

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 13 March 2023

Report of: Head of Finance and Audit

Subject: RISK MANAGEMENT MONITORING

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 and completes the manager interviews for 2022/23.

RECOMMENDATION

It is recommended that the 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 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 November 2022. This report summarises the evidence gathered from the discussions which took place in December 2022 and January 2023 and completes the cycle for 2022/23.

RISKS - MANAGERS COVERED BY THIS REPORT

3. 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
Head of Environmental Health (IR) Head of Housing and Benefits (CN) Head of Planning Strategy & Economic Development (GW) Head of Asset Management (SF) Solent Airport Head of Strategic Sites (SW) Strategic Sites Development Officer (RH) Coastal Partnership Managers Head of Coastal Partnership (LC) Business Development Manager (JR) Legal Partnership Managers Head of Democratic Services (LU) Service Director (Solicitor to the Council) (RI) Service Lead (Legal Partnership) (SR) ICT Managers ICT User Support Manager (DM) Business Systems Manager (DS)	Head of Building Control Partnership (JS) Head of Democratic Services (LU) Head of Development Management (LS) Head of Finance and Audit (EH) Head of Housing Delivery (RL) Head of Street Scene (MB) Welborne Strategic Lead (SW) Leisure and Community Manager (EW) Property Manager (IC) Corporate Services Managers – part one Web and Social Media Manager (MP) Human Resources Officers HR Business Partner (SS) HR Business Partner (AG)

Corporate Services Managers – part two Policy, Research and Engagement Manager (RB) Communications Manager (JL)	
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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:
- Corporate Services (second part)
 - Environmental Health
 - Housing and Benefits
 - Planning Strategy and Economic Development
 - Solent Airport and Daedalus
 - Coastal Management
 - Legal Services
 - IT Services
 - Asset Management





Corporate Services (second part)

6. A discussion was held with the Policy, Research and Engagement Manager (RB); Financial Services Procurement Manager (RG); and Finance Apprentice (Audit) (DS) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Equality (success from last time): Risk of 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</p> <p>New more ambitious version published Autumn 2022 and valid until 2026. Members, managers and new joiner training planned.</p>	Appropriate Actions Taken
	<p>Interactions with members of the public: Increased risk in the level of anger and offensiveness that officers are receiving from members of the public; for example at CAT meetings.</p> <p>Conflict resolution training has been given to relevant officers, and a risk assessment is carried out for each meeting.</p>	Appropriate Actions Taken




	<p>Carbon Footprint: Risk of failure to deliver the 2030 Carbon neutrality commitment.</p> <p>Success relies on significant additional capital and revenue financing and may also require offsetting. Future technological developments may also help, however, we have no control over these.</p>	<p>Actions in Progress</p>
	<p>Consultation and engagement: Risk that we do not reach interested groups during consultation.</p> <p>For example: those who are digitally excluded or just the impact of consultation fatigue/information overload. CAT meeting attendance also reported as lower than historically experienced. This could be seen as anti-democratic and risks reputation damage.</p> <p>Communications and engagement strategy being updated particularly in relation to engaging offline groups.</p>	<p>Actions in Progress</p>
	<p>Opportunity plan: Risk of failure of opportunity plan work to close the funding gap.</p> <p>Includes successful projects which may become less successful over time such as garden waste renewals reducing. Also new opportunities will be more difficult to identify as the easier projects have been delivered.</p>	<p>Actions in Progress</p>

7. Another discussion was held with the Communications Manager (JL); Financial Services Procurement Manager (RG); and Finance Apprentice (Audit) (DS) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>CSC Telephony: Risk that when the Customer Service Centre was transferred from the switchboard system to the new system there could be issues and a disruption of services.</p> <p>Actions taken with the IT team to produce a smooth transition.</p>	<p>Appropriate Actions Taken</p>
	<p>CSC Work From Home: Risk of low employee availability to provide the service if team members unable to be in the office but had no system in place to allow them to work from home.</p> <p>Actions taken to have kits ready to drop off when someone needs it at home.</p>	<p>Appropriate Actions Taken</p>
	<p>Social Media Scare Story: A complaint was made via social media regarding an allegation that products used by the Council was a safety risk for animals.</p> <p>The risks associated with the allegations were further investigated.</p>	<p>Risk Occurred - Appropriate Actions Taken</p>
	<p>Cancelled Events: Due to the Queen's death and following mourning period some planned events had to be cancelled. There was a risk that the notification of this would not be spread wide enough to inform the public of the change.</p> <p>Communications plan invoked which set out appropriate points of contact to be used.</p>	<p>Risk Occurred - Appropriate Actions Taken</p>



