to downsize
5	Assistance given to tenants with applications for Discretionary Housing Payments
6	Alternative Payment Arrangements (APAs) available for claimants who cannot manage the standard Universal Credit payment
7	Redesignation of properties at highest risk of becoming unsustainable
8	Claimants for Universal Credit offered support through application process
9	Facility for "any day" direct debits enables tenants to link timing of rent payment with Universal Credit payment
10	Representation at local and national meetings with DWP to review implementation of Universal Credit
11	Review of services for 2017/18 to provide smaller patch sizes and more focus on pre-tenancy advice - to support tenancy sustainability

Planned Controls

		Timescales	Named Officer
1	"Make a Change" Project - Employment support project with Gateshead Council to identify workless tenants and refer to a work coach	October 2019 - March 2022	Emma Metters
2	Recovery following Covid 19 lockdown and increase in UC claims and increase in arrears. Arrears escalation had been suspended but low level recovery action will be reactivated following issue of rent statements in July 2020	July 2020	Emma Metters
3	Monitor progress and work in partnership with council to determine when to reactivate higher level arrears activity (including court action, subject to government guidance)	July 2020 onwards	Kevin Johnson

Future Likelihood	Future Impact
4	4

Controls reduce the impact of welfare reform, but the financial impact (and impact on tenants) will continue to be (at least) high, and probably critical.

SR2	Failure to deliver business model due to future government policy	Interim Managing Director
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Consequence of the risk	Housing Revenue Account reserves reach minimum balance; ALMO model in Gateshead ends
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Current Likelihood	Current Impact
2	4

Previous Likelihood	Previous Impact
2	4

Existing Controls

1	Response to Green Paper submitted
2	Lifting of HRA Borrowing Cap
3	Increased size of Rent and Income Team to respond to Universal Credit
4	Annual monitoring of business plan (which is currently projecting that the minimum balance will be reached by 2025/26)
5	Cabinet Report - Update on EU Exit Preparations
6	TGHC contribution to Housing Strategy
7	Housing Options Review by Pennington Choices Ltd
8	Preferred option agreed by Council

Planned Controls

		Timescale	Named Officer
1	Completion of Housing Review (including HRA) Engagement Programme	30 November 2020	Kevin Scarlett

Future Likelihood	Future Impact
2	4

Risk will remain the same

SR3	Causing serious harm or neglect to a customer, supplier or third party	Director of Property and Assets
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Consequence of the risk	Fatality or serious injury to customers, employees or sub-contractors; risk of legal action; loss of reputation; regulatory intervention
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Current Likelihood	Current Impact	Previous Likelihood	Previous Impact
3	4	3	4

Existing Controls

1	Monthly RAG report shared and discussed with the Regulator
2	Business Risk and Assurance Team co-located with Council
3	Landlord compliance function strengthened
4	Compliance catch up plan
5	Forward planning of works and outputs
6	Internal audit arrangements
7	Seven Compliance Policies approved (subject to annual review)
8	5 year cyclical programme for compliance activities developed
9	Health and Safety Policies and Incident reporting procedures in place
10	Manual process for property reconciliation
11	Adopted Council's procurement procedures and approved list of contractors
12	Engagement of external and internal contractors to meet delivery programmes
13	Effective monitoring and performance reporting
14	A greater oversight of the management and control of data
15	Adequate finance and resources to ensure clear visibility of expenditure and outputs
16	Monthly partnership meetings with the Council
17	Compliance Task and Finish Group established
18	Compliance data scrutinised by Board and Audit Committee
19	Major incident procedures led by Gateshead Council
20	Preparation for outcome of Grenfell Report and Hackett Review
21	Implement structures that ensure appropriate persons responsibilities for compliance
22	Full suite of Safety Management Plans produced for all key areas of Compliance
23	Health and Safety Service Level Agreement with Council reviewed and agreed
24	Awareness of consumer standards raised with Board and Senior Executives
25	Recommendations implemented from internal audits

