# REDDITCH BOROUGH COUNCIL

## Audit, Governance and Standards Committee          25th July 2024

### Quarterly Risk Update Q1 2024/5

| Relevant Portfolio Holder | Cllr Ian Woodall Cabinet Member for Finance |
|---|---|
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Debra Goodall, Head of Finance and Customer Services |
| Report Author: Peter Carpenter | Job Title: Director of Resources/Deputy Chief Executive Contact Pete Carpenter email: peter.carpenter@bromsgroveandredditch.gov.uk |
| Wards Affected | All |
| Ward Councillor(s) consulted | N/A |
| Relevant Strategic Purpose(s) | Aspiration, work and financial independence |
| Non-Key Decision | |
| If you have any questions about this report, please contact the report author in advance of the meeting. | |

## 1.   SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

## 2.   RECOMMENDATIONS

**The Audit, Governance and Standards Committee is asked to consider:**

- The present list of Corporate and Departmental Risks and request any additional risks to be considered.

## 3.   KEY ISSUES

### Background

3.1   In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.

3.2   A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.

3.3     This is now the eighth cycle of reviewing Corporate and Departmental Risks since the original baselining of Risks in April 2022. Over this period, we have seen:

- Departmental ownership of risks and reviews at Management Teams on a monthly basis.
- Active review, mitigation, and reduction of risks – ensuring they become managed as part of business as usual.
- Updating of the 4Risk System – as the Authorities repository of this information.
- That the Officer Risk Group have actively reduced risk numbers through their work and that a common approach to risk is now being embedded within the organisation.
- That the Risk Level has moved to a **Moderate Assurance** in May 2023.

### The Definition of a Corporate Risk

3.4     The Council has existing Corporate and Departmental Risks.  Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.

3.5     The following definition of a of how Risks move from being "departmental" to being "corporate" in nature was recommended by the Risk Group and approved by CMT.

"For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it *must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage.*  The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings."

3.6     At the June 2022 Officer Risk Board it was agreed that "Green" Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place for them. This report takes account of this requirement being six meetings since the original baseline was reported.

### Corporate Risks

3.7     Corporate Risks are summarised in the following table.  There are no additions, but the Impact of Funding Changes to Partners (COR 15) has been removed now there is agreement to WRS Budgets of deletions since the Q4 2023/4 Position. As the table below highlights, a number of the existing risks have been revised due to impacts of mitigations in those areas and the national economic and political position.

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# REDDITCH BOROUGH COUNCIL

## Audit, Governance and Standards Committee          25th July 2024

| Pos Q2 | Pos Q3 | Pos Q4 | Pos Q1 | Corporate Risk Description |
|--------|--------|--------|--------|----------------------------|
| COR 9 | COR 9 | COR 9 | COR 9 | Non-Compliance with Health and Safety Legislation |
| COR 10 | COR 10 | COR 10 | COR 10 | Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence |
| COR 14 | COR 14 | COR 14 | COR 14 | Nonadherence with Statutory Inspection Policy |
| COR 15 | COR 15 | COR 15 | | Impact from Changes to Partner Funding Arrangements |
| COR 16 | COR 16 | COR 16 | COR 16 | Management of Contracts |
| COR 17 | COR 17 | COR 17 | COR 17 | Resolution of the Approved Budget Position |
| COR 18 | COR 18 | COR 18 | COR 18 | Protection from Cyber Attack |
| COR 19 | COR 19 | COR 19 | COR19 | Adequate Workforce Planning |
| COR 20 | COR 20 | COR 20 | COR20 | Financial Position Rectification |
| COR 22 | COR 22 | COR 22 | COR22 | Delivery of Towns Fund, UK SPF Initiatives |
| COR 23 | COR 23 | COR 23 | COR23 | Cost of Living Crisis |
| COR 24 | COR 24 | COR 24 | COR24 | New Customer Facing Interface |
| | COR25 | COR25 | COR 25 | Environment Bill |
| | | COR26 | COR26 | General and Local Election |

Note, Appendix A sets out the complete listing of Departmental Risks.  These have been linked to Corporate Risks where relevant.

3.8   **Mitigating factors for the Corporate Risks are:**

**Non-Compliance of Health and Safety Data Standard Operating Procedures** - SOP (H&S etc) Health and Safety Committee meets regularly H & S training for staff Health checks DSE assessment and reporting software First Aid training in place Safeguarding Policy and procedures Risk Assessments Updated inspection policy Regular review of policies Continued updates to Health and Safety Committee Data on intranet. The Council's Health & Safety arrangements are in the process of being audited externally and a report will be forthcoming.

There are 4 departmental risks linked to this corporate risk.

**Projects being informed by robust data and evidence** –

Cabinet and Executive have now approved an updated Project Management Process and extra resource, based on work initially highlighted by the Audit Task Group work in February 2023.  Due to this risk level has reduced from Amber to Green. Once the new structure is in steady running it will come off this register as those risks will be dealt with locally as that framework will be in place.

**Non-Adherence with the statutory inspection policy** - Specialist resource in place to support delivery actions.

• Further review of monitoring arrangements
• Further implementation of insurance recommendations
• Contracts reviewed to ensure suppliers undertake roles
• Training plan developed to ensure staff clear of responsibilities
• Development of robust action plan

There are 11 departmental risks linked to this corporate risk.  Should this not be delivered the consequences are significant, including threat to life.

