

## OVERVIEW AND SCRUTINY COMMITTEE

**DATE OF MEETING:** 19 MARCH 2019

**TITLE OF REPORT:** CORPORATE RISK REGISTER

**Report of:** Internal Audit Manager

**Cabinet member:** Councillor David Neighbour, Finance

### 1. PURPOSE OF REPORT

- 1.1 As part of the Council's governance framework is essential that it identifies and manages risk that it is exposed to.
- 1.2 The Council has a Corporate Risk Register which should be reviewed by management on a regular basis and reported to members to provide assurance that appropriate arrangements are in place to mitigate identified risks.

### 2. OFFICER RECOMMENDATION

- 2.1 That the Committee reviews the content of the Corporate Risk Register.

### 3. BACKGROUND

- 3.1 This report provides members with an update on the content of the Corporate Risk Register for the Committee to review. A report on the effectiveness of the risk management framework in place is reported to the Audit Committee.
- 3.2 It is important to recognise that responsibility for risk management lies with management. Internal Audit will facilitate the process which will include reporting on both the content of the Corporate Risk Register and the effectiveness of the framework.

### 4. FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications directly associated with this report.

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#### **Appendices:**

Appendix 1 - Corporate Risk Register

Appendix 2 - No deal Brexit Risk

CORPORATE RISK REGISTER FEBRUARY 2019

<b>Governance Risk</b>	<b>Impact: Significant</b> <b>Likelihood: Possible</b>				<b>Assessment: Amber</b>
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigations</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
<b>Failure in governance framework</b> ➤ Reputational risk ➤ Service failure ➤ Decisions are ultra vires	Amber	➤ Committee structure in place ➤ Statutory Officers all in place ➤ Compliance with the law ➤ Legal advice readily available enabling issues or concerns to be checked	Full	Green	
<b>Risk appetite not identified</b>  Uncertain about level of risk that is acceptable	Amber	➤ Regular informal discussions with Cabinet and Political Group Leaders to establish appetite for risk before projects proceed. ➤ Each project is discussed and agreed with the respective Portfolio Holder prior to inception ➤ Operational Risk Registers are reported to Service Boards	Partial	Amber	Risk training
<b>Monitoring and reporting of risk</b>  ➤ Governance failure	Amber	➤ Risk framework is reported to Audit Committee	Full	Green	

<ul style="list-style-type: none"> <li>➤ Risk not considered in decision making process</li> <li>➤ Lack of Awareness of risk</li> </ul>		<ul style="list-style-type: none"> <li>➤ Corporate Risk Register is reviewed quarterly by management and reported to Scrutiny</li> <li>➤ Operational Risk Registers are reported to Service Boards</li> </ul>			
<p><b>Culture</b></p> <ul style="list-style-type: none"> <li>➤ Quick decisions may be taken without full knowledge of risk</li> <li>➤ Less bureaucracy and therefore reduced cost</li> <li>➤ Agile environment</li> </ul>	Amber	<ul style="list-style-type: none"> <li>➤ Transparency on decisions remains</li> <li>➤ Full list of delegated powers within the Constitution and Scheme of Delegation.</li> <li>➤ Effective urgent decision making process within the Constitution for decisions not delegated to Officers.</li> <li>➤ Risk is identified during key decision making processes.</li> <li>➤ Always act within the law</li> <li>➤ Consultation process within management structure e.g. Monitoring Officer and S151 Officer</li> </ul>	Partial	Amber	Risk Training
<p><b>Complex governance arrangements for outsourced and shared services</b></p> <ul style="list-style-type: none"> <li>➤ Decisions can be outside of council's control</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Can partly rely on 5 Councils governance framework and Joint Client Team.</li> <li>➤ Joint Governance Groups in place for most shared services.</li> <li>➤ Recent peer review identified strengths and weaknesses in the way shared and outsourced services are delivered.</li> </ul>	Partial	Amber	Continue to embed working arrangements of the 5 Councils Central Client Team.

