

## Risk Management Annual Report 2023

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<b>Lead Member/Relevant Portfolio Holder</b>	<b>Councillor Margaret Glancy</b> - Portfolio Holder for Governance, Environment and Regulatory Services (Deputy Leader)
<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

### 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 Committee:

- 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 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 March 2023. 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 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. They last reviewed the latest Strategic register at their meeting on the 13<sup>th</sup> September 2023.
- 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.

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 and 8 medium (amber) risks. In summary these are:

Category Focus	High	Medium	Low	Total
Place	0	2	0	2
Priorities	2	0	0	2
Service and Governance	2	6	0	8
<b>Total</b>	<b>4</b>	<b>8</b>	<b>0</b>	<b>12</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 and corporate governance**

- 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
- Lack of capacity to deliver services and projects due to resourcing issues in specific teams (NEW RISK)

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:

RISK	RISK CATEGORY	RATING	SCORE	MITIGATING ACTION/CHANGE
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 go live 1st April 2024). Key decision making milestone in November 2023.</li><li>• Develop longer term vision and plan for leisure centre capital financing, Consider investment options for current facilities to extend lifespan and improve facilities.</li><li>• Application submitted to Swimming Pool Support Fund.</li></ul>

Failure to Secure financial stability in the medium term	Service and Governance	High	24 Previous Score (24) 	<ul style="list-style-type: none"> <li>Development of the 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 ongoing funding.</li> </ul>
Stability of future provision of ICT services following new arrangements	Service and Governance	High	15 Previous Score (15) 	<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>
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.	Priorities	High	15 Previous Score (12) 	<ul style="list-style-type: none"> <li>The Council is working with the County Council and Homes England on a remediation plan to address the cost escalation risks. At this stage it is unclear whether a resolution will be found but all parties are committed to addressing and a report is due to be considered by Cabinet.</li> </ul>

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

- 5.3 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 construction for the North and East sections has started, the Southern section is less well developed and subject to similar cost escalation and a risk remains that LCC fail to receive the Housing Infrastructure Fund for the southern section. LCC could also refuse to forward fund the required infrastructure or developer contributions are not realised. There is also a risk that in seeking to reduce cost a sub-optimal option is pursued which doesn't meet local needs or expectations fully.

- 5.4 The risk associated with the Cost of Living - Impact on households and businesses across Melton has been reduced from a high to medium risk following a number of actions being taken to help support the community including establishing a cost of living project group and developing a Rural Food Hub project through UKSPF funding.
- 5.5 A new medium risk has been added around Lack of capacity to deliver services and projects due to resourcing issues in specific teams. High levels of sickness absence coupled with evidence from the Staff Survey that suggests some colleagues are experiencing pressure from high level of workloads, additional work pressures arising from the establishment of the new council and expectations arising from it, increase in customer expectations due to cost of living, difficulties in recruiting to certain posts and the impact from Single Points of Failure due to the lack of resilience arising from small teams in statutory service areas.
- 5.6 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 3.2 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
  - Impact on finances and resources for dealing with enforcement and appeals work
  - Council housing stock not being compliant with property health and safety standards
  - Addressing the climate change agenda
  - Delivery of key projects with directorates
  - Fraud and corruption
  - Cemetery Provision
  - HRA business processes including Voids, Right to Buy, housing systems, rent collection and housing regulatory changes (currently under review to assess the full impact in case any risk escalation is required).
- 5.8 **Risk Management Annual Review**
- 5.8.1 Over the past 12 months the council has achieved a number of risk management success which include:
- **Training** –The Council has been developing an E-Learning course which will be a useful supplement to aide in refresher training which is due to be rolled out in the coming months. Training for members post the local elections has been arranged for prior to this 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. They have also reviewed 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.

## **6 Options Considered**

- 6.1 An alternative option is that Audit and Standards do not review the Strategic Risk Register and the policy is not updated. This is not considered a viable alternative as it is essential that members have strategic oversight of the organisation and a policy in place to manage risk.

## **7 Consultation**

- 7.1 Cabinet have reviewed the updated strategic risk at their meeting on 13 September 2023. There has been wide engagement across the organisation in the review of the various risks facing the council.

## **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 provide the continued training and support of both staff and members including the rollout of E-Learning.

## **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 being funded from this provision and therefore incurring no additional cost to the council.
- 9.3 This above fund has also supported the development of the E-Learning module with some residual cost being funded from the corporate training budget for the development on Skillgate – the Councils internal training and development module.

**Financial Implications reviewed by: David Scott, Assistant Director for Resources**

## **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: Assistant Director for Governance & Democracy**

## **11 Equality and Safeguarding Implications**

- 11.1 There are no direct implications arising

## **12 Data Protection Implications (Mandatory)**

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed for the following reasons because there are no risks/issues to the rights and freedoms of natural persons
- 12.2 Then important of data protection across the Council and the management General Data Protection Regulation (GDPR) / Request for Information compliance is recognised as a strategic risk.

## **13 Community Safety Implications**

13.1 There are no direct implications arising.

## **14 Environmental and Climate Change Implications**

14.1 There are no direct implications arising.

## **15 Other Implications (where significant)**

15.1 There are no direct implications arising.

## **16 Risk & Mitigation**

16.1 All risks are outlined in the risk register in Appendix A.

16.2 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.

## **17 Background Papers**

17.1 There are no specific background papers.

## **18 Appendices**

18.1 Appendix A - Risk Register, September 2023