

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 21 November 2022

Report of: Head of Finance and Audit

Subject: Risk Management Monitoring & Business Continuity Update

SUMMARY

In March 2017, the Audit and Governance Committee approved a new 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.

Councils are required, by law, to maintain adequate business continuity arrangements to ensure their critical services are maintained during and following any disruption that impacts upon service delivery. This report provides a further update for members of the work that has been undertaken.

RECOMMENDATION

It is recommended that the Committee:

- (a) review the report as a source of evidence that the current Risk Management Policy is operating in practice;
- (b) note the progress to date and the ongoing work that is being undertaken in the development and implementation of the Council's business continuity arrangements.

INTRODUCTION

Risk Management

1. In March 2017, the Audit and Governance Committee approved the latest Risk Management Policy (See Appendix B) 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 March 2022. This report summarises the evidence gathered from the discussions which took place in September and October 2022.

Business Continuity

3. Business Continuity Management (BCM) is the strategic and tactical capability of an organisation to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable predefined level. Business continuity can be effective in dealing with both sudden 'rapid-onset' (e.g. fires) and gradual 'rising tide' (e.g. flu pandemic) incidents.
4. Fareham Borough Council (FBC) has a duty to ensure that a Business Continuity Management System (BCMS) is in place comprising of Business Continuity Plans (BCP) within each Director's service areas which, in the event of any major disruption of day-to-day activity, will aid and inform service recovery.
5. This report provides the latest summary of actions taken to maintain an appropriate Business Continuity response for the Council.

RISKS - MANAGERS COVERED BY THIS REPORT

6. Risk Management discussions are held in two rounds of interviews, so that each manager is 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 this report	Managers Interviewed for the last report
<p>Head of Building Control Partnership (JS)</p> <p>Head of Democratic Services (LU)</p> <p>Head of Development Management (LS)</p> <p>Head of Finance and Audit (EH)</p> <p>Head of Housing Delivery (RL)</p> <p>Head of Street Scene (MB)</p> <p>Welborne Strategic Lead (SW)</p> <p>Leisure and Community Manager (EW)</p> <p>Property Manager (IC)</p> <p>Corporate Services Managers – part one</p> <p>Web and Social Media Manager (MP)</p> <p>Human Resources Officers</p> <p>HR Business Partner (SS)</p> <p>HR Business Partner (AG)</p>	<p>Head of Environmental Health (IR)</p> <p>Head of Housing and Benefits (CN)</p> <p>Head of Planning Strategy & Economic Development (GW)</p> <p>Daedalus Strategic Lead (SW)</p> <p>Housing Property</p> <p>Head of Housing Delivery (RL)</p> <p>Property Manager (Housing) (SB)</p> <p>Coastal Partnership Managers</p> <p>Head of Coastal Partnership (LC)</p> <p>Business Development Manager (JR)</p> <p>Legal Partnership Managers</p> <p>Head of Democratic Services (LU)</p> <p>Service Director (Solicitor to the Council) (RI)</p> <p>ICT Managers</p> <p>Technical Infrastructure Manager (AS)</p> <p>Development and Systems Support Manager (KW)</p> <p>Estates Managers/Officers</p> <p>Head of Asset Management (SF)</p> <p>Estates Surveyors (AD)</p> <p>Corporate Services Managers – part two</p> <p>Policy, Research and Engagement Manager (RB)</p>

STRUCTURE OF THE EVIDENCE GATHERED

7. 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

8. The sections below provide evidence of effective risk management for the following services:
 - Building Control
 - Property Services
 - Street Scene
 - Finance
 - Human Resources

- Leisure Services
- Welborne
- Housing Delivery
- Development Management
- Democratic Services
- Corporate Services (first part)

Building Control



9. A discussion was held with the Finance Business Partner (HT) and Head of Building Control Partnership and appropriate examples of risk management activity were covered. These included the following 5 risks:




