

Report To:	CABINET
Date:	26TH JUNE 2023
Heading:	CORPORATE RISK – YEAR END POSITION 2022/23
Executive Lead Member:	LEADER
Ward/s:	ALL
Key Decision:	NO
Subject to Call-In:	NO

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 Assistant Director as a standing agenda item for Performance Boards, led by the Chief Executive and Assistant Director – Policy and Performance.

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

- A total of seven risks have been removed from the Corporate Risk Register.
- Most (77%) of remaining corporate risks have been effectively managed without an increase in risk assessment rating this year.
- Positively, a third 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 at end May,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 in the last 12-month period: -

- Business Rates – this risk has been moved to service level due to being assessed as a low-level risk.
- Introduction of Universal Credit- is now managed as business as usual and has remained a low risk for 12 months. This will therefore be monitored at operational level.
- Kirkby Leisure Centre – ability to complete project on time, within budget and within scope – due to the project phases now being complete, this risk has been removed.
- Discontinuation of the outsourced procurement unit (New 2022/23)– as a new agreement is now in place with Nottinghamshire County Council has been removed from the corporate risk register.
- Legal Services, lack of staffing resources and disruption caused by exiting shared service – This risk has been removed from the corporate risk register. The structure continues to be kept under close review to particularly keep in mind the level of resources needed to assist with the delivery of the Towns Fund and any other successful grant bids such as levelling up and UK prosperity fund. This risk has been transferred to service level for ongoing monitoring.
- HR Shared Service cessation (New 2022/23) -- During 2022/23 the two HR related risks were removed as the decision to maintain the shared service negated the existence of the risks.

Analysis of risks - Risk Rating Summary

	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Qu4	2021/22 Qu4	2022/23 Qu 4
Significant	10	9	7	4	12	11	7	7
Medium	7	6	10	10	12	12	7	6
Low	5	2	3	6	4	10	2	0
Total	22	17	20	20	28	33	16	13

The total number of Corporate Risks had previously increased significantly throughout the pandemic (2019 – 2021); however, our level of corporate risk has reduced as we have come out of the pandemic.

Four new risks were added to the Corporate Risk Register in 2022/23, two relating to the HR shared service, one in relation to the Elections Act 2022 and one related to the cessation of the procurement service provided by Nottingham City Council. Three of these risks, as above, have now been removed from the Corporate Risk Register, and the risk relating to impact of the Elections Act has been reduced from significant to medium level. A Member Working Group will be established at the July Council meeting the scope of which will include a review of the ongoing risks (level of risk and ongoing monitoring) associated with the new requirements of the Elections Act 2022 and the impacts of embedding these into the election and electoral registration processes for future elections including funding.

Two further new corporate risks are currently being considered in relation to the council depot, and the potential impact of cost of living across Council services.

The current risk relating to the successful delivery of our regeneration programme will be reviewed during the next quarter period in light of audit findings.

Those risks which remain significant are: -

- Having an adopted LDF/Local Plan – This risk remains significant however likelihood assessment was lowered during 2022/23. With Cabinet approval of scenario B and a meeting with the Planning Inspectorate, work has continued towards the next stage of consultation. Consideration is being given to new Government guidance around more flexibility around housing numbers and a revised National Planning Policy Framework. Work continues completing the Local Plan evidence base documents, with an emphasis on design quality, sustainable place shaping and transport / multi modal infrastructure. Several supporting planning guidance documents have been produced to support this approach.
- Planning appeals - There has been no change to the assessment of this risk over the last 12 months. The position has slightly improved however there is limited room for manoeuvre.
- Ability to meet statutory obligation process timescales (e.g. gas servicing). There has been no change to the assessment of this risk over the last 3 years since raising to corporate level. The completion of the required inspections remains challenging and encounters numerous difficult access properties who are reluctant 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 CO installations, there are a small number of installs outstanding despite numerous attempts to engage with the occupants.
- 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. The Housing Performance and Insight Officer (a key new post which is required to work on regulatory requirements) has been advertised with a market supplement 4 times, without success. A review of the market supplement is being undertaken by HR with a view to increasing this, so that the salary is comparable with other social housing landlords. The responsible Health and Safety Officer is now in place. Work is underway across Housing to meet the requirements of the Regulator of Social Housing. Additional resources (agency worker) are being sought to assist with the work required.

There has been recent increased regulatory interest in areas such as CO alarms and Damp and Mould which has identified that the data within the Assets database of the housing

system needs further refinement and greater accessibility, leading to re-prioritisation and focus of digital and data work in this area and development of an interim role to support the business with management of data.

- Workforce planning –inability to recruit and/or retain filled position to critical posts. Remains a significant risk due to ongoing challenges with recruitment and retention within an increasingly competitive market, reduced candidate pool, lifestyle changes.

A fundamental review of recruitment (by external consultant) within the Council is now completed and the recommendations and action plan with priority actions is now being implemented including:

Redesigning adverts and content to make more attractive to potential applicants.

Support is being given to managers in mitigating against recruitment challenges through 'grow our own', succession planning, career grading, use of graduates, apprentices, trainees. Support is also being given to managers to increase pool of applicants through identifying candidates with 'potential' to develop within role, given development support.

Use of market supplements ongoing where appropriate. External benchmark and assessment of pay and grading structure underway.

- 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 now provides greater core funding certainty for at least another two years (23/24 and 24/25). 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.
- Loss / delays in receipt of key income sources - The impact of increasing inflation in the economy is likely to result in some permanent reductions in some income sources and delays in income receipts. This is monitored on an ongoing basis and key impacts reported through to Strategic Leadership Team and Cabinet via Financial Monitoring reports. The Commercial Investment Working Group also receives regular update reports regarding Investment and Commercial Property income performance with twice yearly reports to Audit Committee. Funding has been set aside in a reserve to help meet the income losses arising from void periods. Should there be any significant permanent loss of income, this will be reflected in updates to the MTFS.

Other risks

Project related risks- continued 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 Executive Director - Governance and has a selection of stakeholders from across the Council including a representative from The East Midlands Audit Partnership. The group has been set up to monitor and report on fraud related risks. The group meets every 3 months.

Programme Risks - The risks related to programs are managed by each program 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 Assistant Director/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 Executive 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 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 07/06/2023]

Finance: [PH 31/05/2023].

Budget Area	Implication
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:

Risk	Mitigation

<p>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.</p>	<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 Assistant Directors 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:

Not applicable

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

Detailed Corporate Risk Register – Quarter 4 2022/23

Report Author and Contact Officer

Jo Froggatt
ASSISTANT DIRECTOR – POLICY AND PERFORMANCE
joanne.froggatt@ashfield.gov.uk
01623 457328

Sponsoring Director

Craig Bonar
EXECUTIVE DIRECTOR TRANSFORMATION
craig.bonar@ashfield.gov.uk
01623 457203