Environmental Health




8. A discussion was held with the Head of Environmental Health (IR); Finance Business Partners (HT and LJ); and Head of Finance and Audit (EH) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Drug Testing: Risk that taxi drivers could be under the influence of drugs.</p> <p>The council is introducing drug testing as part of the new taxi application process and random testing of current drivers.</p>	<p>Appropriate Actions Taken</p>
	<p>Team Resources: Risk of insufficient resources to deliver the services.</p> <p>There is currently an impact on resources of employees of a certain age having responsibilities for elderly relatives. There is also potential for a significant loss of highly experienced staff in the next few years due to the age profile.</p> <p>Succession plan is being implemented.</p>	<p>Actions in Progress</p>
	<p>Emergency Planning: Risk of failure to adequately respond to national emergencies.</p> <p>Recent events and enquiry findings pose future strain on the Council's emergency response if current events continue. These pressures include covid variants, planned power cuts as a result of the Ukraine war, national strikes across all services, and indoor air pollution.</p> <p>Local Resilience Forum is leading on the management of the risks with active engagement from the Council as part of the Southampton and Portsmouth Emergency Planning Partnership</p>	<p>Actions in Progress</p>

Housing and Benefits


9. A discussion was held with the Head of Housing and Benefits (CN); Finance Business Partner (KB); and Acting Senior Audit and Fraud Analyst (CR). Appropriate examples of risk management activity were covered. These included the following risks:




	<p>Tenants Living with Damp and Mould: New risk of non-compliance with the Regulator of Social Housing (RSH) data requirements in relation to damp and mould in council run domestic properties.</p> <p>Damp and mould in properties is now being targeted by central government since the death of a child in Rochdale. Self-assessment against a 26-point plan must be undertaken, along with a Tenant Satisfaction survey to actively include all tenants.</p> <p>Monthly cross service project team meetings have started.</p>	<p>Actions in Progress</p>
	<p>National Asylum Seeker Dispersal: Risk that we are unable to meet our obligations to house asylum seekers.</p> <p>As the Homes for Ukraine scheme comes to an end the access to housing and employment needs will pass to Local Authorities. We will also see increased numbers of asylum seekers in our area under a national initiative to spread this need rather than it being highly limited to Kent on arrival. Our current asylum population is 17, the December 2023 target is 89.</p>	<p>Actions in Progress</p>

	<p>Housing Benefit Subsidy External Auditor: Risk that we are not able to appoint an external auditor to complete the housing benefit subsidy audit each year which could lead to the Department of Works and Pensions withholding subsidy payments (current value approximately £18million).</p> <p>Last year the external auditors pulled out from the agreement and we do not have a long-term agreement with an audit firm going forward. This is the first year that we will have missed the audited claim deadline.</p> <p>Ernst & Young are completing the audit on the 2021/22 claim and have agreed in principle to complete the work for 2022/23. For the following year the allocation of audit firms to audited bodies is still under consultation.</p>	<p>Actions in Progress</p>
	<p>Homelessness Initiatives Funding: Risk of funding no longer available for homelessness initiatives after 2025.</p> <p>The Rough Sleeping Initiatives bidding process has been completed and funding secured for 3 years programme of initiatives through until 2025. Initiatives include move-on accommodation, outreach work and complex needs navigator. The theory is that the work results in fewer rough sleepers as time goes on. However, the cost-of-living crisis is increasing demand at the same time and the Homelessness Fund will be fully depleted by significant rises in bed & breakfast costs.</p>	<p>Appropriate Actions being taken but High Risk remains</p>
	<p>Vulnerability of Housing Team: Increased risk of physical aggression from the public.</p> <p>This is an issue for a number of public facing services. There is an increasing risk to the safety of staff (and other members of the public) with incidents having occurred recently on the ground floor. Staff are collectively seeing higher levels of aggression and intimidating levels of behaviour, whilst recognising individuals have complex needs and that the impact of the cost-of-living crisis is causing financial anxiety.</p> <p>This has been recognised as a corporate issue and an action plan is being implemented recognising the increased risk which has included reviewing processes in the CSC, strengthening use of officer protection badges (with phone links to outside operator and police), reviewing the design of the furniture, provision of conflict management refresher training. Senior management to keep a watch on the risk and strengthen incident reporting.</p>	<p>Appropriate Actions being taken but High Risk remains</p>

Planning Strategy and Economic Development




10. A discussion was held with the Head of Planning Strategy and Economic Development (GW); Finance Business Partner (GC); and Finance Apprentice (Audit) (DS). Appropriate examples of risk management activity were covered. These included the following risks:



