

**NORTH HERTFORDSHIRE
DISTRICT COUNCIL**



Annual Report on Risk Management

April 2019 to March 2020

**A progress report on Risk Management at North
Hertfordshire District Council**

Annual Report on Risk Management **April 2019 to March 2020**

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Annual Report on Risk Management

April 2019 to March 2020

1 Introduction

1.1 This report provides Full Council with an annual summary of risk management at NHDC during the financial year 2019/20. The 2018/19 report was considered and noted by Council in September 2019.

1.2 It aims to:

- Confirm the Council's ongoing commitment to the management of risks and the consideration of associated opportunities to enable the achievement of its objectives and the successful delivery of its projects, initiatives and services.
- Summarise significant changes to Corporate Risks.
- Summarise the completion of significant related actions and propose additional actions for 2020/21, which aim to further strengthen the Council's effective risk management processes.

2 Recommendations

2.1 Full Council notes the continuing strong processes of the Risk Management Framework at NHDC, which supports the overarching governance framework.

2.2 Full Council notes the changes to the NHDC's Corporate Risks during 2019/20.

3 Overview

3.1 Throughout 2019/20, the Finance, Audit and Risk (FAR) Committee received quarterly reports on the management of the Council's Corporate Risks and associated risk issues, and where necessary, referred these reports to Cabinet.

3.2 The Executive Member for Finance and IT in his role as the Member Risk Management Champion, and the Deputy Executive Member, were regular attendees at the quarterly Risk Management Group (RMG) meetings. The items discussed at these meetings helped to inform the content of the committee reports.

3.3 The RMG was chaired by the Service Director – Resources, the Corporate Champion for Risk Management, who is responsible for the risk management function at a strategic and operational level. This is delivered and supported by the Controls, Risk and Performance Manager and the Performance and Risk Officer, including the provision of training and support to officers and Members.

3.4 During the year, four new Corporate Risks were introduced, four were archived and two were re-classified to Service Risks. In addition, the overall risk score of one Corporate Risk had been reduced. Section 4 provides details of these risks.

3.5 In November 2019, the Shared Internal Audit Service (SIAS) undertook an audit of Risk Management. The subsequent recommendations led to a fundamental review of

NHDC's approach and in March 2020, a new Risk Management Framework was approved. This replaced the existing Risk and Opportunities Management Policy Statement and Strategy documents. The significant changes are summarised in Section 5 and the new documentation is available on the Risk Management intranet page. Officers will undertake further work during 2020/21 to develop and implement associated operational guidance and e-learning to complete the framework.

- 3.6 Hertfordshire County Council (HCC) continued to deliver the Council's insurance services and HCC's Risk and Insurance Manager continued to attend RMG meetings. This enabled the Council to obtain an insight into emerging risks and related issues at both HCC and other local authorities in Hertfordshire. The SIAS Client Audit Manager also continued to attend meetings, helping to increase the group's understanding of wider risk issues.

4 Significant Changes to the Corporate Risks

- 4.1 There is a single set of Corporate Risks, which are the responsibility of the Senior Management Team and Cabinet, with Cabinet ensuring that they are managed appropriately. These Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that could affect the delivery of the Council's objectives. They are likely to require a high level of resources to manage and mitigate, and need to be monitored at a strategic level.
- 4.2 The quarterly reporting of the Council's Corporate Risks to Cabinet via the FAR Committee, allows these significant risks the Council is prepared to take to be approved and monitored accordingly.
- 4.3 At each meeting, officers provided the FAR Committee with updates on the assessment and management of the Corporate Risks. Section 14 of this report presents a summary risk matrix, which shows the position of each Corporate Risk as at 31 March 2020. The following paragraphs highlight the changes that officers reported in the past year.
- 4.4 The changes detailed below were approved by the FAR Committee and Cabinet, or for March 2020, by decision made under delegated authority on 2 April 2020, as a result of the Cabinet meeting on 24 March 2020 being cancelled due to the Covid-19 situation.

