

<b>Report To:</b>	<b>CABINET</b>
<b>Date:</b>	<b>21<sup>ST</sup> FEBRUARY, 2023</b>
<b>Heading:</b>	<b>CORPORATE RISK UPDATE</b>
<b>Executive Lead Member:</b>	<b>COUNCILLOR SARAH MADIGAN, EXECUTIVE LEAD MEMBER FOR CUSTOMER SERVICES AND STRATEGIC PLANNING</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)**

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

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

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

### **Alternative Options Considered**

None. 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.

## **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, overall, the current corporate risk position indicates the positive management of risk in 2022/23: -

- 75% of corporate risks have been effectively managed without an increase in risk assessment rating this year.
- Positively, 25% of corporate risks have been effectively managed and mitigated with a reduction in risk assessment rating this year.

## **Corporate Risk Register**

The Corporate Risk Register (position as 9<sup>th</sup> February,2023) is appended to this report.

There is a continued review of our corporate risk in alignment with the Corporate Risk Strategy and Risk Appetite Framework, and as such, the following changes have been made to the Corporate Risk Register: -

- Commercial property investment – this risk has been moved to service level due to being assessed as a low-level risk. However, the risk will be kept under review as to whether it needs to be raised back to corporate level should there be difficulties collecting rent from existing tenants.
- Idlewells shopping centre – this risk has been moved to service level as it has been identified as an operational risk.
- Procurement risk – this risk has been moved to service level following the review of procurement and robust measures since put in place.
- Waste Strategy – this risk has been moved to service level as it has been identified as an operational risk.
- Safeguarding – this risk has been moved to service level due to being assessed as a low-level risk which is very well controlled.
- All covid related risks have been removed from the Corporate Risk Register. Any risks related to resourcing levels are now covered in the specific workforce planning corporate risk. Ability to maintain service delivery and effective strategic leadership are no longer a risk as evidenced by positive LGA report regarding the organisation's response to the pandemic. CLT are regularly reviewing the recommendations and action plan from this LGA review.
- Temporary accommodation – this risk has been moved to service level as it has been identified as an operational risk.
- Business Rates – this risk has been moved to service level due to being assessed as a low-level risk.

- Legal shared services - this risk has been moved to service level as the Legal shared service has now ceased.

### Analysis of risks - Risk Rating Summary

	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Qu4	2022/22 Qu4	2022/23 Qu 3
Significant	10	9	7	4	12	11	7	8
Medium	7	6	10	10	12	12	7	6
Low	5	2	3	6	4	10	2	2
Total	22	17	20	20	28	33	16	16

The total number of Corporate Risks had previously increased significantly throughout the pandemic (2020/21); however, our level of corporate risk has reduced as we have come out of the pandemic and remained static at this lower level.

One new risk has been added and retained in the Corporate Risk Register this year in relation to the Elections Act 2022 (which is significant). A further new corporate risk is currently being considered in relation to the potential impact of cost of living across Council services.

Those risks which remain significant are: -

- Sustainability of HRA business plan to invest in current and new stock (remained significant) – There has been no change to the assessment of this risk due to ongoing spending pressures. Pressures on expenditure remain higher given spending on CO2 alarms and future carbon reduction targets and the potential impact of the cost-of-living crisis on rent collection.
- Having an adopted LDF/Local Plan – This risk remains significant however likelihood assessment has been lowered, with Cabinet support for scenario B the next stage of consultation will be progressed in developing the final Local Plan which will consider further new Government guidance which is expected to allow more flexibility around housing numbers. This has yet to go into legislation and will be explored with the planning inspectorate in February.
- Planning appeals – There has been no change to the assessment of this risk over the last 12 months and there have been no major decisions to influence the current position.
- Ability to meet statutory obligation process timescales (eg gas servicing) - There has been no change to the assessment of this risk over the last 12 months. The completion of the required inspections remains challenging for a few difficult to access properties where there is a reluctance to provide access to their home for these essential services to be completed and we are encountering more situations where we are having to seek Court action. With regards to Carbon monoxide installations, there remains a few outstanding alarms to be fitted in our hard-to-reach properties, but fully expect for every home that requires an alarm to have one fitted before the end of the financial year.
- Ability to comply with the regulatory regime set out by the Regulator of Social Housing (assessment of this risk remains significant with increasing assessment of likelihood) – There are difficulties recruiting to the new Housing Performance and Insight Officer. The DMA review will determine the way forward with the identification of a responsible Health and Safety Officer. Work is underway across Housing and the wider Council to meet the requirements of the Regulator of Social Housing.
- Ability to successfully implement the new legal requirements placed on the Council as a result of the Elections Act 2022 – This is a new Corporate Risk. The likelihood of failing to

implement the new legal requirements brought about by the Elections Act 2022 remains at this high level for the time being at least. Voter authority certificate applications went live a couple of weeks ago and the Government has commenced its national publicity campaign. The Council has also commenced its own communications to encourage people to make applications as early as possible which will assist with the flow and resourcing of applications. Project Groups and plans are now in place in respect of both the Elections Act requirements and for the Election itself. Accordingly, the risk has been slightly reduced.

- **Workforce planning**– Remains a significant risk due to ongoing challenges with recruitment and retention within an increasingly competitive market, reduced candidate pool, lifestyle changes. Fundamental review of recruitment (by external consultant) within the Council now completed with recommendations and action plan. Consideration being given to implementing priority actions.
- **Level of Central Government funding 2022 onwards** – This risk has increased this financial year. The December 2022 Provisional Finance Settlement confirmed that Local Government Finance Reform will not now happen for at least the next two financial years which provides greater core funding certainty for at least another two years. However, core funding level certainty beyond 2024/25 remains uncertain. The current and forecast level of inflation in the economy is also placing pressure on Council resources. The Council has healthy reserves which will help to mitigate funding pressures in the short term. Additionally, the Council's Outturn for 2022/23 is currently expected to be within budget. The next 2 years will be critical to identify recurrent savings to meet expected financial challenges beyond 2024/25 when core Government funding is expected to significantly reduce.

## **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 (CMAP). 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 held on 2nd of December 2022.

**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 then these are 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.

## **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 02/02/2023]

### **Finance:** [PH 02/02/2023].

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	No direct financial implications arising from this report. 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:**

<b>Risk</b>	<b>Mitigation</b>
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 online refresher training has been designed and is currently being scheduled for Members and Officers.

### **Environmental/Sustainability**

No direct implications

**Equalities:**

No direct implications

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

Not applicable

**Reason(s) for Exemption**

Not applicable

**Background Papers**

Detailed Corporate Risk Register – Quarter 3 2022/23

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