North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

9 November 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 26 October 2022.

RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee notes the report and Strategic Risk Register as at 26 October 2022 as set out in **Appendix 1.**

Approved by the Portfolio Holder – Cllr 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: **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 ☒** **SMT ☒ Relevant Service Manager ☐** **Members ☐ Public ☐ Other ☐**	Yes

Links to Council Plan priorities, 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 2020 and more recently the updated Risk Management Strategy 2022 which was then approved by Cabinet in September 2022. The current 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 1 September 2022

1.4 **Review of Strategic Risk Register**

The RMG discussed and reviewed the Strategic Risk Register.

- STR 16 – Fuel, Utilities and general Cost of Living Crisis was discussed at length. Linked largely to global events including the ongoing war in Ukraine, rising fuel, energy costs and other inflationary increases, there is a huge financial impact upon the Council and businesses in the district. The group recognised that this combination also impacts upon wider communities, household

budgets and the financial security of our residents. These impacts upon the wider community, in-turn have a significant potential to impact further upon Council services through rent arrears from housing and business tenants, increased demand for welfare support and homelessness services amongst many other things. A NEDDC Cost of Living Action Plan will be key to our endeavours over the coming months and the year ahead – this has been developed and is being progressed through a Cross-party group (VIPER).

- The group talked about landowner related risks generally and agreed that landowner risk would be looked in to further and potentially added to the Strategic Risk Register.

- The RMG were advised that the format of the Risk Register was being considered and changes would be made prior to the next meeting as identified in the updated Risk Management Strategy action plan.

- The RMG signed off the Strategic Risk Register.

NB – following the meeting, the MD added two additional items to the Strategic Risk Register;

- Northwood JV – construction partner collapse

Along with the elevation of this subject from 'operational' to 'strategic' risk level, Council received a presentation/update on this matter at its extraordinary meeting on the 3rd October which set out the current situation, mitigation and control measures along with confirmation of future updates and recommended action in due course.

- Implementing the Elections Act

1.5 **Insurance Claims / Legal Claims**

The principal accountant provided the following summary:

- Total claims

Insurance claims in 2022 – 19
Total Claims outstanding – 42

- Employee Liability claims

5 claims outstanding;

3 Mesothelioma
1 Hearing Loss
1 Ankle Injury

- Vehicle Related

14 claims outstanding

5 claims are for reversing incidents which are becoming more frequent and this has been raised with the Assistant Director of Street Scene.

- Property

7 claims outstanding;

4 House Fires
2 Break Ins
1 Flooded Property

- Public Liability

16 claims outstanding;

3 Tree Root Damage
1 Sewerage Leak
1 Access Issue
2 Storm Damage
9 Personal Injury

Claims were forwarded to service areas for consideration.   Inspection records are held but Cllr Parkin suggested, that where possible, photos should be taken when inspections were conducted. This suggestion would be raised with the AD, Street Scene.

1.6 **Draft Risk Management Strategy**

The draft refreshed Risk Management Strategy had been circulated to the RMG and it was noted that this had also been presented to Audit and Corporate Governance Committee during July 2022. The Managing Director outlined that In-line with best practice, the strategy has now been reviewed with much of the framework and processes remaining reassuringly unchanged, however the key amendments and changes were summarised below;

- **The opening section** – whilst this does not intend to detail every change in the environment that we operate in, it is important to set the scene and demonstrate the changing risk environment to the reader, a reassurance that we as an organisation recognise the changing world which in-turn reinforces the requirement to review every two years – an action identified in the action plan
- **Risk Appetite** – this section goes into more detail, clearly articulating the 'measures' when we consider the organisations risk appetite – this section will be read in conjunction with Appendix 1 which provides context and descriptions against which we measure ourselves
- **Action Plan** - this is updated to reflect the continual improvement requirements identified – this is not to be confused with our risk registers which contain specific actions within them to deal with the specific risk areas

Discussion ensued and amendments agreed or discounted as follows;

- RMS18 – *Undertake an annual Risk Management Audit*. The RMG discussed the frequency of audits and agreed that a 'light touch' audit should be carried out annually, with a full audit, including the RMS conducted every two years.

- The Internal Audit Manager suggested including risk of fraud. The Managing Director advised that this was covered in the Annual Governance Statement and had been highlighted in the risk appetite appendix. Consideration would be given however to whether the risk of fraud should be highlighted/raised further.

- The Emergency Planning Officer asked where the community risk registers fed into the strategy. The Managing Director agreed to amend the strategy accordingly to make this clear – a section reflecting this is now included on page 12 of the Strategy.

The RMG were requested to consider the target dates within the action plan and to contact the Managing Director with any requests to change these.

The RMG agreed the Strategy.

1.7 **Data Protection Annual Report for 21/22 and Compliance Programme or 22/23**

The Joint Policy and Information Officer provided an overview of the activities undertaken by the Performance Team during 21/22 and the programme of planned activities for 22/23.

In summary:
- Provided over 150 pieces of advice to colleagues and Members
- Supported 15 Data Protection Impact Assessments
- Data Protection briefings provided to 70% of staff.
- Supported 23 data breach reports. The RMG discussed whether there had been an increase/decrease in breaches due to changes in working practices. D Webster advised that a comparison would be carried out against previous years. Numbers had increased but this could be due to awareness.
- Administered 17 Subject Access requests.
- Administered 38 third party personal data requests.
- Dealt with 5 complaints from individuals expressing dissatisfaction.
- Recorded 23 data breaches (21 for 20/21). No breaches required reporting to the Information Commissioner's Office.
- Breach trends were: email/letter sent to incorrect recipient / loss of council device / insufficient redaction on published documents.
  Compliance Programme:
- Continue with staff training.

- Review of retention and deletion policy and ensure policy is being adhered to.
- Reviewing surveillance camera documentation.

1.8 **Health and Safety Update**

The Health and Safety Manager provided an update:

- Covid19 employment tribunal case where employee left the workplace since he/she didn't consider that the employer had taken adequate steps to protect employees against catching Covid. The danger doesn't need to be in a workplace but can be in the environment at large. The employee lost their case.
- New driving offence – prosecution for careless driving.
- Highway Code – changes to hierarchy for road users.
- APSE Grey fleet employees. Query over how often details are checked.
- Telescopic ladders. 82% of telescopic ladders inspected had failed. Non-telescopic ladders to be used wherever possible. If telescopic ladders had to be used they must be inspected to full standard prior to use every time. Ladders must be marked 'Hyfen 6'. B McArthur-Williams to prepare a briefing note for SMT and circulate advice to service managers and assistant directors. Cllr Parkin suggested that Rykneld Homes also consider since this applied to sub-contractors as well.

The Health & Safety Manager to check if telescopic ladders are used and also whether they are included in training sessions and advise the RMG of her findings.

*Post meeting note***:**
➢ Yes, RHL has telescopic ladders
➢ These are checked annually – last inspection was in January 2022
➢ Working at Height training is given, and Tool Box Talks
➢ Specific Ladder instructions is also found in the manuals.

1.9 **Emergency Planning / Business Continuity Planning**

The Emergency Planning Officer provided an update. In summary:

- Business Continuity Plan being reviewed.
- Derbyshire Water Safety Partnership being revamped. Representative requested from districts and boroughs.
- No further information received on the Protect agenda.

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 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

4.1 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 26 October 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 you must provide copies of the background papers)	
Service Area Operational Risk Registers	