Archived and Re-Classified Corporate Risks

March 2020

- 4.5 **North Hertfordshire Museum and Hitchin Town Hall Project**
Following the full opening of the facility to the public in July 2019, the Hitchin Town Hall and North Hertfordshire Museum Panel Review was completed and the findings were reported to Cabinet in December 2019. The End Project Report and Lessons Learned were produced, and the Project Board formally closed the project in February 2020.
- 4.6 **Waste**
As part of the further review of Waste risks, which resulted in the creation of two new Corporate Risks (detailed in paragraph 4.8) the following changes were made:

Archived

- "Waste Management, Recycling and Street Cleansing" was replaced by the new Corporate Risk "Delivery of the Waste Collection and Street Cleansing Services Contract". The previously referenced risk of "Snow and Ice" was removed from the new risk entry, as this had been managed to an appropriate level.

- “Disposal Arrangements for Waste” was replaced by the new Corporate Risk “External Factors Affecting the Future Provision of Waste Services”, which now covered emerging external factors, as well as the previously referenced risks relating to a Northern Transfer Station.
- “Depot and Recycling Material Transfer Station (Buntingford)” was archived, as the main risks of failing to secure the Environment Agency permit and failing to agree a cost-effective alternative to a fire suppression system had both been managed to a successful conclusion.

Re-Classified to Service Risks

- “Sale of Recyclable Materials” was re-classified. The risk score had been reduced from 9 to 5, to reflect that although the risk had effectively materialised and remained ongoing, there was a low likelihood of a high impact but a greater likelihood of a low to medium impact.
- “Food and Garden Waste” was re-classified, with a new title of “Organic Waste”. This was because for garden waste, the originally identified risks relating to the introduction and commencement of the new chargeable service were no longer relevant. The new service had also now gone through the first renewal process. The main operational risks remaining related to the introduction and management of concessionary rates and the introduction of direct debits. For food waste, the main risk continued to be residents failing to utilise caddies and continuing to dispose of food waste in purple bins.

New Corporate Risks

July 2019

4.7 **Impact of Anti-Social Behaviour on Council Facilities**

Following a recommendation by the Risk Management Group, officers had created the new risk entry with a Risk Score of 7, which reflected the number and nature of incidents experienced recently. Although officers presented the risk to FARC as a Service Risk, following a debate, Members agreed that it should be promoted to a Corporate Risk.

March 2020

4.8 **Waste**

In 2019/20, officers had undertaken a further review of Waste risks, which resulted in the introduction of two new Corporate Risks. “Delivery of the Waste Collection and Street Cleansing Services Contract” (Risk Score of 8) replaced the existing parent Corporate Risk of “Waste Management, Recycling and Street Cleansing” (Risk Score of 9). “External Factors Affecting the Future Provision of Waste Services” (Risk Score of 6) replaced the existing sub-risk of “Disposal Arrangements for Waste” (Risk Score of 8).

4.9 **Novel Coronavirus (Covid-19)**

At the beginning of February 2020, officers had created this new risk entry and in view of the fast paced developments relating to the Covid-19 outbreak and the associated increasing risks, it was agreed that it should be added as a new Corporate Risk with an overall Risk Score of 9 (High likelihood and High impact).

Corporate Risks with Changed Risk Scores

- 4.10 As part of the regular review process, officers re-assess the impact and likelihood scores of the Council’s Corporate Risks. Section 13 of this report details the revised definitions used for assessing these scores, which aim to ensure a consistent approach throughout the Council.

March 2020

4.11 Route Optimisation of Collection Rounds

Officers had decreased the likelihood (from Medium to Low) and impact (from Medium to Low) scores and had proposed that the risk entry be archived. This was because the initial Phase 2 changes had been implemented and Cabinet had decided on 30 July 2019 to retain the existing weekly collection of residual waste from multi occupancy properties. Although NHDC continued to work with the contractor to resolve associated residual issues as a business as usual activity, the significant risks relating to the service changes were no longer there. However, it was agreed that the risk should be retained until further information was provided.

