

**North East Derbyshire District Council**

**Audit Committee**

**4 December 2023**

**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 Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at November 2023.

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**RECOMMENDATIONS**

1. That the Audit Committee notes the report and Strategic Risk Register as at November 2023 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

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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

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**Staffing:**    Yes         No

**Details:**

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

On behalf of the Head of Paid Service

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**DECISION INFORMATION**

<b>Decision Information</b>	
<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>NEDDC:</b> <b>Revenue - £100,000</b> <input type="checkbox"/> <b>Capital - £250,000</b> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	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> <b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Cabinet</b> <input checked="" type="checkbox"/> <b>SMT</b> <input checked="" type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Yes

**Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.**

None

## REPORT DETAILS

### 1 **Background**

1.1 The former 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 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.

#### 1.4 **Update of the Risk Management Group held on 8 November 2023**

##### Minutes of Last Meeting / Matters Arising

The minutes of the meeting held on 9 August 23 were agreed.

##### Matters Arising:

- Review of Rykneld Homes Operational Risk Register. The RMG agreed that it was important to keep a strategic oversight with regard to Rykneld Homes operational risks as part of NEDDC's client role. The Director of Finance and Resources advised that an audit had

recently been conducted which had resulted in a substantial assurance. Any emerging issues would be presented to RMG.

- RMS11 – The Zurich Risk Management Health Check Review was currently a 'one off'. The Internal Audit Manager to follow up recommendations at the next review. The Internal Audit Manager advised that this would be undertaken in 24/25.

## 1.5 **Insurance Claims / Legal Claims**

P Kerry, Accountant, provided an update and further details:

### **Total claims**

Insurance claims in 2023 – 38

Total Claims outstanding 2023 – 28

Insurance claims in 2022 – 27

Total Claims outstanding from 2022 - 6

### **Employee Liability claims**

2 claims received in 2023 – Back pain/slipped disc from fall cleaning bin wagon, Muscle Damage using defect cage wagon. Advised to settle for both claims.

1 claim outstanding from 2022 – Mesothelioma claim – solicitors fees received, settlement being negotiated.

1 claim outstanding from 2020 – Mesothelioma claim – majority of the loss stands with Ryknelds insurers but NEDDC are liable for a small aspect.

### **Vehicle Related**

26 claims received in 2023 - 10 claims are for reversing incidents which are becoming more frequent, 7 claims for collisions with stationary objects & 4 claims are for the vehicles stolen during the depot break ins.

18 claims outstanding from 2023 – 7 are non-fault or alleged, 11 are fault claims

3 claims outstanding from 2022 - 2 claims are for reversing incidents and 1 claim is for a collision with a stationary vehicle

1 claim outstanding from 2021 – claim is for hitting a third party in the rear, the insurers cannot close as awaiting medical evidence

### **Property**

5 claims received in 2023 - 2 Break Ins, 1 Leasehold property flooded, 1 fire at the property & 1 claims are where a third-party vehicle drove into the front of the house.

Potential claim for damage at Eckington Depot due to flooding, repair costs need to be weighed against future insurance cost risk.

3 claims outstanding for 2023 - 1 claims are where a third-party vehicle drove into the front of the house, one with a house fire & break in at Norwood Industrial Estate.

2 claims outstanding from 2022 – 1 where third party drove into the house, solicitors are in process of recovery. 1 with house fire – found a leak in the roof which was installed by insurers contractors, complaint has been issued to insurers.

### **Public Liability**

5 claims received in 2023 - 1 Tree Root Damage, 1 TP Reversed into bin, 1 fallen tree (not our responsibility), 1 fall out in the district, 1 fall at Leisure Centre.

5 claims outstanding for 2023 – all claims above. Awaiting closure on TP reversing into bin & fallen tree claims.

The Managing Director thanked P Kerry for attending the meeting and providing additional context. It would also be useful if an industry trend analysis could be provided.

Following discussion it was agreed that insurance/legal claims should be included on the management dashboard.

The Director of Finance and Resources advised that a number of issues had been identified where better processes/training would result in less liability.

A training session with NEDDC's insurers was requested for leisure, street scene (including union rep) and engineers service areas.

Timescales for submitting documentation was discussed and P Kerry advised that Aviva requested details within 48 hours with further information within one week.

P Kerry agreed to forward the Aviva monthly risk report to the Assistant Director, Street Scene.

The RMG were advised that the insurance excess was £25k. Potential claims were carefully considered due to possible increase in premiums or difficulty obtaining insurance in future.

## **1.6 Risk Management Action Plan**

The Managing Director advised the Group of changes/additions to the Risk Management Action Plan.

