

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**1 December 2021**

**Risk Management**

**Report of the Managing Director**

**Classification:** This report is public  
**Report By:** Lee Hickin, Managing Director  
**Contact Officer:** Lee Hickin, Managing Director

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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 November 2021.
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**RECOMMENDATIONS**

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

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**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

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**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	
<b>Is the decision a Key Decision?</b> 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:  <b>BDC:</b> Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> <b>NEDDC:</b> Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input checked="" type="checkbox"/> SAMT <input checked="" type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	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 8 November 2021**

- 1.4 The Assistant Director, Finance presented the costs associated with Covid-19. In summary these were:
- £42m of grant funding had been received and distributed
  - Council tax hardship payments were still being distributed.
  - Additional Restrictions Grants – on going
  - Government Grant for Covid Enforcement – on going
  - £1.4m received towards leisure income which equalled 75% of loss.

- £1.9m Government response grant.
- 1.5 The Information, Engagement and Performance Manager presented the EDPB Data Breach Mitigation Summary. This was a useful tool to use as a checklist/reference in case of breaches. Some ICT areas would require investment to progress. The Information, Engagement and Performance Manager advised that NEDDC were currently considering hybrid mail across the organisation.
- 1.6 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 the Assistant Director for Economic Development, Regeneration & Housing Delivery presented the project risks for Clay Cross Town Deal – in summary;

- The risks were fairly high-level at the moment and were being refined as the project progresses. The document was shared with the group through the Risk Management folder on the S drive.
- Any specific risks which may pose a potential problem to NEDDC would be brought to the RMG for discussion.
- The Assistant Director would share the Town Board reports with the RMG every 6 weeks.
- Clay Cross Town Deal would be included on future agendas.

The Assistant Director of Organisation and Transformation presented the project risks for the Sharley Park project.

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

The Director of Operations requested that items were dealt with by exception.

The Interim Head of Property Services advised that the Property Operational Risks had been produced and some of these may be appropriate for inclusion on the strategic risk register. The Director of Operations requested that the Interim Head of Property Services cross-reference against the current strategic risk register.

The Joint Assistant Director, Transformation and Organisation advised that leisure risks were being progressed.

The Director of Operations requested that any gaps were filled prior to the next Risk Management Group meeting on 9 February, 2022.

- 1.6 **Audit Recommendation for consideration:** *R1. Climate change should be included on service risk registers and consideration be given to including it on the Strategic Risk Register.*

It was considered that climate change was too large an area to include on the service/strategic risk registers, but could be separated into smaller areas where it was possible to mitigate against risks.

The Head of Operations advised that the Climate Change Strategy was currently being reviewed.

The Internal Audit Manager advised that Chesterfield Borough Council and Derbyshire Dales District Council had both included climate change as a risk. The Internal Audit Manager to share CBC's risk register with the Group. The Director of Operations to consider further following receipt.

1.7 **Insurance Claims / Legal Claims**

The Principal Accountant attended the meeting to provide an overview of insurance/legal claims.

In summary:

- 2020 – 26 insurance claims
- 2021 – 25 claims received to date (mainly vehicle and street scene related, 4 related to Rkyneld Homes).
- 30 claims outstanding - 8 were high value
- 4 claims related to previous employees (Mesothelioma)

The main risk was from a cyber-attack. From July 2022 insurance companies were not expected to insure against cyber-attack. The Joint ICT Infrastructure Manager explained that the risk too insurers was too high. Insurance companies are stating that multi-factor authentication has to be installed on all devices. The Joint ICT Infrastructure Manager was still considering potential options and would report back to a future meeting.

1.8 **Health and Safety Update**

The Health & Safety Advisor advised that the Health and Safety Policy was to be reviewed. As a starting point, a new guidance note template incorporating example risk assessments and detailing relevant legislation, was being formulated to make things easier for managers.

A clear out / tidy up was being planned at Mill Lane with officers being given two months to complete. The Director of Operations stressed that a senior officer must be responsible for checking any documentation being destroyed.

1.9 **Audit Plan**

The Internal Audit Manager advised that outstanding recommendations were being purged.

An audit of the risk management process was planned for later this year.

## **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 November 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 17 November 2021
<b>Background Papers</b> (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	