



# Cabinet

17 March 2021

**Report of:** Councillor Joe Orson - Leader of the Council

## Strategic Risk Management Update 2020/21

<b>Corporate Priority:</b>	Ensuring the right conditions to support delivery (inward)
<b>Relevant Ward Member(s):</b>	N/A
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No
<b>Key Decision:</b>	No
<b>Subject to call-in:</b>	No Not key decision

### 1 Summary

- 1.1 It is important that Cabinet are aware of the key strategic risks that face the Council and have ownership of the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.
- 1.2 Risk Management forms part of the Audit and Standards committee terms of reference and have formal responsibility for overseeing the Risk Management arrangements for the Council.
- 1.3 This report outlines the current strategic risks that have been identified and assessed on the recent review of the Council's strategic risk register by the Senior Leadership Team.

### 2 Recommendation

**That Cabinet:**

- 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 One of the key areas for Cabinet, as part of its terms of reference, is to 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 2020 as part of the Risk Management Annual report.
- 4.2 The council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. These are reviewed by directors and managers regularly as well as the Senior Leadership team to help inform any discussions around risks that may need to be escalated to the strategic risk register. Risks will be monitored at both a directorate and corporate level and then may move on the scoring matrix or between the different risk registers depending on level of risk or concern at the time. For example the MMDR at the time of reviewing the register was seen as a reduced risk to the previous review which was reflected in the scoring in appendix A. However, it is recognised risks are dynamic and can change depending on the latest information and actions taken and therefore are kept under review and mitigation modified accordingly.
- 4.3 Project risks are also managed through the council's project management framework with risk registers maintained for high profile projects which are regularly reviewed through project teams and programme boards.
- 4.4 We are also currently reviewing the Performance and Risk Framework as part of the continuing efforts to strengthen corporate governance.


### **5 Main Considerations**

- 5.1 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 14 risks being monitored at this level – 3 high risks, 9 medium risks and 2 low risks. In summary these are:
- Failure to Secure financial stability in the medium term
  - Future Provision of ICT services following end of current outsourced contract
  - Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery.
  - Financial pressures undermining partnerships (integrated working)
  - Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
  - Failure to maintain Governance Framework

- Failure to have contractual provisions in place for goods, works and services procured by the Council
- Failure of the Housing Revenue Account Business Plan
- General Data Protection Regulation (GDPR) compliance
- Council unable to manage impact of Coronavirus (Covid-19) on council services
- Impact of Coronavirus (Covid-19) on the business and communities of Melton
- Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate
- ICT Security Breaches
- Running a Covid-Safe Election

5.2 Summarised in the table below are the main risks that we would like to draw members attention to, based on the current risk score, changes to previous scoring or new risks that have been identified:

<b>RISK</b>	<b>RATING</b>	<b>SCORE</b>	<b>MITIGATING ACTION/CHANGE</b>
Failure to Secure financial stability in the medium term	High	24  ↔	<ul style="list-style-type: none"> <li>• Consider further Savings and efficiency options as part of financial sustainability programme.</li> <li>• Prioritise spending plans that will generate savings in return. Consider options for reducing failure demand e.g. prevention and demand reduction through service redesign.</li> <li>• Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding.</li> </ul> <p>Since the last meeting the risks around financial sustainability haven't changed. Whilst consultation has commenced on the potential replacement for the New Homes Bonus scheme it is unlikely this will result in any significant increases in resources. The delay in the fair funding review continues. The ongoing impact of Covid on business rates is unknown at this stage with some businesses likely to discontinue, increases in appeals against rates payable and the potential for claims for material change in circumstances.</p>
Impact of Coronavirus (Covid-19) on the business and communities of Melton	High	18  ↔	<ul style="list-style-type: none"> <li>• Recovery structures in place to assess impacts and identify appropriate resources required.</li> <li>• The Council is developing a policy to utilise the Additional Restrictions Grant to support businesses during 2021/22 and as part of the recovery.</li> <li>• The current budget proposals incorporate additional expenditure</li> </ul>