5 Review of the Risk Management Framework at NHDC

5.1 In November 2019, SIAS undertook an audit of the Risk Management process at NHDC and the report published in February 2020 provided overall Satisfactory assurance. The report contained one Medium recommendation relating to Outlining Risk Appetite, as the existing strategy did not make it clear how the risk appetite of the Council was defined. In addition, initial feedback from the Peer Review undertaken in January 2020, identified a general perception, both internally and externally, that the Council was risk averse. To address the highlighted issues, officers undertook a fundamental review of the existing Strategy and Policy documents, resulting in a new Risk Management Framework. This consisted of a new Policy Statement, Policy and Strategy.

5.2 The key changes identified in the committee report were:

Change of Name/Format	The documentation is now under the title of Risk Management Framework and consists of a Policy Statement, Policy, Strategy and Toolkit.
Change of Approach	The aim is that identified risks should always be actively managed down. Risks to be assessed twice at the outset, with the initial risk score and a target risk score assessed and recorded. Smart actions to manage the risks down to the target score to be recorded on Pentana Risk, including owners and target dates.
Change of Approach	Once a risk has been managed down to its target risk score by completion of the actions, it should be updated with new actions or be considered for archiving, e.g. if management of the risk is now considered a business as usual activity.
Change of Approach	Risks assessed as low risk with a green status (overall risk scores of 1, 2 or 3) or risks that have been managed down to the same level, and where no further cost-effective actions can be taken, should not be monitored further and should be put forward for archiving.
Scoring Matrix	The likelihood of a risk materialising is now categorised as: 1 – Less than a 20% likelihood; 2 – Between 20% and 60% likelihood; 3 – Greater than a 60% likelihood.
Scoring Matrix	The impact of a risk materialising is now categorised as: 1 – Consequences will be minor and associated losses to the Council will be small; 2 – Will have a noticeable effect on the Council; 3 – Will have a significant impact on the Council.

- 5.3 The new Risk Management Framework was approved by the FAR Committee in March 2020 and by a decision made under delegated authority on 2 April 2020, as a result of the Cabinet meeting on 24 March 2020 being cancelled due to the Covid-19 situation.

6 Risk Awareness and Appetite

- 6.1 NHDC remains committed to the proactive identification and management of key external and internal risks, which may affect the delivery of its objectives. This allows it to be risk aware, understanding that risks may increase as services evolve and more commercial opportunities are developed and undertaken.

- 6.2 NHDC's risk appetite is its willingness to accept risks in order to realise opportunities and achieve its objectives. NHDC has to take risks in order to evolve and continue to deliver its services effectively and has to decide what risks it wants to take and what ones it wants to avoid, whilst acknowledging that it cannot or should not avoid all risks. NHDC's Risk Management Framework recognises that risks accompany all new objectives and opportunities and provides guidance on managing them appropriately.

- 6.3 NHDC will have a range of different appetites for different risks depending on the circumstances, and these might vary over time. The new Risk Management Framework specifies that we will now actively manage and monitor risks scoring 4 or higher on the risk matrix, including the completion and effectiveness of control and mitigating activities. As at 31 March 2020, the following Corporate Risks had a score of 4 or above:

- Brexit (9)
- Local Plan (9)
- Managing the Council's Finances (9)
- Novel Coronavirus (Covid-19) (9)
- Cyber Risks (8)
- Delivery of the Waste Collection and Street Cleansing Services Contract (8)
- Impact of Anti-Social Behaviour on Council Facilities (7)
- Income Generation (7)
- Sustainable Development (7)
- External Factors Affecting the Future Provision of Waste Services (6)
- Increased Homelessness (5)
- Workforce Planning (5)

- 6.4 Following the Peer Review Challenge carried out in January 2020, the Action Plan agreed by Cabinet set out an action that:

“there needs to be a strategic approach to the Council's risk appetite, also noting the Peer team's recommendation to 'be brave'. A strategic discussion around risk will be facilitated at the Political Liaison Board, as this is felt to be more of an issue of attitude rather than policy. A review of some existing practices may be needed to achieve this, as it is arguable these have not facilitated the required culture to date”

This Finance, Audit and Risk Committee will have a role in monitoring how effectively the Council delivers against its stated risk appetite.