**Management of contracts** - Procurement Strategy was updated by C Young and training provided. Service Protocols, setting out expectations of service user and procurement went live 1st Jan 23 and did NO PO NO PAY and both are being monitored. Reports are going to Cabinet and Executive quarterly setting out new requirements in terms of contracting and transparency for the upcoming year as part of the quarterly Finance and Performance Report.  The changes to procurement legislation will now take place in October 2024 and processes will be updated accordingly. This remains a key Corporate Risk due to the magnitude of contracts under management but has now moved to Green due to the mitigations in place.

There are 5 departmental risks linked to this corporate risk.

**Resolution of the approved budget position** - MTFP process is now 2 stages, and this was followed for both the 2023/4 and 2024/5 budgets. The final MTFP contains the S151 Officer's robustness statement which is key to sign off of a sustainable budget. Budget working group in both councils scrutinise proposals before Cabinet and Executive. Certainty of medium-term government support means this remains a significant risk for the authority.  However, given that both Councils have balanced budgets for the present 3-year MTFP periods, especially compared to neighbouring Councils and the opinion of our Bankers that we are in a comparatively strong position, we have reduced the risk level to the lowest level.  This might change but will be linked to the new Local and General Election Risk.

**Protection from cyber-attack** – weekly penetration test, annual PSN Security Audit, regular internal audits, occasional LGA audit, Cyber Insurance requirements.  In addition, we have implementing KnowBe4, a new software tool for both officers and Members. Cyber Insurance has also been extended for a further year but importance and risks in this area have moved this risk to red despite all the mitigations in place. A recent Internal Audit has highlighted possible risk areas across a number of systems which will now require mitigating. More funding has been put in the 2024/5 and ongoing budgets to allow additional resources to help mitigate the risk.

There are 2 departmental risks linked to this corporate risk.

**Adequate workforce planning** - Workforce plan was launched in the summer and services now know their high-risk areas and the wider scheme is there to help mitigate risk through loss of staff.  The challenges remain on delivering to these high-risk areas. Three departmental risks are linked to Workforce Planning. There is now a specific workstream, linked to Projects risk, on the implementation of this initiative. This needs to be integrated into or wider management processes before the Risk level can change.

There are 2 departmental risks linked to this corporate risk.

**Financial position rectification** - Audit Committee reports set out progress on the financial recovery process back to Cabinet/Executive, Audit & Council. Risk was up rated to Red due to lack of clarity from the Government over Audit deadlines.  An updated S24 Statement was issued in October 2023 and the Councils both hold significant risk in that they will run out of time for the 20/21, 21/22 and 2022/23 Audit processes.  However, given that the 2020/21 Accounts have been submitted and there is a clear path to the delivery of the 21/22, 22/23 and 23/4 Accounts this Risk has been reduced to an Amber Risk. Quarterly Operational reporting is taking place and Council is delivering to the Key Recommendations of the 2020/21 and 2021/22 & 2022/23 Draft External Audit Reports. The issues in relation to debt management have been partially resolved as services are now starting to get debt reports again but will remain until the suspense accounts are fully cleared.  It should be noted that now the opening balances are signed off and the 2020/21 Accounts have been submitted for Audit , the Council is in a similar position of the majority of other Councils in England – for which over 600 Audits up to 2022/3 remain outstanding.

**Delivery of Towns Fund, and UKSPF Projects** – There is a 6 weekly Project Board overseeing all projects. Formal governance structures for Towns Fund projects.  The biggest issue in all these workstreams remains delivery before the funding deadlines. With the change in political direction in Redditch significant work is being undertaken to mitigate any loss in grant from the library not moving. It is understood that there will not be a similar extension of time after the 31st March 2026 for Towns Fund projects that there has been for Levelling Up projects. All these schemes are presently in design and just about to move

into delivery – there is the significant risks that costs might rise considerably which could lead to significant cost engineering/redesign and eat into limited time for delivery.

**Cost of Living Crisis** - Housing Register Access to Housing Benefit and Universal Credit Council budget.  We have also noted an increase in insurance claims due to fires which are linked to this. Our Partnership Boards guide people to alternate providers of support. We understand this impacts different stakeholder Groups in different ways and need ways of evaluating the impact on them and the Council's services.

**New Customer facing interface** - Presently delivered by a number of systems that are not linked together and require manual intervention for internal reporting.  This has increased in risk to Red due to the volume of work required in relation to the ensuring the Council's data is up to date and can be used directly by our customers in self- service interfaces.  A work stream is due to report back in Q2 of 24/5 that sets out data deficiencies and rectification routes.  However, full resolution will be a medium-term project.

**The Environment Bill -** New Statutory Requirements for delivery of a dedicated Food Waste Service, and changes to materials requiring collection by both Domestic & Commercial Waste Services. Financial impact on Councils to deliver new services. Primarily increased revenue costs on staff and vehicle operation and maintenance. Offset by Capital funding from Central Government to support assets related to "new burdens". Mitigation is partnership working with Worcestershire Waste Board and Members Task group to review requirements and future service delivery direction. Jointly funded partnership role by all Worcestershire LAs to support this work, alongside support from WRAP (Environmental NGO specialising in the Waste Industry).  This is still Red due to potential significant funding gaps and non-receipt of final comprehensive legislation.

