



Risk Management Annual Report 2021

Corporate Priority:	Ensuring the right conditions to support delivery
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 2020.

- 4.2 Cabinet also have oversight of risk to ensure they 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. Their last review was undertaken in March 2021.
- 4.3 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. 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.
- 4.4 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.

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. As the Policy was approved in 2019 the next formal review is due in 2022.
- 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 – 4 high risks, 6 medium risks and 3 green 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 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
- Non compliant and inefficient housing options and homelessness prevention service

5.5 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:

RISK	RATING	SCORE	MITIGATING ACTION/CHANGE
Failure to Secure financial stability in the medium term	High	24 Previous Score (24) 	<ul style="list-style-type: none"> • 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. • Continue to lobby government and other groups to ensure fair funding of Covid and ongoing funding. • Development of financial sustainability programme. <p>Financial resilience remains a key risk to the authority which has been further stretched throughout the ongoing pandemic and highlighted in the recent review by the LGA.</p>
Impact of Coronavirus (Covid-19) on the business and communities of Melton	High	15 Previous Score (15) 	<ul style="list-style-type: none"> • Recovery structures in place to assess impacts and identify appropriate resources required. • The current budget proposals incorporate additional expenditure to support the town centre and enable development of a new, post-covid, Town Centre Strategy and masterplan, • Ongoing grants payment facilitation to support business diversification. • Continued involvement, leadership and engagement within the Leicestershire Reliance Forum and support to local partners and businesses as required. <p>This risk first appeared at the start of the pandemic and is being closely monitored as part of the Councils ongoing response to the Covid crisis.</p>

<p>Non compliant and inefficient housing options and homelessness prevention service</p>	<p>High</p>	<p>15 New Risk</p>	<ul style="list-style-type: none"> • The current housing register system has been reopened with a view to clearing the application backlog • We have engaged with MHCLG to carry out an assessment of the service • A Review of housing allocations policy and consultation will be undertaken alongside the level of resources that might be required. • Options appraisal to be done in order to determine which IT systems can best meet the operational needs of the service linked to any new policy that is developed. <p>This is a new risk which has been identified due to the current challenge in progressing the new housing register and Homelessness Reduction Act compliant IT platforms. Linked to the delays associated with Covid and an out-of-date allocations policy had led to a position where urgent actions need to be addressed.</p>
<p>Failure of the Housing Revenue Account Business Plan</p>	<p>High</p>	<p>16 Previous Score (16) </p>	<ul style="list-style-type: none"> • 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. <p>This was a new, consolidated risk added in March 2021 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</p>

			homes improvement through the HRA business plan development.
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5.6 Since the last meeting the keys point to note from the table above and the risks attached are:

- Covid has had a significant impact on the risk management arrangements of the Council with the continued high level risk being managed as outlined above focused on the community and business impact. In addition to this there is a separate risk on the risk register relating to managing the impact on Council services which was seen as more of a medium risk when first identified. Over the past 6 months the council has been able to continue to deliver the majority of services and with the opening up of the country this risk has been reduced to a lower risk. 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 uncertainty.
- A risk around non compliant and inefficient housing options and homelessness prevention service has been identified and added to the strategic risk register. This is due to the current challenge in progressing the new housing register (Choice Based Lettings) and Homelessness Reduction Act compliant IT platforms. The covid pandemic has contributed to the delays which must now be addressed to ensure sufficient focus and resources are identified to deliver the necessary actions required. This includes an up to date allocation policy following consultation and the associated system configuration to the new allocations policy. The council has also engaged the support of MCHLG with a review and assessment of the homelessness service.
- There was a previous risk associated with the failure to have contractual provisions in place for goods, works and services procured by the Council which has now been moved to the service risk register for the Corporate Services Directorate to be managed at a lower level. A number of actions have been implemented to address this risk including further training, guidance, the provision of standard terms and conditions, thus reducing the overall risk to the authority.
- When the last review was undertaken a new risk was added regarding the running of a covid safe election. This has since been removed due to the success of the election process including the due diligence undertaken by officers to ensure the May 2021 elections were undertaken in safe and secure manner.
- 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

5.7 As referred to in para 4.3 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
- Council housing stock not being compliant with property health and safety standards
- 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 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: Natasha Taylor (Deputy Monitoring Officer 20.09.21)

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 2021

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