

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 10 October 2023
Title of Report Risk Management Quarter 2 2023/24
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report provides Audit and Corporate Governance Committee with an update in relation to the Council's Corporate Risk Register up to September 2023.

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 which was presented to the Committee at its meeting in July.

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, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The Corporate Risk Group met on 5th September 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.

Risks in relation to IT have been excluded from Appendix A for the purposes of this report. A separate update will be provided to the Committee as an exempt information item at the meeting.

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

All Corporate Risks – Uncontrolled Rating Summary			
Red	Amber	Green	Total
13	11	1	25

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

All Corporate Risks – Controlled Rating Summary			
Red	Amber	Green	Total
5	11	9	25

Since the last quarterly report to Committee, in April 2023, 1 risk has been removed from the register and 4 have been added, leading to an increase from 22 corporate risks to 25.

The following risk has been removed and replaced with three more specific risk relating to the Council's main partnership arrangements:

R010 - Failure to host partnerships and engage with partners effectively may lead to reputational damage and financial loss to the Council.

Corporate Risk Group consider that this risk is too generic, and that focus should instead be placed on the Council's three most significant

partnerships, Building Control, Lightbulb, and the Hospital Enablement Team.

The following risks have been added to the Corporate Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R126: Impact of Industrial Action on Services and Residents	Risk Likelihood	Almost Certain (5)	Likely (3)
	Risk Impact	Major Impact (4)	Medium Impact (3)
	Status	20	9
Control Measures	<ul style="list-style-type: none"> Alternative workforce to be employed where possible. Mental health support in place for officers not involved in the industrial action. Arbitration measures in place. Regular communication with staff, members, and residents. Senior Leadership presence at depot. 		

This risk was initially added in July when industrial action was ongoing and was assigned a controlled risk rating of 15 (almost certain, medium impact). Following arbitration, the Council agreed to review three key demands that the union had put forward. Industrial action planned for August was discontinued because of this agreement, although union members still have the right to take further action until December, based on the result of the original ballot. The Council has until March to provide a response to the union's requests so, whilst the threat of action is not removed, the likelihood has reduced.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R131: Failure of Leicestershire Building Control Partnership to meet the financial position forecast in the business plan	Risk Likelihood	Almost Certain (5)	Very Likely (4)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	20	16
Control Measures	<ul style="list-style-type: none"> Regular board meetings in place. Recognition of the implications for partners' financial position. Regular monitoring of budgets. Inclusion on Internal Audit Plan. 		

The current economic climate and downturn in the housing market have led to a significant reduction in demand for Building Control services. This in turn means that income is likely to fall short of the budget by as much as £200,000. Whilst this loss may be partially offset by vacancy savings, it will inevitably lead to an increased net cost of service to all partners. Although a similar result would be expected if there was no partnership in place, it can be expected that partner authorities will raise concerns over performance.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R132: District partners do not accept the increased financial cost arising from the new Lightbulb contract	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	16	12
Control Measures	<ul style="list-style-type: none"> Regular board meetings in place. Recognition of the implications for partners' financial position. Regular monitoring of budgets. Meetings held with all partners as part of the contract planning process to share Blaby's financial position. Inclusion on Internal Audit Plan. 		

Blaby is in the process of reviewing the partnership structure ahead of contract renewal in April 2024. As part of the process, Blaby is looking to seek full recovery of its overheads incurred in hosting Lightbulb. Partners have consistently that they are not able to accept an increase in costs other than those that reflect pay increases. There is a risk that this could lead to the partnership being unsustainable going forward.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R130: The cost of running the Hospital Enablement Team contract becomes unsustainable	Risk Likelihood	Likely (3)	Unlikely (2)
	Risk Impact	Medium Impact (3)	Medium Impact (3)
	Status	12	6
Control Measures	<ul style="list-style-type: none"> Regular board meetings in place. Recognition of the implications for partners' financial position. Regular monitoring of budgets. 100% externally funded. 		

A new three-year contract has been agreed with increased external funding to cover an enhanced structure and Blaby's overheads.

Overall, 13 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 latest review undertaken by the Corporate Risk Group has led to 2 risk scores being increased and 2 risk scores being decreased.

Increased risks:

R001 – engagement of elected members negatively impacting on the decision-making process. This risk has been increased from low to medium due to a concern that not all new members have committed to meetings or attended planned training.

R008 – failure to comply with legislation, resulting in us not meeting our statutory obligations; the organisation promotes and demonstrates the principles and values of good governance. Increased from 4 (2x2) to

6 (2x3). Whilst remaining a low risk it is recognised that the loss of experienced staff and numerous competing demands could potentially lead to established governance processes not being followed.

Reduced risks:

R006 – lack of effective emergency planning and business continuity arrangements. Down from a medium risk (12) to a low risk (8) on the back of a recent positive internal audit report. It is also recognised that Blaby has handled several major emergencies in recent months, such as the landfill gas issue at Huncote, and staff are experienced in following and adhering to emergency plans.

R126 – impact of industrial action on services and residents. See tables above.

4.3 Service and 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 because 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	Mitigating control measures are in place and monitored through Audit and Corporate

cannot be minimised and may have a significant impact on the Council.	Governance Committee, Corporate Risk Group and by Senior Leadership Team/Group Managers.
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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 (excluding IT risks)
- 9.2 Appendix B – IT Corporate Risks – to follow

10. Background paper(s)

Risk Management Strategy 2023 – 2026.

11. Report author's contact details

Nick Brown	Finance Group Manager
Nick.Brown@blaby.gov.uk	0116 272 7625