**General and Local Elections -** The General Election has the implications of significant policy and funding changes for the Local Government sector. To mitigate risks the Councils have election protocols, induction processes and run a 2 stage MTFP process, however the magnitude of change might well lead to a period of uncertainty. Given that the election has taken place in July, and not November or January which was originally thought, this risk has been reduced as there will now be time for the Local Government Settlement to be delivered fully and the possibility for it to be multi year.

We have raised in the past two other potential corporate risk.  One is Terrorism Protection, where government guidance is just about to come out.  The other is the financial position at Birmingham which we are already seeing the impact in terms of fly tipping on the Councils stakeholders and services.

**Departmental Risks**

3.9    The Council procured the 4Risk system to manage its risks.  Risks are subdivided into Corporate Risks and then Departmental Risks.  Each risk has an individual record applied to it to ensure all the pertinent information is captured.

The original Risk Baseline in April 2022 was (as shown in Appendix B):

- 119 Departmental Risks – 16 Red, 42 Amber, 61 Green
  This reduced through the first set of reviews in June 2022 to:

- 96 Departmental Risks – 3 Red, 36 Amber, 57 Green
  The next set of reviews in September reduced this number further to

- 83 Departmental Risks – 4 Red, 26 Amber, 53 Green
  The third Set of reviews in December reduced this number to

- 62 Departmental Risks – 1 Red, 27 Amber, 34 Green
  The fourth Set of reviews in March reduced this number to

- 58 Departmental Risks – 1 Red,31 Amber, 26 Green
  The fifth set of reviews in June reduced this number to

- 51 Departmental Risks – 1 Red,31 Amber, 19 Green
  The sixth set of reviews in December reduced this number to 47.

- 47 Departmental Risks – 1 Red,30 Amber, 16 Green
  The seventh set of reviews in March 2024 increased this number to 49.

3.10   **Position as at the 31st March 2024**

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| **Customer Access and Financial Support** | 2 | 5 | 3 | 10 |
| **Finance** | 0 | 2 | 1 | 3 |
| **Environmental Services** | 0 | 6 | 1 | 7 |
| **Leisure & Cultural Services** | 0 | 1 | 0 | 1 |
| **Legal, Equalities, Democratic Services & Property** | 0 | 3 | 2 | 5 |
| **ICT** | 0 | 2 | 0 | 2 |
| **Planning Services** | 0 | 1 | 0 | 1 |
| **Housing** | 0 | 10 | 5 | 15 |
| **Community Services** | 0 | 2 | 2 | 4 |
| **HR** | 0 | 0 | 1 | 1 |
| **Total** | 2 | 32 | 15 | 49 |

**Red Risks – 1 in total**

REV7 - Revenues - Performance Indicator data is not robust. The risk Revenues Data Compliance has been added and is also Red.

3.11 **Position as at the 30th June 2024**

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| **Customer Access and Financial Support** | 1 | 5 | 4 | **10** |
| **Finance** | 0 | 2 | 1 | **3** |
| **Environmental Services** | 0 | 5 | 1 | **6** |
| **Leisure & Cultural Services** | 0 | 1 | 0 | **1** |
| **Legal, Equalities, Democratic Services & Property** | 0 | 3 | 2 | **5** |
| **ICT** | 0 | 2 | 0 | **2** |
| **Planning Services** | 0 | 1 | 0 | **1** |
| Housing | 0 | 9 | 6 | **15** |
| **Community Services** | 0 | 1 | 2 | **3** |
| **HR** | 0 | 0 | 1 | **1** |
| **Total** | **1** | **29** | **17** | **47** |

3.12 The table at Appendix A sets out the detail of these departmental Risks and links them where relevant to Corporate Risks. The table sets out the RAG rating for each of these risks for the Quarters 2-4 2023/24.  Those risks that have been mitigated have a "black" colour in the quarter that stopped becoming a Departmental Risk.  Risks ENV11 and COM 16 have been mitigated in this way and have come off the departmental registers.

The Red Risk REV7 - Revenues - Performance Indicator data has now been partially mitigated and becomes and Amber Risk.  The risk Revenues Data Compliance (REV 18) remains a Red Risk.

WRS risks, as per their Board Pack for June 2024 are attached at Appendix C.

3.13 This is a decrease of risks since the last report.

3.14 This report sets out the position a year following the initial baselining of council risks. This is the eighth review, following the implementation of the Action Plan due to the "No Assurance" internal Audit reports.  The key point a year in is to ensure that risk management is embedded within the organisations:

- Officer Risk Board continues to take place quarterly to embed processes and validate Risks on the register.

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- Each department has nominated a representative to a Risk Board. These report back to management teams who ensure Departmental Risk Registers are updated at least quarterly and discussed at management teams monthly.
- The Audit Committees of both Councils reviewed Risk Registers on a quarterly basis. These reports have also been presented to Cabinet although this has stopped after June 2023 as this should be a function of the Audit Committees.
- CMT are updated on risk management issues in their monthly "assurance" meeting, which is a week after the Risk Board meets on a quarterly basis.
- The Corporate Risk Register is now discussed as an early item on the agenda at meetings of the Audit, Standards and Governance Committee, as per the Audit Task Group's recommendation.
- The Risk Level has moved from a Limited Assurance in March 2022 to a Moderate Assurance in May 2023.

