North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

22 September 2021

Risk Management

Report of the Operations

Classification**:**   This report is public

Report By**:**   Lee Hickin, Director of Operations

Contact Officer: Lee Hickin, Director of Operations

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 August 2021.

RECOMMENDATIONS

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

Approved by the Portfolio Holder – Councillor Paul Parkin

IMPLICATIONS

Finance and Risk: 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

Legal (including Data Protection): 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 August 2021

Two additional Strategic Risks had been added to the Risk Register. These were as follows:

STR15

Illegal dumping of waste on large area of Council owned land at Rotherside Road, Eckington leading to prosecution and/or contamination or water course or risk to human health/environment.

Part of this land was leased out and the leasee had encroached on land outside of the leased area. NEDDC had taken control and secured the site. Lessons learnt would be circulated. A Lessons Learnt Log would be created.

The Interim Head of Property Services would be invited to the next Risk Management Group meeting.

STR16

Northwood JV failure to meet obligations as shareholder and directors of Northwood leading to failure in meeting company obligations and reduction in profits.

This risk related to the potential lack of experience, knowledge and skills of company directors.

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 'Head of Service for Environmental Health presented their Operational Risk Register – discussion centred around the following;

ENV01
Achievement of national regulatory programmes e.g. Food Safety, Health & Safety, Animal Licensing, Private Drinking Water Sampling and Risk Assessments and Environmental Permitting (Industrial Pollution Control).

Part of Environmental Health's role was to assist businesses to thrive and prosper. Two years ago the service had been under scrutiny from the FSA. Agency staff had been utilised in order to put the service back on track. Investment in mobile applications and agile working had benefitted Environmental Health Officers.

ENV02
Recruitment and retention including loss of specialised in house technical expertise e.g. acoustics, contaminated land, air quality.
(Also linked to Strategic Risk STR4)

This risk was an issue nationally. Attempting to recruit to the contaminated land role. JE had allowed for narrowing of pay differentials with other local authorities.

The service had improved and a positive culture would be promoted.

ENV03

Delivery of a safe and effective local authority licensing regime.

Safeguarding training for drivers and operatives had been implemented. DBS requests had been outsourced. Policy review work will provide further assurance.

ENV04

Infectious disease control and investigation.

Risk of a major outbreak which could overwhelm capacity to investigate.

Further work to be undertaken with regard to business continuity. NA requested clarity on individual service priorities from an ICT perspective.

ENV05

Failure to maintain and demonstrate officer competency through training and QA measures. Failure to update supporting procedural documents and operational guidance.

Continuous improvement to be progressed and a 3 year programme to be developed by January 2022. Appointed Development Service Manager to commence at the end of August 21. LH to attend development sessions. KE to copy LB into any sessions for LH's availability.

ENV06

Loss of ICT systems or data e.g. hardware failure or ransomware attack rendering access to ICT unavailable for some time.
(Also linked to Strategic Risk STR12)

Propose to establish offline toolkit of key documents and explore use of cloud based system.

ENV07

Timely submission of annual and other statutory returns.

Important to ensure that submissions/statutory returns do not rely on one officer for completion.

ENV08

Theft, damage or loss of Environmental Monitoring Equipment including sound level meters and air quality samplers.

ENV09

Global Pandemic

Asset register. All service areas were responsible for maintaining their own asset registers. A register of land/vehicles/play areas etc. was held centrally.

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;

New or Emerging Risks Identified

The Ping-demic and self-isolation requirements had caused serious difficulties but had not resulted in any services being suspended.

LH advised that changes to the management structures of both NEDDC and BDC had resulted in a dedicated two director model with LH now working solely for NEDDC and Karen Hanson working solely for BDC. This had presented both opportunities and threats. Further structural changes may occur.

KA advised that work was underway with Rykneld Homes around housing risks. Once completed the relevant risks would be included on the Strategic Risk Register.

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 6 September 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