



Report to Audit and Governance Committee

Date: 23 September 2024
Report of: Assistant Director (Finance and ICT)
Subject: RISK MANAGEMENT MONITORING REPORT

SUMMARY

This is the latest six-monthly risk monitoring report highlighting some of the risks arising from the latest rounds of discussions with managers and directors.

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 Committee approved the latest Risk Management Policy based around a set of principles rather than a framework of registers. Under this process, discussions are held with managers to gather evidence that the policy is operating in practice. 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 2024. Since then, a new risk management approach has been established:
 - Each of the 6 monthly reports will cover all managers of two directorates.
 - Directors will be included in the process and will be interviewed every 6 months.
 - All the cross-cutting risks or significant risks for a directorate will be grouped together and updated in each report.
3. This report summarises the evidence gathered from the discussions which took place in July and August 2024.

MANAGERS AND DIRECTORS COVERED BY THIS REPORT

4. Discussions were held with all managers from the Housing and Planning & Regeneration directorates as well as all Directors and Assistant Directors.

STRUCTURE OF THE EVIDENCE GATHERED

5. 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 problems where corporate assistance might be needed.

RESULTS OF THE RISK MANAGEMENT DISCUSSIONS

6. The sections below provide evidence of effective risk management for the following services:

- **Planning and Regeneration**

- Planning
- Asset Management including Daedalus
- Building Control Partnership
- Regeneration and Economic Development
- Coastal Management

- **Housing**


- Property Management
- Housing Strategy and Affordable Housing Delivery
- Pathways and Neighbourhoods

- **Other Council Directorates**

- Neighbourhoods
- Finance and ICT
- Democracy
- Human Resources

Cross Cutting Risk



7. From meetings conducted with Council managers and directors a cross-cutting risk was identified below:

	<p>Succession planning and staff contingency: An ageing workforce is an issue in some services, and with no upper age limit to retirement, it is hard to predict retirement dates.</p> <p>Furthermore, there is a potential risk of staff shortage as recruitment is challenging in the current climate particularly for qualified professional staff who would be responsible for delivering Council services.</p> <p>Corporate actions such as the recent restructure in the Council services and the actions outlined in the People Strategy such as workforce planning, the provision of training and development and the intention to recruit more graduates and junior staff members will help mitigate this risk.</p>	Actions in Progress
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Planning and Regeneration




Planning and Regeneration

8. A meeting was held with the Director of Planning and Regeneration (RJ); Financial Planning and Audit Manager (NW); Audit Manager (CR); Chief Internal Auditor (MS) and Senior Auditor and Fraud Analyst (SD); where it was agreed that risks relevant to the Planning and Regeneration service had been captured, however, two significant overarching risks are noted below:

	<p>Failure to deliver housing due to the requirement for environmental mitigations & Biodiversity improvements (Planning):</p> <p>Housing development can result in recreational impacts upon habitat sites at The Solent and the New Forest. These potential impacts are addressed through the development of strategies with other Hampshire authorities and relevant nature conservation bodies and on-site mitigation.</p> <p>Aside from this, new legislation was enacted in February and April 2024 whereby many forms of new housing and commercial development are required to achieve a 10% net gain in biodiversity.</p> <p>Financial contributions need to be secured from developers to enable the implementation of the strategies and the actions set out within them.</p> <p>The potential impacts of nitrates arising from new housing upon habitat sites, is predominantly mitigated through areas of land within The Solent catchment being managed in different ways thereby reducing the nitrate inputs into them. This Council has ensured legal agreements are in place with a number of third-party landowners, including the Hampshire and Isle of Wight Wildlife Trust, to ensure nitrate mitigation is available to housing builders within the Borough.</p> <p>Some development sites within the Borough have the potential to impact upon sites used by overwintering Solent Waders and Brent Geese. Where it does not prove possible for impacts to be mitigated on site, this Council seeks the provision or improvement of alternative sites. There are ongoing discussions with third parties who are looking to provide off site mitigation to ensure solutions are available to developers within the Borough.</p> <p>To help mitigate risks in respect of Biodiversity Net Gain, discussions are currently ongoing with third parties who are looking to provide off site biodiversity net gain to ensure these solutions are available to developers within the Borough, who cannot provide the 10% net gain in full on site.</p> <p>It is important that the Council continues to be involved in the development of strategies with other authorities and bodies and identifies all appropriate opportunities for mitigation to ensure that housing and employment development within the Borough is not stalled.</p>	<p>Actions in Progress</p>
	<p>Development of Daedalus site stalled due to Environmental mitigations & Biodiversity improvements needed (Asset Management) (Daedalus):</p> <p>Daedalus is a major employment site with significant development potential. Development must comply with environmental legislation and there is associated risk with achieving this for the Council.</p> <p>Delivery of parts of the Daedalus site could be delayed as they are allocated for protecting Solent Waders and Brent Geese. To remove this risk a parcel of land has been acquired by the Council to act as replacement habitat. This has been accepted by Natural England in conjunction with recent applications. The validity of Daedalus being a protected site for Solent Waders and Brent Geese is also being discussed with Natural England.</p> <p>The Biodiversity Net Gain requirement cannot be achieved on site so will need to be secured off site. To help mitigate this risk discussions are currently ongoing with third parties who are looking to provide off site biodiversity net gain to ensure these solutions are available to developers at Daedalus.</p> <p>A review has been undertaken of the Council's own land holdings to establish what potential exists for the land to be managed in a way to achieve BNG net gain which could be used for development at Daedalus.</p>	<p>Actions in Progress</p>

