

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

23 February 2022

Risk Management

Report of the Managing Director

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

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 February 2022.
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RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee notes the report and Strategic Risk Register as at February 2022 as set out in **Appendix 1.**
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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	
<p>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:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/></p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	None
<p>Consultation: 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"/></p>	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 9 February 2022

1.4 Lessons Learnt Log

The Joint ICT Service Delivery Manager explained the ICT process for logging and evaluating ICT incidents. Details of all incidents and actions taken were captured in One Note. On resolution the incident was reviewed and lessons learnt and recommendations identified and discussed in team meetings.

Two Prince 2 lessons learnt examples had been circulated with the agenda. A process for capturing lessons learnt would assist with

identifying operational and/or strategic risks. The Managing Director requested all managers discuss with their teams and feedback any comments. The Managing Director to develop further with the Joint ICT Service Delivery Manager and the Assistant Director, Economic Development, Regeneration and Housing Delivery.

1.5 **Review of Strategic Risk Register**

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

STR1: Risk amended, mitigation/controls and further action planned had been expanded.

STR2: Re-written and additional detail included.

STR3: Description changed and further action planned included/expanded.

STR4: Refer to STR13 'Cyber-Attack' security.

STR5: Made more generic and additional actions included.

STR6: Description amended and mitigations expanded.

STR7: Further actions added and mitigations updated.

STR8: Expanded

STR9: Expanded mitigations and further actions.

STR10. Further actions added.

STR11. Review expected by March 22.

STR12: Further actions included.

STR13: Additional risk. Further actions included.

The strategic risk relating to failure to adopt the local plan had been removed since the local plan had been adopted. Any further risks were captured in the Planning operational risk register. The AD, Planning would present Planning operational risks at a future meeting.

The Managing Director requested any comments and advised that a report would be taken to the next audit committee meeting.

The AD, Street Scene advised that an additional manager had passed the Fleet Management Operators course and would be added to the operators' licence.

The RMG signed off the Strategic Risk Register.

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.

1.7 Review of Finance Operational Risk Register

At the meeting the AD, Finance presented the finance operational risks and provided reassurance of all the checks and balances which were in place to ensure all risks were mitigated against as much as possible.

A new, very experienced insurance officer had been appointed.

The question was raised as to what was in place to ensure against revenues and benefits data loss which was critical for the council. The AD, Finance, advised that nothing was currently in place, but discussions were underway with the Revenues and Benefits Manager and this would be focussed on.

1.8 New or Emerging Risks Identified

The RMG discussed the rising energy and utility costs. The Director of Transformation advised that work was underway with estates to consider the rise in utility costs. NEDDC were currently on a 100% renewal tariff and costs were expected to increase by 60 – 70%. A comparison between the cheapest tariff and the current tariff would be undertaken, along with the potential impact on NEDDC's climate change policy.

The AD Property and Estates, advised that a climate change report on the feasibility of undertaking other actions e.g. considering onsite electricity generation on all buildings was being prepared. Indicative costs were contained within the report. Domestic costs were expected to rise again in 6 months.

The AD Property and Estates, queried whether loss of employees to the private sector was a risk. This was always an ongoing risk.

The Director of Transformation queried whether the demand on the homelessness service should be included on the Strategic Risk Register.

The length of the utility contract/s were discussed and the AD, Finance, advised that the length of the contact was dependent upon the best deal at the time.

Rising utility costs due to the costs of supplies/materials would be added to the Strategic Risk Register.

The Managing Director would arrange a working group to consider further.

1.9 **Insurance Claims / Legal Claims**

The AD, Finance, advised that only 4 low level claims had been raised since the last meeting.

1.10 **Health and Safety Update**

The Health and Safety Manager provided an update:

- Change to PPE regulations in April 22. NEDDC will be required to provide instruction/training and fund PPE for agency, seasonal and casual workers.
- Noise. Continuing to run noise monitoring programme. Currently focussing on street scene.
- Changes to Highway Code.

1.11 **Policies, Plans and Strategies Review – across the Council**

Risk Management Strategy. The Managing Director advised that a risk management audit was currently underway and that a refresh of the strategy had been discussed with Audit. The action plan was out of date and required revising. The Managing Director would commence a revision and requested comments.

1.12 **Audit Plan**

The Internal Audit Manager advised that all reviews were either substantive or reasonable. Audit Plan for 2022/23 was being produced. The audit report format and definitions were changing next year and risks would align better with the council risks.

1.13 **Emergency Planning / Business Continuity Planning**

The Emergency Planning Officer had provided an update.

Structural changes within emergency planning team at county. Meeting between Liz Partington (EP Manager), the Managing Director and the Director of Transformation was scheduled for Tues 15th Feb to discuss this and SLA. New Emergency Planning Officer to take over responsibilities for BDC & NEDDC from Stephen Peace. Handover will take place over the next few months.

Emergency Plan & Universal Contact List

Currently one emergency plan for the Strategic Alliance, plan will be to split this into two separate plans. Universal Contact List will remain in place due to the close working nature of both councils, joint services such as IT and mutual aid. This will be redone and structured based on the new structures at both BDC and NEDDC.

Business Continuity Plan

As per emergency plan, currently one business continuity plan for the Strategic Alliance, plan will be to split this into two separate plans. There will also be two separate Priority Function Lists.

Training and Exercises

There is a Business Continuity table-top exercise/discussion on Cyber Security scheduled for the morning of Weds 16th March. This will be for senior managers to look at business continuity issues from a Cyber Attack and what considerations/working practices may need to be put in place.

The Director of Transformation also advised that NEDDC/RH had been allocated two places on a training exercise at the Veolia site in April. It was planned that a representative from Rykneld Homes and the new AD for Leisure would attend.

The Director of Transformation was attending Gold Command training in August 22.

Cyber security. All service areas should ensure they have a 'break glass' box in case of cyber-attack. This would require consideration in the data protection audit. The Director, Transformation and the Internal Audit Manager to discuss further.

- 1.14 Mazars Horizon Scanning Document. The Managing Director requested that managers consider the Mazars Horizon Scanning document prior to the next meeting. Mazars Horizon Scanning would be an agenda item at the next RMG meeting.

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 February 2022.

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 10 February 2022
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	