

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 14 March 2022

Report of: Head of Finance and Audit

Subject: RISK MANAGEMENT MONITORING REPORT

SUMMARY

In March 2017, the Audit and Governance Committee approved the Risk Management Policy based around a set of principles rather than a formal framework of registers. The policy requires evidence of risk management to be compiled every six months as proof that the policy is effective. This is the latest six-monthly report under the policy.

The Audit and Governance Committee's area of responsibility for Risk Management includes:

- a) to monitor the effective development and operation of risk management in the Council.*
- b) to monitor progress in addressing risk-related issues reported to committee*

RECOMMENDATION

It is RECOMMENDED that the Audit and Governance Committee review the report as a source of evidence that the current Risk Management Policy is operating in practice

INTRODUCTION

1. In March 2017, the Audit and Governance Committee approved the latest Risk Management Policy (See Appendix A) based around a set of principles rather than a formal framework of registers. Under the process, discussions are held with managers to gather evidence that the new policy is being implemented. In particular, the policy would be considered to be effective if managers are able to discuss:
 - (a) what their top risks are and any new or changes in risks and opportunities that have occurred;
 - (b) actions that have been taken in the year to mitigate risks;
 - (c) incidents that have occurred and actions taken to manage the incident and prevent a repeat;
 - (d) risks and solutions shared with other services in the Council or discussed with Council experts in that subject.
2. The last progress report was compiled in October 2021. This report summarises the evidence gathered from the discussions which took place between November 2021 and January 2022. The last time this group of managers were interviewed was in November and December 2019 as the process had been on hold while managers concentrated on managing the risks and impacts associated with the Covid pandemic.

MANAGERS COVERED BY THIS REPORT

3. Discussions are held in two rounds of interviews, so that each manager is usually interviewed once in the annual cycle. The managers covered in the 2 sets of interviews this year are listed in the table below, which highlights those services covered by this report and therefore which risk topics feature.

Managers Interviewed for the last report	Managers Interviewed for this report
Head of Building Control (JS)	Head of Asset Management (SF)
Head of Democratic Services (LU)	Head of Environmental Health (IR)
Head of Development Management (LS)	Head of Housing and Benefits (CN)
Head of Finance and Audit (EH)	Head of Planning Strategy & Economic Development (GW)
Head of Housing Delivery (RL) - Housing Strategy services	Daedalus Strategic Lead (SW)
Head of Street Scene (MB)	<u>Housing Property</u>
Welborne Strategic Lead (SW)	Head of Housing Delivery (RL)
Leisure and Community Manager (EW)	Property Manager (Housing) (SB)
Property Manager (IC)	<u>Coastal Partnership Managers</u>
<u>Corporate Services Managers</u>	Head of Coastal Partnership (LC)
Web and Social Media Manager (MP)	Business Development Manager (JR)
PR and Marketing Manager (JL)	<u>Legal Partnership Managers</u>

Managers Interviewed for the last report	Managers Interviewed for this report
Customer Service Manager (AR) <u>Human Resources Officers</u> HR Business Partner (TH) HR Business Partner (AG)	Head of Democratic Services (LU) Service Director (Solicitor to the Council) (RI) <u>ICT Managers</u> Technical Infrastructure Manager (AS) Development and Systems Support Manager (KW) <u>Corporate Services Managers</u> Policy, Research and Engagement Manager (RB)

STRUCTURE OF THE EVIDENCE GATHERED

4. Detailed notes were taken of each discussion and saved as evidence. The sections below give examples of the risks discussed during the interview and records an opinion as to whether:
 - a) the manager was able to demonstrate examples of risk management; and
 - b) whether there were any risks identified where corporate assistance might be needed.

RESULTS OF THE RISK MANAGEMENT DISCUSSIONS

5. The sections below provide evidence of effective risk management for the following services:
 - Asset Management
 - Environmental Health
 - Housing and Benefits
 - Planning Strategy and Economic Development
 - Solent Airport and Daedalus
 - Housing Property and Repairs
 - Coastal Partnership
 - Legal Services
 - ICT Services
 - Corporate Services (second part)

Asset Management

6. A discussion was held with the Head of Asset Management, Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered.

7. It was noted, however, that the manager had not been in the organisation for the full period that the interview was covering and did not lead on the Covid response for the service.
8. The discussion included the following risks:

COVID RISKS	Commercial Rents: Commercial Tenants unable/unwilling to pay income due to the Council. Commercial Rent (Coronavirus) Bill restrictions on action that can be taken to collect debts.	Appropriate Actions Taken
	Remote Working: Failure to maintain team cohesion when working remotely.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	EPC Regs: Failure, as a landlord, to meet the requirements of the Energy Performance Certificate Regulations.	Actions in Progress
	Investment Properties: Reduction in income from investment properties due to changes in the economic climate.	Actions in Progress
	Resources: Insufficient resources, due to staff vacancies and increasing requirements of the service, which may not maximise the effectiveness of the service.	Actions in Progress

9. There were no aspects arising from the discussion that indicates additional corporate involvement is needed to resolve the residual risks and actions arising.