**In terms of departmental lists:**

3.15   Community risks, even though many are green, are still all relevant as departmental and cannot be moved to the lower level of "business as usual" as these link to fixed term contracts. The most significant risk is now the Safeguarding Risk which affects all service areas. There is a new Red Risk linked to data quality in Revenues services, but as already highlighted the performance data risk has now moved from RED to AMBER.  There have recently been two issues that are linked to safeguarding. Because of this, end-to-end processes are being reviewed.

3.16   The majority of Housing risks are compliance and/or Health and Safety led. We noted earlier in the year the issues in relation to "disrepair" claims (60), fires in premises, which has increased significantly over the past 2 years, and due to cost of living, the volume of tenants who now have no Council contents insurance (see the later insurance section). The volume of these disrepair claims are going down however it should be noted that as disrepair is linked to workmanship it is non insurable for the Council. There is still significant work being undertaken at St Davids.

3.17   There is a new risk in finance linked to staff non-compliance of procurement processes. This will be mitigated by additional training.  It should be noted, that to provide more financial support to managers (FIN1) courses are being devised to improve budget manager skills and their understanding of how best to effectively use TechOne.

3.18   The Building Control risk will become more focused towards the end of the financial year as if Building Control staff are not accredited, we cannot used them.  This will also possibly limit the number of staff available in the agency market.  Existing staff are presently undertaking accreditation exams in order to mitigate the issue.

3.19   Given the significant cyber risks faces by Council's, as noted in the Corporate Risks section, it is important Members and Officers engage to mitigate this risk.  Using KnowBe4 functionality is assisting, and the associated penetration tests is assisting in mitigating this

risk for both Members and Staff.  As noted earlier, the Council have successfully renewed their cyber insurance policy.

3.20    With Property, the biggest risk we face in the future is the new works in the Town Hall.  We are reviewing all our assets as there is a significant impact on EPC (Energy) ratings and what will be allowable after 2026.  This could have significant cost impacts for the Council.  Given a New Assistant Director of Regeneration and Property begins in August there will be a full review of all risk and issues linked to these areas and this will feed through to the Q2 Risk Report.

### Insurance

3.21    We have successfully renewed our Cyber insurance.  It seems that the markets have settled down following the issues we had in renewing in 2022 and the premium has only increased marginally.

3.22    The Council are in their final year of the present insurance contracts.  The Council is now running a year after other Worcestershire Councils who are renewing in this financial year.  As such, the Council is just renewing/extending its contracts for a single year.  An issue remains Property information.  Insurers are now requesting significantly more detail and it will take 12 months to get data to the required standard.  This issue does highlight a deficiency in property data capture – which links to the Corporate Customer Risk linked to data.

3.23    The increases in fires seen in recent reports have reduced as have Damp/Mould claims and it should be noted that we have the lowest claims levels across Worcestershire for Parks and Open spaces – which is traditionally where the high public liability claims are.  In addition to this we are defending these claims well due to the quality of data held in this area

3.24    In assessing renewal data we have seen a large reduction in trips/slips, although this could be due to more of the population working from home and potholes is not the issue in Redditch that it is in other areas.

3.25    It is important when fighting claims that we maintain the correct records and the new CIVICA Housing system will help with this

### The Risk Management Framework

3.26    Risk Management Training.   Given the active management of risks by service departments, we have seen numbers of departmental risks reduced by over 50% although Corporate Risks have increased by 20%.  There is the requirement for Corporate Risk training (Members and Officers) and existing processes need further embedded in the organisations to increase assurance.  This will be organised following the General Election.

**4. Legal Implications**

4.1 No Legal implications have been identified.

**5. Financial Implications**

5.1 The Council spend significant sums insuring itself and must also hold Reserves to mitigate the costs of risks should they happen. A comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

**6. Strategic Purpose Implications**

**Relevant Strategic Purpose**

6.1 A comprehensive Risk Management approach ensures **Risk and its Consequences** is minimised for the Council.

**Climate Change Implications**

6.2 The green thread runs through the Council plan. This includes risks linked to activities and actions that link to our climate.

**7. Other Implications**

**Customer / Equalities and Diversity Implications**

7.1 If risks are not mitigated it can lead to events that have Customer/Equalities and Diversity implications for the Council.

**Operational Implications**

7.2 Risks are inherent in almost all the Councils operational activities and therefore significant risks need to be identified, monitored and mitigated.

**8. RISK MANAGEMENT**

8.1 This report is about Risk Management.

**9. APPENDENCES**

Appendix A – Present Departmental Risks
Appendix B – Previous Risk Management Reports
Appendix B – WRS Risk Report

