	Report to:	**Item No:**
Northwards Housing North Manchester's Council Homes	Northwards Housing Board 12th May 2015	**8c**

Title:	Risk Management Report	
Date:	30th April 2015	
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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. This is the first of two risk register reports that the Board receives each year, in addition to a quarterly report that is taken to the Audit Sub Committee.

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, although reviews and updates of the risk register can be more frequent via the Covalent performance management system.

3. The Internal auditors BDO report annually on the effectiveness of our risk management. Their annual report in April 2014 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). Our new internal auditors TIAA are scheduled to review our risk management arrangements during 2015.

Risk Management Activity

4. The key areas of risk facing the business at this time are:

    (a) <u>Insufficient funding beyond 2015/16</u> to maintain service levels (RR-01)

    (b) <u>Ongoing risk of Civica IT system</u> pending the outcome of the re-procurement exercise on behalf of MCC to implement a new system in late 2016 (RR-06)

    (c) <u>Future impact of welfare reform</u> and the roll out of Universal Credit (RR-07).

    (d) <u>Failure of staff to comply with the provisions of the DPA</u>. The planned refresher training for staff was delayed to prioritise a transfer to a new IT network. This work is completed and training will commence in the first half of 2015. Email encryption has been reviewed as part of an internal audit and the Data Protection Policy has more recently been updated (RR-02).

5. 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.

6. There remain ten high level strategic risk areas across the business and approximately 60 lower level risks, as per the attached report.

7. Overall the risk level remains at 'amber' level which is within the acceptable risk appetite of the Board as set out in the risk management strategy.

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.
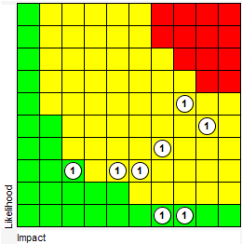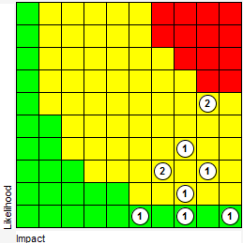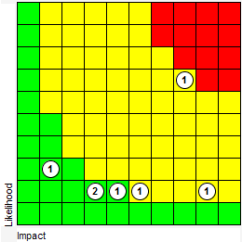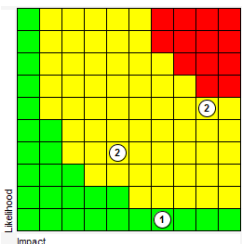
Risk Report for Board 12.5.15

Report Author: Steve Finegan
Generated on: 30 April 2015
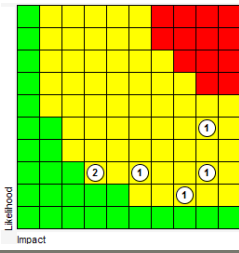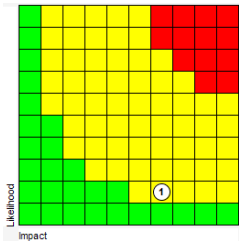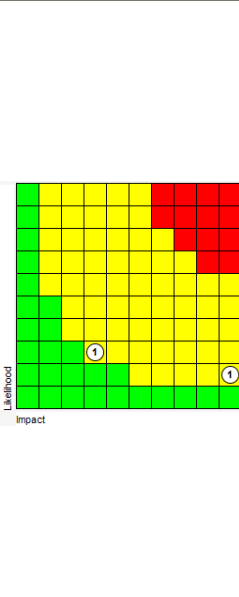
Risk Status	
🔴	Alert / High Risk
⚠️	Medium Risk / Warning
✅	Low Risk

Previous highest risk score in brackets

Risk	Risk Level	Current Risk Matrix	Summary
RR-00 Risk Register	⚠️		There is no significant change in the overall risk level, although the current risk matrix highlights several risks where and increase in likelihood and impact is a concern. The top amber risk on the left relates to a projected overspend at the end of the year due to unbudgeted costs for ICT expenditure (see below). The 'red' risk concerns the insufficient funding to maintain existing service levels from 2016/17 without an increase in the management fee. The board is already aware of the actions being taken to mitigate the impact of this risk.

