Title:	Risk Management Report		
Date:	3rd November 2014		
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Confidential:		No	
For: (Please tick action required)	**NOTING** ✓	**DISCUSSION**	**APPROVAL**

PURPOSE OF REPORT
To provide an update to the Board on the effectiveness of our current risk management arrangements and present a snapshot of the current risk register.

RECOMMENDATION
The Board is asked to note the current risk register and the arrangements in place to control and mitigate the risks to the business.

ASSURANCE FRAMEWORK COMPLIANCE	
Risk Management	The Board has overall responsibility for managing and controlling the organisation's risks including any new and emerging risks. The Board should be satisfied that existing arrangements are robust and adequately protect the company from adverse events that impact on the ability of Northwards to achieve its business objectives.
Regulatory & legal compliance	Where appropriate this is covered within the risk report. The organisation is required to have effective arrangements in place to meet all regulatory requirements.

Consultation/Consideration:

	Yes, No or N/A:	**Name:**	**Date:**
Sub-Committee:	No		
Area Panel:	N/A		
Task Groups:	N/A		
Ward Councillors:	N/A		

Background

1. The Board has agreed to receive a summary risk report twice a year. The last report was presented to the Board in May 2014.

2. The Board carries the ultimate responsibility for Northwards Risk Management Strategy. In practice effective management and monitoring of new and emerging risk is delegated to the Audit Sub Committee. The Committee receive overview reports at their quarterly meetings summarising the key changes. They also review the minutes of the operational Risk Review Group attended by Senior Risk Owners (SROs) from across the organisation. SROs have lead responsibility for specific risks and mitigating actions. The Risk Review Group meets twice a year (20th March and 15th October 2014), although reviews and updates of the risk register can be more frequent based on a range of circumstances.

3. The Internal auditors BDO report annually on the effectiveness of our risk management and as reported in May 2014 their annual report in April which is based on the results of the audit work carried out throughout the year, assessed the governance, risk management and control arrangements to 'substantially meet expectations' (the second highest level of assurance).

4. The risk register is held on our Covalent performance management system and this report provides a snapshot of current activity on 3rd November 2014.

Risk Management Activity

5. The key areas of risk facing the organisation at this time are:

    *   The budgetary constraints and the longer term challenge and financial viability of maintaining the existing level of services beyond 2014/15;
    *   Reduction in MCC funding, along with reduction is Supporting People funding and the care of older people in our communities given health services are already overstretched;
    *   The impact of welfare reform changes, specifically Universal Credit;
    *   Outstanding training for staff to reduce the risk of non-compliance with the provisions of data protection and email encryption.
    *   Wider cuts in public services and the combined effect of current political, social and economic climate on social exclusion and the potential for an increase in community tension.

    All of the above risks are being mitigated or there are control measures in place to manage the impact where it is possible to do so. Wider risks to the business are being monitored closely and via work with our key partners.

6. There remain ten high level strategic risk areas across the business and there are 81 lower level risks which feed into these risk areas, as per the attached report.

7. Overall the risk level remains at 'amber' level which is to be expected.

Recommendation

The Board is asked to note the current risk register and the arrangements in place to control and mitigate the risks to the business.
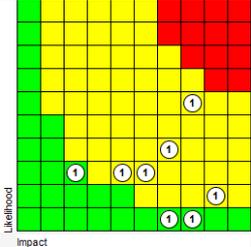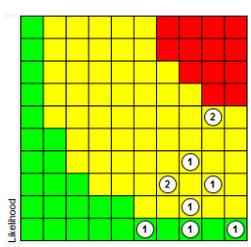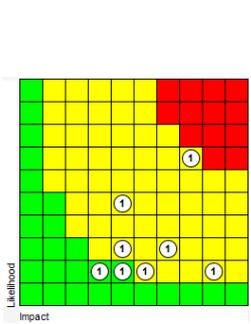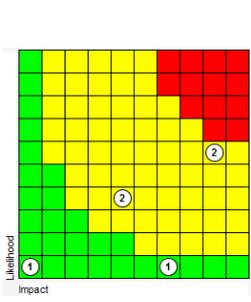
Risk Register Summary Report
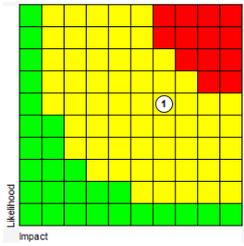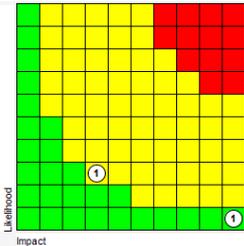
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Risk Status	
🔴	Alert
⚠️	Warning
✅	Low Risk

(Previous highest risk score in brackets)

Risk	Risk Level	Current Risk Matrix	Summary
RR-00 Risk Register	⚠️		Overall average risk score is: 21. There has been some increase in risk in reputation; external factors and regulation to reflect some small changes also a delay in progressing the procurement strategy with MCC; unknown impact of universal credit. Financial forecasting for the remainder of the year indicates a small surplus or break-even position, despite additional spending on IT. Progress with health and safety performance management has resulted in a reduction in current risk in this area.