Environmental Health

10. A discussion was held with the Head of Environmental Health, Assistant Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	LRF: Failure to meet the Council's obligations as part of the Local Resilience Forum (LRF) in response to the changing situation throughout the Covid pandemic. This included the setup and organisation of various testing centres and responding to requests for help from other organisations and agencies such as the Police, Fire and NHS.	Appropriate Actions Taken
	Enforcement: Failure to enforce the requirements of the Coronavirus Act or overuse of new powers leading to loss of public confidence.	Appropriate Actions Taken
	Service Provision: Failure to provide continuity of services whilst ensuring both the public and staff are kept safe.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Coastal Parking: Risk that implementation was poor, delayed or did not meet the expectations outlined in the business case.	Appropriate Actions Taken
	Loss of Key Staff: Risk of failure to recruit to vacant Environmental Health Officer and Corporate Health and Safety Manager posts.	Appropriate Actions Taken

	CCTV Review: Risk that the expected savings from the CCTV review will not be achieved due to additional expenditure incurred.	Appropriate Actions Taken
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11. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

Housing and Benefits

12. A discussion was held with the Head of Housing and Benefits, Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Rough Sleepers: Risk of public perception that we were failing to accommodate everyone under the Everyone In Initiative from Central Government, meaning every Rough Sleeper (current and anyone new presenting) needed to go into secure accommodation.	Appropriate Actions Taken
	Benefits: Failure to cope with increased, more complicated demand for housing benefit as people were furloughed and experienced changes in personal circumstances.	Appropriate Actions Taken
	Test and Trace: Failure to meet the standards and timescales required for processing and paying Test and Trace and self-isolation grants.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Christmas Day Fire: Incident management and strengthening prevention measures in relation to a fire in a Council House.	Appropriate Actions Taken
	Homelessness Funding: Social Inclusion work and initiatives for homelessness will not be adequately resourced (reduction in funding from the Government and/or Hampshire County Council).	Actions in Progress
	External Audit: External Auditors withdrawal from contract to carry out Housing Subsidy audit.	Actions in Progress

13. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

Planning Strategy and Economic Development

14. A discussion was held with the Head of Audit and Finance, Head of Planning, Strategy and Economic Development and the Finance Business Partner and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Public Consultations: Failure to keep the public safe during public consultations.	Appropriate Actions Taken
	Mental Well-being of Team: Health of team members suffers during the restrictions. Also potential impact of not taking sufficient annual leave / backlog of leave to be taken.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Local Plan: The latest Local Plan examination hearing is scheduled for March 2022. As always there is an inherent risk of the Plan being found to be unsound.	Actions in Progress
	Housing Supply: Risk that FBC are unable to meet the 5-year housing supply targets. Our new target is 541 new homes per year and generally we deliver 300 per annum. If the Local Plan is found sound, we have sufficient housing sites we can approve for development.	Actions in Progress

15. There was one area arising from the discussion that indicated corporate involvement may be needed to resolve the residual risks. Actions have now been agreed with senior managers.

Solent Airport and Daedalus

16. A discussion was held with the Daedalus Strategic Lead, Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered. It was noted, however, that the manager had not been in the current post for the full period that the interview was covering.
17. Discussions included the following risks:

BUSINESS AS USUAL RISKS	Taxiways: Failure to maintain taxiways in a way that protects the Council's income stream.	Actions in Progress
	Birds: Risk that development of the site is delayed due to failure to comply with Local Plan policy and agreed sub-regional Solent Wader and Brent Geese strategy regarding bird mitigation.	Actions in Progress
	Daedalus Common: Failure to open the Common in the timescales expected by residents.	Actions in Progress
	Streetscene Facility: Failure to provide a facility for the Streetscene team to operate from to help provide cost-efficient maintenance of the site.	Actions in Progress
	CAA Licence: Failure by the airport operator to maintain standards and meet the requirements of the Civil Air Authority Licence required to run an airport. Also, financial risk of any issues highlighted in the CAA inspection.	Appropriate Actions Taken

18. There were no aspects arising from the discussion that indicates additional corporate involvement is needed to resolve the residual risks and actions arising.

19. However, it was noted that considerable work had been carried out at a corporate level to strengthen the management of the risks arising from the vision for Daedalus. These include:

- Establishment of the Daedalus Scrutiny Panel.
- Establishment of the Daedalus Officer Board
- Appointment of a dedicated senior resource in the form of the Head of Strategic Sites
- Development of a financial strategy to guide future investment in the site

