



# Cabinet

08 March 2023

Report of: Councillor Joe Orson - Leader of the Council

## Risk Management 6 monthly Update

<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 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 October 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 11 risks being monitored at this level – 4 high (red) risks, 7 medium (amber) risks and 0 low (green) risk. In summary these are:

Category Focus	High	Medium	Low	Total
Place	1	1	0	2
Priorities	1	1	0	2
Service and Governance	2	5	0	7
<b>Total</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>11</b>

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:**

- 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



## 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
- 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 the 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
- Resourcing of the projects relating to Levelling Up Funding, the UKSPF Investment Plan, Asset Development Plan and Leisure developments (NEW RISK)

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 or moved onto the corporate risk register:

RISK	RISK CATEGORY	RATING	SCORE	MITIGATING ACTION/CHANGE
Cost of Living impact on households and businesses across the borough	People and Place	High	15 Previous Score (15) 	<ul style="list-style-type: none"> <li>• Implement alternative energy rebate scheme</li> <li>• Maintain cost of living project group and monitor progress against actions.</li> <li>• Continue to review customer feedback and gov metric data to understand impacts and pressure points.</li> <li>• Work through cross-district groups to share best practice and support initiatives.</li> </ul>
Uncertainties regarding future leisure provision in Melton	Priorities	High	15 Previous Score (15) 	<ul style="list-style-type: none"> <li>• Procurement of leisure contract (to commence 1st April 2024). Key decision making milestones in March 2023 and November 2023</li> <li>• 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 and</li> </ul>

				<p>safety, property and assets teams to address any building / asset issues on a case by case basis.</p> <ul style="list-style-type: none"> <li>• Work will continue on enabling active lives in other ways as The Council has a wider focus on this as well.</li> </ul>
Failure to Secure financial stability in the medium term	Service and Governance	High	<p>24</p> <p>Previous Score (24)</p> <p>↔</p>	<ul style="list-style-type: none"> <li>• Development of a financial sustainability plan that is realistic and achievable and sufficient to meet budget gap.</li> <li>• Prioritise spending plans that will generate savings in return.</li> <li>• Consider options for reducing failure demand e.g. prevention and demand reduction through service transformation.</li> <li>• Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding..</li> </ul>
Stability of future provision of ICT services following new arrangements	Service and Governance	High	<p>15</p> <p>Previous Score (15)</p> <p>↔</p>	<ul style="list-style-type: none"> <li>• Regular monitoring and review of planned activities and consideration of further investment in ICT.</li> <li>• Review of findings of diagnostic review and adapt plans accordingly.</li> <li>• Implementation of planned ICT improvements. Update to documentation.</li> <li>• Training and support to existing and newly recruited staff.</li> <li>• Backup restoration through full disaster recovery test.</li> </ul>

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. At the last review we outlined that we would keep a watching brief as we entered the winter months where the potential for an increase in new variants could occur. Fortunately, things remained fairly stable over the winter months in terms of Covid-19 and therefore this risk has been removed from the strategic risk register.
- 5.5 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. Whilst there has been some certainty about the North and East areas progressing with funding in place and initial work

underway, the Southern section is less well developed and subject to similar cost escalation a risk remains that LCC could identify a funding shortfall for the southern section.

- 5.6 Continued improvement has been made regarding the Housing Revenue Account Business Plan following development and approval of the HRA business plan which had moved from a high to medium risk. Now we have in place an updated asset management plan this risk has been moved back down to the directorate risk register as it becomes business as usual.
- 5.7 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 anticipated residual risk has been increased.
- 5.8 A new risk around the resourcing of the projects relating to Levelling Up Funding, the UKSPF Investment Plan, Asset Development Plan and Leisure developments has been added. Delivery of these projects will require additional capacity and different sets of experience, knowledge and skills at various stages of the projects. Not all the capacity and skill sets are available within the existing teams. Involvement from Property, Regeneration, Housing and Communities and Corporate services will be required to implement these projects. The teams are busy with the day to day and operational activities and will be stretched with key strategic priorities being delivered simultaneously. A resourcing plan is being developed to address any resource gaps arising from these various projects.
- 5.9 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
- 5.10 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:
- 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
  - Development of the local plan review

## 5.11 Risk Management Update

- **Training** – officers are actively working on the development of a E-Learning course which will 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.
- **Updated Risk Management Policy** – An updated Risk Management Policy and Strategy was approved by Audit and Standards at their November meeting which has been rolled out across the council.
- **Health and Safety (H&S)** – Cabinet recently received at its January meeting an annual update on Corporate Health and safety which outlined a number of achievements over the last 12 months to provide assurance that health and safety is being proactively and appropriately managed. A lot of work has been undertaken by the new health and safety officer and health and safety working group, including a review of policies and safety management standards, development of inhouse training, alongside an overview of H&S compliance across the organisation.

In the coming year some of the key areas of focus will be reviewing the remaining safety management standards, follow up compliance audits including corporate / housing assets and ensuring sufficient resilience and sustainability of improved health and safety arrangements.

## 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 continue to liaise with Zurich Risk Management to review any further training including the development of an E-learning package 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 development of an E-learning package being funded from this provision therefore incurring no additional cost to the council for the support provided by Zurich. There, will be a minor cost incurred in developing the web version to integrate with the councils new learning system but this will be contained within existing training budgets.

**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: Deputy Monitoring Officer 28.02.23**

## **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 February 2023

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