**AUTHOR OF REPORT**
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## Appendix A – Present Departmental Risks

| Council | Q2 | Q3 | Q4 | Q1 | Risk Description | Corp Risk |
|---|---|---|---|---|---|---|
| Both | BEN 1 | BEN 1 | BEN 1 | BEN 1 | Fail to effectively resource the service to meet demand | COR 9 |
| Both | BEN 3 | BEN 3 | BEN 3 | BEN 3 | Impact of Welfare Reform Act | |
| Both | BEN 6 | BEN 6 | BEN 6 | BEN 6 | Impact of ELF scheme | |
| Both | BEN 7 | BEN 7 | BEN 7 | BEN 7 | Benefits subsidy | |
| Both | BEN 9 | | | | Failure to meet Audit requirements | |
| Both | CUS 3 | CUS 3 | | | Failure to deal with complaints to customers satisfaction | |
| Both | CUS 7 | CUS 7 | CUS 7 | CUS 7 | RBC/BDC Fail to ensure the adequate security arrangements for Customer Service Centres | COR 9 |
| Both | REV 4 | REV 4 | REV 4 | REV 4 | Failure to effectively manage change | |
| Both | REV 7 | REV 7 | REV 7 | REV 7 | Performance Information data is not robust | |
| Both | REV 11 | REV 11 | REV 11 | REV 11 | Reduced collection rates | |
| Both | REV 12 | | | | Failure to meet Audit requirements | |
| Both | REV 16 | REV 16 | | | Maintenance and Recovery of Collection Performance Post Covid | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Both | REV 17 | REV 17 | REV 17 | REV 17 | Failure of corporate Fraud and Compliance team | |
| Both | | | Rev18 | REV 18 | Data Compliance | COR24 |
| Both | FIN 1 | FIN 1 | FIN 1 | FIN 1 | Fail to provide adequate support to managers to manage their budgets | COR10 |
| Both | FIN 4 | ■ | FIN4 | FIN 4 | Fail to effectively manage high value procurements resulting in breach of EU procurement rules. | COR16 |
| Both | | | FIN7 | FIN 7 | Purchasing Non-Compliance | COR16 |
| Both | ENV 7 | ENV 7 | ENV 7 | ENV 7 | Fail to adequately maintain and manage car parking and On Street enforcement | |
| Both | ENV 9 | ENV 9 | ENV 9 | ENV 9 | Avoidable damage to fleet arising from staff behaviour and non-compliance | |
| Both | ENV 10 | ENV 10 | ENV 10 | ENV 10 | Fail to ensure adequate Health & Safety across the service | COR 9 |
| Both | ENV 11 | ENV 11 | ENV 11 | ■ | Fail to engage with the WCC regarding land associated with highway maintenance | |
| Both | ENV 20 | ENV 20 | ENV 20 | ENV 20 | Workforce planning | COR19 |
| Both | ENV 22 | ENV22 | ENV 22 | ENV 22 | PDMS - New Environmental database | |
| Both | | | ENV 26 | ENV 26 | Environmental Enforcement | |
| Both | L&C 2 | L&C 2 | L&C 2 | L&C 2 | Fail to ensure the health & safety of the Public / Staff and visitors using services (meeting regulatory requirements) | COR 9 |
| Both | LED 9 | LED 9 | LED 9 | LED 9 | Failure to ensure that Council Owned buildings, Property | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | Assets and Facilities remain fit for purpose now and for the future. | |
| Both | LED 10 | LED 10 | LED 10 | LED 10 | Fail to optimise the income from Commercial properties | |
| Both | LED 11 | LED 11 | LED 11 | LED 11 | Fail to effectively manage property assets | |
| Both | LED 12 | LED 12 | LED 12 | LED 12 | Fail to effectively manage the disposal of assets as part of asset disposal programme | |
| Both | LED 13 | LED 13 | LED 13 | LED 13 | Bromsgrove Leisure Contract | COR16 |
| Both | ICT 4 | | | | Breach of Data Protection – disclosure of data / staff not aware of guidelines | COR18 |
| Both | ICT 7 | ICT 7 | ICT 7 | ICT 7 | Failure to identify, maintain and test adequate disaster recovery arrangements | COR18 |
| Both | ICT 15 | ICT 15 | ICT 15 | ICT 15 | Members and Data protection Training | |
| Both | PLA 11 | PLA 11 | PLA 11 | PLA 11 | Loss of effective Building Control service due to changes in legislation / Hackett / Grenfell | COR19 |
| Red | HOU 2 | HOU 2 | HOU 2 | HOU 2 | Fail to effectively manage housing repairs and maintenance | COR14 |
| Both | HOU 7 | HOU 7 | HOU 7 | HOU 7 | Fail to manage impact of increasing homelessness cases and Recruitment challenges | COR19 |
| Red | HOU 8 | HOU 8 | HOU 8 | HOU 8 | Inability to collect rent and rent arrears | |
| Red | HOU 9 | HOU 9 | HOU 9 | HOU 9 | Fail to effectively management leaseholder properties | |
| Both | HOU 10 | HOU 10 | HOU 10 | HOU 10 | Fail to effectively manage capital projects (also the right contracts | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | are put in place, internal and external) | |
| Red | HOU 11 | HOU 11 | HOU 11 | HOU 11 | Potential for an increase in right buys | |
| Red | HOU 12 | HOU 12 | HOU 12 | HOU 12 | Failure to Achieve CQC Compliance at St Davids House | COR14 |
| Both | HOU 14 | HOU 14 | HOU 14 | HOU 14 | Failure to complete annual gas Safety Inspections | COR14 |
| Red | HOU 15 | HOU 15 | HOU 15 | HOU 15 | Risk of legionella in housing with communal facilities | COR14 |
| Red | HOU 16 | HOU 16 | HOU 16 | HOU 16 | Housing Revenue Account | |
| Both | HOU 19 | HOU 19 | HOU 19 | HOU 19 | Failure to comply with Charter for Social Housing and the Regulator | COR14 |
| Both | HOU 21 | HOU 21 | HOU 21 | HOU 21 | Non-compliance with Asbestos Regulations | COR14 |
| Both | HOU 22 | HOU 22 | HOU 22 | HOU 22 | Non-compliance with Regulatory Reform (Fire Safety) Order 2005 - Blocks of flats and communal entrances | COR14 |
| Both | HOU 27 | HOU 27 | HOU 27 | HOU 27 | Failure to comply with IEE regulations | COR14 |
| Both | HOU 28 | HOU 28 | HOU 28 | HOU 28 | Damp and Mould In Council Housing | COR14 |
| Both | COM 3 | COM 3 | COM 3 | COM 3 | Safeguarding - Inadequate child and adult protection systems/process. | COR14 |
| Red | COM 16 | COM 16 | COM 16 | | Lifeline - Impact of the telephony network digital upgrade on the service | |
| Both | COM 17 | COM 17 | COM 17 | COM 17 | Starting Well Partnership – underperformance of contract | COR16 |