Housing Property and Repairs

20. A discussion was held with the Head of Housing Delivery Property Manager, Finance Business Partner and Senior Audit and Fraud Analyst and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Maintaining workforce: Failure to maintain adequate workforce during the lockdown restrictions and pingdemics requiring vulnerable operatives, or operatives receiving notifications, to isolate.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Disrepair Claims: Managing risks associated with the new emerging disrepair claims coming on the back of PPI claims, a shift to effectively chase councils on behalf of tenants, when they feel the Council haven't adequately dealt with disrepair.	Actions in Progress
	Housing System: Risk that the new housing system project isn't delivered on time, to budget and doesn't meet the service's needs.	Actions in Progress
	Green Housing: Failure to comply with the 'Green Agenda' for, housing stock over the next 2 to 3 years and embedding it throughout decision making.	Actions in Progress
	Cost increase: Risk that budgets are insufficient due to the impact of rising costs of material and labour post Brexit and Covid.	Appropriate Actions Taken
	Maintenance of non-dwelling assets: Failure to ensure that the maintenance requirements of the non-dwelling assets (such as estates roads) is known and built into a planned maintenance programme.	Actions in Progress

21. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

Coastal Partnership

22. A discussion was held with the Head of Coastal Partnership, Coastal Partner's Business Development Manager, Finance Business Partner, Head of Finance and Audit and the Finance Apprentice (audit). Appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Service Provision: Risk that no longer able to provide all services including 24/7 emergency response due to Covid restrictions and employees contracting the virus.	Appropriate Actions Taken
	Team Mental Health and Cohesion: Wellbeing of staff deteriorates during Covid period due to moving from a highly interactive and dynamic team to remote working with no physical interactions and extra home life responsibilities.	Appropriate Actions Taken
	Staff Safety: Failure to keep employees Covid-safe when out on site and when coming into the partnership offices.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Fareham Quay Wall: Incident management of failure of the Fareham Quay wall.	Actions in Progress
	Hook Lake: Failure to take/fund the opportunity to use the site to create salt marsh which will offset sea defences pressures on other areas of the Solent.	Actions in Progress
	Cost increase: Risk that budgets are insufficient due to the significant cost increase in construction materials arising from Brexit and Covid.	Actions in Progress

23. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

Legal Services

24. A discussion was held with the Service Director (Solicitor to the Council), Head of Democratic Services, Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Coronavirus Act: Failure to ensure the Council was compliant with the ever-changing requirements of the Coronavirus Act 2020 and subsequent amendments. This included how emergency powers could be used to maintain effective decision making.	Appropriate Actions Taken
	Service Provision: Risk of poor communication and advice due to legal officers remote working and no physical presence within the Civic Offices.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	Task Completion: Risk that all the tasks required from the partnership are not completed on time. Particular risks that future work is not known and so resources may not be available when needed.	Appropriate Actions Taken
	Legal advice not sought on time: Risk that FBC employees	Actions in Progress

	don't pull in the legal experts when needed or do not give them sufficient time to consider an issue and respond, especially when preparing report for the Executive.	
	Judicial Review: Incident management of defending legal position during a planning challenge against the Council.	Appropriate Actions Taken

25. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

ICT Services

26. A discussion was held with the Development and Systems Support Manager, Technical Infrastructure Manager, Finance Business Partner and Head of Finance and Audit and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Home Working IT: Risk that services were not able to function during Covid and lockdown due to inadequate equipment and other facilities including hardware, telephony, work platforms and conference software.	Appropriate Actions Taken
	Grants Spreadsheet: Risk that business grants team were not able to process grants at the speed needed due to problems with shared spreadsheets.	Appropriate Actions Taken
BUSINESS AS USUAL RISKS	New System Implementation: Delays in implementation of major new systems results in increased costs to the Council.	Actions in Progress
	New Storage Platforms: Document migration projects not completed within the required timescales or result in negative user feedback.	Actions in Progress
	Hybrid Workforce: Project risks that equipment, policies and contracts are insufficient to meets the organisation's expectations as we move to the new ways of working.	Actions in Progress

27. There was one area arising from the discussion that indicated corporate involvement may be needed to resolve the residual risks. Actions have now been agreed with senior managers.

Corporate Services (Policy and Engagement)

28. A discussion was held with the Policy, Research and Engagement Manager, Finance Business Partner and the Audit and Fraud Analyst and appropriate examples of risk management activity were covered. These included the following risks:

COVID RISKS	Consultations: Failure to adequately consult with the public due to Covid restrictions.	Appropriate Actions Taken
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BUSINESS AS USUAL RISKS	Corporate Strategy: Failure to adequately consult on the new Corporate Strategy with residents in the Borough and those delivering services.	Appropriate Actions Taken
	Carbon Footprint: Failure to manage the feasibility studies needed for the decarbonisation of the Civic Offices and the Depot to ensure that deadlines can be met for government funding bids.	Actions in Progress
	Equality: Failure to comply with the requirements of the Equality Act 2010 in relation to the updating and publishing of the Equality Policy objectives on the Council's website.	Actions in Progress
	Opportunity Plan: Failure to adequately manage the budget assigned for the Opportunity Plan.	Appropriate Actions Taken

29. There were no aspects arising from the discussion that indicates corporate involvement is needed to resolve the residual risks and actions arising.

APPENDICES

Appendix A: FBC Risk Management Policy

Background Papers: None

Reference Papers:

Report to Audit and Governance Committee on 13 March 2017 on the Revised Risk Management Policy

CIPFA / SOLACE - Delivering Good Governance in Local Government Framework April 2016 Edition

Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)