<u>**North East Derbyshire District Council**</u>

<u>**Audit and Corporate Governance Scrutiny Committee**</u>

<u>**28 July 2021**</u>

<u>**Risk Management**</u>

<u>**Report of the Director of Corporate Resources**</u>

<u>Classification</u>**:**   This report is public

<u>Report By</u>**:**   Lee Hickin, Director of Corporate Resources

<u>Contact Officer:</u>   Lee Hickin, Director of Corporate Resources

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PURPOSE / SUMMARY

- To update Members of the Audit and Corporate Governance Scrutiny Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at July 2021.

RECOMMENDATIONS

1.   That the Audit and Corporate Governance Scrutiny Committee notes the report and Strategic Risk Register as at July 2021 as set out in **Appendix 1.**

Approved by the Portfolio Holder – Councillor Paul Parkin

IMPLICATIONS

<u>Finance and Risk:</u>   **Yes**☒   **No** ☐
Details:

There are no additional financial implications arising out of this report. Whilst, where appropriate, additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets. Risk Management Issues are covered throughout the body of the main report.

On Behalf of the Section 151 Officer

<u>Legal (including Data Protection):</u>   **Yes**☐   **No** ☒

Details:

There are no legal or data protection issues arising directly out of this report.

On Behalf of the Solicitor to the Council

Staffing: **Yes**☐ **No** ☒
Details:

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: **BDC:** **Revenue - £75,000** ☐ **Capital - £150,000** ☒ **NEDDC:** **Revenue - £100,000** ☐ **Capital - £250,000** ☐ ☒ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: **Leader / Deputy Leader** ☐ **Cabinet / Executive** ☒ **SAMT** ☒ **Relevant Service Manager** ☐ **Members** ☐ **Public** ☐ **Other** ☐	Yes

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
None.

REPORT DETAILS

1   Background

1.1   Audit and Corporate Governance Scrutiny Committee have previously
       endorsed the Council's Risk Management Strategy which was then approved
       by Cabinet in March 2020. The Strategy includes but is not limited to the
       following;

- The nature of 'risk' both the 'threats' and the 'opportunities'
- The benefits of a robust risk management approach
- The Council's risk appetite
- Risk categorisation – *Operational, Governance, Strategic*
- Project and Partnership risk
- The Council's risk management approach and arrangements including a
  new 'Risk Management Group'
- Roles and responsibilities including *Senior Risk Officer* and *Senior
  Information Risk Officer* (SRO and SIRO)

1.2   The Strategy also details the work of a 'Risk Management Group'. This is
       elected Member led and includes the Councils Senior Risk Officer (SRO),
       Senior Information Risk Officer (SIRO), S151 Officer, representation from
       senior management, Internal Audit and Health and Safety. The group
       provides a comprehensive oversight of risk throughout the organisation and is
       the conduit to and from the whole organisation in terms of risk management.

1.3   The group 'regularly' and 'consistently' oversee, all of the risk registers
       ensuring they are up to date and accurate whilst offering challenge to the
       assessment process itself. It is responsible for risk management reporting to
       stakeholder groups across the Council, including this Scrutiny Committee and
       supports the production of the Annual Governance Statement. The group
       leads on the development and review of all risk related policies, plans and
       strategies across the Council and oversees and champions the
       implementation of the Risk Management Strategy and associated action plan
       including training 'relating to' and the 'embedding of' an effective risk
       management culture.

Update of the Risk Management Group held on 19ᵗʰ April 2021

1.4   Having previously developed and established new risk register templates for
       Strategic, Operational, Partnership and *Project* related risks, the group have
       overseen their completion by Heads of Service in relation to their own service
       areas. The templates cover; risk area, threat/opportunity, mitigation and risk
       ratings. At the meeting 'Performance' Head of Service presented their
       Operational Risk Register – discussion centred around the following;

- **PER01 – Failure to provide adequate data protection advice and support**

  There were designated Data Protection Officer and deputy within the Team. All staff were suitably qualified. The DP Policy had been approved and published. Employee refresher briefings were scheduled every two years and also on induction. DP implications were included on the Committee report template. A corporate level risk group had also been established.

- **PER02 – Failure to provide adequate consultation advice and support**

  There was a designated role within the Team. The joint team provides resilience with BDC. Legal could support if it was required. Consultation Policy has been approved and published. Consultation implications are sought on the Committee report template.

- **PER03 – Failure to provide adequate equality advice and support**

  There were designated roles within the Team. The Improvement Officer was suitably qualified and experienced. Joint team provides resilience with BDC. Equality Policy has been approved and published. Implications are sought on the Committee report template. All new employees receive a briefing and refresher training to staff was delivered Feb/Mar 2021.