	Succession Planning – Admin Team: The current age profile of the administrative team may lead to a shortage within the team should multiple employees depart around the same time.	Appropriate Actions Taken
	Building Safety Bill: Once introduced, there will be a legal requirement for building control to become registered as approved inspectors, as part of this surveyors will be required to gain an additional qualification. Sanctions will be enforced should this not be implemented when the bill comes into place.	Actions in Progress
	Recruitment - Surveyors: Unsuccessful recruitment previously has resulted in high agency costs and there is a risk once surveyors gain their additional qualification, they will become more valuable and put further strain on recruitment.	Actions in Progress
	Income Levels: The income levels from Building Control fees are dependent on the economy. Should there be significant economic downturn this may have a direct negative impact on the levels of building works being undertaken.	Actions in Progress
	ICT Systems: The service is becoming more reliant on ICT systems. The introduction of the Building Safety Bill will result in the use of a separate ICT system. There is a risk the new system will not be compatible with current building control software	Actions in Progress

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

Property Services

11. A discussion was held with the Property Manager, Finance Business Partner (KC) and Head of Finance and Audit and appropriate examples of risk management activity were covered. These included the following 5 risks:







	Key Contractors: Risk that economic factors affect the ability of appointed contractors to deliver key projects such as Fareham Live for the agreed sum and in the required timescale.	Actions in Progress
	Succession Planning: Current ages of the members of the team may lead to a shortage of resources available to deliver major projects in the medium	Actions in Progress

	term.	
	Fire Safety: Risk that the responsibilities of the “Accountable person” recommended in the Hackitt report are not clearly assigned and delivered for both housing and non-housing council-owned high-rise buildings.	Actions in Progress
	Carbon Reduction: Actions in the Carbon Reduction Plan may not be deliverable within 8 years due to limited capacity in the specialist industries that we will require at the same time as many other organisations.	Actions in Progress
	Asbestos: Asbestos found during the demolition of the Ferneham Hall building which did not show up in the surveys undertaken.	Risk Occurred - Appropriate Actions Taken

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

Street Scene







13. A discussion was held with the Head of Streetscene, Finance Business Partner (LJ), Head of Finance and Audit and Procurement Manager. Appropriate examples of risk management activity were covered. These included the following 6 risks:

	Chargeable Green Waste Service: Previous risk of non-delivery of the service in terms of bin provision and collection rounds was successfully mitigated and the take up of the service has exceeded expectations. There is a new risk of non-renewal of subscriptions (or delayed renewal) in light of the cost-of-living crisis, and a risk of communication failure when handling renewals involving expired credit cards.	Appropriate Actions Taken
	Vehicle Repairs: Inability to deliver Council services due to long lead times for vehicle parts, an increasing cost of spares and competition for used vehicles in the market.	Actions in Progress
	COVID Infection Rate: Inability to deliver refuse and recycling service due to high level of COVID infections, cross contamination between crews, self-isolation policy and poor availability of agency staff.	Actions in Progress
	Infrastructure hazards: The long hot summer increased the level of infrastructure problems with cracking, such as with pavilions, sports facilities and foreshore. It may also impact public paths and compounds risks associated with tree roots and subsidence.	Actions in Progress
	Waste Strategy: Uncertainty on what the future Government policy for waste collection will be, and what funding will be provided to deliver any mandatory changes, such as weekly food collection, is impacting on the ability to plan the service and to deliver the strategy at short notice. This includes vehicle choices, building location, personnel needs and round balancing.	Appropriate Actions being taken but High Risk remains
	HCC Waste Disposal: Uncertainty around Hampshire County Council (Project Integra) proposals on waste disposal (including twin streaming) and the status and content of their preferred Inter Authority Agreement. This is likely to incorporate residual waste and contamination targets (with financial penalties for failure).	Appropriate Actions being taken but High Risk remains

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

Finance


15. This section was completed by the Head of Finance and Audit who documented a list of risks for her areas. Risks included as examples of risk management activity were:





	New Finance System: Risk of financial penalty (£76k) due to late implementation of the new finance system.	Appropriate Actions Taken
	Energy Rebates: Failure to distribute £150 energy rebates to eligible households in bands A-D by 30/09/22.	Appropriate Actions Taken
	External Audit Opinion: Statement of Accounts not published by the statutory deadline and are given a qualified audit opinion.	Actions in Progress
	New Payment Method: Telephone payment method changes to achieve compliance with the Payment Card Industry (PCI) Security Standard cause dissatisfaction from Council's older customers and drop in income collection.	Actions in Progress
	Cost of Living: Impact of cost-of-living financial pressures (e.g. energy, fuel, commodities) not adequately provided for in the Medium-Term Finance Strategy.	Actions in Progress
	Town Centre Regeneration: Potential risks and costs associated with Town Centre regeneration options not fully evaluated to support informed decision making.	Actions in Progress