Planning

9. A discussion was held with the Head of Planning (LS); the Finance Business Partner (GC) and the Audit Manager (CR) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Failure to meet Housing delivery targets (Update): Risk of failure to identify sufficient land for new housing development or to meet housing delivery requirements, which could result in housing development taking place in areas not allocated by this Council.</p> <p>The Council adopted its Local Plan in April 2023 which identified sufficient sites within the Borough to meet its housing requirements. The adoption of the Local Plan resulted in a marked reduction in the number of speculative housing applications received by the Council.</p> <p>The Government is currently consulting on changes to the National Planning Policy Framework and other planning guidance. Amongst the changes proposed are those relating to how Councils must calculate their minimum housing requirements; and a requirement for Councils to regularly publish their five-year housing land supply position. The Government's consultation is clear that it is looking to substantially increase the numbers of houses delivered across England.</p> <p>Not being able to demonstrate a five- year housing land supply has implications for how Councils must consider planning applications for new housing development.</p> <p>The Government also annually measures the number of houses delivered against the number of houses required (through a 'Housing Delivery Test'). The Housing Delivery Test result for this Borough was 55% for the last period assessed. Whilst the delivery of housing is to a large extent within the control of developers, a test result of less than 75% has implications for how the Council must consider planning applications for new housing. There is an increased risk of housing development coming forward in locations not specifically allocated for housing by the Council.</p> <p>The actions being taken to address the risks are:</p> <ol style="list-style-type: none"> Providing a response to the Government's consultation on changes to the National Planning Policy Framework by the September deadline. Ensuring that planning applications in the Borough are brought to the attention of the Planning Committee. Reviewing and updating the Council's Housing Delivery Test Action Plan. 	<p>Actions in Progress</p>
	<p>Receipt of appeals against Planning decisions (Update): There is a risk of unknown large costs for the Council in defending appeals and conducting public inquiries. There is no way to predict the number of appeals that the Council will receive.</p> <p>The Government's proposed changes to National Planning Policy alongside their stated desire to increase the number of houses built, may result in planning applications for houses on land not currently allocated for such and has the potential to increase the number of planning appeals.</p> <p>The actions being undertaken to address this risk include:</p> <ol style="list-style-type: none"> Providing a response to the Government's consultation on changes to the National Planning Policy Framework by the deadline. Ensuring Members are aware of all material planning considerations when making decisions on planning applications for new housing. 	<p>Actions in Progress</p>
	<p>Welborne development restricted due to changes to Junction 10 non delivered (Update):</p>	<p>Actions in Progress</p>




	<p>The changes to M27 Junction 10 to achieve an ‘all moves junction’, are needed to fully realise the delivery of 6,000 homes, together with employment and other uses, which can be built in the Garden Village development.</p> <p>The Junction 10 scheme is to be funded through developer funding and government grant through Homes England’s Housing Infrastructure Grant (HIG) Funding. Subject to the completion of the necessary agreements, Homes England recently agreed to increase the level of the HIG funding, removing any shortfall in the funding for the delivery of the Junction 10 works.</p> <p>Legal agreements between the Developer, Homes England and the Council now need to be completed.</p>	
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Other significant risks discussed:

Actions in Progress
<ul style="list-style-type: none"> • Local plan (Update) • Welborne - Health and Wellbeing Hub (Update)