<ul style="list-style-type: none"> <li>➤ Service failures are not identified in a timely manner</li> </ul>					
<p><b>Political risk</b></p> <ul style="list-style-type: none"> <li>➤ Clear long term vision not fully embedded</li> <li>➤ Relationships between political parties</li> <li>➤ New members</li> <li>➤ Succession planning for new members</li> </ul>	<p>Red</p>	<ul style="list-style-type: none"> <li>➤ Political awareness is effective</li> <li>➤ Regular meetings between Joint Chief Executives and the Leader of the Council</li> <li>➤ Regular meetings between the Political Group Leaders and Joint Chief Executives</li> <li>➤ Regular meetings with Cabinet</li> <li>➤ Regular meetings between Heads of Service and Portfolio Holders</li> <li>➤ Creation of Political sub-group to consider long term vision, a recommendation of the recent Peer Review</li> </ul>	<p>Partial</p>	<p>Amber</p>	

<b>Employee Resource Risk</b>	<b>Impact: Significant</b> <b>Likelihood: Very High</b>				<b>Assessment: Red</b>
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigations</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
<b>Single points of expertise, failure</b>  <ul style="list-style-type: none"> <li>➤ Resilience</li> <li>➤ Capacity</li> <li>➤ Unable to respond to customer needs in a timely manner</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Sharing knowledge</li> <li>➤ Opportunities to leverage expertise from other Councils</li> </ul>	Limited	Red	Review resource levels in some areas  Improved sharing of knowledge  Increased use of digitalisation to provide business as usual information to residents, increasing capacity to deal with more technical issues.
<b>Resources are not allocated appropriately</b>  <ul style="list-style-type: none"> <li>➤ Resource issues in some areas of back office services</li> <li>➤ Able to respond to customers in a timely manner</li> <li>➤ Resource is insufficient in some areas</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Cabinet approves Corporate Plan which identifies priorities for the Council</li> <li>➤ Service Plans are approved by Cabinet, which delivers the Corporate Plan</li> <li>➤ Individual personal development objectives are set against the Service plans</li> </ul>	Limited	Red	As per Peer Review Recommendation, review the staff structure to align capacity with priorities and workload  Prioritise resources to match Corporate Plan

		<ul style="list-style-type: none"> <li>➤ Organisational review has now started</li> <li>➤ Where there is unforeseen workload, resources are allocated to front line services/priority areas.</li> </ul>			
<p><b>Skills/Knowledge/Training</b></p> <ul style="list-style-type: none"> <li>➤ HR knowledge is provided by a third party</li> <li>➤ Performance management (including PDR's and one to one's) are not completed</li> <li>➤ Possible skills gaps</li> <li>➤ Employees become demotivated.</li> <li>➤ Resources not allocated to support priorities</li> </ul>	Amber	<ul style="list-style-type: none"> <li>➤ Professional training to support continuing professional competency is available as appropriate</li> <li>➤ Job related training is encouraged within budget restraints</li> <li>➤ Membership to professional bodies is available to staff as part of their contract of employment, if appropriate.</li> <li>➤ Programme of mandatory corporate training to raise awareness and improve skills on a number of areas, e.g. Cyber Security, GDPR, Fraud Awareness</li> <li>➤ Recruitment process includes the creation of a Person Specification which sets out key basic qualifications/knowledge or skills for the post.</li> <li>➤ Staff are asked about opportunities to further develop or gain skills through their performance management process</li> </ul>	Partial	Amber	Review effectiveness of training needs assessment