- RMS4. *Increase the visibility of Risk Registers.* Action partially achieved. Working with the Director of Finance and Resources and the Communications Manager to embed in new Teams Intranet.
- RMS5. *Consider opportunities for integrating risk management and performance management reporting via management 'dashboard'.* Achieved. Strategic Risk Register now included in the Corporate Management Dashboard.
- RMS6. *Ensure risk management is a regular item at team meetings and incorporated into all service plans.* Achieved. Risk Management embedded in corporate team meeting template and included throughout the Service Planning process.
- RMS9. *Establish an Information Risk Management Framework.* Working towards production – amended target date December 23.
- RMS14. *Further develop the Projects and Partnerships Risk Registers.* Working towards amended target date of December 23.
- RMS19. *Monitor the implementation of the Anti-fraud and Corruption Strategy.* Achieved. Standard agenda item at RMG.
- RMS20. *Further embed operational risk management process ensuring risks are reviewed and information shared constantly. Carry out 'Train the Trainer' with service managers.* Agenda item on Service Managers Forum on 9 January 24.
- RMS21. *Consider developing a risk appetite quick tool.* On going. Target date Jan 24.
- RMS23. *Incorporate trend analysis within risk templates.* On going. Target date Jan 24.
- RMS24. *Consider stress testing / scenario planning strategic risks.* On going. Target date Jan 24.

The RMG approved the updates.

## **1.7 Review of Strategic Risk Register**

The Managing Director advised that all Strategic Risks had been reviewed and updated since the last meeting.

In summary:

- *STR4 - Emergency Planning and Business Continuity arrangements fail to meet required standards.*  
Mitigations added:
  - *Training Plan being developed and training log maintained in the Emergency Plan*
  - *The first service level business continuity exercise has been completed in Streetscene. It was well received by staff and good lessons learnt.*
  - *NEDDC participated in a multi-agency major incident (Storm Babet) involving all SMT and business continuity incident (Flooding) and Eckington Depot. Lessons learnt but generally went well.*
  
- *STR5 - Difficulty in recruiting to key posts or in replacing key staff who leave.*  
Mitigation added:
  - *Organisational Development post has been recruited to lead on the Talent Pipeline to add momentum and pace to its delivery.*Further Action Added:
  - *Dedicated web page being created as repository for Talent Pipeline strategy, videos, staff testimonies, benefits of working for the council etc. All in the interests of promoting the organisation to potential and existing employees.*
  
- *STR7. Ineffective engagement with local communities and stakeholders including Parish Councils and other local partners.*  
Mitigation added:
  - *This Group has been reviewed and a Parish Council Conference is proposed for February 24.*
  
- *STR9. Staff morale / sickness levels adversely affected as a result of the pace of change, tightening financial circumstances or external circumstances.*  
Mitigation added:
  - *Staff survey imminent with a focus on leadership and culture.*
  
- *STR10. Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.*  
Further Action added:
  - *Dedicated safeguarding report being developed for reporting through the organisation via Audit Committee.*
  
- *STR13. Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time.*  
Mitigations updated/added:
  - *PSN (public Services Network) compliance review undertaken June 22-October 23.*
  - *Presentation to SMT on 6 November 23.*
  
- *STR15. Climate Change – meeting the challenge and impact upon the organisation in its environment.*

Mitigation Added:

- The dedicated Sustainability Officer who will co-ordinate the delivery of the plan will commence in post on 27th November 2023.

- STR17. *Asylum Dispersal Area status – no longer voluntary for LA's to decide.*

Further Actions Added:

- Regular updates received from Serco & Home Office
- Only a handful of properties (7) in the pipeline to be used for dispersal out of a target of 54
- No impact as yet on supply or community tensions
- Property acquisition process on-going
- No issues to report from dispersal from neighbouring council areas

- STR18. *Devolution and County Deals.*

Mitigations Added:

- Update and situational report produced for Leadership.
- The Council Leader and MD have been involved in a series of meetings to establish a new Strategic Leadership Board to replace Vision Derbyshire Joint Committee and Derbyshire Economic Prosperity Committee, Derbyshire Growth Board to better enable county wide joined up working across a range of common themes and to set up a Strategic Leadership Board as a key interface with the emerging combined authority.

Further Action Added:

- Report due to Council January 24.

- STR19. *Refusals of planning consent being issued based on non-evidenced decisions.*

Further Action Added:

- Further Training Sessions, briefing note on the 'lessons learned' from the appeal at Land South West Of Upperthorpe Road will be presented at the December 2023 Planning Committee meeting.
- A specific member training programme to be developed during 2024 which will include a session on determining applications on sites allocated in the Local Plan.