- *An issue was raised with the new report template as the equalities element had been merged with a generic item so could easily be overlooked. This would be picked up with Governance.*

- **PER04 – Failure to administer corporate performance framework (monitoring and reporting) adequately**

  There was a designated role within the Team. Frameworks are supported by SAMT and Cabinet. Audit Scrutiny are playing an active role under the new administration. PERFORM in place however there is only one team member that has knowledge of this system so that is an issue that needs resolving.

- **PER05 – Failure to administer Freedom of Information, Environmental Information Regulation and Data Subject Access requests adequately**

  There was a designated role within the Team that was a joint post with BDC. Service Manager is able to support and cover when required. There is a dedicated Information Support Officer at each Authority. The Access to Information Policy has been approved and published. Redaction software has been purchased and is actively in use.

  As part of service planning, consideration was being given as to whether to invest in a bespoke FOI system.

- **PER06 – Failure to provide mandatory and refresh training and to update policies and supporting guidance documents**

Annual programme of mandatory training has been scheduled with refresher sessions scheduled as required. Ad-hoc training is offered to Service Managers if required.

A policy review is to be undertaken this year. And a 3-year work plan is to be developed.

- **PER07 – Loss of ICT**
  If there is a loss of ICT there are other options for the Team including non-ICT based work. The Team also have an informal WhatsApp group to keep others informed of any issues.

  The Group discussed the third party risks at length with the Head of Service.

1.5   The Group reviewed the Strategic Risk Register (see Appendix 1). Each Risk was discussed. The following are items of note;

At the Risk Management meeting held on 10 February 2021 there was a discussion around Wards Recycling and where it should sit in terms of risk. Since that meeting the company had gone into administration and the Council had brought the service in-house. Although NEDDC were now operating the service it was still classed as a risk due to the materials market and the increasing costs and the Head of Service suggested that given there was still a risk that the risk was moved from strategic to operational.

- **STR14 – Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.**
  This was on the Risk Register due to the significant impact that could occur should this happen. It was advised that this is part of business continuity so we had to look at the operational side of things also. It was reported that there were a lot of actions/processes in place already to prevent it happening however it was not guaranteed to stop an attack.

  Consideration to be given to arranging an emergency planning exercise within the next 6 months based on this possibility. Proposal to be presented to next meeting for consideration.

1.6   The Group discussed the difficulties and challenges in recruiting and retaining staff particularly within environmental health and planning.

1.7   The Group discussed Government grants and reports of businesses making false claims. The Council carried out an audit of processes and no areas of concern were raised.

1.8   The use of Cloud Based Applications was discussed by the Group. The lack of an audit trail if the application was not a corporate management system

was considered to be a high risk. The Group agreed that prior to signing up to use a cloud based system discussions should be held with ICT.

1.9 Emergency Planning and Business Continuity Planning were discussed by the Group. The Emergency Planning Officer advised that lessons learned over the last year/18 months would be considered and incorporated into Emergency and Business Continuity Plans.

1.10 ***Work was underway with Bolsover District Council on Operation Eagle and service testing.*** NEDDC may be involved in Operation Eagle at some point and service areas available to assist were being considered.

1.11 Covid-19 and the overall impact, including loss of income, was discussed by the Group. It was agreed that the Risk Management Group should be aware of the issue and SAMT would be asked for their views.

2. **Details of Proposal or Information**

2.1 To update Members of the Audit and Corporate Governance Scrutiny Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at July 2021.

3 **Reasons for Recommendation**

3.1 The Council have in place a robust Risk Management Strategy and action plan which enables the organisation to manage the many and varied risks facing the Council. The approach to managing those risks is applied within decision making processes and is continuous with a structured review process overseen by the Risk Management Group.

3.2 The Risk Management Group is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is now becoming the conduit to and from the whole organisation in terms of risk management. The Risk Management Group is now able to provide risk management reporting to stakeholder groups across the Council and will support the production of the Annual Governance Statement.

3.3 The Risk Management Group have made significant progress in ensuring that risk is effectively managed within the organisation. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk Management Group will provide consistency of approach and alignment of all service areas in relation to risk management. By overseeing and championing the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the

'embedding of' an effective risk management culture, the Risk Management Group will be pivotal in the organisations future success.

4   Alternative Options and Reasons for Rejection

Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is intended for Members and Officers to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. Given the importance of these arrangements for the overall governance of the Council it is necessary to subject them to regular review. The alternative of not providing this is therefore rejected.

DOCUMENT INFORMATION

Appendix No	Title
1	Strategic Risk Register as at July 2021
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Service Area Operational Risk Registers	