Asset Management including Daedalus

10. Discussions were held with the Head of Asset Management (SF); Daedalus Programme Lead (Airside) (RG), Finance Business Partner (GC); the Assistant Finance Business Partner (KG), the Audit Manager (CR) and the Senior Auditor and Fraud Analyst (SD), and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Financial Impact of Fareham Shopping Centre Purchase (Update): Risk that purchase of shopping centre becomes a financial burden.</p> <p>Appropriate asset & strategic management consultants have been contracted to help mitigate this risk.</p> <p>The revenue from the shopping centre is currently producing a surplus for the Council. A regeneration strategy is being developed for the town centre (including the shopping centre). Ahead of this the asset management consultants are seeking to ensure that it does not become a financial burden for the Council.</p>	Actions in progress
	<p>Financial risks associated with managing a Commercial Property Portfolio:</p> <p>There are risks associated with achieving the return on capital from the commercial property portfolio. These include the potential for tenant default on payments, changes in market conditions that have an adverse effect on rents/capital values, changes in legislation etc.</p> <p>These risks are managed on a daily basis by experienced Asset Managers.</p>	Actions in progress
	<p>Failure to procure next 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.</p> <p>Premarket engagement has begun to understand if there are any interested operators to take on the contract in 2026.</p>	Actions in Progress




Other significant risks discussed:

Actions in Progress

<ul style="list-style-type: none"> • Energy Performance Certificate (EPC) Compliance (Update) • Airport operating costs (Update) • Lack of visibility from the Control Tower (Update) • Delivery of Swordfish Business Park • Retained business rates for growth in the Enterprise Zone
Risk Occurred – Appropriate Actions Taken
<ul style="list-style-type: none"> • Daedalus site access judicial review
Appropriate Actions taken but high risk remains
<ul style="list-style-type: none"> • Daedalus Control Tower Site Security

Building Control Partnership

11. A discussion was held with the Head of Building Control Partnership (JS); Finance Business Partner (HT); and the Senior Auditor and Fraud Analyst (SD) appropriate examples of risk management activity were covered. These included the following risks:



	<p>Risk of Non-Compliance with Building safety Act (Update): The Building Safety Bill was enacted into legislation in 2022, with an implementation date of some measures coming into effect in April 2024.</p> <p>The Act poses a retention risk as it requires all building inspectors to undertake the relevant competency assessments and to be registered with the Building Safety Regulator (BSR) in order to perform regulated activities such as assessing plans and carrying out inspections. Inspectors are required to be reassessed at least every four years.</p> <p>The BSR will be undertaking an independent audit of the Building Control Partnership (BCP) within the next five years to ensure that the BCP is compliant with their code of conduct. A peer review by the Local Authority Building Control (LABC) completed in November 2023, highlighted that the BCP was <i>'doing an excellent job in difficult times'</i>.</p>	<p>Actions in Progress</p>
	<p>Increasing cost of Non-Fee earning work (Update): The trend of statutory non-fee earning work is increasing year on year. There is a risk that this may begin to put a strain on resources and has the potential to increase the overall cost of the service. However, the majority of the non-fee earning work is classified by the BSR as non-restrictive activity and therefore steps are being taken to understand if such activities can be delegated to council officers in other directorates.</p>	<p>Actions in Progress</p>
	<p>Poor procurement of next Structural Engineering contract: Risk of a new structural engineering contract straining the Building Control Partnership (BCP) budget as well as potentially causing a loss in clients</p> <p>To mitigate these risks, the Head of Building Control Partnership will be working with the Procurement team to ensure that any new structural engineering partner is suitable and of value for money to the BCP and the authority.</p>	<p>Actions in Progress</p>

Other significant risks discussed:

Actions in Progress
<ul style="list-style-type: none"> • Developers Levy

Regeneration and Economic Development

12. Discussions were held with the Regeneration Strategic Lead (KC); Economic Development Officer (JH); Finance Business Partner (GC); Audit Manager (CR) and Senior Auditor and Fraud Analyst (SD). Appropriate examples of risk management activity were covered. These included the following risks:


	<p>Pace of change for Town Centre regeneration: Large scale town centre regeneration is complex and requires significant work and time to develop robust and deliverable proposals. The initial stage of this work is underway currently with a Regeneration Strategy due to be presented to Executive at the end of 2024. There is a reputational risk that residents could question why the Council purchased Fareham Shopping Centre without detailed delivery plans in place and why it is taking so long to see any real change happen.</p> <p>Significant time and effort have been directed to engaging, consulting and updating all stakeholders on the work going on to develop the final Regeneration Strategy.</p> <p>To also help mitigate this, the emerging work is focused on short, medium and long-term initiatives with short term initiatives already being delivered. This includes the North South Route to connect Fareham Live to West Street.</p>	<p>Actions in Progress</p>
	<p>Financial challenges of the Town Centre regeneration: Large scale town centre regeneration has significant financial challenges and risks to delivery.</p> <p>A key part of the work in developing the Regeneration Strategy is understanding and mapping out the financial challenges associated with the delivery of the programme. There is considerable work being undertaken related to the phasing and timing of different elements and how best to unlock development sites to drive private investment and to spread the risk.</p> <p>To help mitigate the financial risk, key milestones and reviews are being built into the programme to ensure at each stage there is an assessment and a decision to proceed based on achieving agreed deliverables before continuing to the next stage. Securing the required resources, including external consultants, will also be aligned to the key milestones to ensure robust cost control and to have the right resource available for each stage as the programme progresses.</p>	<p>Actions in Progress</p>