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

Human Resources

17. A discussion was held with the Finance Business Partner (GC), Senior Audit and Fraud Analyst and two Human Resources Business Partners and appropriate examples of risk management activity were covered. These included the following 5 risks:





	Workforce Wellbeing: Real risk of increased mental health issues amongst the Workforce. The global stresses, such as the cost-of-living increases, continued COVID infections and the war in Ukraine, are having an impact on the mental health of people and their families. Some customer-facing staff are experiencing a rise in customer abusiveness, customer mental health issues and client addictions.	Actions in Progress
---	---	---------------------

	Peak in Sickness: There is a potential for another COVID spike and winter flu which will affect the workforce resources. We are seeing it travel through staff teams and results in the need for agency cover for some services.	Actions in Progress
	Aging Workforce: This is a big issue for certain groups of the Council which currently have a high average age in their teams e.g. gardeners and cleansing technicians. The risk is that we are not able to get sufficient successors in place of the appropriate quality when needed.	Actions in Progress
	Pay Parity and the New Market: There is risk of a loss of Workforce as staff seek higher paid positions elsewhere or seek different life-work balances following the pandemic or the impacts of the increased cost of living. There is also a risk of increased Job Evaluation requests.	Appropriate Actions being taken but High Risk remains
	Public Sector Cuts: There is a risk that a downturn in the economy affects the income streams of some demand-led services such as planning and building control. Changes in government policy may also affect local government funding. Both together may mean the need to reduce the workforce at some point.	Appropriate Actions being taken but High Risk remains

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

Leisure Services







19. A discussion was held with the Leisure and Community Manager, Acting Senior Fraud and Audit Analyst and Finance Business Partner (KC) and appropriate examples of risk management activity were covered. These included the following 4 risks:

	Play and Recreational Area Repairs: Risk that funding not in place to meet the needs of repair work needed to keep play and recreational areas open, particular due to the impact of vandalism.	Appropriate actions taken
	Community Building Repairs: Potential risk that the funds approved by the Executive for the 5- year plan for community building repairs will be insufficient to complete the plan due to the increasing costs for labour and materials.	Actions in Progress
	Leisure Centre Energy Costs: If the energy costs are more than those allowed for in the Leisure Centre contract, the Council will be responsible for funding the excess charges. This will impact on the Council's income.	Actions in Progress
	Fareham Live Operator: Negotiations on a revised management fee with the new management team for the Fareham Live Operator proved unsuccessful. The Council now needs to retender for an alternative operator in time for the reopening of the venue and advance booking of acts.	Risk Occurred - Appropriate Actions Being Taken

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

Welborne


21. A discussion was held with the Head of Strategic Sites, Head of Finance and Audit, Strategic Sites Development Officer and Finance Business Partner (GC) and appropriate examples of risk management activity were covered. These included the following 6 risks:





	Liability for Grant Repayment: There was a risk of FBC being liable for repayment of significant grant funding to Homes England if the development was not delivered or costs significantly overran. This risk has been mitigated by changes to the nature and parties involved in the funding agreements.	Appropriate actions taken
	Risk of Judicial Review: There has been an ongoing risk of judicial review to the planning process if one of the statutory consultees raises an objection. This would cause significant delays to the process and may affect funding streams. However, the outline planning permission was signed in September 2021 so the time frame for challenge has now passed.	Appropriate actions taken
	Housing builder interest: There was a risk to the development of a lack interest from house builders to build on the site and meet the targets of the local plan. This risk has now been mitigated and a number of agreements are being put in place by the developer with interested parties.	Appropriate actions taken
	Junction 10 Delivery: There is still a risk of a funding gap for the works at junction 10 if the delivery is slow or rises in construction costs exceed the funding contingency set for the developer, and the shortfall isn't met by other parties. The changes to Junction 10 are needed to maximum the number of houses that can be built in the development.	Actions in Progress
	Loss of affordable homes built: There is a risk of affordable housing provision dropping from 10% if the motorway junction costs rise and the developer's contingency contribution needs to be used.	Actions in Progress
	Motorway Closure: There is a reputational risk of public frustration if further works on the M27 cause significant closures and traffic delays on top of all the Smart Motorway works in the last couple of years.	Actions in Progress