7 Insurance Review

- 7.1 Hertfordshire County Council handles the Council's insurance arrangements under a shared service arrangement. The arrangement was subject to an internal audit review in 2019/20 and the draft report gave a satisfactory overall assurance level.
- 7.2 The Council transfers some financial risks to its insurers. Public liability insurance provides the Council with insurance cover for claims made by the public for personal injury and/or property damage. These are each subject to a £10,000 excess that is charged to the responsible service area. Areas that have been subject to a claim are identified and wherever possible, action is taken to prevent future damage to property or personal injury.
- 7.3 Thirteen claims were received from the public relating to the policy year 2019/20. Although claims are made, these are not always successful for the claimant, as payments of compensation are made only when there is a proven legal liability. As at the end of March 2020, two of the twelve claims relating to minor property damage had been settled. One personal injury claim was made and this was declined. In addition, two Official Indemnity claims and one miscellaneous claim had been made and remained outstanding.
- 7.4 The Municipal Mutual Insurance (MMI) Scheme of Arrangement was triggered in 2013 and the Council now pays 25% of any new claims dating back to the period that MMI was the Council's insurers (1974 to 1993). The Council's Financial Risks make provision for any new claims and any further levy demands relating to the period that MMI were the Council's insurers. As at 31 March 2020, there was one outstanding claim with MMI.

8 Business Continuity Plans

- 8.1 For the foreseeable future, our work is focused upon Covid-19 and for NHDC, Covid-19 has had a double serious impact. Firstly, we are required by law to be able to continue to function throughout a major emergency, hence our investment in Business Continuity (internal response). Covid-19 has had a significant effect upon this ability and whilst we are not in a 'business-as-usual' mode, we are clearly currently running in an emergency 'business continuity' mode. Our ability to adapt to homeworking because of our successful IT strategy means that we are far from being reduced to delivering merely our critical functions and are managing well given the circumstances. Secondly, Covid-19 is a national emergency. As a Category 1 responder, we still have legal duties to plan, respond and cooperate in resolving the emergency (external response). There is a significant amount of work taking place not only to manage the emergency, but also to manage the recovery of our community to whatever the 'new normal' is going to be, as such we are part of a newly formed countywide Recovery Group. We have had our own emergency Recovery Response Plan for some time and this addresses both internal crisis and external emergencies. This was reviewed in January 2020, as part of our preparation for Covid-19.

8.2 Business Impact Review

Early in 2020, with the spread of Covid-19 looming, our Business Continuity Plans were revisited and reviewed. This included a review of our existing 10 Core Critical Functions (originally, over 80 key areas were proposed as critical functions and SMT debated these and challenged the impact and likelihood scoring, which resulted in our 10 Core Critical Functions). The review saw the BCP scoring grid revisited and as a result 'Environmental Health, infectious disease control' impact and likelihood scores were elevated and added to the existing Core Critical Functions.

Core Critical Functions

- Burials
- Careline

- Emergency Planning
- Housing – Dealing with homelessness approaches and rough sleepers
- Customer Service
- Communications
- IT
- Safeguarding – Managing alerts/concerns
- Revenues and Benefits - Payments
- Waste Management (Waste Contract/Loss of Buntingford Depot)
- Environmental Health response

SMT monitor these Core Critical Functions, whilst individual Service Directors retain responsibility for lower scale risks in their areas. Our Business Continuity Plan structure is very comprehensive and consists of a number of Corporate Level Plans:

- Main Resilience Plan
- Mass Staff Absence Plan
- Recovery Plan
- Pandemic Plan
- IT Recovery Plan
- Property Services; Loss of Building (currently work in progress)
- Waste Contract (Lot 1)

8.3 A storage facility is located at Works Road, Letchworth. This houses emergency planning equipment and IT disaster recovery, and it has suitable facilities to be converted to a secondary Incident Control Centre.