Other significant risks discussed:

<p>Actions in Progress</p>	
	<ul style="list-style-type: none"> • HCC LEP Funding • UKSPF Funding (Update) • Support for local businesses (Update)

Coastal Management

13. A discussion was held with a member of the Coastal Partners, Business Development Manager (JR); Assistant Finance Business Partner (KG); and Audit Manager (CR) and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Opportunity for Salt Marsh Creation (Update): Opportunity to create salt marsh habitat to offset losses with sea defence works elsewhere in the County.</p> <p>Funding was obtained from the Environment Agency to look at intertidal 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.</p>	<p>Actions in Progress</p>
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
	<p>The study is now complete and has identified several challenges. Any managed habitat creation at the site would have impacts on the existing freshwater habitats, increase flood risks and carry a high cost for Biodiversity Net Gain. The project has been placed on hold pending further discussions with national Environment Agency colleagues.</p> <p>During Storm Pierrick in April 2024 parts of the existing defences failed and the site was inundated with tidal waters. Discussions are ongoing between HCC (the site owner) and the EA (the defence maintainer) on the next steps. The Coastal Partnership have developed a position statement which they hope to publish online in Autumn 2024.</p> <p>A report on this is scheduled to go to the Executive in October 2024.</p>	
	<p>Ageing flood and coastal defence assets (Update): Risk that older defences fail where it is currently not possible to attract national capital funds for replacement. Older assets are at a higher risk of damage and failure during storm events. These assets may not be due for capital replacement for many years and need to be maintained.</p> <p>The risk is managed through routine asset inspections to detect signs of deterioration. However, conditions may deteriorate quickly increasing repair costs, service demand and reputational impacts, as well as health and safety implications if repairs are not delivered promptly. Position statements are being developed for areas of greatest risk and will be discussed with the Director and Portfolio Holder as needed.</p> <p>Coastal Partners are also lobbying through established networks to influence government policy on levels of LA asset maintenance funding.</p>	<p>Actions in Progress</p>
	<p>Risk of erosion at Coastal Landfill sites: There are several legacy coastal landfill sites which are exposed to the risk of erosion along the coastline in the Borough.</p> <p>This is a national concern with over 1200 sites considered at risk in the England as reported by the Southern Coastal Group (SCOPAC). Considerable national lobbying has been undertaken by Coastal Groups and the LGA Coastal Special Interest Group (SIG) for which the Leader is the SIG lead Champion for this “Call to Arms”.</p> <p>The risk to FBC is being further mitigated through studies considering reducing future flood and erosion risk to our residents and also advising on how, if funding is available, how best to protect these legacy landfill sites. The study is primarily being funded by the Environment Agency with a sum of £487,500 available and is due to report its findings in spring 2025.</p>	<p>Actions in Progress</p>
	<p>Beach Levels Lowering: Lowering foreshore levels and reduced sediment budget along the Fareham open coastline in response to climate change is leading to a higher risk of coastal flooding.</p> <p>The Isle of Wight does afford considerable protection and also affords slower movement of shingle along the frontage driven by natural wave and tide action. However, as the beach levels lower, the exposure to wave overtopping will increase and may result in more frequent flooding to hinterland which in some cases may be to properties and gardens.</p> <p>This risk is being mitigated through a Fareham and Gosport Borough Council initiative to implement a Beach Management Plan to restore beach levels to more desirable levels. The proposed works are utilising Environment Agency funding in excess of £500million and the project is currently seeking Executive decision from Fareham in November to proceed with the protection plan.</p>	<p>Actions in Progress</p>

14. There were no aspects arising from these discussions regarding the Planning and Regeneration directorate that indicates additional corporate involvement is needed to resolve the residual risks and actions arising.

