Audit and Standards

29 September 2020

Report of: Director for Corporate Services

Risk Management Annual Report 2020

Corporate Priority:	Service excellence in all we do
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1   Summary

1.1   This report provides an update on the risk management arrangements and outlines the current significant risks that have been captured on the recent review of the Council's strategic risk register by the Senior Leadership Team.

2   Recommendation

That Audit and Standards Committee;

2.1   **Note the content of the report and the updated Strategic Risk Register and associated risk management action plan, as attached at Appendix A.**

3   Reason for Recommendations

3.1   Risk Management forms part of the Audit and Standards terms of reference who have formal responsibility for overseeing the Risk Management arrangements for the Council. It is important that members have awareness of the strategic risks that could impact on the Council and to review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.

4 Background

4.1 The Strategic Risk Register captures the current significant risks and outlines mitigating actions. Members of the Audit and Standards Committee last reviewed this in September 2019 when the current Risk Management Strategy was updated and approved. Cabinet reviewed the six month update in March 2020.

5 Main Considerations

5.1 The current Risk Management Policy and Strategy was approved by this Committee in September 2019. This was updated following the changes in the Council's governance arrangements to ensure the Risk Management Policy and Strategy was aligned with the new governance framework.

5.2 Officers have reviewed again to consider if any further changes are required but felt the current strategy is still fit for purpose for the Council's future risk management requirements so no further updates are proposed.

5.3 The Strategic Risk Register has been recently reviewed and updated by Senior Management to capture the current significant risks and outline mitigating actions.

5.4 A copy of the Strategic Risk Register is attached as Appendix A. This consists of a Risk Matrix which plots the risks being managed at this level along with the actual register itself which includes the current and target risk score, along with further details for each risk such as potential consequences, the controls in place and any action required. Members will note there are currently 13 risks being monitored at this level – 3 high risks and 10 medium risks.

5.5 In summary the top 6 key risks facing the Council are:

RISK	RATING	SCORE	MITIGATING ACTION/CHANGE
Failure to Secure financial stability in the medium term	High	24 Previous Score (20) ⬆	• Priorities agreed through Corporate Strategy • Maximising partnership working to deliver better outcomes at reduced costs • Regular review of Medium Term Financial Strategy and use of sensitivity analysis • Prioritise spending plans that will generate savings in return. • Consider options for reducing failure demand e.g. prevention and demand reduction through service redesign. • Continue to lobby government and other groups to ensure fair funding of Covid and ongoing funding. Since the last meeting the risks around financial sustainability have increased due to the loss of funding from New Homes Bonus and the delay in the fair

			funding review. In addition to this the financial impact of Covid has added to the future uncertainty around funding levels.
Impact of Coronavirus (Covid-19) on the business and communities of Melton	High	18 New Risk	• Recovery structures in place to assess impacts and identify appropriate resources required. • Revised Corporate Strategy to be approved which incorporates key actions required to continue the covid response. • Diversion of resources to those areas where the Council anticipates there will be greater demand. • Scrutiny Recovery task and finish groups to be established for People and Place priorities shortly. • Continued involvement, leadership and engagement within the Leicestershire Reliance Forum and support to local partners and businesses as required. This is a new risk area which is being closely monitored as part of the Councils ongoing response to the Covid crisis.
Non-compliance with General Data Protection Rules, records not being up to date, personal data being held on systems which is incorrect, lack of consistent data keeping	High	15 ⬅➡	• Asset Register to be reviewed by managers on an annual basis. • Information champions to be established. • Implement new IT systems • Look at resources to provide more support for the control of data and recording of data held. Data Compliance and management is a relatively new risk which has been added due to concerns around record management. This is linked to the issues within the housing function and the need to upgrade our IT systems to improve the data management within the council.
The council housing stock not being compliant with property health and safety standards	High	12 Previous Score (20) ⬇	• This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan. • Regular monitoring of the Housing Improvement Plan for the compliance and quality of housing stock is managed through multiple governance structures such as board meetings, operational

			• meetings which have senior leadership oversight. • Clear communication is undertaken with key stakeholders to ensure that progress is communicated regularly. Since the last meeting Council Housing Health and Safety has improved following the approval of the Housing Improvement Plan which has allocated resources to support the improvements required alongside an upgrade to the housing system to support record management.
Future provision of ICT services following end of current outsourced contract	Medium	12 ⟷	• Consider outcome of review by Digital Consultant and agree way forward for Leicestershire Information Communication Technology Partnership as a result. • Continue discussions with IT supplier and transition to any new arrangement.
Failure of a key supplier	Medium	12 ⟷	• Ongoing robust monitoring of key suppliers/contracts. • Internal audit consultancy assignment commissioned to monitor the contract implementation for housing repair contract. • Liaise with contractors for Covid impact and Brexit implications

5.6 Since the last meeting the keys point to note from the table above and the risks attached are:

- Ongoing improvements around the health and safety management of the council housing stock are continuing with the latest review of the risk noting another improvement and management view that this risk has reduced again. This is reflection of the actions being delivered as part of the housing improvement plan.

- Covid has had a significant impact on the risk management arrangements of the Council with a new high level risk being added as outlined above which is focused on the community and business impact. In addition to this a separate risk has also been added to the risk register around manging the impact on Council services but this is seen as more of a medium risk at present. The financial impact of Covid has also contributed to the increase in the financial stability risk score due to the added funding pressures and future uncertainly.

- A risk around the non-compliance with safety and regulatory standards, unplanned expenditure requirements and unexplored income potential of Council's assets has been moved down to the service risk register for the Growth and Regeneration Directorate. This is as a result of the actions being implemented around recruitment of key vacant posts and a work plan being in place to provide focus and delivery of actions.

- The other risk scores have remained the same as a number of actions are still being worked through and have a longer timeline for implementation of mitigating actions

6   Options Considered

6.1   An alternative option is that Audit and Standards do not review the Strategic Risk Register. This is not considered a viable alternative as it is essential that members have strategic oversight of the organisation.

7   Consultation

7.1   Cabinet have reviewed the updated strategic risk register at a recent briefing meeting.

8   Next Steps – Implementation and Communication

8.1   None – Senior Management will continue to monitor and update the Strategic Risk Register as appropriate and will report back to members later in the year with a further update.

9   Financial Implications

9.1   There are financial implications from poor Risk Management however, with robust procedures these should be minimised or eradicated.

Financial Implications reviewed by: Director for Corporate Services

10   Legal and Governance Implications

10.1   The Accounts and Audit Regulations 2015 Part 2 Section 3A(c) require the Council to have in place a 'sound system of internal control which includes effective arrangements for the management of risk'.

10.2   Failure to adequately address legal issues arising from any activity of the Council increases risk. Officers endeavour to ensure Members are adequately advised and projects properly implemented to ensure that Legal requirements are met.

Legal Implications reviewed by: Director for Governance and Regulatory Services

11   Equality and Safeguarding Implications

11.1   There are no direct implications arising.

12   Community Safety Implications

12.1   There are no direct implications arising.

13 Environmental and Climate Change Implications

13.1 There are no direct implications arising.

14 Other Implications (where significant)

14.1 There are no other implications arising.

15 Risk & Mitigation

15.1 All risks are outlined in the risk register in Appendix A.

16 Background Papers

16.1 There are no specific background papers

17 Appendices

17.1 Appendix A - Strategic Register September 2020

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