

**Blaby District Council**  
**Audit & Corporate Governance Committee**

**Date of Meeting** 17 April 2023  
**Title of Report** Risk Management Quarter 4 2022/23  
**Report Author** Finance Group Manager

**1. What is this report about?**

- 1.1 The report provides the Committee with an update in relation to the Council's Corporate Risk Register for the final quarter of 2022/23.

**2. Recommendation(s)**

- 2.1 That the latest information in respect of the Council's major corporate risks is accepted.

**3. Reason for Decision(s) Recommended**

- 3.1 The overview of the Council's risk management processes is a key responsibility of the Audit and Corporate Governance Committee.

**4. Matters to consider**

4.1 Background

The management of risk is a critical success factor in terms of an organisation achieving its objectives. The Audit and Corporate Governance Committee, supported by Internal Audit, has the role of evaluating the effectiveness of the Council's risk management procedures, and commenting upon areas of improvement as appropriate.

Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

Further information can be found within the Risk Management Strategy.

## 4.2 Corporate Risk Register

The Corporate Risk Register captures the most significant current risks that have a potential impact on the Council's strategic aims and objectives. Updates on the latest corporate risks are presented to Audit and Corporate Governance Committee every quarter.

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive and Directors. The Corporate Risk Group met on 20<sup>th</sup> March 2023 to review and update the Corporate Risk Register, ensuring that it properly reflects the current corporate risks and that actions are in place to mitigate those risks. A copy of the Corporate Risk Register is included at Appendix A, and this sets out each risk, an assessment of the degree of risk to the Council, and any control measures that are in place to mitigate the likelihood and impact of the risk occurring.

The following table summarises the number of corporate risks before any control measures are put in place (i.e., uncontrolled risks).

<b>All Corporate Risks – Uncontrolled Rating Summary</b>			
<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
12	9	1	22

The corporate risks, once control measures have been put in place, i.e., controlled risks, are as follows:

<b>All Corporate Risks – Controlled Rating Summary</b>			
<b>Red</b>	<b>Amber</b>	<b>Green</b>	<b>Total</b>
4	10	8	22

Since the last report to Committee, in February 2023, 2 risks have been removed from the risk register whilst another has been elevated from the Service Risk Register, leading to a reduction from 23 corporate risks to 22.

The risks that have been removed are:

- Transition to the new ICT Partnership arrangements – now in place; ongoing concerns around infrastructure and reliability of systems are encapsulated within other risks.
- Incident or outbreak within the Council leading to reduced staffing levels – this risk was primarily concerned with the Covid-19 pandemic which, whilst not eliminated, is less prevalent now. Hybrid working capabilities also make it less likely that staffing levels will be significantly affected.

The following risk has been added to the Corporate Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
Failure to provide appropriate temporary accommodation for homeless households	Risk Likelihood	Very Likely (4)	Very Likely (4)
	Risk Impact	Major Impact (4)	Medium Impact (3)
	Status	16	12
Control Measures	<ul style="list-style-type: none"> <li>Alternative sources of temporary accommodation in place – hotels and bed &amp; breakfast accommodation; self-contained properties leased from EMH, self-contained properties via various private companies across the City and County area.</li> <li>UKSPF funding for a feasibility study to assess the suitability of Council-owned land for building temporary accommodation.</li> <li>Limited funding available to compensate for the cost of providing temporary accommodation for Ukrainian nationals.</li> </ul>		

Previously included on the Service Risk Register but upgraded to a corporate risk due to the ongoing service pressure being experienced by the Housing Services team. Demand for housing has increased significantly as a result of the cost of living crisis, the number of more complex and vulnerable cases, and approaches from Ukrainian nationals, as well as the longer term effects of the pandemic. The increase in demand also has financial implications in relation to the Homelessness budget and whilst some of the additional cost may be met from housing benefit, the full amount is not covered due to a cap on subsidy that can be claimed against temporary accommodation.

Overall, 12 high risks to the Council's business have been identified before any form of mitigation has been put in place. However, once control measures are considered, 8 of these are reduced to medium or low risk.

The Corporate Risk Group consider that the following risk has increased since quarter 3:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
Impact on the financial position because of the lack of certainty around future funding streams, and the cost-of-living crisis.	Risk Likelihood	Very Likely (4)	Very Likely (4)
	Risk Impact	Major Disaster (5)	Major Impact (4)
	Status	20	16
Control Measures	<ul style="list-style-type: none"> <li>Awareness and understanding of national policy changes</li> <li>Balanced budget approved, and MTFS in place</li> <li>Deliver action plan of Commercialisation Strategy</li> <li>Maintain awareness of changing priorities</li> <li>Working with partners</li> <li>Maintaining an adequate level of reserves</li> <li>Financial plan in place with measures to reduce the budget gap</li> </ul>		

Although there is an indication that the 2024/25 financial settlement could be pitched at a similar level to 2023/24, in cash terms if not real terms, it is not guaranteed. There is a strong likelihood that the settlement formula will be revised with effect from 1<sup>st</sup> April 2025, and that the business rates baseline will be reset. On the back of that assumption, the Medium-Term Financial Strategy forecasts a significant shortfall in funding from 2025/26 onwards.

Whilst the Council was able to set a balanced budget for 2023/24, risks remain around the impact of inflation on services, the potential for the annual pay award to exceed the budget, and ongoing uncertainty over the level of key income streams.

The following risk has reduced since last quarter:

- Failure to provide affordable housing and supporting infrastructure in line with identified need – this risk has been reduced because it is considered that there is a reasonable number of new developments in the pipeline in the next twelve months.

#### 4.3 Service & Project Risk Registers

Service risks are those which are more related to operational and service delivery matters. They are maintained on a separate risk register and are subject to quarterly monitoring by Service Managers to ensure that they remain up to date and have not become obsolete. Group Managers will provide an overview of the service risks on a quarterly basis, but service risks will not be reported to Audit and Corporate Governance Committee other than in exceptional circumstances.

Project risks are managed through the Council's project management framework, with risk registers maintained for corporate projects and high-profile service projects. These are monitored through individual project teams and by the Senior Leadership Team sitting as Programme Board.

### 5. What will it cost and are there opportunities for savings?

- 5.1 Financial implications may arise as a result of inadequate risk management, but with robust procedures in place they are minimised or removed

### 6. What are the risks and how can they be reduced?

#### 6.1

Current Risk	Actions to reduce the risks
If risks are not monitored, then the Council may not be aware of possible events arising.	Audit and Corporate Governance Committee receive regular reports on risk

	and advise Cabinet Executive as appropriate.
If risks are not effectively managed through mitigation, risks identified cannot be minimised and may have a significant impact on the Council.	Mitigating control measures are in place and monitored through Audit and Corporate Governance Committee, Corporate Risk Group and by Senior Leadership Team/Group Managers.

## **7. Other options considered**

- 7.1 None. It is a requirement of the Risk Management Strategy that regular reports are brought to Audit and Corporate Governance Committee.

## **8. Other significant issues**

- 8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

## **9. Appendix**

- 9.1 Appendix A – Corporate Risk Register (To follow)

## **10. Background paper(s)**

Risk Management Strategy 2019 - 2022

## **11. Report author's contact details**

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