Melton Borough Council

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Cabinet

12 October 2022

Report of: Councillor Joe Orson - Leader of the Council

Risk Management 6 monthly Update

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

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(s)

That Cabinet:
2.1   **Notes 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   Whilst Risk Management forms part of the Audit and Standards terms of reference it is important that cabinet have oversight and 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. Cabinet last reviewed this in March 2022. As part of the corporate performance and risk management reporting framework it has been agreed to update members on a 6 monthly basis.

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. 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.

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 – 4 high (red) risks, 7 medium (amber) risks and 1 low (green) risk.   In summary these are:

Category Focus	High	Medium	Low	Total
Place	1	1	1	**3**
Priorities	1	2	0	**3**
Service and Governance	2	4	0	**6**
Total	**4**	**7**	**1**	**12**

An explanation of the three risk categories referred to in the table above, and the specific risks considered within them is set out below:

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

- Cost of Living - Impact on households and businesses across Melton (NEW RISK)

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

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

- Failure to Secure financial stability in the medium term

- Following new arrangements stability of future provision of ICT services

- Financial pressures undermining partnerships (integrated working)

- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure

- General Data Protection Regulation (GDPR) compliance

- 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	RISK CATEGORY	RATING	SCORE	MITIGATING ACTION/CHANGE
Cost of Living impact on households and businesses across the borough	People and Place	High	15 NEW RISK	- Implement discretionary energy rebate scheme - Maintain cost of living project group and monitor progress against actions. Continue to review customer feedback and gov metric data to understand impacts and pressure points.
Uncertainties regarding future leisure provision in Melton	Priorities	High	15 Previous Score (15) ← →	Health and Leisure Vision project progress will be key to longer term resolution and risk reduction. Ongoing dialogue between appropriate teams regarding Waterfield Leisure Centre including contract management, health, property and assets teams to address any building / asset issues on a case by case basis. The Council has a wider focus on active lives, and enables this in other ways too - this work will continue.

Failure to Secure financial stability in the medium term	Service and Governance	High	24 Previous Score (24) ←→	• Further Savings options are identified as part of Be the Change. • Financial sustainability plan is being developed • Prioritise spending plans that will generate savings in return. • Consider options for reducing failure demand e.g. prevention and demand reduction through service transformation. • Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding.
Stability of future provision of ICT services following new arrangements	Service and Governance	High	15 Previous Score (12) ↑	• Regular monitoring and review of planned activities and consideration of further investment in ICT. • Implementation of planned ICT improvements. • Update to documentation. • Training and support to existing and newly recruited staff.

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

5.4 The risk regarding Impact of Coronavirus (Covid-19) on the business and communities of Melton has reduced as we continue to recover from the pandemic and the continued roll out of the vaccine programme moving this from a medium to low risk. This remains on the strategic register whilst we keep a watching brief as we enter into the winter months where the potential for an increase in new variants could occur. Would look to remove this from the strategic risk register at the next review should this remain stable.

5.5 A new high risk has been added around Cost of Living - Impact on households and businesses across Melton. This has been escalated from the Housing and Communities directorate risk register due to increasing concerns about the impact of cost of living / energy cost increases on households and businesses across Melton. This also links to the cost of living report which was presented to Cabinet in July 2022.

5.6 The risk concerning the failure to deliver the MMDR has increased due to the cost escalation risk due to inflationary pressures putting additional burdens on County Council finances that make affordability a greater challenge.

5.7 Continued improvement has been made regarding the Housing Revenue Account Business Plan following development and approval of the HRA business plan which has now moved from a high to medium risk. Once we have in place an updated asset management plan this risk is likely to move back down to the directorate risk register as it

becomes business as usual although the recent Government consultation on a rent increase cap is a new risk.

5.8   Following the implementation of the new in house partnership arrangements the stability of future provision of ICT services has been a risk with the loss of senior engineers which has created capacity issues alongside poor documentation handed over from the outgoing contractor. This has resulted in some recent performance issues affecting service delivery and therefore this risk has moved from medium to high.

5.9   One risk has been removed regarding the ability for Council to manage impact of Coronavirus (Covid-19) on council services which had reduced to a low score on the previous review following the opening up of the country and as there have been no recent concerns with infections levels impacting on the delivery of council services it is felt this no longer represents a strategic risk.

5.10   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

5.11   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
- Impact on finances and resources for dealing with enforcement and appeals work
- Council housing stock not being compliant with property health and safety standards
- HRA business processes including Voids, 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
- Fraud and corruption
- Cemetery Provision

5.12   **Risk Management Update / Annual Review**

5.12.1 Over the past 12 months the council has achieved a number of risk management success which include:

- **Training** – we have delivered Risk Management training to members of Audit and Standards and Cabinet specifically but also made it available to all Councillors. In the coming year the Council will look to develop further training for officers and will explore the potential for a E-Learning course which may be a useful supplement to aide in refresher training. Training for members post the local elections in May 2023 will also be taken into account in member development plans.
- **Risk Management Review** – As part of the above training which was delivered by Zurich Risk Management a review of was undertaken of the Councils risk management policy to ensure it was fit for purpose for the current risk environment. This has supported the update of the new Risk Management Policy and Strategy which was due to be presented to Audit and Standards at their September meeting but following its postponement will be now go to the next committee meeting.

- **Health and Safety (H&S)** – A lot of work has been undertaken by the new health and safety officer to review policies and safety management standards, alongside an overview of H&S compliance across the organisations Corporate Assets and Housing Assets through a H&S Audit. This addressed some identified breaches of non-compliance which were immediately rectified. A Covid-19 compliance inspection from the Health and Safety Executive was also undertaken which provided good assurance over arrangements in place.

  In the coming year one of the focuses will be to review the Risk Assessment safety management standard to look at the current risk assessment template, with the aim to make it simpler to work with and use, in order to encourage managers and team leaders to engage with this process in a more positive manner.

- **Internal Audit** – Undertook a review of risk and performance management across the council earlier in the year to provide assurance that the Council's performance and risk management framework has been sufficiently designed and implemented effectively. The review provided good assurance in terms of both the control environment and also compliance 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. It found that risk management is embedded throughout the organisation ensuring that both operational and strategic risks are captured, assessed, managed and reviewed.

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 members have strategic oversight of the organisation

7   Consultation

7.1   Audit and Standards committee will be reviewing the updated strategic risk register and refreshed policy and strategy at their next committee 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 support roll out of the new Risk Management Strategy and will continue to work with Zurich Risk Management to review any further training and support options for both staff and members to ensure the Councils risk management arrangements remain fit for purpose.

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 with the recent member training and review of the risk management strategy being funded from 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 direct 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 Sept 2022

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