Housing

Housing

15. A meeting was held with the Director of Housing (RL); Finance Business Partner (KB); Chief Internal Auditor (MS); Audit Manager (CR) and the Senior Auditor and Fraud Analyst (SD); where it was agreed that risks relevant to the housing service had been captured, however significant overarching risks were noted below:


	<p>Impact of new Staff training and competency requirements: New professional qualification requirements pose a retention risk as Housing officers (managers and director) will be expected to have certain competences.</p> <p>This will add further pressures, as some experienced and knowledgeable officers may choose to leave the service as they may not wish to undertake such qualifications. There is also an element of cost and time for the service to provide training and study leave.</p> <p>As a mitigation to retain qualified employees the Housing Service will be considering training contracts.</p>	<p>Actions in Progress</p>
	<p>Maintaining performance against the Tenant Satisfaction Measures (TSM): TSMs will impact across all housing service areas. It is a new Regulator of Social Housing initiative, and this is the first reporting year. The Council must report against certain measures and tenant satisfaction. Results will be published nationally and benchmarked against other providers. There is a risk of how we perform when benchmarked with others and having the appropriate staffing in place.</p> <p>The Tenant Satisfaction Survey was completed and submitted to the Regulator of Social Housing by June 2024, where the Council achieved an overall tenant satisfaction score of 83.47%.</p> <p>Fareham's TSM results have been benchmarked against other neighbouring social housing authorities (Portsmouth and Winchester) and have been published on the Council's website.</p>	<p>Appropriate Actions taken but High Risk remains</p>
	<p>Sustainability of the Housing Revenue Account (HRA): The HRA is under ever increasing pressure due to the number of new legislative requirements, rent caps and the level of inflation. These issues are reflected nationally by other HRA authorities.</p> <p>The HRA was overspent in 2023/24 and it is anticipated that it will also be overspent in 2024/25. As a consequence, the Housing Service is having to make difficult decisions which may impact the quality of some areas of service provision, or detrimentally impact customer satisfaction, especially as the Council has an ageing housing stock and is required to meet the greener agenda.</p> <p>To help mitigate this risk, the Council will be a signatory to the 'Securing the future on Council Housing' report, which has been led by Southwark Council, and makes recommendations to central government.</p> <p>A local HRA specific Opportunities Plan is also being developed.</p>	<p>Further Action may be needed</p>
	<p>Maintaining Complaint handling Performance: The introduction of the Statutory Complaint Handling Code, has led to the Council launching a new complaint handling procedure. There is a risk that due to stretched resources that the targets for the complaint handling are not met within the required timescales, or the resource implications impact other areas of service provision. This further adds pressure on already stretched resources, especially as nearly 40% of the complaints received by the Council are housing related.</p>	<p>Further Action may be needed</p>

Other significant risks discussed:

Actions in Progress
<ul style="list-style-type: none"> Ensuring compliance with the new Consumer Standards & Inspection regime from the Regulator of Social Housing (RSH) (Update) - which came into force on 01 April 2024.

Property Management


16. A discussion was held with Property Manager (IC); Assistant Finance Business Partner (KG) and Audit Manager (CR); and appropriate examples of risk management activity were covered. These included the following risks:



	<p>Conflicting High risk and high-profile projects (Update): There is currently a peak in major projects in the capital programme including Fareham Live and the replacement car park, housing developments and schemes at Daedalus. With a small Property Team, there is a risk of failure to deliver the schemes on time particularly if officers need to divert their time to reactive issues.</p> <p>Work is progressing to deliver high profile projects. Fareham Live and the neighbouring surface car park, are close to the completion date. If target dates are not met there is a financial and reputational risk for both projects. Fareham Live needs to be operational by September in order that compliance and safety work can be carried out by the contractor. Regular work with the contractor, consultants and the internal team has been positive and communication management has been working well with regular meetings.</p> <p>The Aeronautical Ground Lighting at Daedalus is presenting some challenges but through regular meetings with the client and professional team, risks are being managed and issues are being worked through with the intention for completion before the late autumn.</p>	<p>Actions in Progress</p>
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Other significant risks discussed:

Actions in Progress
<ul style="list-style-type: none"> Loss of contractor knowledge