Planned Controls

		Timescale	Named Officer
1	TUPE of Compliance Team into the Council	01 August 2020	Debbie Worrall
2	Review and assess the impact of Covid19 to plan for the restart of the different areas of compliance that were suspended	31 July 2020	Paul Taylor
3	H&S Training programme to be delivered via SLA with the Council OD team informed by and delivered in conjunction with TGHC OD team	Ongoing with effect from April 2020	Catherine Hardman / Ian Black
4	Migration of independent data into Northgate	Ongoing	Ian McLackland
5	Align Northgate and Keystone Asset Management System through Joint Data Protocol	31 August 2020	Ian McLackland
6	Greater monitoring and visibility of compliance through KPIs and live dashboard reporting	30 September 2020	Phil Watt / Simon Chrisp
7	Data Cleansing Exercise and development of data protocols	Ongoing	Ian McLackland
8	Implementation of recommendations from health and safety internal audit 2020	31 October 2020	Stephen Foggin
9	Implementation of recommendations from asbestos management internal audit report	31 March 2021	Martin Taylor / Ian McLackland
10	Implementation of recommendations from water hygiene and legionella internal audit report	30 November 2020	Terry Lapsley
11	Implementation of recommendations from fire safety internal audit	31 December 2021	Stuart Thew
12	Implementation of recommendations from gas servicing internal audit	31 December 2020	Russell Leach
13	Development of health and safety management plan (approval by Board)	30 September 2020	Stephen Foggin

Future Likelihood	Future Impact
1	4

Planned controls will reduce the future risk

SR4	Failure to adapt to the housing & support needs of our customers	Interim Managing Director
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Consequence of the risk	Decrease in tenancy sustainability and increase in tenancy failures; greater pressures on health, social care, police, budgets; failure to have right type of housing to meet residents' needs; loss of reputation
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Current Likelihood	Current Impact
2	3

Previous Likelihood	Previous Impact
2	3

Existing Controls

1	Provision of statutory homeless service, including out of hours advice
2	Refugee resettlement programme extended for a further year
3	Housing support to vulnerable customers
4	Lettings policy and management of housing register
5	Disabled Facilities Grant, major and minor adaptations
6	Tenancy visit programme and wider tenant and estate management support
7	Medical awards for additional priority on housing register to move to a property that meets the applicant's needs
8	Safeguarding
9	Partnership working with care call
10	Support plans
11	Learning Disability Concierge Service
12	Initial review of Tyne and Wear Homes complete
13	Housing and Homeless Strategy
14	Challenged and discussed at Board and committee
15	Winlaton learning and disability new build centre complete
16	Public Sector Reform approaches implemented across homelessness and neighbourhood prototype (Beacon Lough East)
17	Response to dealing with impact of Covid19 and implementing of business continuity plans
18	Asylum and Migration Activity transferred to TGHC management

Planned Controls

		Timescale	Named Officer
1	Public Sector Reform - learning from the homelessness and neighbourhood prototypes (Beacon Lough East)	31 March 2021	Deborah Ewart / Hazel Forster
2	Review of Tyne and Wear Homes - support the Council in the development and implementation of action plan	July 2020 - March 2021	Kevin Johnson
3	Work in partnership with the Council to review the approach to local hubs established as part of the response to supporting people through Covid19	30 September 2020	Hazel Forster
4	Support the Council and Public Health in the development of a Home Improvement Agency (adaptations)	31 March 2021	Paul Andison
5	Work in partnership with the Council to consider options to look at direct access homeless provision and appropriate support for those at risk of rough sleeping	June 2020 - September 2020	Deborah Ewart
6	Completion of Housing Review Engagement Programme	30 November 2020	Kevin Scarlett

Future Likelihood	Future Impact
2	2

The planned controls reduce the risk of failing to provide appropriate housing and support. Learning from the Council's public sector reform will also inform future risk planning.

