

## **SHAREHOLDER COMMITTEE**

**23 OCTOBER 2018**

### **RISK MANAGEMENT PROFILE**

#### **1.0 Purpose of Report**

1.1 To note the risk management profile for Arkwood Developments Ltd.

#### **2.0 Background Information**

2.1 In accordance with the Council's risk management process, a risk profile has been developed assessing the potential risks to Newark and Sherwood District Council associated with the operation of the Development Company.

2.2 The Risk management profile has been developed in conjunction with the Council's Safety and Risk Management Officer.

#### **3.0 Risk Management Profile**

3.1 The detail within the risk management profile ensures the Council has suitable control over the risk. In addition to assessing the risk, the Council are considering the measures and controls to ensure that the risk operates within the Council's corporate risk appetite.

3.2 The risk profile outlines five main areas:-

- Vulnerability – The type of factors that influence whether the risk is likely to occur or not.
- Trigger/Event – Any of the potential effects of the risk occurring.
- Impact – What the effect would be if the risk did occur, e.g. loss of service, injury to personnel or amount of financial loss.
- Measures in place - These are the measures or controls that are already in place to mitigate or control the risk.
- Further Control Required – These are the actions or further controls which the business considers is necessary and feasible to help reduce the likelihood of the risk occurring or the impact of the risk if it does occur.

3.3 The full risk profile is attached as an **Appendix**, details included in the risk are:

<b>Trigger</b>	<b>Impact</b>
Financial implications such as Company failure to deliver the approved business plan.	Return on investment to the Council not realised.
Reputational risk such as poor quality developments leading to customer dissatisfaction.	Adverse impact on the Council's reputation including reputation with key partners and stakeholders.
Market and External Factors such as market volatility resulting from Brexit or skills shortages.	The Council not meeting their contribution to local plan housing targets.

- 3.4 The measures in place include the establishment of the Shareholders Committee and the Shareholders Committee authority to approve reserved matters in accordance with signed Governance arrangements.
- 3.5 Further controls required to reduce the likelihood of the risk occurring are the Shareholder Committee adopting the Arkwood Business Plan and ratification of the Managing Director appointment for Arkwood Developments Ltd.
- 3.6 The current risk score has been scored at 9, with the likelihood defined as significant and the impact as critical, therefore categorising the current risk as a red risk. The likelihood has been defined as significant because the developments progressed by Arkwood are still in their infancy and market volatility will have an impact on the delivery of Arkwood's business plan. The impact has been defined as critical as there will be a reliance on the income the Council will receive from the Company in future years, in order to contribute towards the medium term financial plan.
- 3.7 A target risk score outlines the score which is deemed to be an acceptable level of risk for the Council. When mitigating controls have been actioned, the target score will be realised. The target risk score has been scored at 6, with the likelihood defined as low and the impact as critical. This would move the risk into a yellow category. The likelihood has been defined as low as the Shareholders Committee will have had the opportunity to consider the business plan for the Company and in due course, the business plan for each development. The impact has still been defined as critical as there will be a reliance on the income the Council will receive from the Company in future years, in order to contribute towards the medium term financial plan.
- 3.8 The risk profile is a 'live' document and will be updated as the business activities from the Development Company progresses.
- 3.9 Arkwood Developments have their own risk register, which assess risks to the Company. Arkwood will also develop a risk register for each development site as appropriate.

#### **4.0 Equalities Implications**

- 4.1 The risk management profile does not have any equalities implications, however each business case for each site development will need to have regard to equalities implications.

#### **5.0 Financial Implications**

- 5.1 In the latest approved medium term financial plan by Policy and Finance Committee on 29 June 2017, there has been no income from the Company currently built in. Once this has been built in, this will be kept under constant review to ensure the prudence within the medium term financial plan of expected income to be generated.

#### **6.0 RECOMMENDATION**

**That the content of the report be noted;**

**Reason for Recommendation**

**To note the progress of Arkwood Developments Ltd business activities.**

**Background Papers**

Nil

For further information please contact Natalie Cook on Ext 5275.

Kirsty Cole  
Deputy Chief Executive