

<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>19<sup>TH</sup> JULY 2021</b>
<b>Heading:</b>	<b>CORPORATE RISK – YEAR END 2020/2021 POSITION</b>		
<b>Portfolio Holder:</b>	<b>COUNCILLOR DANIEL WILLIAMSON, PORTFOLIO HOLDER FOR CUSTOMER SERVICES, CORPORATE CHANGE AND DIGITAL TRANSFORMATION</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>NO</b>		
<b>Subject to Call-In:</b>	<b>NO</b>		

### **Purpose of Report**

For Cabinet to review the Corporate Risk Register and the analysis of movement in risk and mitigating actions in respect of those risks.

### **Recommendation(s)**

- **Cabinet are asked to endorse the current significant items on the Register and to consider whether any further immediate actions are necessary to mitigate those risks.**

### **Reasons for Recommendation(s)**

On 23rd February 2021, Cabinet approved the updated Corporate Risk Strategy and new Risk Appetite Framework. Updates to the Corporate Risk Strategy were considered appropriate in order to facilitate greater understanding of risk maturity and improved organisational performance against the Alarm national performance model for risk management in public services, as suggested by Internal Audit. This was also highlighted as an improvement action in the Annual Governance Statement.

In accordance with the Corporate Risk Strategy, it is the role of Cabinet to monitor the Council's risk management and internal control arrangements, as part of the established quarterly monitoring and to recommend action where necessary.

### **Alternative Options Considered**

None

## **Detailed Information**

### **Context/Background**

All organisations are required to consider potential risks which may impede the delivery of corporate objectives. Effective risk management processes strengthen the ability of the Council to react to all situations and protect its own interests and those of the District, ensuring essential service delivery, through actively managing and mitigating risk effectively and innovatively. The management of risk forms an integral part of the Council's business. Effectively managing our risks means that we can maximise opportunities and minimise the costs and disruption to the Council which may possibly be caused by undesired events.

All strategic risk at corporate and service level is incorporated into the Pentana performance system to enable quarterly updates at the same time as updating performance, therefore enhancing the consideration of risk in the delivery of services.

All levels of risk are discussed bi-annually in detail with each service manager as a standing agenda item for Performance Boards, led by the Chief Executive and Assistant Director – Corporate Services and Transformation.

In summary, despite the impacts of the pandemic, overall, the current corporate risk position indicates the positive management of risk:-

- 55% of corporate risks have been effectively managed without an increase in risk assessment rating over the last 12 months
- Positively, 32% of corporate risks have been effectively managed and mitigated with a reduction in risk assessment rating over the last 12 months

### **Corporate Risk Register**

The Corporate Risk Register (position as at year-end 2020/21) is appended to this report.

There was substantial review of our corporate risks in April 2020 to reflect the organisational impact of the COVID pandemic. As a result, during the last 12 months, the following risks impacted by COVID have been:-

- Introduction of universal credit - At the end of the financial year, Universal Credit claiming tenants contributed to 50% of the total rent arrears cases and 68% of the rent arrears value. The total rent arrears value attributed to Universal Credit at week 52 = £274,124.93 (570 cases). At the end of the financial year, 26% of tenants were claiming Universal Credit.
- Sustainability of the Housing Revenue Account (HRA) Business Plan – New and emerging pressures have been placed on the HRA associated with the Housing White Paper, additional fire safety measures required on Council homes, plus new Decent Homes requirements and obligations to meet carbon reduction targets. Adjustments to the HRA are being considered to ensure the Business Plan remains viable and an update will be provided to Cabinet later in the year once greater clarity of the financial consequences of the Housing White Paper are known.
- Having an adopted Local Plan –Covid has led to delays; therefore, the timescale has been extended. Externally commissioned studies have also taken longer than expected.

- High levels of sickness absence - 2020/21 has seen the most significant reduction in the number of days lost due to sickness absence over the last 4 years. The year to date short-term absence statistics outturn for 2020/21 was 2.46 FTE, compared to 3.61 FTE in 2019/20 and 2020/21 long-term sickness absence outturn was 6.0 FTE compared to 6.63 FTE for the previous year. Long-term sickness outturn continues to be significantly higher in comparison to short-term absence.

The reduction in absence rates compared to previous years, despite the pandemic, suggests that whilst the virus may have led to some additional absence, measures such as shielding and an increase in agile working appear to have reduced causes of absence and had a positive impact on the overall absence outturn.

At various times during 2020/21 a number of employees were required to shield due to them being identified as clinically extremely vulnerable (CEV), resulting in them either working from home or being stood down, which could have had an impact on short-term absence. Furthermore, due to COVID restrictions there has been an increased number of the workforce able to work from home which could have had an impact on the short-term absence statistics, as employees may feel more able to work when they feel a little unwell as they are not having to travel into the office but feel well enough to work from home.