17. An additional discussion was held with the Property Manager (Housing) (SB); Finance Business Partner (KB) and Audit Manager (CR); and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Condition of housing stock and non-dwelling assets (Update): 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 there is a risk from reduced asset values and increased repair works.</p> <p>The Council has entered into a five-year contract with a third-party organisation who are undertaking a 100% stock condition survey over the period (20% each year). This includes Health Hazards Safety Rating Systems (hazards within the home) and providing Energy Performance Certificates.</p> <p>The data from the survey will be stored in the Housing System and will allow management to use a data driven/fact-based approach for planned maintenance programmes.</p> <p>A project will be undertaken to estimate how much needs to be spent on each property over next 30 years. There is a risk that there will not be enough in the Housing Revenue Account provision to finance the outcomes from the stock condition survey.</p>	<p>Actions in Progress</p>
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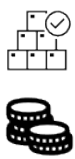
	<p>Speed of Void works and processes (Update): There is a risk that the void process and turnaround is having a detrimental impact on the availability of housing stock to individuals and families, either on our waiting list or eligible for Temporary Accommodation under the Homelessness Reduction Act.</p> <p>A new approach to reduce the void scope is being trialled to help bring down costs especially in relation to gardens. However, there is a risk that this may cause an increase in disrepair claims and complaints from tenants due to a lower standard.</p> <p>A new framework contractor will be responsible for void properties from November 2024. The Housing team are looking to create a new post responsible for ensuring that the contractor is completing works to a standard expected by the Council as well as monitoring costs.</p>	<p>Actions in Progress</p>
	<p>Compliance with timescales set in Awaabs Law: New legislation has been introduced which will establish timescales for repairs in the social housing sector, particularly concerning issues of damp and mould, and introduce new requirements on tenant communication throughout stages of repair. There is a risk of these timescales adding further pressure to the Housing service, leading to additional strain on the HRA and staff resources, or that targets are not met.</p>	<p>Appropriate Actions taken but High Risk remains</p>

Other significant risks discussed:

<p>Actions in Progress</p>
<ul style="list-style-type: none"> Ensuring appropriate levels of tenant satisfaction

Housing Strategy and Affordable Housing Delivery

18. Discussions were held with Housing Strategy and Systems Manager (FA); Affordable Housing Delivery Manager (HF); Finance Business Partner (KB) and Audit Manager (CR) and Senior Auditor and Fraud Analyst (SD); and appropriate examples of risk management activity were covered. These included the following risks:

	<p>Customer Take-up of Shared Ownership Scheme: Construction is underway for 9 shared ownership (SO) flats, which are due to be marketed at the end of Summer 2024.</p> <p>There is a risk that the wider economy and mortgage affordability may reduce the actual demand and the percentage 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. This could lead to negative reputational consequences for the Council.</p> <p>There is a further risk of the Council being non-compliant with the guidance in the capital funding guide for any Grant Funded SO schemes which Registered Providers have to follow. The guidance outlines new methods for assessing potential shared ownership applicants.</p> <p>To mitigate this risk the Councils Shared Ownership policy has been updated. The team are seeking professional advice from estate agents to ensure compliance with the guidance, as failure to comply could impact grant funding.</p>	<p>Actions in Progress</p>
	<p>Homes England Grant Funding Uncertainty: The Homes England (HE) current grant programme only runs until 2026 (for projects completing by 31 March 2026) and due to the recent change in government, there is a greater amount of uncertainty as to their priorities and pressures in this area. No new grant programme has yet been confirmed.</p> <p>There are current schemes (including regeneration projects) which are at their</p>	<p>Actions in Progress</p>


	early stages which may be deemed as non-financially viable should grants not be available or suitable and as such other factors may need to be considered such as cost of borrowing, market considerations, rent setting and HE resources to determine a scheme's viability.	
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Other significant risks discussed:

Appropriate Actions Taken	
	<ul style="list-style-type: none"> Government Returns

Pathways and Neighbourhoods

19. A discussion was held with the Head of Housing (Pathways and Neighbourhoods) (AT); Finance Business Partner (KB) and Senior Auditor and Fraud Analyst (SD); and appropriate examples of risk management activity were covered. These included:

	<p>Cost of bed and breakfast provision for the homeless: Risk that funds are not available to support the Council's homelessness responsibilities. In 2017 the Homelessness Reduction Act was introduced increasing the duties of Councils to help homeless people and trying to prevent people becoming homeless in the first place.</p> <p>To help alleviate this pressure the number of individuals being placed in B&Bs is being scrutinised more and the use of Council owned temporary accommodation has increased.</p> <p>However, external factors such as the potential early release of prisoners, reduction in private landlords and low supply of affordable housing could add further pressures on the Council's budgets.</p>	<p>Actions in Progress</p>
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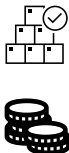

Other significant risks discussed:

Actions in Progress	
	<ul style="list-style-type: none"> Staff Safety and Wellbeing (Update)