SR5	Failure to achieve a viable model for repairs, maintenance & capital delivery	Director of Property & Assets
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Consequence of the risk	Will put at risk the financial viability of the housing company and performance will suffer; impact on reputation with customers and Council
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Current Likelihood	Current Impact
3	4

Previous Likelihood	Previous Impact
3	4

Existing Controls

1	Monthly financial monitoring and reporting
2	Delivery against priority of customer focused repair service by mentoring KPI performance
3	Monitor monthly cashflow forecast and manage demand according to available budget
4	Sub-contractor management procedures reviewed and tighter controls now in place
5	Quarterly reports and scrutiny by Board and committees
6	Monthly meetings with the Council's Asset and Design Teams (Capital)
7	Partial implementation of Repairs and Maintenance Service Improvement Plan (full implementation affected by Covid-19 pandemic)
8	Introduction of integrated dashboards, PowerBI Enterprise set up live and a few local dashboards established
9	Business intelligence tools available
10	Response to dealing with impact of Covid19 and implementing of business continuity plans

Planned Controls

		Timescale	Named Officer
1	Phased and controlled approach to recovery of operational services following Covid-19 disruption	31 March 2021	Phil Hogg, Scott Straughn, Paul Taylor
2	Full implementation of Repairs and Maintenance Service Improvement Plan	31 March 2021	Phil Hogg
3	Further refinement and development of service dashboards appropriate to job role	31 March 2021	Marie John
4	Continuous review of joint working with the Council to develop pre-construction activity	Ongoing	Ann-Marie Gibson
5	Continued service improvements identified via Property and Assets Review and C-Change Working Groups (policies and procedures; performance management; Human Resources; commerciality; stores, procurement and supply chain; Service Level Agreements; compliance)	Ongoing	Marie John
6	Work with Council to develop visible rolling 5-year investment programme, including new build	31 March 2021	Ian Price
7	Review of structures to ensure fit for future purpose	31 March 2021	Ian Price
8	Enable effective performance management and reporting through ICT solutions such as dashboards and digital solutions (aligned to Property and Assets Review). Will continue to encourage services to adopt and use them.	Ongoing	Marie John
9	Further utilize available system data to develop services, provide efficiency and generate savings	31 March 2021	Ian Price

Future Likelihood	Future Impact
1	4

Planned controls will significantly reduce the future risk
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SR6	Failure to manage the Company's finances and demonstrate value for money	Interim Managing Director
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Consequence of the risk	Financial loss to the Company that we are unable to meet through our reserves, inability to deliver services and maintain staffing levels
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Current Likelihood	Current Impact
2	3

Previous Likelihood	Previous Impact
2	3

Existing Controls

1	Regular, accurate budget monitoring scrutinised by TGHC Resources Committee & Monthly Finance Meeting
2	2019/20 Budgets approved by Board
3	Comprehensive Internal Audit programme reported to Audit Committee
4	External Audit carried out annually, no significant issues ever raised
5	Robust insurance arrangements in place - all claims handled by the Council
6	Qualified Finance Team in place
7	Financial Regulations and standing orders in place and regularly reviewed
8	Challenged and discussed at Board and Committees

Planned Controls

		Timescale	Named Officer
1	Approval of 2021/22 budget	31 March 2021	John Turvey
2	2021/22 - 2023/24 Internal Audit Plan	31 March 2021	Neil Bouch

Future Likelihood	Future Impact
2	3

The planned controls will mitigate the risk, however the risk rating will not change

SR7	Failure to plan the workforce efficiently	Interim Managing Director
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Consequence of the risk	Increased turnover, loss of knowledge and expertise, productivity and reduced customer satisfaction resulting in low morale and engagement, increased sickness absence and stress levels amongst existing staff; increased use of agency workers and temporary appointments
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Current Likelihood	Current Impact
2	3

Previous Likelihood	Previous Impact
2	3

Existing Controls

1	Absence management policy and procedure
2	HR policies and procedures around capability, performance management and recruitment and selection
3	Recruitment and selection procedure
4	Apprenticeship Programme
5	Mental health first aiders
6	Occupational health including counselling and physiotherapy
7	Joint working with Gateshead Council
8	Management development training
9	Scrutinised quarterly by Resources, Audit and Performance Committee and the Board
10	New comprehensive performance management system in place
11	New Recruitment Policy
12	Methods of employee communication reviewed since Covid 19 pandemic
13	Harmonisation of terms and conditions of Property and Assets employees