8.4 **Business Continuity Training**

The 2019/20 Resilience training programme was completed. Training focused on key response roles, including Incident Manager and Reception Centre management and staff training.

8.5 **Working in Partnership**

The Hertfordshire Local Resilience Forum takes a lead role in Business Continuity Planning and therefore promotes a broader understanding of issues. NHDC officers have secured good relationships with local organisations such as Churches Together, Urbaser, Pearce, Johnson Matthey and Garden Square retail. NHDC works closely with its peer authorities on topics such as cybercrime, reception centres, managing equipment, mutual aid and Brexit.

8.6 **Business Continuity Preparedness**

Despite uncertainty, work has been ongoing to prepare NHDC for the effect of Brexit, with waste and food being the key areas of change. We are key members of an Environmental Health countywide Food Officer Group and we are working closely with Urbaser about waste. Brexit is recorded as a Corporate Risk and as such, it is regularly monitored.

8.7 **Business Continuity Promotion**

In respect of Covid-19, the NHDC Communications team is part of the County Communications Group working directly to the Herts Strategic Coordinating Group tackling the Covid-19 response. This ensures clear, consistent but locally relevant messaging and signposting to our community and businesses.

8.8 Awareness work was carried out for Business Continuity Awareness Week in May 2019 and NHDC published a series of key messages for businesses via Twitter. Internally, an article in the Insight magazine promoted key information for staff. The NHDC Resilience Planning booklet containing advice on Business Continuity is

available on the NHDC website along with additional information and direction to Hertfordshire County Council for further guidance.

- 8.9 Business Continuity actions during 2020/21 include:
- Continue to monitor and assess potential effects of Brexit.
 - Business Impact Assessments and key activities to be regularly reviewed by SMT.
 - Business Continuity Plans for critical functions to be reviewed and updated as required.
 - Business Continuity training to be provided.
 - Resilience Direct to be used as a secure online external repository for NHDC's Resilience Plan documents.
 - Further promotion of Business Continuity Planning to the business community.

9 Health and Safety

9.1 Covid-19

Following the start of the current Covid-19 crisis, most of the work being done by Health and Safety is around ensuring there are safe places for staff to work and continue to deliver all services.

- 9.2 As part of the ongoing controls, staff have been requested to work from home wherever possible and have been provided with information and guidance for setting up, at short notice, their homeworking environment.
- 9.3 Requests for staff to complete new Display Screen Equipment (DSE) risk assessments in their homes have been sent out and further guidance and advice is being offered, as required.
- 9.4 There are instances where staff have been able to request further assistance in the setting up of their homeworking environment and have been able to "borrow" equipment from the office to facilitate this, for example, chairs and IT equipment.
- 9.5 There has been a lot of work completed in producing risk assessments for other areas that are still being accessed by staff and ensuring the correct controls have been put in place. Further risk assessments are being produced to look at what additional controls might need to be considered once lockdown restrictions are slowly lifted.
- 9.6 Areas that are being looked at for possible further occupation/reopening are:
- DCO main offices, including looking at staff movement in and out of the building and the control of access and use of desks etc.
 - The main DCO reception area, including the control of members of the public accessing the building and interacting with staff.
- 9.7 Generic risk assessments are being produced to assist managers in developing their own departmental risk assessments for when staff are required to deliver services on a more normal basis.
- 9.8 Hitchin and Letchworth multi-storey car parks have also been risk assessed and controls will be implemented to ensure safe use of the facilities by visitors. At Letchworth, some of the controls put in place have been completed in conjunction with the town centre management to ensure they can safely control numbers being allowed back into the town centre via the car park entrance once shops start to reopen. All sites will be monitored and amended to reflect the developing situation.