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<p><b>Less time to do tasks</b></p> <ul style="list-style-type: none"> <li>➤ Capacity</li> <li>➤ Too many responsibilities</li> <li>➤ Error rate may increase</li> <li>➤ Quality of services provided to customers deteriorates</li> </ul>	<p>Red</p>	<ul style="list-style-type: none"> <li>➤ Focus of service delivery is on <ul style="list-style-type: none"> <li>○ Statutory obligations</li> <li>○ Services delivered in accordance with Council approval</li> <li>○ Projects set out in the Corporate Plan/Service Plans</li> </ul> </li> <li>➤ Monitoring of Operational Performance is at Service Boards</li> <li>➤ Monitoring of personal performance is at regular one to one's</li> </ul>	<p>Limited</p>	<p>Red</p>	<p>Consider opportunities to increase capacity temporarily in periods of high (unplanned) demand.</p>
<p><b>Staff morale</b></p> <ul style="list-style-type: none"> <li>➤ Retention of staff</li> <li>➤ Performance of employees</li> </ul>	<p>Amber</p>	<ul style="list-style-type: none"> <li>➤ Health and Wellbeing is taken seriously</li> <li>➤ Culture encourages open discussion of issues including regular one to one's and team meetings and quarterly briefings with the Joint Chief Executives.</li> <li>➤ A new staff social group is being established</li> <li>➤ Additional 'soft' opportunities such as increasing volunteering is being explored.</li> </ul>	<p>Partial</p>	<p>Amber</p>	<ul style="list-style-type: none"> <li>➤ Improve working environment</li> <li>➤ Review workloads</li> </ul>

<b>Commissioning Risk</b>	<b>Impact: Marginal</b> <b>Likelihood: High</b>			<b>Assessment: Amber</b>	
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigation</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
<b>Financial resilience of key partner</b>  <ul style="list-style-type: none"> <li>➤ Overstretch of contractors</li> <li>➤ Financial performance of contractors</li> <li>➤ Acquisition of key partner</li> <li>➤ Reputational risk of key partner and impact on financial performance</li> </ul>	Amber	<ul style="list-style-type: none"> <li>➤ Monitor financial performance</li> <li>➤ Financial due diligence and requirement to make contingency arrangements within major contracts in the event of financial distress.</li> <li>➤ Regular meetings with contractors and shared service partners</li> <li>➤ Monitor contracts being won by key contractors</li> </ul>	Partial	Amber	Further analytical information on key contractors
<b>Monitoring performance of key partners</b>  <ul style="list-style-type: none"> <li>➤ KPI's are not challenging</li> <li>➤ Ability to review</li> <li>➤ Client function does not challenge performance</li> </ul>	Amber	<ul style="list-style-type: none"> <li>➤ KPI Information is provided to monitor performance</li> <li>➤ Reporting of KPI's within councils governance structure</li> <li>➤ Performance reporting to HDC Overview and Scrutiny and to Service Boards</li> </ul>	Partial	Amber	Complete review of KPI's for 5 Councils
<b>Complex governance arrangements</b>	Amber	<ul style="list-style-type: none"> <li>➤ Ensure the structure of the council is able to maintain and improve governance arrangements.</li> </ul>	Partial	Amber	



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<ul style="list-style-type: none"> <li>➤ Delivery of services becomes disjointed</li> <li>➤ Ability to respond to issues with outsourced or shared services in a timely manner</li> </ul>		<ul style="list-style-type: none"> <li>➤ Client arrangements for each shared and outsourced services is established.</li> <li>➤ Discussions are held between Heads of Services and Portfolio Holders on how shared and outsourced services are performing.</li> </ul>			
<p><b>Client role not sufficiently resourced in some areas</b></p> <ul style="list-style-type: none"> <li>➤ Monitoring of outsourced or shared service is not effective.</li> <li>➤ Client role is not sufficiently resourced for some services e.g. Revs and Bens</li> <li>➤ Poor relationship between council and service provider.</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Client arrangements are established and tested in many parts of the Council e.g. Waste Contract and Leisure Contract. These have been subject to internal and external audit processes.</li> </ul>	Partial	Amber	<p>Review client team consider re-balance</p> <p>Skill up if required</p> <p>Resource client team for all outsourced and shared services appropriately</p>
<p><b>Commissioning skills are limited</b></p> <ul style="list-style-type: none"> <li>➤ Best practice is not adopted</li> <li>➤ The Council does not obtain ‘value for money’</li> <li>➤ The Council does not act as an ‘intelligent client’</li> </ul>	Amber	<ul style="list-style-type: none"> <li>➤ Established Client Teams have professional and technical knowledge in the area they are commissioning.</li> <li>➤ Additional external support is contracted for, when expertise is not available ‘in house’</li> </ul>	Partial	Amber	<p>Define what is expected from in house client teams and resource and skill as required</p> <p>Establish a strategy for commissioning</p>

