

Risk Management Update - March 2024

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

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

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 Recommendations

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

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 2023. In line with the current corporate performance and risk management reporting framework it has been previously 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 6 March 2024.
- 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 the 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 14 risks being monitored at this level – 4 high (red) risks and 10 medium (amber) risks. In summary these are:

Category Focus	High	Medium	Low	Total
Place	1	2	0	3
Priorities	1	2	0	3
Service and Governance	2	6	0	8
Total	4	10	0	14

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
- Implementation of a food waste collection arrangement (NEW RISK)
- Capacity to Respond to a Major Incident (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
- Uncertainties regarding long term future leisure provision in Melton
- Regulatory Changes in Housing – preparedness and compliance (NEW RISK)

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

- Failure to Secure financial stability in the medium term
- 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
- 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
- Capacity to deliver the new Vision 36 and the Corporate Delivery Plan (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:

5.4

RISK	RISK CATEGORY	RATING	SCORE	MITIGATING ACTION/CHANGE
Failure to Secure financial stability in the medium term	Service and Governance	High	24 Previous Score (24)	<ul style="list-style-type: none"> • Development of a financial sustainability plan that is realistic and achievable and sufficient to meet budget gap • Prioritise spending plans that will generate savings in return.

			↔	<ul style="list-style-type: none"> 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 ongoing funding.
Stability of future provision of ICT services following new arrangements	Service and Governance	High	15 Previous Score (15) ↔	<ul style="list-style-type: none"> Review of resources to ensure they meet partner needs. Improved regular monitoring and review of planned activities and consideration of further investment in ICT. Clear action plan developed from diagnostic review and adapt plans accordingly. Implementation of planned ICT improvements. Update to documentation. Training and support to existing and newly recruited staff. Backup restoration through full disaster recovery test.
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 (15) ↔	<ul style="list-style-type: none"> The Council is working with the County Council and developers on identifying alternate delivery mechanisms. At this stage it is unclear whether a resolution will be found but the work locally continues
Implementation of food waste collection arrangements	Place	High	15 New Risk	<ul style="list-style-type: none"> Regular briefings with SLT and Cabinet in coming months. Recruit to role of Programme Manager, Waste and Environment. Key project milestones, risks, decisions required to be set out as a corporate project and identify lead officer.

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

- 5.5 A new risk has been added to the strategic risk register: **Regulatory Change in Housing, preparedness and compliance**, to ensure corporate and strategic oversight (in addition to ongoing directorate level oversight) as regulatory change in the housing sector comes into force in April ahead of an inspection regime commencing. Preparatory work has been underway for some time leading to risk areas being addressed but work to demonstrate compliance continues and it is important that ongoing risks and mitigating actions are understood and overseen through the risk management process. Audit activity during 23/24 and 24/25 will also support with oversight of this area.
- 5.6 Following the recent events which are becoming more common place **Capacity to Respond to a Major Incident** has been added as a new risk recognising the impact this is having on our communities and the need for the Council to support. The Council has well established plans and is part of a multi-agency Local Resilience Partnership but capacity and resource pressures will always make having adequate resources to respond and meeting community expectations more challenging. The risk therefore ranges from reacting to incidents as they happen, visiting residents and providing relief such as sand bags etc to then supporting the recovery including administering grant payments as with the recent storms (BABET / HENK).
- 5.7 With the approval of the new corporate strategy a new risk has been added around the **Capacity to deliver the new Vision 36 and Corporate Delivery Plan**. This risk is around the capacity to deliver on these commitments with the current resources available to do this. These resources relate to the finances and assets to support this and the employees capacity to deliver this with the current commitments on existing services. We have controls in place to monitor the financial spend and the activity through our performance management framework and projects through our Programme Boards
- 5.8 A new risk has also been included regarding **the implementation of a food waste collection arrangement**, a requirement upon all councils to deliver by April 2026. This is a significant project for a number of reasons and there are various factors that need to be addressed including staffing resource, capacity and expertise; logistics, procurement and availability of food waste vehicles and caddies; financial considerations and affordability; implementation and rollout; contract arrangements and communications.
- 5.9 A risk relating to **GDPR** has been removed from the strategic risk register. An internal audit was undertaken and the final report issued in May 2023 gave a satisfactory rating for the control environment and good rating compliance. The resulting recommendations have not been implemented and the Information Governance post within the structure is now being provided by experienced resources. As such it is considered this risk is no longer at the level where it needs to be in the strategic risk register.
- 5.10 The risk associated with the **Cost of Living - Impact on households and businesses across Melton** has been removed from the strategic risk register and now being managed as a directorate risk. Whilst cost of living impacts are still a risk, the council has taken a number of actions to help support the community that have since become part of business as usual including support via the community support hub in accessing the household support fund and wider support; information and communication in paper and digital form; and subscription to a portal that can provide retail discounts to council tenants. The Council has also implemented targeted project-based initiatives including developing a Rural Food Hub project through UKSPF funding, and delivery of #here4melton community support events in both Melton and Bottesford. The cross-directorate cost of living working

group has now been stood down, and whilst we don't yet know what the government will decide about the future of the Household Support Fund, the council has a helpful infrastructure in place to support people, with the community support hub approach being a valuable resource in supporting customers on a case-by-case basis.

- 5.11 The risk associated with the **Uncertainties regarding future leisure provision in Melton** has reduced in light of the new 10 year contract that has been secured along with the £1.75m investment but the challenge around delivering a brand new facility as set out in the new corporate strategy and vision 2036 remains.
- 5.12 Another risk around **Lack of capacity to deliver services and projects due to resourcing issues in specific teams** has also reduced taking into account the resources made available as part of the budget process that have recently been approved alongside the new corporate strategy that has reset priorities and non-priorities and ensure clear focus provided across the organisation.
- 5.13 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.
- 5.14 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:
- 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 IHMS changes

5.15 Risk Management Update

- 5.15.1 Training –The Council has rolled out an E-Learning course on risk management to supplement previous focused training in this area. In addition to this, training for members post the local elections has been held in September 2023.

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 at their meeting on 6 March 2024.

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.

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 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: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 Regulation 3(c) of the Accounts and Audit Regulations 2015 requires the Council to have in place a 'sound system of internal control which includes effective arrangements for the management of risk'. This report and appendix demonstrate the effectiveness of the Council's systems and controls in identifying current risk and sets out steps taken in mitigation of those risks.
- 10.2 Failure to adequately address legal issues arising from any activity of the Council increases risk. Legal Officers endeavour to ensure Members are adequately advised and projects properly implemented to ensure that Legal requirements are met, and that appropriate legal advice is given to Officers regarding service delivery.

Legal Implications reviewed by: Assistant Director for Governance and Democracy

11 Equality and Safeguarding Implications

- 11.1 There are no direct equality or safeguarding issues arising from this report.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

- 13.1 There are no direct links to community safety arising from this report.

14 Environmental and Climate Change Implications

- 14.1 There are no direct implications arising.

15 Other Implications (where significant)

15.1 No other implications have been identified.

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

None

18 Appendices

18.1 Appendix A - Strategic Register March 2024