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

Housing Delivery

23. A discussion was held with the Head of Housing Delivery, Head of Finance and Audit and the Finance Business Partner (KB) and appropriate examples of risk management activity were covered. These included the following 5 risks:





	New Housing System: The Council has been implementing a new housing system with the potential impact on service delivery, cost and user satisfaction. The Tenancy Management / Rent modules have been successfully implemented in May 2022. We are now starting on phase two of the implementation covering repairs and leaseholder management. We are also now purchasing the Asset Management module to mitigate security risks identified with the current system.	Appropriate Actions Taken
---	--	---------------------------


	Delivery of Shared Ownership Scheme: We are about to market our new build Shared Ownership scheme which is a new type of development tenure for the officers involved. There is a risk that the wider economy and mortgage affordability may reduce the actual demand and the number %sold of each property. Conversely there is also a risk of disappointment among those who have expressed an interest but do not get a property.	Actions in Progress
	Condition of housing stock and non-dwelling assets: The ageing profile of our housing stock, combined with reduced planned maintenance works over the past few years, other than responsive repairs capital works, means we are at risk from reduced asset values and increased repairs works needed.	Actions in Progress
	Disrepair Claims: There is a risk of receiving disrepair claims where council housing residents feel the Council haven't adequately dealt with a repair issue in their home, in accordance with our legal obligations. This risk has increased following a shift from PPI claims, where companies effectively chase councils on behalf of tenants, for a fee. The first claims have been received and how we manage these may affect the appetite for future claims to come our way.	Actions in Progress
	Housing Development Scheme Viability: There is a risk that the rising costs of borrowing and market volatility has a detrimental impact on the financial viability of housing development schemes. This is compounded by potential restrictions on rent setting.	Appropriate Actions being taken but High Risk remains

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

Development Management

25. A discussion was held with the Head of Development Management, Finance Business Partner (GC) and Finance Apprentice (Audit) and appropriate examples of risk management activity were covered. These included the following 5 risks:






	Tree Inspection Regime: A previous risk was recognised that the Council's Tree Strategy doesn't adequately balance the needs of the Borough against the finances available to fund it. A tree strategy review has therefore been completed to rebalance the strategy focus. There are a number of residual risks associated with the strategy that need to be closely monitored.	Actions in Progress
	Tree Contract Renewal: The tender for the Council's externally provided tree services is due for renewal in May 2023. Due to increased costs across the country, and the limited number of suppliers, it is likely that this will create additional budget pressures.	Actions in Progress
	Changes in Planning legislation: There is an ongoing risk of uncertainty in government planning policy and the potential impacts on the service, particularly due to the recent political uncertainty.	Actions in Progress
	Investment Zones: The government is currently seeking expressions of interest from Councils who would like an investment zone in their area. If one is successful for this Borough the planning implications will need to be	Actions in Progress

	understood and adhered to.	
	Planning Appeals: There is a risk of unknown large costs for the Council as there is no way to predict the number of appeals that will be received.	Appropriate Actions being taken but High Risk remains

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

Democratic Services

27. A discussion was held with the Head of Democratic Services, Head of Finance and Audit and Finance Business Partner (HT) and appropriate examples of risk management activity were covered. These included the following 5 risks:



	Death of a Monarch: There has been a previous risk identified that the Council needs to follow appropriate protocol following the death of the queen, including waiting for official notification from the Lord-lieutenants office. There would also be expectations from the public in how the occasion was marked. Appropriate procedures and actions were taken following the death of Her late Majesty The Queen in September 2022.	Appropriate Actions Taken
	Changes to Data Protection legislation: The government is currently consulting on their paper: Data: a new direction, which sets out proposals for UK data protection laws following Brexit. There is a risk that the Council's information governance arrangements do not comply with the legislative changes when they come in.	Actions in Progress
	Procurement Bill: There is a risk that the Council does not implement the requirements of the next Procurement bill when it is enacted, which leads to challenges from suppliers and contractors.	Actions in Progress
	Elections Act 2022: There is a risk that we do not meet the changes to election procedure required by the new legislation. This includes the introduction of voter photo ID. This is increased as we are not holding elections in 2023 so may miss out funding or other support opportunities.	Actions in Progress
	Elections 2024: There are a number of risks associated with the delivery of the election in 2024 which could impact on the Council's reputation and voter satisfaction. These arise from: <ul style="list-style-type: none"> a) Changes to local wards following the Boundary review b) The need for a 100% election of councillor seats involving 2 votes per ballot paper c) Potential new venue for the count d) Potential for a parliamentary election to be called at the same increasing voter turnout e) Changes to parliamentary wards following the constituency Boundary review 	Actions in Progress

	f) Election of a high-ranking MP in our Borough requiring increased security arrangements and media coverage	
--	--	--