	<p>Local Plan (Update): Risk that the latest Local Plan is found to be unsound</p> <p>There have been two further consultations since the March 2022 hearing due to requested alterations to the proposed plan. These consultations have now been completed and the responses are with the planning inspector.</p>	<p>Appropriate Actions Taken</p>
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	<p>Housing Supply Penalties (Update): Risk of failure to meet housing delivery 5-year targets which will result in the council facing penalties.</p> <p>Since January 2023 we have plans in place to meet the housing targets set for the borough. However, these are reliant on builders still wanting to build and the approval of new developments they propose.</p>	<p>Actions in Progress</p>
	<p>Support for Local Businesses: Risk of failure to meet expectations in the support we are able to provide struggling businesses.</p> <p>Local businesses are likely to be facing increasing struggles to stay operational due to the economic downturn. They may turn to the council for help as part of expectations raised from the Council's ability to provide Covid business grants previously.</p> <p>Business EXPO organised for February 2023. Economic Development Startegy in development.</p>	<p>Actions in Progress</p>
	<p>Staff Resources: Lack of current resources to deliver current services.</p> <p>Current loss of key staff due to promotion elsewhere, secondment, and maternity leave.</p> <p>Reviewing team capabilities and capacity and how to build in more resilience by buddying up and documenting procedures.</p>	<p>Appropriate Actions being taken but High Risk remains</p>

Solent Airport and Daedalus






11. A discussion was held with the Head of Strategic Sites (SW); Strategic Sites Development Officer (RH); Finance Manager (CH), Finance Business Partner (GC); and the Head of Finance and Audit (EH) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Birds (Update): Risk that development of the site is delayed due to a change in the designation of the Daedalus site by Natural England in relation to Bird Mitigation.</p> <p>The change in designation requires the Council to identify alternative sites to mitigate the impact of development on specific bird species. The first mitigation plan has been submitted for pre-application assessment. Challenge of the designation has also reduced the area of land covered.</p>	<p>Actions in Progress</p>
	<p>Airport Operating Costs: Risk of operating costs increasing faster than the revenue streams to offset them.</p> <p>There has been success in driving up income streams at the site but these have been offset by increasing costs. Work completed to identify ways of reducing costs has had limited success. Actions taking to continue to understand the costs.</p>	<p>Actions in Progress</p>
	<p>Judicial Review: Risk that judge finds fault with the Council's handling of a property developer.</p> <p>A property developer who wants to build on the airport site has submitted a case to court on the basis that his planning application failed due to lack of access to the site.</p> <p>Evidence has been provided to defend the Council's position in relation to this request.</p>	<p>Appropriate Actions being taken but High Risk remains</p>

	<p>Control Tower Visibility: Risk that the Civil Aviation Authority (CAA) withholds licence due to poor visibility from the control tower.</p> <p>In the last annual inspection in the summer the CAA were critical of the compensating processes that the airport were using to overcome a lack of 360-degree visibility from the control tower.</p> <p>A plan of action has been drawn up, which includes an analysis of options, which will be the subject of a report to members.</p>	<p>Actions in Progress</p>
	<p>Airport Operator: Risk that operator arrangements are not in place after 2026 or are not providing best value for money.</p> <p>The current operator contract finishes in 2026. Decisions will need to be made about the operating model going forward.</p>	<p>Actions in Progress</p>




Coastal Management

12. A discussion was held with two members of the Eastern Solent Coastal Partnership (LC and JR); Finance Business Partners (GC and KJ); and Acting Senior Audit and Fraud Analyst (CR) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Fareham Quay Wall (Salterns Recreation Area): Risk of coastal landfill increased due to delay in starting works.</p> <p>Urgent works were required to secure the safety of Fareham Quay Wall but could not be started until funding was in place. Funding was secured to deliver a cost-effective solution to protect the site and residents. The works have now been completed.</p>	<p>Appropriate actions taken</p>
	<p>Salt Marsh Creation: Opportunity to create salt marsh habitat to offset losses with sea defence works elsewhere in the County.</p> <p>Funding has been obtained from the Environment Agency to look at salt marsh habitat creation at Hook Lake which could offset sea defences pressures on other areas of the Solent. There is a risk that salt marshes will turn into mud flats because of climate change. Loss of coastal grazing marsh means this has to be recreated elsewhere.</p>	<p>Actions in Progress</p>
	<p>Increase in Costs (Update): Risk that budgets are insufficient due to the significant cost increase in construction materials arising from the crisis in Ukraine and the inflation increase.</p> <p>Some prices have levelled but are not returning to previous price levels. The Environment Agency is allowing some rebasing of grants on projects already started.</p>	<p>Actions in Progress</p>
	<p>Change of funding schemes : Risk of external funding for projects changes making the format of bidding more difficult.</p> <p>It has become harder to bid for certain external funding sources. However, there may be some work arounds to help such funding bids in conjunction with universities, such as Southampton, which may be more successful.</p>	<p>Actions in Progress</p>
	<p>Loss of key staff: Risk that if key members of staff leave the partnership it would be difficult to recruit replacement staff with the same experience and knowledge. Key risk on the service risk register as this could impact on the responses to failing assets.</p> <p>Actions taken to continually monitor the job market in the field.</p>	<p>Actions in Progress</p>