Other Council Directorates

Neighbourhoods

20. A meeting was held with the Director of Neighbourhoods (SW); Financial Planning and Audit Manager (NW); Chief Internal Auditor (MS) and Audit Manager (CR); the appropriate examples of risk management activity were covered. These included the following risks:



	<p>Maintaining Sufficient Refuse Drivers (Update): There is a potential risk of staff shortage as recruitment is challenging in the current climate particularly obtaining drivers from staff agencies to cover staff shortages or absences.</p> <p>However, additional staff over establishment have now been recruited, and this is providing cover for staff absence and reducing the need for agency banks at short notice, which can be expensive. This has resulted in a cost saving to the council.</p>	<p>Appropriate Actions Taken</p>
	<p>Failure to implement Simpler Recycling (Update): Risk of non-compliance with the Environment Act 2021 regulations. Uncertainty on what the future Government funding will be provided to deliver any mandatory changes, such as weekly food waste collection, which is impacting on the ability to plan and to deliver the strategy at short notice. This includes vehicle choices, building location, personnel needs and round balancing.</p> <p>A risk assessment has been drawn up by the service including mitigating actions. Ongoing monitoring is being undertaken.</p>	<p>Actions in Progress</p>
	<p>Future Waste disposal provision (Update): Uncertainty around the Waste Disposal Authority's proposals for waste disposal and its impact on waste collection arrangements.</p> <p>The kerbside collection of food and glass needs to be implemented by 2026. Clarification is still being sought around how glass will need to be separated. Discussions are ongoing with HCC and regular meetings are being attended by Fareham and other Local Authorities.</p>	<p>Appropriate Actions taken but High Risk remains</p>






Other significant risks discussed:

<p>Actions in Progress</p>
<ul style="list-style-type: none"> • Vehicle Repairs (Update)

Finance and ICT

21. A meeting was held with the Assistant Director (Finance and ICT) (EH); Finance Business Partner (HT); Chief Internal Auditor (MS) and Senior Auditor and Fraud Analyst (SD)); the appropriate examples of risk management activity were covered. These included the following risks:

	<p>ICT Hardware failures: A hardware failure occurred on two occasions resulting in no ICT access for a significant length of time and impacted Council services. In particular the failure happened in the run up to the parliamentary election. Contingency actions have been taken to identify the problem and mitigate the issue of losing ICT services should a further failure occur. In particular ICT services worked long hours to accelerate the transfer of systems other more stable platforms.</p>	<p>Risk Occurred-Appropriate Actions Taken</p>
	<p>Budget gap in the Council's Finances (Update): The 2024/25 Medium-Term Finance Strategy highlighted a potential risk of a £2.4 million budget gap to fund the Council's services.</p>	<p>Actions in Progress</p>

	<p>A new Opportunities Plan was developed in 2023/24 to start addressing the gap.</p> <p>The budget gap has now been reduced to £1.9m due to revenues from the Shopping Centre as well as the implementation of cost saving opportunities in the plan.</p> <p>The focus of the Opportunities Plan is being widened to focus on the main cost drivers (e.g., homelessness and the transport repair unit), and carry out other activities such as a review of budgets consistently underspent.</p> <p>If the Opportunities Plan does not deliver in closing the budget gap, an establishment review may be needed.</p>	
	<p>Poor External Audit opinion (Update): There is a potential risk of not meeting the statutory publishing deadlines for the Narrative Report, Annual Governance Statement, and the Statement of Accounts as the timelines are tight. This will affect the external audit opinion.</p> <p>The timetable for completing both the end of year accounts and annual governance statement have been brought forward to meet the end of May deadline. The Council was successful in meeting the 2023/24 deadline for publishing the Annual Governance Statement and the Statement of Accounts but not the Narrative Report.</p> <p>A restructure of the finance team has now been completed and is starting to become embedded. This will spread the responsibilities more widely going forward.</p>	<p>Actions in Progress</p>
	<p>Abuse of Staff at Court: There is a risk to staff safety when employees are required to attend mandatory court hearings for debt collection.</p> <p>There have been incidents of staff being threatened both physically, verbally and in writing, in particular by an organised group. A report has been issued as a result of the events and a plan has been implemented to protect staff which includes working with the court and police to make court visits safer.</p>	<p>Actions in Progress</p>
 	<p>Poor Opinion from DWP audit: The DWP (Department of Work and Pensions) are scheduled to carry out an audit in November 2024 of the Council reviewing compliance with how the DWP data is used by the benefits team, as set out in the Memorandum of Understanding.</p> <p>Should the DWP deem the organisation to be non-compliant they have the power to remove data sources which could have a negative impact on service delivery.</p> <p>A project team has been established to monitor and evidence compliance with the DWP expectations.</p>	<p>Actions in Progress</p>
	<p>Psfh Grant Money Responsibilities: Fareham Borough Council (FBC) risk that use of partnership nutrient mitigation funding does not comply with the grant conditions nor meets the expectations of the partners.</p> <p>The Partnership for South Hampshire (PfsH) has been successful in attracting capital and revenue funding from the government for local nutrient mitigation activities. FBC is named as the responsible body for the grant funding and holders of the funds. However, the spending of the funds is agreed by the PfsH joint committee. If this is not spent in accordance with the grant conditions the money may need to be returned.</p> <p>The risk is mitigated by the team leading on spending the funds who are FBC employees funded by PfsH. They are supported by an FBC finance business partner who is monitoring the spend of the funds and compliance with the grant conditions. There is extensive consultation with the PfsH councils on any major decisions and no monies are released unless the Section 151 Officer is happy that</p>	<p>Actions in Progress</p>