<b>5 Councils Risk</b>	<b>Impact: Critical</b> <b>Likelihood: Very High</b>				<b>Assessment: Red</b>
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigation</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
<b>Potential of services being taken out of contract</b> <ul style="list-style-type: none"> <li>➤ Continuity of services</li> <li>➤ Risk of lengthy procurement process</li> <li>➤ Budget implications</li> <li>➤ Uncertainty of service provision</li> </ul>	Red	Mitigations to be put in place. These will be dependent on the outcome of ongoing discussions between the 5 Councils and Capita.	Limited	Red	Considering all options for the delivery of services that will be impacted.
<b>Transition to TOM is longer than planned</b> <ul style="list-style-type: none"> <li>➤ Services not harmonised</li> <li>➤ Disjointed working arrangements</li> <li>➤ Additional costs or savings not met</li> <li>➤ Increased workloads for staff (in testing new systems)</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Continue to monitor transition with Contractor</li> <li>➤ Councils governance arrangements</li> <li>➤ Maintain existing arrangements which provide a safe platform for the Council until transition.</li> </ul>	Limited	Red	Agree revised TOM dates  Ensure continuity plans are in place  Pull Out

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<p><b>Capita have not sufficiently resourced workstreams</b></p> <ul style="list-style-type: none"> <li>➤ Poor service provided</li> <li>➤ Customer complaints</li> <li>➤ Reputation risks</li> <li>➤ Over promise but under deliver</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Monitor performance of Contractor</li> <li>➤ Monitor level of complaints</li> <li>➤ Use of customer satisfaction survey</li> <li>➤ Use of Service Improvement Group and escalation process</li> <li>➤ Use of escalation process for resolving issues raised</li> </ul>	Limited	Red	
<p><b>Continuity of services</b></p> <ul style="list-style-type: none"> <li>➤ Service performance issues</li> <li>➤ Customer complaints</li> <li>➤ Reputation risks</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Monitor performance to confirm agreed targets are met</li> <li>➤ Use of Service Improvement Group</li> <li>➤ Provision of business continuity plans by the provider</li> </ul>	Limited	Red	Review effectiveness of continuity plans
<p><b>Client function is not working as expected</b></p> <ul style="list-style-type: none"> <li>➤ Contractor is not challenged</li> <li>➤ Service is disjointed</li> <li>➤ Role of central client team are not clear</li> <li>➤ Local Client Team is not fully resourced</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Ensure local client teams are still able to carry out their role.</li> </ul>	Limited	Red	<p>Need to define roles and responsibilities of client team. (Central and Hart) to ensure no duplication or gaps between service.</p> <p>Consider presentation to O &amp; S on Central Client Team role.</p>
<p><b>Client function is not sufficiently resourced</b></p> <ul style="list-style-type: none"> <li>➤ Contractor is not challenged</li> </ul>	Red	<ul style="list-style-type: none"> <li>➤ Use of 5 Councils governance structure would enable this issue to be highlighted and dealt with</li> </ul>	Limited	Red	Ensure client roles both central and Hart are defined and that

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➤ Client Team cannot respond to issues in a timely manner					client resource is properly resourced
<b>Service failure leading to increase in customer complaints</b>  ➤ Poor quality of services ➤ High number of service issues	Red	➤ Monitor level of complaints ➤ Complaints procedure in place ➤ Ensure Contractor responds to complaints in a timely manner	Limited	Red	Use SIGS to make it clear what level of service is expected  Repair working relationship
<b>Poor interaction with retained services.</b>  ➤ Poor understanding of new processes ➤ System errors	Red	➤ Retained services have contact details for all workstreams ➤ Client team (in Hart and Central) are escalating points for concerns	Limited	Red	Improve communication with retained services