Risk Title	Risk Status	Current Risk Matrix	Current Risk Score	Risk Issue Summary
RR-01 Financial	⚠️		Highest 35 (36) Average 19 Lowest 4	Monthly capital programme review meetings are held with Manchester Working and MCC to discuss progress and spend on each project, and to decide on corrective action if necessary. Projected spend for 2014/15 is currently in line with the budget. A budget review meeting has enabled a better prediction of the projected overspend on ICT at the end of the year of £60-70k due to expenditure unknown. Head of Finance is in discussion with MCC how this will be funded. Void expenditure continues to be monitored closely by EMT due to turnover. Recent forecasting exercise across the organisation suggests a break even or small surplus position. New Standing Financial Instructions are being drafted for approval by the Board and implementation in the new year.
RR-02 Failure to manage and preserve reputation	⚠️		Highest 32 (18) Average 19 Lowest 8	The risk of not dealing with media enquires properly is being mitigated in part with more effective internal communication e.g. establishment of EMT/CLT meetings every fortnight. Minutes are shared with senior managers. Effective arrangements now in place for dealing with the media via Media / Comms Specialist. In addition we have recently established firmer links with MCC comms. Some additional controls have been put in place over use of USB access on PC's which is one of the larger security risks several virus infections. The whole area of controlling USB access is something we will revisit with our new IT infrastructure provider.
RR-03 Health & Safety	⚠️		Highest 24 (32) Average 11 Lowest 5	Actions identified by internal audit in June 2014 have been implemented. Closer performance management arrangements are now in place for monitoring consultancy service. Current arrangements to be market tested via tendering exercise in Oct/Nov '14. Policy and safety management system recently updated. Lone worker training also being planned for the end of 2014.

RR-04 Human Resources - inadequate work force / people management			Highest 48 (48) Average 19 Lowest 7	We continue to proactively and positively coach managers to ensure formal action on disciplinary, grievance and discrimination issues are a last resort. Year to date, one grievance has been submitted and cases of underperformance identified by the personal review process are being addressed.
RR-05 Customer Service - Failure to maintain the confidence of our customers and partners			Highest 54(54) Average 25 Lowest 6	A new multi-channel strategy with a focus on digital engagement will be developed in 2015. Work is commencing to re-procure a new housing management IT system that will also facilitate a greater level of self service and improved user experience via the website from the end of 2016. A new website design will launch in 2015. Operational services stable and performing well against KPI's. Latest customer satisfaction survey results positive. A piece of work is on-going to review and improve communications.
RR-06 Relationships with the Council			Highest 56(40) Average 21 Lowest 8	The Collyhurst Home Improvement programme 2014/15 is well underway Collyhurst Environmental project is approved and ready to start on site. This is the final year of Back Log Decent Homes funding and all outputs and spend targets are being closely monitored. Spend profile is in line with the required spend. We have reached agreement with MCC about starting a tender process to replace the Civica IT system. Agreement has also been reached on the future hosting and support of the application to improve the current poor arrangements. MCC have also committed to having strong SLAs in place and a new more open, constructive relationship with us. All this is some way in the future and so the risk remains at the previous high level.
RR-07 Management of External Factors			Highest 54(32) Average 26 Lowest 1	EMT / CLT review and advise the Board and Horizons Group on development in external environment - proactive not reactive. Regular review of contractor performance and reporting to Board / Area Panels. Commenced re-procurement exercise for expiry of MWL contract August 2016. Still awaiting MCC agreement to procurement strategy. Government introducing Universal Credit - impact still unknown. Supporting People - risk mitigated for current financial year, and increased rent being paid across by MCC as agreed. 2015 / 16 will see further income reductions, but Neighbourhood Services working on plan to reduce costs.
RR-08 Effective Governance			Highest 45 (36) Average 22 Lowest 16	Governance action plan developed. Board adopted NHF Code of Governance. New Board Members inducted. Board Away Day concentrated on governance Nov '13. Board appraisals undertaken in July / Aug '14. Continuity of board membership into 15/16. No change. New audit plan agreed with BDO. Risk seminar delivered to Board in June which will increase effectiveness of governance in this area. Continuity of board membership into 2015/16
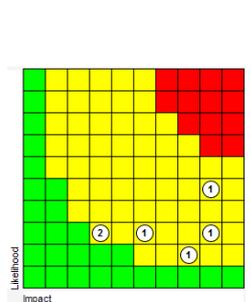
RR-09 Regulatory Requirements	⚠️		Highest 42 (14) Average Lowest	Tenants' View completed latest scrutiny exercise and reported to Board in July. Next project is to carry out impact assessment of tenant scrutiny work. Regulatory issues around governance risk see RR-08. Low risk around consumer standards and sector wide breaches confined to serious detriment around gas safety / servicing. Internal audit for gas servicing draft report prepared highlights potential increase in risk. Independent assurance also obtained from annual CSE assessment re consumer issues related to regulatory standard.
RR-10 Business Continuity	⚠️		Highest 12(12) Average 11 Lowest 10	Current BCP is up to date. Annual testing exercise completed in October 2014. The migration to our new IT infrastructure is well underway and should complete in November 2014. At this point we will have improved resilience in the network and a backup data centre operational. ICTs disaster recovery / business continuity policies will be reviewed in December as part of the overall process of documenting our new infrastructure.