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

Corporate Services (part one)

29. A discussion was held with the Web and Social Media Manager, Finance Business Partner (KC) and Finance Apprentice (Audit) and appropriate examples of risk management activity were covered. These included the following 2 risks:

	Website Migration to the Cloud: There is a potential risk that any issues with the physical IT infrastructure would result in issues with access to the website. This is being mitigated by moving to a cloud-based server.	Appropriate Actions Taken
	Failed Accessibility Audit: Central Government carried out an audit on the accessibility of our website's features which we did not pass. Their recommendations were actioned and the subsequent follow up audit resulted in a pass.	Risk Occurred - Appropriate Actions Taken

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

BUSINESS CONTINUITY

Corporate Business Continuity (BC) Policy and Plan

31. FBC have a Business Continuity (BC) Policy which sets out the approach to BC Management. The Corporate BC Plan draws together key information from across FBC and sets out how a large-scale disruption to Council Services will be managed. Supporting this, Director-Level BC plans are produced for each major division of services within the Council. These plans prioritise each activity undertaken within that service and identify resource requirements and recovery strategies should they be disrupted.
32. The Corporate BC Policy and Plan have been recently reviewed and updated, incorporating any learning that has been identified from incidents, Council restructures, changes to key personnel and includes:
- (a) Updates to critical activities (Functions vital to ensure the preservation of life and the safety and welfare of the most vulnerable).
 - (b) IT/Disaster Recovery changes to be reflected, and incorporation of the use of video conferencing.
 - (c) Facilities changes since we rely less heavily on office space, but the plans will need to reflect any COVID restrictions still in place.
 - (d) Staffing capturing redeployment learning during COVID and other issues
 - (e) Supply chain updates.

- (f) Capture of key information (for example telephony) to aid recovery strategies.
 - (g) Update of key templates and meeting agendas (to align with other emergency plans and documentation).
33. These documents are currently out for consultation with the Head of Environmental Services. Following this consultation, the Policy and Plan will be distributed with Directors for wider consultation. The target date for completion is December 2022.

Service Level BC Plans

34. Learning from the COVID response identified concerns with existing BC arrangements and a full review of the BC process has been undertaken to improve BC arrangements within FBC. The individual BC plans are being reviewed alongside the Corporate BC Policy and Plan. Key updates, include:
- (a) Incorporating any changes to Council structures.
 - (b) Updating contacts for the key personnel involved in managing a response.
 - (c) Critical activities (and other activities) that will have changed due to COVID and need to capture this for the corporate plan update. This will involve speaking directly to management teams to understand how their delivery of services may have changed.
 - (d) Capturing additional key information and reviewing existing information to aid service recovery – exploring what information the BC plans currently hold, determining how useful that information is, and capturing additional information that will make existing information more useful (e.g. key telephone numbers, priority fuel users, etc).
35. Individual meetings are currently being scheduled with each Directorate BC Lead to support the completion of that service areas BC Plan and Critical Activities Appendix. The target date for completion is April 2023.

APPENDICES

Appendix A: Key to the Icons used in the Risk Tables

Appendix B: FBC Risk Management Policy (separate document)

Background Papers: None

Reference Papers:

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

Report to Audit and Governance Committee on 26 November 2018 on Business Continuity

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

Civil Contingencies Act 2024

Enquiries:

For further information on this report please contact Elaine Hammell (Ext 4344) or Ian Rickman (Ext 4773)

Appendix A

Key to the Icons Used in the Risk Management Tables

	Contractors, suppliers or goods risk
	Environmental impact risk
	Financial Risk
	Health and Safety risk
	Legal and regulations risk
	Reputation and customer satisfaction risk
	Service Delivery risk
	Technological risk
	Workforce resources risk