<b>Local Plan Risk</b>		<b>Impact: Significant</b> <b>Likelihood: Significant</b>		<b>Assessment: Amber</b>	
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigations</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
Plan not adopted	Amber	<ul style="list-style-type: none"> <li>➤ Target date for adoption set</li> <li>➤ Monitoring of progress by both management and members</li> <li>➤ Ensure public examination is managed effectively.</li> </ul>	Partial	Amber	
Unplanned development	Amber	<ul style="list-style-type: none"> <li>➤ Use of planning policies to manage development</li> </ul>	Partial	Amber	
Risk of appeals and cost implications	Amber	<ul style="list-style-type: none"> <li>➤ Monitor appeals budget</li> </ul>	Partial	Amber	
Reputational risk	Amber	<ul style="list-style-type: none"> <li>➤ Progress being closely monitored</li> </ul>	Partial	Amber	
Political risk	Amber	<ul style="list-style-type: none"> <li>➤ Continue consultation with members</li> </ul>	Partial	Amber	

<b>Financial Resilience Risk</b>		<b>Impact: Significant</b> <b>Likelihood: High</b>		<b>Assessment: Amber</b>	
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigation</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
Loss of a key income stream (e.g. Leisure income)	Red	<ul style="list-style-type: none"> <li>➤ Monitoring of key contractors financial performance (see above)</li> <li>➤ Lobbying of Central Government (directly or through bodies such as LGA and DCN) associated with key income streams under their control</li> <li>➤ Expansion of the Commercialisation agenda to reduce reliance and increase portfolio of income streams</li> <li>➤ Quantify impact</li> <li>➤ Review budget</li> <li>➤ MTFS in place</li> </ul>	Partial	Amber	
Reliance on New Homes Bonus	Red	<ul style="list-style-type: none"> <li>➤ Risk has reduced in short term but will continue to review government announcements</li> <li>➤ Lobbying of Central Government (directly or through bodies such as LGA and District Council Network, DCN) associated with key income streams under their control</li> </ul>	Partial	Amber	

Changes in government funding	Amber	<ul style="list-style-type: none"> <li>➤ Outside of our control but will continue to review impact of changes</li> <li>➤ Lobbying of Central Government (directly or through bodies such as LGA and DCN) associated with key income streams under their control</li> </ul>	Partial	Amber	
Demand for services increases with less funding to provide them	Amber	<ul style="list-style-type: none"> <li>➤ Known factors including demand for services will be taken into account during budget setting process.</li> <li>➤ Ensure scarce resources are able to respond to demand for services</li> <li>➤ Exploration of digitalisation to enable business as usual enquiries to be dealt with quickly, increasing capacity to deal with technical extra demand.</li> </ul>	Partial	Amber	
Little scope available to generate additional significant income streams	Red	<ul style="list-style-type: none"> <li>➤ Expansion of the Commercialisation agenda to reduce reliance and increase portfolio of income streams</li> </ul>	Limited	Amber	

<b>No Deal Brexit risk</b>		<b>Impact: Marginal</b> <b>Likelihood: Possible</b>		<b>Assessment: Green</b>	
<b>Description of Risk</b>	<b>Inherent Risk</b>	<b>Mitigations</b>	<b>Effectiveness of Mitigation</b>	<b>Residual Risk</b>	<b>Further Potential Mitigations</b>
See Assessment (Appendix 2)					



## **Brexit preparations**

The Government has made the potential for a no deal exit from the EU a priority to manage since Christmas.