Legal Services


13. A discussion was held with the Head of Democratic Services (LU); two members of the Legal Services Partnership (RI and SR); Finance Business Partners (HT); and Acting Senior Audit and Fraud Analyst (CR) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Covid Inquiry: Risk of poor audit trail to respond to the Government's requests.</p> <p>Local Authorities are required to retain documentation relating to corporate decisions made during the pandemic. The Local Government Association is leading on what documents will need to be collated and submitted. However, the level of involvement for the Legal Partnership to respond to requests is unknown which could put a strain on existing resources in the future.</p>	<p>Actions in Progress</p>
	<p>Extended Partnership: Risk that partnership not able to maintain level of service.</p> <p>Havant Borough Council is now part of the Legal Partnership. With the increased workload, and no extra partnership lawyers being recruited, there is a risk that it will become more difficult to meet crucial deadlines.</p>	<p>Actions in Progress</p>
	<p>Legal advice not provided on time (Update): Risk that FBC employees 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 reports for the Executive.</p> <p>Some improvements noted following regular meetings with property and planning services but still further opportunities to improve include introducing similar review meetings with housing and onboarding for new starters who may be involved in report writing for formal decisions.</p>	<p>Actions in Progress</p>

IT Services




14. A discussion was held with the ICT User Support Manager (DM); Business Systems Manager (DS); Finance Business Partner (HT); and Head of Finance and Audit (EH) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Backup Security: Actions taken to strengthen risk of ransomware attacks encrypting and corrupting FBC data and software backups.</p>	<p>Appropriate Actions Taken</p>
	<p>Mobile Device Data Allowance: A problem was found that the council was incurring costs for exceeding their mobile phone data allowance.</p> <p>Costs challenged and refunds received. New processes in place to make sure device upgrades are being implemented promptly. Change to policy in terms of the specification for the phones.</p>	<p>Risk Occurred - Appropriate Actions Taken</p>
	<p>Physical space limitation: Risk to physical safety of employees when building new PCs</p> <p>There is currently no designated safe space for IT staff when building new PCs and the lack of space makes them at risk from trip hazards and managing heavy equipment.</p>	<p>Actions in Progress</p>

	There are plans to designate a safe working area based on the proposed office reorganisation which will soon be in place.	
	<p>Home Working Assessments: Risk that issues raised by employees about their working from home arrangements are not adequately followed up by managers.</p> <p>As part of home working there is a requirement for a DSL working assessment to be completed. It is the responsibility of managers to make sure these are completed and review any issues arising. Senior managers have commissioned an audit review to ascertain the situation.</p>	Further Action may be needed

Asset Management

15.A discussion was held with the Head of Asset Management (SF); Finance Business Partners (CH and KJ); and Head of Finance and Audit (EH) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>New Property Lettings: Risk that new tenants cannot meet their lease obligations. (For example: payment of rent, service charges, repair obligations, alteration restrictions, cause problems on the site).</p> <p>Due diligence processes on new tenants strengthened, proportionate to the risk, and includes sign off by senior officers.</p>	Appropriate Actions Taken
	<p>Investment Properties: Risk of income from Investment properties is not maximised.</p> <p>Includes minimising void periods and FBC costs associated with outgoing tenants of the investment properties.</p> <p>Formalised risk review process being implemented. RAG rating in place to support the deployment of resources to the reviews. Reviews include review of market conditions, lease terms, stability of tenants, and dilapidation negotiations.</p>	Appropriate Actions Taken
	<p>Succession Planning (Update): Risk of loss of key staff affecting service delivery.</p> <p>Successful recruitment exercises recently including cross over period before a key member of the team retires.</p>	Appropriate Actions Taken

APPENDICES

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

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)

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