Resident accusations around flooding were raised. This would be discussed further outside of the meeting.

The Assistant Director, Planning, advised that, as part of the local plan review, flood assessments would be undertaken in future.

- STR20. NW1 (operational register ref). North wood JV – Construction partner collapse

Mitigations Added:

- Northwood sold to Mypad in October 2023.
- The development is back underway and deferred payments secured.

Further Action updated:

- Monitor progress on site, supporting the developer (if required) with knowledge of the site to ensure successful outcomes.



- Monitor stage payment milestones.

The RMG Group considered and agreed that STR20 should remain on the Strategic Risk Register.

- STR22. *Threat to recruitment and retention of senior officers.*  
Further Action Added:
  - Head of Paid Service report to Council November 23

The RMG were alerted to the potential for Equal Pay / Job Evaluation claims. This was currently being analysed and would be added in due course.

#### 1.8 **Monitor the Implementation of the Anti-Fraud and Corruption Strategy**

RMG were advised that the Anti-Fraud and Corruption Strategy was currently being refreshed and would be presented to Audit Committee in January 24. Completed actions had been signed off. Outstanding actions were around training and external awareness. The Director of Finance and Resources to produce training programme following the refresh of the strategy for delivery in the new year.

#### 1.9 **Health and Safety Update**

The Health & Safety Manager provided an update:

- Invacuation Guidance. Final amendments being made to the guidance and final document due to be presented to SMT on 4 December 23. C Mills advised that leisure had commenced production of an invacuation process for leisure centres. Cllr Kerry requested members be provided with regular reminders.
- Changes within H&S Team. Interviews for apprentice role to be held on 21 November 23. Successful candidate to attend RMG. H&S Advisor leaving. Consideration to be given to whether to recruit to a joint or separate posts. Vacancy to be advertised as soon as possible.

#### 1.10 **Policies, Plans and Strategies Review – across the Council**

The Managing Director provided an update:

- Strategies were being developed to underpin the Council Plan.
- HR policies being reviewed: disciplinary, sickness absence, drivers work policy. Drivers work policy will demonstrate to insurers and staff that the council is taking drug/alcohol (including prescribed medications) seriously. Grey fleet being considered dependent upon cost versus benefit analysis.

#### 1.11 **Emergency Planning / Business Continuity Planning**

The Emergency Planning Officer provided an update.

- Due to a change within the police the training exercise lead had changed.

- Jessop training to be held February/March 24.
- DCC still in recovery phase. Debriefs taking place. Information to be fed into Emergency Plans and Business Continuity Plans.
- Exercise undertaken in street scene. Highlighted team had a good grasp of incidents street scene may be faced with.
- DCC financial difficulties. EP team currently working with reduced staff.
- Planning. NEDDC flood warning scheme. A Ballard to forward details for publicising. Highways considering allowing local residents to close affected roads. Road would then remain closed until highways had visited to reopen. Training package to be produced with police and fire service, to include sandbags and equipment. Package to be reviewed internally prior to instigating.
- SMT exercise being developed. Dates to be issued in due course.
- Leisure exercise to be undertaken next. The Assistant Director, Street Scene thanked The Emergency Planning Officer for the street scene training session.

With regard to the recent flooding events RMG agreed that incident co-ordination had worked extremely well. There were minor lessons to be learnt. The RMG group thanked the Emergency Planning Officer for his assistance/support through the flooding event.

#### 1.12 **Internal Audit**

The Internal Audit Manager reported the following:

- Audit plan progressing.
- There had been one 'limited' report, EH Pollution and Control. Report to be presented to Audit Committee in December 23. The audit had been conducted at the request of the Assistant Director, Environmental HealthK Eastwood to identify weaknesses/seek improvements.
- CIPFA Lessons Learnt in Respect of S114 Notices. L Baston to circulate link.

<https://www.cipfa.org/cipfa-thinks/insight/learning-lessons-what-section-114-can-teach-us>

J Dethick advised that there was increased pressure on authorities to consider S114 notices due to lack of funding, particularly in upper tier and unitary authorities.

Authorities are 5 years into the Settlement without a review being conducted.

#### 1.13 **Any Other Business**

J Dethick advised that in NEDDC's Constitution risk was the remit of the S151 Officer. This should be reviewed in order to include the SIRO.

## 2. **Details of Proposal or Information**

- 2.1 To update Members of the Audit Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at November 2023.

### **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 November 2023
<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 you must provide copies of the background papers)	
Service Area Operational Risk Registers	