In Local Government terms , preparations are falling into two main categories

- Immediate response to urgent issues including
  - Potential impact to the road network as a result of delays at the port of Portsmouth
  - Issues associated with community cohesion
  - Risks to the food chain
  - Impacts on staffing
  
- Longer term risks
  - Risk to the economy of a down turn
  - Potential for increased unemployment and homelessness
  - Reduction in housing delivery

The former is being dealt with under our Emergency Preparedness Governance structures, through the Local Resilience Forum (which includes key partners such as the Police, Fire and NHS)

The latter is being considered through a network recently established – 9 Regions – each with a lead spokesperson who meets weekly with MHCLG with all authorities feeding into that lead spokesperson. For the South East Region, the spokesperson is Becky Shaw, Chief Executive at West Sussex County Council. John Coughlan is taking a co-ordinating role for feedback from Hampshire County Council.

However, in my role as Chairman of the Solace South East Branch, I am also feeding directly into Solace, and recently met with Joe Tukes (MHCLG) and Nick Birkett, Deputy Director at DEXEU

Below is the Hart risk assessment, as it currently stands. It is a live document and as we become aware of further issues, these are added.

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
The Council's access to European funding reduces (impacts Countryside Services). The district's capacity to work independently within Hampshire, M3 LEP and national structures is also reduced.	M	L	M	Post Brexit it is possible reduced funding will be more narrowly focused and access for districts reduced by strengthened regional structures.	Leader SMT	Ensure the Council is effectively represented at county and regional partnerships.  Resources invested in leading projects on behalf of partners.  Maintain lines of dialogue outside formal structures.
Urban and northern focus of UK Government results in loss of the current limited focus on the coast.	H	H	H	It seems likely that LEP and regional structures together with city regions and mayors will be dominant if resources are restricted. Funding will not focus the south of England.	Political Leadership SMT	It will be critical to renew the structure of regional partnerships we operate in order to maximise influence and benefits.
Economic downturn prevents major capital projects impacting on the M3 LEP (e.g. Heathrow extension)	M	H	H	Could have significant long term impacts on the growth of the south east	Political Leadership SMT	To work with partners at all levels to advance our case.

**Impact on Communities**

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
An increase in inter-community tension caused by friction around exit or a re-run referendum.	H	M	H	The individual impact of a hate crime will be high for the victim(s). The impact on community relations will depend upon both the number/nature of incidents and how they are responded to.	Members SMT Staff Police	The Council should work with community partners, police and others to prepare and inform the area and campaign for an open and inclusive district. Partners need to make clear the zero tolerance for hate crimes.
More widespread disorder.	L	H	M	It seems unlikely a major political disorder would take place given the area's history. However, if this does, this could be very damaging to community relationships and the area's reputation.		Work with Police and other partners to monitor tensions.
An increase in poverty if there is economic downturn.	M/H	M/H	H	Potential for increased benefit dependence, unemployment, reliance on food banks and child poverty. Possible increase in homelessness. However this is nature of poverty.  Hart is the least deprived district in the country. If we are badly impacted then there will be huge impacts elsewhere – ergo the focus will be elsewhere	LEP DWP Councils	It is impossible to predict the economic impact on specific communities at this stage. It is critical that both County and Council based welfare and housing partnerships work in a coordinated way to understand increases and changes in the requirements of the community

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
Eligibility of existing EU claimants may be brought into question.	L	H	L	Possible increase in demand on other service areas such as homelessness.	DWP Councils	Guarantees have been given that EU nationals already resident will not be affected so although needs to be included is considered a low risk.
Food, medicines and other critical supplies are not imported from the continent and supplies run out/short supply.	Not known	H	Not known	If this appears likely there might be panic and disruption. There might be the need for rationing. The severity would depend on what was unavailable and particularly the duration of any shortages.	SMT	Unknown. The Council would need to work with national and local agencies to address this risk. The Council would expect national markets to be produced and co-ordination of efforts by the Hampshire Resilience Forum.
Loss of opportunities for external funding may impact deprived communities. Alternatively funding could be focused on other priority themes and areas, not applicable to the Council's socio-economic profile.	M	H	H	A downturn and reductions in public expenditure	Political leadership SMT	Work with other LAs, health and partners to lobby for successor funds to current European social programmes.
EU nationals will not have rights to stand for election or vote unless an agreement.	M	L/M	M	The electoral roll would need to be reviewed with potential staff impact.	Electoral Registration Officer/ Returning Officer	To be kept under review as negotiations proceed.

