



## Risk Management Update March 2022

<b>Corporate Priority:</b>	Ensuring the right conditions to support delivery
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	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

2021. As part of the corporate performance reporting framework it has been agreed to update members on a 6 monthly basis.

- 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.
- 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 Strategic Risk Register has been recently reviewed and updated by Senior Management to capture the current significant risks and outline mitigating actions. The risks are allocated by corporate category focus area.
- 5.2 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 12 risks being monitored at this level – 3 high risks, 7 medium risks and 2 green risks. In summary these are:

Category Focus	High	Medium	Low	Total
Place	0	2	0	2
Priorities	2	0	1	3
Service and Governance	1	5	1	7
<b>Total</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>12</b>

PLACE – those areas which directly impact our communities:

- Impact of Coronavirus (Covid-19) on the business and communities of Melton
- Inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund

PRIORITIES – those commitments made in our corporate strategy

- Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from the agreement with the County Council which seeks to support delivery

- Failure of the Housing Revenue Account Business Plan
- Uncertainties regarding future leisure provision in Melton (NEW RISK)

SERVICE AND GOVERNANCE – those areas which are associated with our service areas

- Failure to Secure financial stability in the medium term
- Future Provision of ICT services following end of outsourced contract
- Financial pressures undermining partnerships (integrated working)
- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
- General Data Protection Regulation (GDPR) compliance
- Council unable to manage impact of Coronavirus (Covid-19) on council services
- ICT Security Breaches

5.3 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 of the Housing Revenue Account Business Plan	High	16  Previous Score (16)  ↔	<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>• Review of longer-term operational staffing changes has been put in place to enable the council to accelerate capital programme and maximise continued focus on compliance</li> <li>• HRA business plan to be presented to Cabinet April 2022</li> <li>• Clear communication is undertaken with key stakeholders to ensure that progress is communicated regularly.</li> </ul> <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 homes improvement through the HRA business plan development.</p>

<p>Uncertainties regarding future leisure provision in Melton</p>	<p>High</p>	<p>16  NEW RISK</p>	<p>Contract management in place with SLM</p> <p>Dialogue between key teams and contractor on asset related issues to ensure remedial action on a case by case basis at Waterfield Leisure Centre (WLC).</p> <p>Ongoing work on health and leisure vision progressing (in line with corporate strategy commitment) and this is necessary to appropriately address this risk item over the medium to long term.</p> <p>Health and safety audit completed at WLC and follow up visit has been carried out as part of the Council's wide Health and Safety programme.</p>
<p>Failure to Secure financial stability in the medium term</p>	<p>High</p>	<p>24  Previous Score (24)  ↔</p>	<ul style="list-style-type: none"> <li>• Priorities agreed through Corporate Strategy</li> <li>• Maximising partnership working to deliver better outcomes at reduced costs</li> <li>• Regular review of Medium Term Financial Strategy and use of sensitivity analysis</li> <li>• Prioritise spending plans that will generate savings in return.</li> <li>• Continue to lobby government and other groups to ensure fair funding of Covid and ongoing funding.</li> <li>• Development of financial sustainability programme.</li> </ul> <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>

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

- There was a previous risk around the Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate which has been updated to reflect the latest position regarding the County Deal/Levelling Up agenda. A replacement risk around the inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund has been included as a medium risk.
- A new risk has been added in recognition of the work needed to develop options for Melton's Leisure Vision (identification of need for improved leisure facilities) whilst also managing and ensuring continued service delivery and customer satisfaction within the current ageing facilities. There have been some building related issues (including

showers having to be taken out of use for repair work) which risk creating reputational issues for the council and contract provider if not managed carefully. The associated challenges of managing ageing facilities mean that a continued focus on this through contract management, positive collaboration and ensuring corporate visibility are important.

- 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 was added to the strategic risk register in September. Over the past 6 months positive and proactive action has been taken to enable improvement and change. This includes:
  - developing and consulting on a new allocations policy (due for cabinet sign off March 2022)
  - configuring and implementing a new homelessness case management and reporting system (including functionality to automatically populate a key Government data return on a quarterly basis)
  - significant progress to configure and test a new choice based letting IT system ahead of implementation
  - a greater focus on homelessness prevention
  - leadership changes including greater alignment with case management team and appointment of an experienced housing options lead officer
  - Engagement with DLUHC to discuss changes and improvements being made, with a detailed service analysis due later this year
  - Audit of temporary accommodation arrangements commissioned and currently underway to support continued improvement in this area of work
- Therefore, due to the reduced risk around this area it has been moved down to the Housing and Communities directorate risk register where it is now assessed as a medium risk and will be managed at a more operational level.
- There was a previous risk associated with the failure to maintain Governance Framework 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 and guidance, thus reducing the overall risk to the authority.
- The risk score around the 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 has reduced from a medium to low risk following the agreement between LCC and Melton being finalised.
- 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

- 5.5 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
  - HRA business processed including Right to Buy, housing systems and rent collection
  - 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
  - Cemetery Provision
  - The risk posed to the community from the rising cost of living is being monitored and this could become a strategic risk moving forward.

### **Risk Management Review**

- 5.6 The current risk management strategy is due for review this year as part of the three-year review cycle. In light of this, officers have engaged both internal audit and Zurich Risk Management to help in this process.
- 5.7 Internal audit have undertaken a review of risk management across the council to provide assurance that the Council's performance and risk management framework has been sufficiently designed and implemented effectively. The review provided good assurance and found it was evident that the management of risks to objectives being achieved is an essential part of the Council's performance management framework. Risk management is embedded throughout the organisation ensuring that both operational and strategic risks are captured, assessed, managed and reviewed. Further detail is provided in the internal audit progress report elsewhere on this agenda.
- 5.8 Following on from this Zurich as the council Insurers have been engaged to undertake a review of the Risk Management Strategy and provide 'critical friend' support through their specialist risk engineering team. Through an assessment of the documentation, they will look to identify areas of strength to provide assurance and make recommendations for further improvement. The team will use their industry sector experience and knowledge to ensure that recommendations are aligned with current best practice standards.
- 5.9 Alongside, this Zurich will also be engaging with the chair as well as all members of this committee to help prepare a bespoke training session, for the first meeting of the new council year, designed to develop risk and resilience knowledge tailored to the organisation. The aim is to ensure the content of the training session is tailored to Member's requirements. The session will look to improve risk awareness, enhance knowledge, strengthen communication and decision making by ensuring Members have a consistent set of skills to understand strategic risks that may impact the organisation and how to manage them.

- 5.10 The overall aim is to present the findings of the review alongside an updated Risk Management Strategy at the committees September 2022 meeting.

## **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 will be review the updated strategic risk register in April at an informal meeting.

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

- 8.1 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.
- 8.2 Officers will work with the Zurich to support their review of the Risk Management Strategy alongside the preparation of the training event including liaison with members of this committee to help shape this.

## **9 Financial Implications**

- 9.1 There are financial implications from poor Risk Management however, with robust procedures these should be minimised or eradicated.
- 9.2 The Council's insurance contract contains provision for support on a range of risk management areas and the training and review of the risk management strategy can be contained within this provision therefore incurring no additional cost to the council.

**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: Monitoring Officer**

## **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.

15.2 A summary of the risk register scoring matrix and assessment guidance is also included in Appendix A that officers have used when making their judgements on the likelihood and impact of each risk in order to identify the overall risk rating.

## **16 Background Papers**

16.1 There are no specific background papers

## **17 Appendices**

17.1 Appendix A - Strategic Register March 2022

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