

<b>Report To:</b>	<b>CABINET</b>
<b>Date:</b>	<b>20 JANUARY 2025</b>
<b>Heading:</b>	<b>CORPORATE RISK – QUARTER 2 POSITION 2024/2025</b>
<b>Executive Lead Member:</b>	<b>LEADER</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 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 the last six months, one new risk has been added and two risks removed from the Corporate Risk Register.**
- **58% of the remaining corporate risks have been effectively managed without an increase in risk assessment rating in the last 12 months.**
- **Positively, 33% of corporate risks have been effectively managed and mitigated with a reduction in risk assessment rating in the last 12 months.**

### Corporate Risk Register

The Corporate Risk Register (position as at Quarter 2 2024) is appended to this report.

Analysis of risks - Risk Rating Summary

	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Qu4	2021/22 Qu4	2022/23 Qu 4	2023/24 Qu4	2024/25 Qu2
Significant	7	4	12	11	7	7	5	6
Medium	10	10	12	12	7	6	8	6
Low	3	6	4	10	2	0	2	2
Total	20	20	28	33	16	13	15	14

There is a continued review of our corporate risk in alignment with the Corporate Risk Strategy and Risk Appetite Framework, and as such, the risk relating to meeting the requirements of the Election Act has been removed from the Corporate Risk Register to be monitored at service level.

Those corporate risks which remain significant are: -

- Ability to meet statutory obligation process timescales (e.g. gas servicing). Following the introduction of a new servicing contractor we are experiencing a very challenging period in terms of contractor performance. We are also still encountering numerous difficult to access properties who are reluctant to provide access to their home for these essential services to be completed. This risk therefore remains significant.

- Planning Appeals. The Council has been successful in defending a solar farm planning appeal, however there are 3 major appeals in process to be determined therefore the risk remains significant when considered over the 2-year rolling period.
- Ability to comply with the regulatory regime set out by the Regulator of Social Housing - Work continues to be undertaken across the Operations Directorate (Housing) to ensure we meet the requirements of the Regulator of Social Housing and prepare for forthcoming inspections. An action plan is also in place, however whilst there are ongoing actions to be completed, this risk remains significant.
- Workforce planning – inability to recruit and/or retain filled positions to critical posts. Risk levels were reduced to medium however have recently been increased back to significant following the English Devolution White Paper commitment to dissolving District Councils within two tier areas to be replaced by new Unitary authorities. Proposals are required in 2025 with implementation expected within parliamentary term. This will create significant uncertainty both within existing workforce and potential applicants for vacant posts and accentuate recruitment and retention challenges going forward. Aligned to mitigating actions identification of critical posts has been completed and there is ongoing review. Significant work has been completed in the development of directorate and a corporate Workforce Plan, which is now in the stages of being finalised.
- Failure to comply with the provisions of the Procurement Act 2023 –Most of the commissioning officers across the Council have completed the required learning. The Procurement Forum to be held later in January will present an update as well as cover the key points of the new Act. Preparation for the introduction of the new Central Digital Platform is underway with further workflow planning where the Procurement Partnership publish notices - new notices will be required under the Act. A Local Needs Analysis is being conducted by Social Value Portal to determine key social value deliverables and will assist when using social value in the assessment criteria. All frameworks to be used will be vetted by procurement staff to ensure suitability. All tenders must be managed by the Procurement Partnership to ensure compliance with the new Act. *It should be noted that in Quarter 3 this risk has recently been assessed as medium in recognition of the significant progress made against mitigating actions.*

One new risk, assessed as significant, have been added to the Corporate Risk Register recently: -

- Inability to implement new Finance system successfully in a timely manner – this risk is currently assessed as significant. An action plan is being developed with Assistant Directors, to clarify agreed priorities and set clearer milestones. Whilst progress is continuing on points of detail, ongoing delays (with invoice processing in particular) continue to present risk to the organisation. Aligned to mitigating actions, additional temporary capacity has been recruited to urgently process and reduce the payments backlog.

The corporate risk relating to Ethical Governance has been reviewed and updated to reflect recommendations in the Corporate Peer Challenge.

The following risks have been removed from the Corporate Risk Register to be monitored at service/project level: -

- the Council's ability to successfully implement the new legal requirements placed as a result of the Elections Act 2022 has been removed from the Corporate Risk Register following the successful delivery of elections in 2024. This risk will continue to be monitored at service level.
- Northern Depot – condition of buildings and ability to adapt to changes in fleet energy requirements. This health and safety risk is being closely monitored through the delivery of the Depot re-development project and will continue to be monitored at project level.

Consideration is also currently being given to the potential risk of the Councils ability to meet the Simpler Recycling requirements.

The Council will continue to consider the potential risks relating to impending Local Government Reorganisation following the publication of the English Devolution White Paper in December 2024 – such as impact on employee recruitment and retention as noted above. This will be kept under review.

## 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 and is in place 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 Corporate Resources Director (S151 Officer) 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.

**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 is 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. Governance risks are outlined in the report and in the Corporate Risk Register. [RLD 18/12/2024]

**Finance:** No direct financial implications arising from this report. [PH 20/12/24]

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:**

<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 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 2 2024/25

## **Report Author and Contact Officer**

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