**Impact on the Economy**

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
Drop in local gross domestic product and gross added value.	H	M	H	Impact on local companies and employment.	SMT	Carry out further research. Work with M3 LEP, Chamber and Hampshire partners to asses and mitigate impact.
Tourist/hotel industry hit by travel issues e.g. reduction in travel to Farnborough airport impacting on our hotel sector	H	M/H	H	local impact leading to job losses.	SMT	To re-assess approach to monitoring to ensure the Council is maintaining its position in partnerships. To consider how cultural offer is developed in these circumstances.
Business failures due to reliance on EU labour.	H	H	H	Could be significant in certain sectors. Could also lead to reduced income to the Council from Business Rates.	SMT	To be kept under review and continue to work with partners.
Slowdown in housing construction due to reliance on EU labour or unfavourable market conditions.	H	H	H	Failure to meet identified local need for new housing. Also loss of income to the Council from planning application fees, community infrastructure levy and Section 106 contributions	SMT	To be kept under review and continue to work with partners.

Local firms that export to or import from Europe may be adversely affected.	M	M	M	Difficult to scale.		Seek research in partnership with business, Hampshire Chamber, M3 LEP and to identify this risk across Hampshire.
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<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
Impact on VAT.				Potential implications for the classification of goods and limits, both of which are currently set by the EU.	SMT	To be kept under review.
Reduced national fuel supplies due to new import and border check arrangements.	L	H		Employees unable to get to Council offices.  Waste and Recycling service disrupted and household waste not collected causing potential public health implications.	SMT	Work with regional emergency plan protocols to ensure priority access to available fuel supplies.
Impact on waste contract due to loss of HGV trained staff	M	H	H	Road Haulage Association is already predicting a significant deficit in HGV trained operatives post Brexit. Waste and Recycling service disrupted and household waste not collected causing potential public health implications.	SMT	Recognition that in a competitive employment market the costs associated with employment of these staff may increase

**Impact on the Council**

<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
Economic downturn could lower the return on council investments.	M	M	M	Income the Council is anticipating drops.	SMT	Investment programme to be reviewed.
Increased bad debt provision through business failures.	M	M	M	Anticipated income will be lower.	SMT	Work with local and national partners to monitor the situation.
Future procurement rules are more complex or are unclear.	M	M	M	This may be beneficial if EU procurement is replicated with something less burdensome. However, there can be no guarantee of this		To ensure RDC conforms to new regulations as they are introduced
Pressure on services increases in poverty and unemployment rise as part of a downturn.	M	M/H	H	This is impossible to predict. Pressure on Housing and Benefits could be serious. Additional need for grant aid to advice services like CAB may be called for.	SMT	To work in partnership if crisis in welfare or homelessness emerges.  To review staffing as appropriate to lobby Government for resources if such problems can be realistically anticipated and scaled.



<b>Potential Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Potential Impact</b>	<b>Responsibility for Controls</b>	<b>Mitigation</b>
Potential implications for existing staff who are EU nationals or who have family who are EU nationals.	M	M	M	Currently being assessed.	SMT	Assistance will be offered to staff who need it. HR will extend right to work checks.
The Council does not understand the changes that will take place that might give opportunities or challenges for local businesses.	H	M	H	To be assessed.	SMT	To discuss with partners to examine how this can be taken forward for Brexit work
Drop in demand for services if population decreases	L	L	L	It is difficult to assess without research to establish the level of demand from EU citizens or a clear view of the numbers likely to leave.	SMT	If demand dropped sufficiently staffing would need reviewing. This seems relatively unlikely.
Supply chain risk.	L	H	M	Mainly related to external suppliers of vehicles, plant and equipment used by contractors to the Council.	SMT	Early discussions with contractor to identify any issues over their supply chain.