			<p>to support the town centre and enable development of a new, post-Covid, Town Centre Strategy and masterplan, as well as grants to support business diversification.</p> <ul style="list-style-type: none"> <li>Continued involvement, leadership and engagement within the LRF and support to local partners and businesses as required.</li> </ul> <p>This risk area continues to be closely monitored as part of the Council's ongoing response to the Covid crisis. Support for business and the community is a key part of the recovery plan for Melton.</p>
Failure of the Housing Revenue Account Business Plan	High	16 New (consolidated) Risk	<ul style="list-style-type: none"> <li>This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan.</li> <li>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.</li> </ul> <p>This is a new, consolidated risk to reflect the next phase of developing the HRA roadmap for improvement following on from the previous risk around the council housing stock not being compliant with property health and safety standards. Whilst further work to address long term legacy issue and housing quality is required, the council has addressed the significant risks regarding compliance within its housing stock and can now focus on the longer term stock condition and decent homes improvement through the HRA business plan development.</p>
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	Medium	12 Reduction - Previous Score (15) 	<ul style="list-style-type: none"> <li>Information Asset Register to be reviewed by managers on an annual basis.</li> <li>Information champions to be established.</li> <li>Look at resources to provide more support for the control of data and recording of data held.</li> </ul> <p>The Data compliance and management risk was added previously due to concerns around record management.</p>

keeping			This has started to be addressed with the upgrade to our IT systems to improve the data management within the council, especially within the housing function.
Running a Covid Safe Election	Medium	12 New risk	<ul style="list-style-type: none"> <li>• Development of project plans and risk registers to support delivery.</li> <li>• Use of experienced elections team and development of core project team to ensure resilience.</li> <li>• Ongoing review and consideration of special mitigations required in a pandemic.</li> </ul> <p>This is a new risk added following the Governments recent announcement that the May elections will continue. The core elections project team has been set up and work commenced already on preparations.</p>
Potential for ICT security Breaches	Medium	12 New risk	<ul style="list-style-type: none"> <li>• Additional Cyber security appliances to reduce the likelihood of successful intrusion and unusual behaviour.</li> <li>• Network Access Control to secure the network from unauthorised devices, Privilege Access Management to mitigate internal threats.</li> </ul> <p>Whilst previously managed at a service level this a new risk at the strategic level to reflect the increasing occurrence nationally or Data loss or inability to deliver systems and services from internal or external ICT Security breaches. This allows corporate oversight of this risk.</p>

5.3 In terms of other key points to note in addition to the table above where there have been changes:

- There was a risk around the council housing stock not being compliant with property health and safety standards. Significant work has been undertaken to address the concerns and issues which the council is managed effectively and therefore this risk can be managed within the housing function at a directorate level.
- There was a risk around the impact of United Kingdom withdrawal from the European Union which hasn't materialised due to a deal now being in place with the EU and it has therefore been removed from the strategic risk register.
- In regards to the risk around failure to maintain a good governance framework, this has reduced from 9 down to 6 as a result of the work undertaken over the past 6 months and is now sitting as a low risk. This would normally be removed from the strategic risk register and be managed at a service level, however due to the strategic importance of

this it is considered this should remain on the strategic risk register until the next review to maintain corporate oversight.

- 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

5.4 As referred to in para 4.2 the council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. Some of the directorate risks that are being managed within services for example are:

- Delivery of the asset development programme
- Addressing the climate change agenda
- Resource levels within teams to deliver services
- Delivery of key projects with directorates
- Management of key contracts such as repairs and waste
- Fraud and corruption

## **6 Options Considered**

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

## **7 Consultation**

7.1 Consultation has been undertaken with the Chair of the Audit and Standards Committee.

## **8 Next Steps – Implementation and Communication**

8.1 None – The Council 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.

## 11 Equality and Safeguarding Implications

11.1 There are no direct equality or safeguarding issues arising from this report

## 12 Community Safety Implications

12.1 There are no direct links to community safety arising from this report

## 13 Environmental and Climate Change Implications

13.1 There are no direct environmental or climate change implications arising from this report

## 14 Other Implications (where significant)

14.1 There are no other implications arising from this report

## 15 Risk & Mitigation

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

## 16 Background Papers

16.1 None

## 17 Appendices

17.1 Appendix A – Strategic Risk Register March 2021

<b>Report Author:</b>	<b>David Scott</b> , Corporate Services Manager
<b>Report Author Contact Details:</b>	01664 502448 dscott@melton.gov.uk
<b>Chief Officer Responsible:</b>	<b>Dawn Garton</b> , Director for Corporate Services
<b>Chief Officer Contact Details:</b>	01664 502444 DGarton@melton.gov.uk