Planned Controls

		Timescale	Named Officer
1	Work in partnership with the Council to complete Phase 1 of the engagement programme	30 November 2020	Debbie Worrall
2	Joint working with the Council to develop a framework that promotes joint working with trade union colleagues	31 March 2021	Debbie Worrall
3	Review of Property and Asset Directorate structures	31 March 2021	Ian Price
4	Joint working of TGHC HR and OD Teams within Council to strengthen shared working approach	31 March 2021	Debbie Worrall

Future Likelihood	Future Impact
1	2

Planned controls will reduce the future risk
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SR8	Failure to maintain an effective relationship with the Council	Interim Managing Director
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Consequence of the risk	Loss of confidence from the Council
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Current Likelihood	Current Impact
1	3

Previous Likelihood	Previous Impact
1	3

Existing Controls

1	TGHC representative on Council's Corporate Management Team
2	Regular meetings between Managing Director and Council's Chief Executive
3	Quarter partnership meeting with the Council (monthly monitoring meetings)
4	Service Level Agreements with Council
5	Finance Business Partner seconded to Council
6	Attendance at Housing Portfolio Meetings
7	Contribution to Overview & Scrutiny Committee reports, particularly on housing and health
8	Co-location of Compliance Team
9	Quarterly Exec to Exec Partnership Meetings
10	Monthly Joint Revenue and Financial Monitoring Meetings
11	Monthly Joint Compliance Review Meetings
12	Collaborative approach with Council to New Build and Capital Projects
13	Joint working with Council on public sector reform
14	Variation to Management Agreement between TGHC and Council
15	Preferred option that the management and maintenance of the Council's housing stock is reintegrated within the Council

Planned Controls

		Timescale	Named Officer
1	Completion of Housing Review Engagement Programme	30 November 2020	Kevin Scarlett

Future Likelihood	Future Impact
1	2

Planned controls will reduce the future risk

SR9	Failure to effectively manage business continuity Failure to provide a response during a Major incident or business interruption affecting availability of the TGHC's resources and impacting on ability to deliver critical services impacting on communities	Interim Managing Director
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Consequence of the risk	As with all organisations the Housing Company faces exposure to a number of external and internal events that could impact on the availability of the resources needed to perform its critical functions, for example, inability to deliver services, leading to an impact on customer satisfaction and potential financial losses to the Housing Revenue Account; potential cyber hacking
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Current Likelihood	Current Impact
2	3

Previous Likelihood	Previous Impact
2	3

Existing Controls

1	Business Continuity Plan in place - can be accessed remotely
2	ICT Security Policy - GDPR, Information Security, Firewalls
3	ICT SLA with Council and Partners
4	Links with Council's Emergency Planning Team
5	Gateshead Council's Emergency Planning, Resilience and Response Manager leading on implementation of recommendations identified from internal audit of Business Continuity and Risk Management
6	Business Continuity Plan Website fully reviewed during reassessment of all services and functions
7	Business Impact assessments updated to identify critical services and business continuity plans produced during Covid-19 - agreed with Council
8	Business Continuity Planning Policy - approved by Board in November 2019
9	Covid-19 Risk Register produced with Council
10	Regular meetings of Senior Management Team during pandemic
11	Weekly board updates during pandemic
12	Report to Board on impact of Covid-19 on HRA and ALMO

Planned Controls

		Timescale	Named Officer
1	Phased and controlled approach to recovery of operational services following Covid-19 disruption	31 March 2021	Heads of Service
2	Undertake a debrief / lessons learnt exercise following COVID-19 on the effectiveness of the business impact assessments and use of the business continuity plans. Take forward any learning with regards to updates of assessments, plans and any future training and exercising.	TBC	TBC
3	Undertake assurance exercise with key partners and suppliers and develop a procedure to ensure a level of scrutiny to business continuity information	31 August 2020	David Patterson
4	Develop and implement a training and exercising programme for the Senior Management Team, all employees and Board Members in relation to business continuity if appropriate following the lessons learnt exercise	TBC	TBC

