

## Risk Management Annual Report 2024

<b>Report Author:</b>	<b>David Scott</b> , Assistant Director for Resources
<b>Report Author Contact Details:</b>	01664 502448 dscott@melton.gov.uk
<b>Chief Officer Responsible:</b>	<b>Dawn Garton</b> , Director for Corporate Services
<b>Chief Officer Contact Details:</b>	01664 502444 DGarton@melton.gov.uk
<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 2024. 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 11<sup>th</sup> September 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 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 – 3 high (red) risks and 11 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	1	7	0	8
<b>Total</b>	<b>3</b>	<b>11</b>	<b>0</b>	<b>14</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
- Implementation of a food waste collection arrangement
- Capacity to Respond to a Major Incident

**PRIORITIES – those commitments made in our Corporate Strategy**

- Failure to deliver MMDR (in full) 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
- 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

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
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 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>• Lobby new government and other groups to ensure sufficient funding levels are provided.</li> </ul>

Failure to deliver MMDR (in full) 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"> <li>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.</li> <li>Opportunities to discuss further with Homes England and the new government will be explored.</li> </ul>
Implementation of food waste collection arrangements	Place	High	15 Previous Score (15) ↔	<ul style="list-style-type: none"> <li>Project plan to be progressed by new service manager. when in post - preparatory work is being done ahead of this.</li> <li>Submit further DEFRA challenge and consider outcome / implications of outcome on delivery of this service and financial impact for the council.</li> <li>Proposed as part of scrutiny committee workplan in 24/25.</li> </ul>

Since the last review there hasn't been any changes to risks being added or removed from the Strategic Risk Register but there has been some movements downwards to two risks which are summarised below:

- 5.4 The risk around the **Stability of future provision of ICT services** has reduced from high risk level down to a medium risk. This is as a result of additional resources being provided by partners to escalate infrastructure improvements alongside regular strategic review meetings to ensure the partnership is aligned. Business analysts have also been recruited as part of new structure to work with partner services to develop future ICT provision in conjunction with independent support to Head of ICT to implement required changes. These improvements have helped to improve the stability of the service over the past 6 months which is reflected in the updated risk score
- 5.5 A new risk was added to the strategic risk register at the last review around **Regulatory Change in Housing, preparedness and compliance**, to ensure corporate and strategic oversight (in addition to ongoing directorate level oversight) as the regulatory change in the housing sector came into force in April 24. The changes introduced a proactive inspection regime to assess compliance with a set of consumer standards, and the Council has since been one of the first six local authorities to be inspected as part of the new regime.
- 5.6 The Council has been assessed via the proactive inspection regime as a 'C2' landlord at the current time, which confirms that there were no serious failings or areas of regulatory concern identified. A number of areas of strong assurance were identified (particularly around stock condition, health and safety, and tenancy). However, the inspection did confirm some areas of weakness in one of the consumer standards (specifically the transparency, accountability and influence standard) where improvement is needed, leading to the C2 grade. The Regulator for Social Housing has confirmed that the council is self-aware, had already identified the areas for improvement and is actively taking steps

to address the improvement areas to ensure it can demonstrate tenant outcomes across all consumer standards. The actions are embedded into a service plan, and the council will continue to engage with the regulator to provide assurance of continued progress

- 5.7 Due to the preparatory work, credible service improvement plans and the regulatory judgement having been issued, the risk has been reduced down accordingly. Instead, it is proposed to transition this strategic risk to *'ensuring strong tenant outcomes across all the areas of the Housing Regularly Framework Service Delivery'*.
- 5.8 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.
- 5.9 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
  - 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
- 5.10 With reference to the above, a new risk **Community tension and civil unrest** has been added to the Housing and Communities Directorate risk register, due to the risk arising following the death of three children in Southport, which has led to significant community tensions and unrest across the UK. This has largely been driven by misinformation and extremist views, leading to racial tensions, protests, violence, riots and demand on public services across the country. The Council must be alert to this risk and has assessed this as a medium risk, based on the information available at the current time. Given the extent and profile of the issues nationally, it is considered necessary to share this directorate risk entry as part of this report to provide assurance that we are alert to this, are monitoring this and can respond to any increased risk.
- 5.11 The Council is actively engaging with and receiving information from relevant partners, and is linked into countywide networks and structures including via the Leicestershire Resilience Forum, where risks are being monitored. The Council is also alert to the risk of misinformation or community tensions and is actively monitoring in a number of ways. Should there be any indication of tensions or misinformation in Melton, officers will agree actions and next steps, working closely with other partners. MBC may also be asked to support other partners and will link into any countywide or regional discussions as required.

## 5.12 Risk Management Annual Review

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

- **Training** – Health and Safety Risk Training – Institution of Occupational Safety and Health (IOSH) Managing Safely and IOSH Safety for Executives and Directors training courses have been delivered to relevant officers during late Spring / Early summer.
- **Risk Management System** – As part of a growth bid approve in the 2024/25 budget the council has procured a new performance and risk management system which it is in the process of setting up ready to roll out later this financial year.

## 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 11 September 2024. 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 continue with the roll out of a new risk management system.

## 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 latest allocation being used to fund IOSH Managing Safely and IOSH Safety for Executives and Directors training courses for relevant officers during late Spring / Early summer.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 The Accounts and Audit Regulations 2015 Part 2 Regulation 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 Whilst risk management forms part of the terms of reference for the Council's Audit and Standards Committee, it is good practice for Cabinet to have oversight and understanding of the Council's current risk management strategy and cases.
- 10.3 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**

## **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

## **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 2024