- 9.9 The Health and Safety compliance contract is still continuing with the contractor providing a scaled down monthly inspection and servicing regime based on the current usage of our premises.

10 Achieving the Key Actions for 2019/20

- 10.1 Last year's Annual Report detailed the following key actions for 2019/20, to enhance implementation and development of the risk management framework:

Action	Due Date
To review the Risk Management Group's Terms of Reference and agree the changes required.	30/09/19
To review the Risk and Opportunities Management Strategy, including the need for changes to reflect the Council's adopted approach to commercialisation.	31/12/19

- 10.2 In May 2019, the RMG reviewed its Terms of Reference and agreed relevant changes. This included adding the Deputy Executive Member for Finance & IT to the existing structure.
- 10.3 Section 5 details the comprehensive review of existing risk management arrangements and the subsequent approval of a new Risk Management Framework.

11 Key Actions for 2020/21

- 11.1 The implementation of the following key actions in 2020/21 will ensure the implementation of the new Risk Management Framework and the continued development of risk management at NHDC:

Action	Due Date
Development and launch of the Risk Management e-learning module.	31/08/20
Development and launch of the Risk Management toolkit, providing operational guidance on implementing the Risk Management Framework.	30/11/20

12 Conclusion

- 12.1 NHDC continued to implement robust risk management practices throughout 2019/20, including the regular review and reporting of Corporate Risks. The approval of a new Risk Management Framework will further improve these practices and ensure a better understanding of the risks NHDC faces. This in turn, will help NHDC to determine the most cost-effective way to manage these risks and to exploit associated opportunities. As a result, the Council will become even more risk aware.

13 Definitions

13.1 The following diagram highlights the definitions of Likelihood and Impact used in the Risk Management Framework.

<p>4 Likelihood High (3) Impact Low (1)</p> <p>Chance of it happening -More than 60% Consequences - Minor</p>	<p>7 Likelihood High (3) Impact Medium (2)</p> <p>Chance of it happening - More than 60% Consequences - Noticeable effect on the Council</p>	<p>9 Likelihood High (3) Impact High (3)</p> <p>Chance of it happening - More than 60% Consequences - Significant impact on the Council</p>
<p>2 Likelihood Medium (2) Impact Low (1)</p> <p>Chance of it happening – between 20 – 60% Consequences - Minor</p>	<p>5 Likelihood Medium (2) Impact Medium (2)</p> <p>Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council</p>	<p>8 Likelihood Medium (2) Impact High (3)</p> <p>Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council</p>
<p>1 Likelihood Low (1) Impact Low (1)</p> <p>Chance of it happening – less than 20% Consequences - Minor</p>	<p>3 Likelihood Low (1) Impact Medium (2)</p> <p>Chance of it happening – less than 20% Consequences – Noticeable effect on the Council</p>	<p>6 Likelihood Low (1) Impact High (3)</p> <p>Chance of it happening – less than 20% Consequences – Significant impact on the Council</p>

14 Summary Matrix of Corporate Risks as at 31 March 2020

14.1 As reported to and approved by the FAR Committee and Cabinet in March 2020.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Impact of Anti-Social Behaviour on Council Facilities • Income Generation • Sustainable Development 	9 <ul style="list-style-type: none"> • Brexit • Local Plan • Managing the Council's Finances • Novel Coronavirus (Covid-19)
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness • Workforce Planning 	8 <ul style="list-style-type: none"> • Cyber Risks • Delivery of the Waste Collection and Street Cleansing Services Contract
	1 Low	1 <ul style="list-style-type: none"> • Route Optimisation of Collection Rounds (archiving postponed pending the provision of further information) 	3	6 <ul style="list-style-type: none"> • External Factors Affecting the Future Provision of Waste Services
		1 Low	2 Medium Impact	3 High