Future Likelihood	Future Impact
1	3

Planned controls will reduce the future risks

SR10	Failure to manage effective corporate governance	Interim Managing Director
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Consequence of the risk	Failure to manage effective corporate governance could lead to poor strategic decision making, reputational damage to the company and could ultimately lead to direct intervention from the Council.
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Current Likelihood	Current Impact
1	3

Previous Likelihood	Previous Impact
2	2

Existing Controls

1	Board consisting of 5 tenants, 5 independent and 5 Councillor Directors
2	Appointment of two co-optees onto the Board
3	Training and appraisal programme in place for all Board Members
4	Annual Governance Review undertaken
5	Board Governance Pack provided to all Board Members
6	Comprehensive tailored induction programme provided to all new Board Members
7	Board members code of conduct in place
8	Internal and External Audits of the company
9	Temporary Executive Management Team established
10	New committee structure agreed in January 2020
11	Articles of Association amended to enable meetings to be delivered digitally and up to two co-optees to be appointed onto the Board
12	Board Members Teams Site established and virtual board and committee meetings delivered
13	Board training by HQN on change management and roles and responsibilities - took place in July 2020
14	Housing Review Board Workshop

		Timescale	Name officer
1	Board Appraisals 2020	30 September 2020	Stuart Gibson

Future Likelihood	Future Impact
1	3

This is an area that is already being effectively controlled and the future planned controls will ensure this continues

SR11	Excessive levels of vacant properties	Interim Managing Director
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Consequence of the risk	High level of vacant property rent loss; delays in meeting housing needs; dissatisfaction from residents who see properties standing vacant.
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Current Likelihood	Current Impact
4	4

Previous Likelihood	Previous Impact
4	4

Existing Controls

1	Management of choice based lettings scheme (Tyne and Wear Homes)
2	Identification of low demand properties, with additional advertising and promotion
3	Void team carry out relet works and deliver lettable standard
4	Viewing team accompany applicants with aim of minimising refusals
5	Support provided to the council in development of stock options appraisals
6	New energy contract for void properties with Robin Hood Energy
7	Initial review of Tyne and Wear Homes complete
8	Voids senior management working group established
9	Void categories reviewed
10	Sub-contractor management reviewed to support delivery
11	Structural void management procedure implemented to deliver works by capital team and minimise impact on internal void workforce
12	Management of applicant vetting checks reviewed

Planned Controls

		Timescale	Named Officer
1	Phased and controlled approach to recovery of operational services following Covid-19 disruption	31 March 2021	Kevin Johnson / Phil Hogg
2	Develop and commence work following a one off tender exercise to reduce void levels in work to reasonable levels	31 August 2020	Phil Hogg
3	Integrate void service into wider R&M umbrella for service consistency and best use of resources	31 August 2020	Phil Hogg
4	Review structures following integration of void service into wider R&M umbrella	31 March 2021	Phil Hogg
5	Effectively manage sub-contractors to reduce void levels in work	31 March 2021	Phil Hogg
6	Review of Tyne and Wear Homes - support the Council in the development and implementation of action plan	July - March 2021	Kevin Johnson
7	Continue to work in partnership with Gateshead Council to develop future stock options around hard to let stock and any recommendations	Ongoing	Kevin Johnson
9	Development Void Management Policy and supporting operating procedure	31 March 2021	Phil Hogg
10	End to end monitoring of voids, including effective record keeping and performance monitoring	31 March 2021	Mark Charlton
11	Review of lettable standard	31 March 2021	Phil Hogg/Mark Charlton
12	Review management of applicant vetting checks	31 September 2020	Deborah Ewart

Future Likelihood	Future Impact
2	4

Successful implementation of the planned controls will reduce the risk