

Report To:	AUDIT COMMITTEE
Date:	28TH MARCH 2022
Heading:	CORPORATE RISK UPDATE
Portfolio Holder:	COUNCILLOR KIER BARSBY, PORTFOLIO HOLDER FOR CUSTOMER SERVICES, CORPORATE CHANGE AND DIGITAL TRANSFORMATION
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	NO

Purpose of Report

For Audit Committee to review the Corporate Risk Register and the analysis of movement in risk and mitigating actions in respect of those risks. To also consider the outcome of a recent audit of Corporate Risk.

Recommendation(s)

- **To note the current significant items on the Risk Register and to consider whether any further immediate actions are necessary to mitigate those risks.**
- **To consider recent audit recommendations and proposed updates to the Corporate Risk Strategy**

Reasons for Recommendation(s)

To prioritise and manage the mitigation of Risk in order that the Council can achieve its objectives.

Alternative Options Considered

(with reasons why not adopted)

None

Detailed Information

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:-

- 100% of corporate risks have been effectively managed without an increase in risk assessment rating over the last 12 months
- Positively, 30% 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 end February, 2022) is appended to this report.

Analysis of risks - Risk Rating Summary

	2014/15 Qu4	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Qu4	2021/22 Qu 3
Significant	10	10	9	7	4	12	9	9
Medium	9	7	6	10	10	12	13	12
Low	7	5	2	3	6	4	2	4
Total	26	22	17	20	20	28	24	25

The total number of Corporate Risks have maintained over the last 12 months, with a similar level of significant rated risks over the same period.

Those risks which remain significant are:-

- Sustainability of HRA business plan to invest in current and new stock.
There is ongoing work to understand the cost implications of new Housing regulations and the cost of making the housing stock more energy efficient aligned to achieving Carbon Net Zero by no later than 2050.

- Having an adopted LDF/Local Plan
The Council is still waiting for a Government response.
- Planning appeals
Currently awaiting the outcome of the Ashlands Road appeal which will influence risk moving forward.
- Ability to meet statutory obligation process timescales (eg gas servicing)
Due to the Coronavirus Pandemic a number of changes have been made to the Property Health and Safety Check / Service processes to adapt to the current situation.

Whereby a Tenant does not wish to allow access to their home due to their interpretation of social distancing and shielding, has tested positive or is self-isolating due to symptoms etc. then we will not enter the property to undertake this work.

- Ability to comply with the regulatory regime set out by the Regulator of Social Housing
Additional resources are being looked at as the new regulatory regime will require additional work within the Housing and Asset Directorate and support from other sections e.g. Performance Team.
- Workforce planning – inability to recruit and/or retain to critical posts.

Vacancies, recruitment and retention to critical posts including use of Market Supplements Policy continues to be monitored aligned to the national shortage of suitable candidates and pressures on all local authorities to recruit and retain

Work continues with LGA to support managers in exploring and implementing workforce planning strategies involving succession planning, apprentices, graduates, 'grow your own' temporary and long term use of external capacity and expertise.

Project initiated to review current approaches to recruitment and selection to enhance Council as an Employer of Choice recognising the changing needs and work/life balance of people through the pandemic.

Due to national labour shortages and pressures affecting all markets at all levels, East Midlands Councils have reintroduced the Pay and Rewards working group to support Council's in underpinning their workforce plans. Additionally, the Council has commissioned an external sense check of its pay and rewards structure against current/projected market changes and also equality proofing.

- Potential impact on resource levels and capacity due to covid
Following a recent decrease, currently employee positive cases are increasing again reflecting community transmission rates though still within manageable levels. Therefore, we need to remain cautious at this time as restrictions and changes to self-isolation and testing are implemented nationally.
- Temporary Accommodation (TA) – sufficient units to meet demand
TA risks being managed. High occupancy levels and few vacancies means risks remain high especially in view of the high number of evictions from private rented housing now that covid related restrictions on evicting tenants have ended.

A **new risk** which had been added in quarter 2 to the Corporate Risk Register and assessed as significant: -

Legal Services – Lack of staffing resources and disruption caused by exiting Shared Service. A Project Group has been established with MDC to manage the exit from the shared service. The Group meets monthly. The aim is to agree an early exit date with MDC. A Cabinet Report regarding exiting the shared service was presented in December 2021 and Cabinet approved the establishment of an in house team. A new structure has been approved by the CEO and is currently in the process of implementation. Interviews for vacant roles took place week commencing 14 March. It has been agreed with MDC that the shared service will end on 30 June 2022. While the restructure takes place, interim staffing arrangements to fill vacancies within the budget envelope are taking place with a mixture of fixed term contracts, locums and use of external legal resources.

Weekly review of priority workloads is undertaken between the Director of Legal and Governance and Service Manager, Legal Services.

Other risks

Project related risks- continue to be managed by both internal and external project managers and where the risk is close to or exceeding the tolerances acceptable then these are referred to the project sponsors for input. A risk register is required for each project and the project management framework is to be used as guidance for the management of all projects.

Fraud Risks – An Anti-Fraud and Corruption Project Group has been set up and is chaired by the Director, Legal and Governance and has a selection of stakeholders from across the Council including a representative from The Central Midlands Audit Partnership. The group has been set up to monitor and report on fraud related risks. The group meets every 3 months with the most recent meeting taking place on 17 February 2022. The Group has carried out a full revision of the Fraud Risk Register of over the past 6 months and monitors and updates this at each meeting.

Programme Risks - The risks related to programmes are managed by each programme board that has been established. A separate Towns Fund risk register has been established and the Programme Risk Register will be reviewed by the Discover Ashfield Board.

Service Level Risks – These are managed by each individual Service Manager and where there are tolerances expected to be exceeded beyond the levels set out in the Risk Appetite Framework, these are then to be referred for discussion with the relevant Service Director who will then decide if these need to be included in the Corporate Risk Register. It may be that additional measures can be implemented in order to manage the risk and reduce the likelihood and impact.

Internal Audit

The Central Midlands Audit Partnership (CMAP) began a review in relation to risk management in October 2021 and concluded this in December 2021. The auditor made 15 recommendations, and these are appended to this report. The risk strategy has been amended to take into account the recommendations from audit and the revised strategy is appended to this report along with a summary sheet to show the changes.

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. [RLD 16/03/2022]

Finance: [PH 15/03/22].

Budget Area	Implication
General Fund – Revenue Budget	There may be future 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">• Make risk management part of normal business and therefore incorporate within all decision-making processes, including key project delivery.• Integrate risk management into the culture of the Council and cascade awareness through all levels of leadership and beyond.• Ensure the organisation has a clear understanding of its risk maturity level and is taking steps towards improving this to a desired level.

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. [KB 15/03/22]

Environmental/Sustainability

No direct implications

Equalities:

No direct implications

Other Implications:**Reason(s) for Urgency**

None

Reason(s) for Exemption

None

Background Papers

Detailed Corporate Risk Register – Quarter 3 Position 2021/22

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