Risk Title	Risk Status	Current Risk Matrix	Current Risk Score	Risk Issue Summary
RR-01 Financial	⚠️		Highest 72 (35) Average 19 Lowest 3	There was an over spend overspend at the end in the ICT budget primarily due to unbudgeted costs of rolling out lone worker devices and the expenditure on consultancy to support the Civica replacement tender. Northwards is in year 4 of fixed 5 year management fee. Insufficient funding in years 4 and 5 has been addressed temporarily via an uplift in the management fee for 15/16, but negotiation is required for future years. Although we are likely to make a small deficit in 2014/15 and the Board have approved a deficit budget of £350k for 2015/16, the Company maintains a very healthy cash balance and this, along with normal income streams, is more than sufficient to meet the operating requirements of Northwards.
RR-02 Failure to manage and preserve reputation	⚠️		Highest 24 (32) Average 17 Lowest 8	Now that our new ICT infrastructure contract is operating we are in discussion with the supplier over network security (penetration) testing and security controls over USB devices and smartphones. The localised demolition of some of the Collyhurst properties are managed with MCC via regular updates to residents via the 'Collyhurst Resident Liaison Group' which meets bi-monthly to report on progress etc.
RR-03 Health & Safety	⚠️		Highest 24 (24) Average 19 Lowest 10	Health and safety consultancy contract signed and continuity of support. Statutory training requirements remain compliant. All new starters complete statutory training within the first week of employment. Refresher health & safety statutory training is due to be completed via e-learning again in 2015.

1

Risk Title	Risk Status	Current Risk Matrix	Current Risk Score	Risk Issue Summary
RR-04 Human Resources - inadequate work force / people management	⚠		Highest 64 (48) Average 24 Lowest 7	Year to date, there have been 3 cases of disciplinary action and 2 grievances submitted. In addition, there are still about 6 long standing cases some of which are about to conclude. This year labour turnover is 5.4%, 27 new starters and 18 leavers. The People Planning meetings with heads of service are completed with resourcing planned for our short and long term objectives. Work on refresher DPA e-learning programme ongoing with a view to roll out across the organisation in April 2015
RR-05 Customer Service - Failure to maintain the confidence of our customers and partners	⚠		Highest 54 (56) Average 25 Lowest 6	A 12 month digital inclusion action plan is now in place (Feb 15) and includes a number of projects to raise awareness and increase digital literacy skills. The Wi-Fi pilot project to high rise blocks is now being led by MCC and is not expected to deliver any outputs until late 2015. A new website / service portal will be available from Summer '15 to meet current digital accessibility standards and phase 2 with fully integrated repairs service will launch in 2017. Gas Servicing - KPI figures remain above target at 100% for the last 4 months. The 2014/15 Northwards capital programme is currently on programme with a small underspend at year end. Customer satisfaction remains very high across all projects. Safeguarding children refresher training is ongoing. All frontline staff will receive this training before the end of the summer.
RR-06 Relationships with the Council	⚠		Highest 56 (56) Average 17 Lowest 6	Performance good despite impact of welfare reform. Benchmarking arrangements and Annual Performance Review agreed with Council. Review performance in context of activity-based costs; once further developed. Amendment to Management Agreement required for Manchester Move. Efficiency review to be undertaken in 2015. The tender for the replacement of Civica IT system is due to be issued during April and go live is likely to be around Oct 2016. Until then it is very unlikely the risk score will improve.
RR-07 Management of External Factors	⚠		Highest 54 (54) Average 31 Lowest 7	Board Planning Day in April 2015 to review challenges in 2015-16 and beyond. Impact of Universal Credit still unclear. Northwards Business Plan within HRA budget plans. Tenants Business Planning event in April '15. Further review at Board Away Day 24th April and action plan for 15/16 to be agreed by Board May '15. Commenced re-procurement exercise for expiry of MWL contract August 2016.

RR-08 Effective Governance			Highest 45 (45) Average 22 Lowest 12	Governance action plan to be reviewed by board in April '15. KPI targets to be reviewed and agreed by the Board in May '15. Board member recruitment planned over the summer. New internal auditors TIAA appointed from April '15.
RR-09 Regulatory Requirements			Highest 14 (14) Average Lowest	No significant regulatory concerns at this time. Tenants' View currently undertaking a scrutiny exercise and anticipate reporting to the board in May plus a summary report of work to date.
RR-10 Business Continuity			Highest 20 (12) Average 16 Lowest 12	Current BCP issued in January 2015. Last test in October 2014 and live incident involving evacuation of a high rise block in February 2015 includes comprehensive lessons learned report and will serve as the annual BCP test for 2015. Small increase in risk reflects a number of minor updates needed to the plan. Report to Audit Sub Committee in July '15. The migration to our new ICT infrastructure is completed with the exception of the improved network resilience and the backup data centre. These are in progress and should all be operational by mid-April. Our Disaster Recovery plan is being rewritten to take account of the changes. Another improvement is the upgrade to Promaster which would allow us to make it available via our home working setup. This project is also in progress and will be completed in April. Once these projects are complete the likelihood of a problem will drop.