- Commercial property investment –All tenants are currently paying their rents in accordance with agreed payment schedules. No further Investment Property acquisitions that are purely to generate net yield will take place from April 2021 in accordance with the revised Capital and Investment Strategies approved by Council in March 2021.
- Workforce planning, inability to recruit to critical roles – there is continuing review of critical roles, resilience and capacity against essential services aligned to Covid recovery planning, the efficiency review programme and the refresh of the Corporate Plan key actions. The position is assessed regularly by CLT and cross-referenced via monitoring reports against vacancy lists, identified hard to recruit posts and mitigating actions. HR have been successful in recently securing a LGA support initiative which has commenced and is targeting work on strengthening succession planning approaches.

Throughout 2020/21 the following new risks were added to the register, mostly in relation to the impacts of COVID:-

- Potential impact on resource levels and capacity due to the impact of COVID
- Ability to maintain service delivery due to absence related to COVID
- During the pandemic, the potential increased risk of decisions being made outside “normal” governance structures due to the need to react quickly to a constantly changing situation. This risk has now been removed from the Corporate Risk Register.
- Potential loss or delays in receipt of key income sources (Business Rates, Council Tax, Housing and Investment Property Rents)
- Ability to adhere to Data Protection regulations with increased remote working (physical and digital data). This risk has now been removed from the Corporate Risk Register.
- Ability to meet statutory obligation process timescales (eg gas servicing)
- Effective strategic leadership of a robust coronavirus recovery plan
- Ability to deliver Town centre funding
- Impacts of COVID on resources available to deliver the annual Spring Clean – this has since been removed as the annual spring clean was delivered successfully despite the pandemic.

- Risks associated with delivery of an election in May 2021 – this has since been removed as the elections were delivered successfully, despite the pandemic

#### Risk Rating Summary

	2014/15 Q4	2015/16 Q4	2016/17 Q4	2017/18 Q4	2018/19 Q4	2019/20 Q4	2020/21 Q4
Significant	10	10	9	7	4	12	9
Medium	9	7	6	10	10	12	13
Low	7	5	2	3	6	4	2
Total	26	22	17	20	20	28	24

The total number of Corporate Risks have reduced over the last year, returning to similar levels pre-pandemic, since the increase in risks at year-end 2019/20, mostly associated with those related to the pandemic. There has also been a reduction in significant rated risks.

Those risks which have remained significant over last 12 months are:-

- Sustainability of HRA business plan to invest in current and new stock
- Having an adopted LDF/Local Plan
- Planning appeals
- Temporary Accommodation – insufficient units to meet demand
- Workforce planning – inability to recruit and/or retain filled position to critical posts.
- Potential impact on resource levels and capacity due to covid
- Ability to meet statutory obligation process timescales

Other significant risks are:-

- Ability to comply with the regulatory regime set out by the Regulator of Social Housing
- Ability to Support and Safeguard Vulnerable people

#### **Implications**

##### **Corporate Plan:**

Effective risk management will enable the delivery of corporate and service level priorities, particularly ensuring our people, structures, systems, processes and practices are 'fit for purpose' and remove barriers to improvement and growth.

##### **Legal:**

No direct legal implications in respect of the recommendations in the report.

Legal and Governance risks are outlined in the report and in the Corporate Risk Register.

##### **Finance:**

Budget Area	Implication
General Fund – Revenue Budget	There may be resource implications to the improvement or mitigation of risk. Financial risks are incorporated into the Corporate Risk Register.
General Fund – Capital Programme	

Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

**Risk:**

Risk	Mitigation
Lack of an effective risk management framework could result in the organisation having a poor understanding of the major obstacles or blockages that could potentially impact upon its ability to maximise the delivery of its objectives and provision of services to customers	<ul style="list-style-type: none"> <li>• Make risk management part of normal business and therefore incorporate within all decision making processes, including key project delivery.</li> <li>• Integrate risk management into the culture of the Council and cascade awareness through all levels of leadership and beyond.</li> <li>• Ensure the organisation has a clear understanding of its risk maturity level and is taking steps towards improving this to a desired level.</li> </ul>

**Human Resources:**

There is a need to ensure that service managers are clear with regards to the Corporate Risk Strategy and the requirement to follow the consistent processes contained therein. Risk Management training is a priority and refresher training is currently being scheduled for Members and Officers.

**Environmental/Sustainability**

*No direct implications*

**Equalities:**

*No direct implications*

**Other Implications:**

**Reason(s) for Urgency**

**Reason(s) for Exemption**

**Background Papers**

Detailed Corporate Risk Register – Year End 2020/21

**Report Author and Contact Officer**

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