| Both | COM 18 | COM 18 | COM 18 | COM 18 | Social Prescribing – underperformance of contract | COR16 |
|---|---|---|---|---|---|---|
| Both | HR 2 | HR 2 | HR 2 | HR 2 | Fail to monitor and respond to changes in employment legislation | COR14 |

**Audit, Governance and Standards Committee**        **25th July 2024**

## Appendix B – Previous Quarters Risk Reports

The baseline risks April 2022 are included in the following table – this is prior to any Risk Board meetings.

**Original Baseline April 2022**

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| **Customer Access and Financial Support** | 12 | 20 | 13 | 45 |
| Finance | 0 | 0 | 4 | 4 |
| Environmental Services | 0 | 2 | 11 | 13 |
| Leisure & Cultural Services | 0 | 3 | 3 | 6 |
| Legal, Equalities and Democratic Services | 0 | 0 | 7 | 7 |
| ICT | 2 | 4 | 5 | 11 |
| Planning Services | 0 | 1 | 1 | 2 |
| Housing | 1 | 11 | 11 | 23 |
| Community Services | 1 | 1 | 5 | 7 |
| HR | 0 | 0 | 1 | 1 |
| **Total** | **16** | **42** | **61** | **119** |

After the Risk Board on the 22nd June, the following changes have been made which saw the number of risks reduce as follows to 96 Risks

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| Customer Access and Financial Support | 0 | 6 | 12 | 18 |
| Finance | 0 | 2 | 2 | 4 |
| Environmental Services | 0 | 2 | 11 | 13 |
| Leisure & Cultural Services | 0 | 3 | 3 | 6 |
| Legal, Equalities, Democratic Services & Property | 0 | 3 | 9 | 12 |
| ICT | 2 | 6 | 2 | 10 |
| Planning Services | 0 | 2 | 1 | 3 |
| Housing | 1 | 10 | 10 | 21 |
| Community Services | 0 | 2 | 6 | 8 |
| HR | 0 | 0 | 1 | 1 |
| **Total** | **3** | **36** | **57** | **96** |

The departmental red risks are:

- REV7 - Revenues - Performance Indicator data is not robust
- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

**After the Risk Board on the 21<sup>st</sup> September,** the following changes have been made which saw the number of risks reduce as follows to 83 Risks

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| Customer Access and Financial Support | 1 | 5 | 13 | 19 |
| Finance | 0 | 2 | 2 | 4 |
| Environmental Services | 0 | 1 | 11 | 12 |
| Leisure & Cultural Services | 0 | 1 | 0 | 1 |
| Legal, Equalities, Democratic Services & Property | 0 | 1 | 9 | 10 |
| ICT | 2 | 4 | 4 | 10 |
| Planning Services | 0 | 1 | 0 | 1 |
| Housing | 1 | 9 | 7 | 17 |
| Community Services | 0 | 2 | 6 | 8 |
| HR | 0 | 0 | 1 | 1 |
| **Total** | **4** | **26** | **53** | **83** |

Red Departmental Risks were:
• REV7 - Revenues - Performance Indicator data is not robust.
• ICT7 - IT - Failure to identify, maintain and test adequate disaster recovery arrangements.
• ICT11 - IT – System functionality to manage records.
• Hou26 - Housing – Failure to deliver a service to QCQ requirements at St David's House.

After the Risk Board in December, the number reduced to 62.

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| Customer Access and Financial Support | 1 | 5 | 10 | 16 |
| Finance | 0 | 2 | 2 | 4 |
| Environmental Services | 0 | 5 | 3 | 8 |
| Leisure & Cultural Services | 0 | 1 | 0 | 1 |
| Legal, Equalities, Democratic Services & Property | 0 | 1 | 5 | 6 |
| ICT | 0 | 2 | 2 | 4 |
| Planning Services | 0 | 1 | 0 | 1 |
| Housing | 0 | 9 | 6 | 15 |
| Community Services | 0 | 1 | 5 | 6 |
| HR | 0 | 0 | 1 | 1 |
| **Total** | **1** | **27** | **34** | **62** |

**Red Risks – 1 in total**
- REV7 - Revenues - Performance Indicator data is not robust

# REDDITCH BOROUGH COUNCIL

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After the Risk Board on the 22nd March, the following changes have been made reducing the overall number of departmental risks to 58.