	<p>this consultation has been completed, parties support the proposal and the spend meets the purpose of the grant.</p> <p>Additional safeguards are being put in place including an inter-authority memorandum of understanding (MOU) concerning the ownership of any assets purchased with the funding, any interest earned on the funds and any financial risk arising from activity.</p>	
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Other significant risks discussed:

Appropriate Actions Taken
<ul style="list-style-type: none"> • Finance and ICT team restructure
Actions in Progress
<ul style="list-style-type: none"> • Housing Benefit subsidy



Democracy

22. A meeting was held with the Assistant Director (Democracy) (LU); Technical Finance and Development Manager (CH); Chief Internal Auditor (MS) and the Audit Manager (CR)); examples of risk management activity were covered. These included the following risks:

	<p>Impact of Leadership and Government changes – Risk of not being able to respond to the administration changes following the retirement of the Leader and the all-out election results.</p> <p>The new administration is now in place and the impact of the changes is being monitored together with other impacts resulting in the change of government. The Senior Leadership Team have met with the Executive to discuss corporate strategy and potential governmental changes resulting from the King’s speech.</p>	Appropriate Actions Taken
	<p>Adequacy of Committee reports (Update): The Local Government Act 1972 sets out how committee reports should be compiled. There is a risk that committee reports do not adequately consider alternative options. The quality of committee reports resulting in formal decision making, needs to be assessed.</p> <p>The reports are constantly being reviewed and challenged, where appropriate, to make sure they are compliant with the Act. Also, actions around exemptions have been strengthened.</p>	Actions in Progress
	<p>Availability of Legal Partnership resources: There is a risk of reduced resource levels, due to leavers in the partnership, meaning legal advice is not available to meet increased demand from other departments within the Council.</p> <p>There is a recruitment programme in place, but it could take time for the new posts to commence. However, regular update meetings are held with the partnership service lead, planning and property to discuss horizon planning so that they can allocate resources.</p>	Actions in Progress

Human Resources

23. A meeting was held with the Assistant Chief Executive Officer (SR); Financial Planning and Audit Manager(NW); Chief Internal Auditor (MS) and the Senior Auditor and Fraud Analyst (SD)); examples of risk management activity were covered. These included the following risks:

	<p>Non-delivery of the people strategy: Risk that the newly emerging people strategy is not delivered in a timely manner.</p> <p>Senior leadership and Human Resources (HR) have engaged with Council employees to receive feedback regarding the organisations culture and values which have helped to shape the development of corporate values and behaviours and the formation of the people strategy.</p> <p>To help mitigate this risk, the HR team will be looking to prioritise actions to ensure they can be delivered with the available resources.</p>	<p>Actions in Progress</p>
	<p>Potential industrial action: The Council has been notified of the Union's intention to ballot members nationally. For industrial action to be successful, 50% of the members would need to vote in favour of such action.</p> <p>The Council will ensure it is respectful of the Union members right to ballot as well as ensuring plans are in place to maintain services and lessen any disruption.</p>	<p>Actions in progress</p>

24. There were no aspects arising from these discussions relating to the Neighbourhoods, Finance & ICT, Democracy and Human Resource directorates that indicate additional corporate involvement is needed to resolve the residual risks and actions arising.

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 Shohum Dave (Tel:01329824386) or Clare Rogers (Tel: 01329824691)

Key to the Risk Category Icons Used in the 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

Risk Classifications in Use

Appropriate Actions Taken
Risk Occurred - Appropriate Actions Taken
Actions in Progress
Appropriate Actions taken but Risk remains
Appropriate Actions taken but High Risk remains
Further Action may be needed