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| **Customer Access and Financial Support** | 1 | 6 | 9 | **16** |
| **Finance** | 0 | 2 | 0 | **2** |
| **Environmental Services** | 0 | 5 | 3 | **8** |
| **Leisure & Cultural Services** | 0 | 1 | 0 | **1** |
| **Legal, Equalities, Democratic Services & Property** | 0 | 3 | 2 | **5** |
| **ICT** | 0 | 2 | 1 | **3** |
| **Planning Services** | 0 | 1 | 0 | **1** |
| **Housing** | 0 | 10 | 5 | **15** |
| **Community Services** | 0 | 1 | 5 | **6** |
| **HR** | 0 | 0 | 1 | **1** |
| **Total** | **1** | **31** | **26** | **58** |

-
- **Red Risks – 1 in total**
- REV7 - Revenues - Performance Indicator data is not robust

Position as at 30th September 2023

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| **Customer Access and Financial Support** | 1 | 6 | 6 | **13** |
| **Finance** | 0 | 1 | 1 | **2** |
| **Environmental Services** | 0 | 5 | 1 | **6** |
| **Leisure & Cultural Services** | 0 | 1 | 0 | **1** |
| **Legal, Equalities, Democratic Services & Property** | 0 | 3 | 2 | **5** |
| **ICT** | 0 | 2 | 1 | **3** |
| **Planning Services** | 0 | 1 | 0 | **1** |
| **Housing** | 0 | 10 | 5 | **15** |
| **Community Services** | 0 | 1 | 3 | **4** |
| **HR** | 0 | 0 | 1 | **1** |
| **Total** | **1** | **30** | **20** | **51** |

**Red Risks – 1 in total**

REV7 - Revenues - Performance Indicator data is not robust

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**Position as at the 31st of December 2023**

| Service Area | Red | Amber | Green | Total |
|---|---|---|---|---|
| Customer Access and Financial Support | 1 | 6 | 4 | 11 |
| Finance | 0 | 1 | 0 | 1 |
| Environmental Services | 0 | 5 | 1 | 6 |
| Leisure & Cultural Services | 0 | 1 | 0 | 1 |
| Legal, Equalities, Democratic Services & Property | 0 | 3 | 2 | 5 |
| ICT | 0 | 2 | 0 | 2 |
| Planning Services | 0 | 1 | 0 | 1 |
| Housing | 0 | 10 | 5 | 15 |
| Community Services | 0 | 1 | 3 | 4 |
| HR | 0 | 0 | 1 | 1 |
| Total | 1 | 30 | 16 | 47 |

**Red Risks – 1 in total**

REV7 - Revenues - Performance Indicator data is not robust

## Appendix C – Worcester Regulatory Services Risks

| Risk Description | Consequences | When is this likely to happen | Current Position | | | Control measures |
|---|---|---|---|---|---|---|
| | | | Likelihood | Impact | Matrix RAG Status | |
| Loss of Data through IT failures | Disruption to Service Provision. Inability to produce records and data. | On-going | Low | High | Green | Wyre Forest ICT has effective processes and business continuity plans in place. WFDC upgraded relevant systems including Windows. The service moved to Office 365 during 2021/22, which provides better access to a range of provisions including Microsoft Teams and Power BI. |
| Issues with the WRS database system | Impact on work planning. Self-help may not enable savings required | On-going | Low | High | Amber | Current contract due to be re-negotiated in February 2023. Work has commenced on negotiating new contract. The cost of moving systems is prohibitive currently and, whilst the system has its faults, it provides the necessary functionality and will allow the enablement of data transfer from electronic forms. |
| Effective and efficient Business Continuity arrangements in place | Disruption to service if e.g., Major Power failures or other reasons that access to Wyre Forest House is not possible. | On-going | Very Low | Medium | Amber | The pandemic has shown that we were well prepared for the need to maximise working from home and now all staff, including some previously regarded as office based can do this. Touchdown stations remain available in partner council locations. WRS Managers do need to redraft contingency plans in the event of a prolonged IT failure or cyber-attack that will allow services to be maintained. |
| Maintain our capacity to achieve service delivery | Disruption to service e.g., Major staff sickness (e.g., flu pandemic) or Unable to recruit or retain suitably qualified staff. | On-going | Low | Medium | Amber | The pandemic response has shown that the service was well-placed to respond to what was required.. Consultants are available to provide short term cover and, whilst this worked well in peacetime to cover peak demand periods, the pandemic has revealed the limits to this type of capacity. These pressures will only be resolved in the longer term by local and central government investing in additional capacity |

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| | | | | | Amber | and additional training to bring more people into the regulatory professions. Having taken on contracts with additional authorities the demand has increased, and neighbouring authorities have lost the ability to assist with some technical specialisms. This is the double-edged sword of effectively operating as a centre of excellence. Whilst we have good resource of our own, in event of an issue, there are limits to who we can ask for help. Regional and sub-regional groups are in place so can provide shared resources for local authorities if required. Effective training and development processes are in place to ensure recruitment and retention of staff. There is increased training budget pressure, reduced technical knowledge in neighbouring authorities and increased importance in maintaining heightened skills for contractual obligations and commercial edge. Regular inventory and maintenance of equipment is undertaken. In the future, budget for replace may be an issue but would be a relatively small amount for partners to share. |
| Pest contractors cease operations. | Disruption to service. Negative media coverage. Increased public health risks | On-going | Low | High | Green | The Pest control framework contract has multiple pest control suppliers so the loss of one allows work to be moved to the others. This should limit or eliminate risk, although the unlikely loss of multiple companies might create capacity issues. |
| Effective and efficient contract arrangement for dog control | Disruption to service if no kennels available. Negative media coverage. Increased public health risks | On-going | Low | High | Amber | The Out of Hours and Kennelling contracts were re-tendered to enhance the existing arrangements and provide resilience however there are increases in numbers of stray dogs, dog disease and contracts are restricted by geographical location. Retendering for additional kennels remains difficult and consideration may be given to creating our own capacity. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Hosting support does not deliver necessary financial and HR support to ensure efficient management | Efficiency of management reduced; staffing issues remain unaddressed, and performance suffers | On-going | Low | High | Amber | Issues with the new BDC finance system have mainly been resolved, however some workarounds remain in place due to some unforeseen issues. |
| One or more partners continue to be under great financial pressure and may consider alternatives to the partnership to deliver their service | Creates reputational issues for remaining partners and increases the need to manage overheads. Difficulties in delivering highly varied levels of service | On-going | Medium | High | Amber | New legal agreement limits variations in contribution before partners must move to contractual relationship but this is quite high before it kicks in (20%.) Leanness of organisation minimises overheads and focuses resource at the front line. Growth strategy should generate income to support partners in the future but there are limits to this without additional capacity being added to the system. Invest to save capacity has been committed by partners to see if this achieves the necessary outcomes but even this is now fully occupied. |
| Robust arrangements in place in relation to obtaining legal advice and monitoring legislative changes. | Loss of cases is costly and damages reputation. | On-going | Low | Medium | Green | Continued close working with BDC legal team and other partners who don't use BDC for advocacy. Technical and legal training days for staff. Difficulty in keeping informed of Case Law developments. Membership and attendance of Officer Technical Groups outside the County does assist. |
| Service provision complies with Government requirements, New performance regimes are introduced that the service is not staffed to address | Intervention by Government bodies Other national bodies seek to introduce similar frameworks to the FSA Code to get what they regard as suitable minimum levels of service. We understand that Government is asking its central competent bodies to ensure that regulatory regimes are fit for purpose and do not pose a risk to UK exports post BREXIT as the UK no longer has the cover of the EU taking on this role. This may make new codes or performance | On-going | Low | High | Amber | Limited detail of what is required for statutory minima can make decision making difficult around what is required in law as a minimum. The LGA is clearly aware of impact of budget reductions on regulation and has made it clear Government cannot expect what it had previously. Fewer interventions/ audits by government. The Service has developed systems that follow the principles of the requirements of bodies like FSA so can show some level of compliance, but service isn't operating to the letter of the current Code. This has been noted by the Agency and they are now seeking to drive all authorities back into line with the Code, with the threat of ministerial direction if required. The |

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| | frameworks in areas outside of food law more likely.<br><br>NB: Food Standards Agency is addressed below. | | | | Amber | major changes envisaged for the Code have been delayed until 2027. And whilst this change is likely to move closer to the WRS model of operation, it is unlikely to wholly embrace the intelligence-led approach. See below for specific risk.<br><br>Environmental reporting for Local Air Quality Management, Pollution Prevention and Control and Private Water Supply Inspection reports to Defra and DWI have received positive responses with no issues of concern raised by these bodies. |
| Compliance with Food Code of Practice | Adverse comments following audits. FSA, can seek ministerial direction to make LAs comply with its Code of Practice | On-going | High | High | Amber/ Red | This is a subset of the section above line as FSA is the only body currently with a statutory code that LAs must have significant regard to, plus it has the power to apply for Ministerial Orders to force LAs to comply with the letter of the Code.<br><br>Until recently the Agency appears to have been happy to allow LAs to experiment as long as they abide by the spirit of the code and resource the function at a reasonable level. It has now changed tack and is seeking to push local authorities to operate much more closely to the letter of the code in an effort to create additional resource. A paper went to the FSA Boar at the end of 2023, expressing concern about resourcing levels in both Env Health and Trading Standards resulting in a public call for local and central government to work together to remedy this.<br><br>The partners are looking to make a significant investment in resources to address most of the Agency's concerns, but it will not allow full compliance with the Code. Having said this, there is limited risk in the variations that will remain in place and full compliance with the code would require a full redesign of operations within Community EH and further financial investment. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Failure to deliver external contract work at the level expected by the business or local authority with whom we have the contract | Damage to reputation, loss of future income streams, financial impact of paying damages | On-going | Low | High | Green | Ensure contract negotiations are clear on performance criteria and these are clearly recorded in the final documentation. Monthly reviews against performance criteria. Select staff to ensure competence of those undertaking work outside Worcestershire. Maintain strong links with the customer's monitoring staff. Intervene early with corrective action |
| Failure to successfully transition the Planning and Envirocrime Enforcement functions to WRS | Damage to reputation, or enforcement cases | April to September 2024 | Medium | Medium | Amber | Appropriate contract negotiations will set out the service level agreement (update to the Statement of Partner Requirements) and early recruitment will assist with reducing the risk of a successful transfer of service areas. |