

**FINANCE, AUDIT AND RISK COMMITTEE
20 JULY 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: RISK MANAGEMENT UPDATE

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

CURRENT COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

- 1.1 To provide the Committee with an update on the Corporate risks and the proposed changes to these risks

2. RECOMMENDATIONS

- 2.1 That the Committee notes the reviews of the Corporate Risks for the quarter, namely the review of the Novel Coronavirus (COVID 19) risk with an unchanged score of 9. The review of the Cyber Risks and Data Protection Risk with an unchanged score of 8.
- 2.2 That the Committee notes and refers the Annual report on Risk Management to Cabinet and then Full Council.

3. REASONS FOR RECOMMENDATIONS

- 3.1. The responsibility for ensuring the management of risks is that of Cabinet.
- 3.2. This Committee has responsibility to monitor the effective development and operation of Risk Management.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. There are no alternative options that are applicable.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation has been undertaken with the Senior Management Team (SMT) and the Risk Management Group (RMG). This includes the Executive Member for Finance and IT as Risk Management Member Champion and these recommendations were supported. Lead Officers discuss these risks with the relevant Executive Member.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision first notified on the Forward Plan on the 5 May 2020.

7. BACKGROUND

- 7.1. At the March meeting, the Committee noted the proposed changes to the Waste Risks, the deletion of the North Hertfordshire Museum and Town Hall project risk and the proposed Risk Management Framework documents. The Committee also discussed and recommended the addition of a Covid-19 risk. Due to the impact of Covid-19 the scheduled Cabinet meeting did not take place, so the recommendations from this Committee were approved by the Chief Executive in consultation with the Leader of the Council (using urgency provisions).

8. RELEVANT CONSIDERATIONS

- 8.1. The Corporate risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Pentana, the Council's performance and risk management software.

Table 1: Draft Risk and Opportunities Matrix

The dates specified relate to the date that officers last reviewed the risk. Risks that Officers have reviewed since the last FARC meeting have been given a direction of travel arrow.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Impact of Anti-Social Behaviour on Council Facilities (29.10.19) • Income Generation (07.10.19) • Sustainable Development (17.01.20) 	9 <ul style="list-style-type: none"> • Brexit (27.04.20) ↔ • Local Plan (17.01.20) • Managing the Council's Finances (17.02.20) ↔ • Novel Coronavirus - COVID-19 (27.04.20) ↔ - introduced as a Corporate Risk with a score of 9 following the previous RMG meeting
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness (01.05.20) ↔ • Workforce Planning (03.01.20) 	8 <ul style="list-style-type: none"> • Cyber Risks (21.04.20) ↔ • Delivery of the Waste Collection and Street Cleansing Services Contract (28.01.20)
	1 Low	1 <ul style="list-style-type: none"> • Route Optimisation of Collection Rounds (17.02.20) - 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 (28.01.20)
		1 Low	2 Medium	3 High
		Impact		

- 8.2. At the Risk Management Group (RMG) meeting on 18 May, the Novel Coronavirus (Covid19) Risk was reviewed. (Appendix A) It was acknowledged that it was difficult to ensure the risk entry remained up to date, in view of the fast moving and ever-changing nature of the risks. Going forward, the risk entry will be stripped back to remove references to things that had now materialised or been completed and should focus more on the emerging risks relating to isolation and recovery. The RMG agreed that the overall risk score of 9 was still appropriate.
- 8.3. The RMG received an overview of the recently reviewed Cyber Risks. (Appendix B) NHDC is awaiting the outcome of its PSN submission to the Cabinet Office in April 2020 and there are currently no areas of concern. This year, NHDC will be inviting an external Cyber Security Specialist to carry out Cyber Essentials and Cyber Essentials Plus, two days of onsite training and testing, which will provide NHDC with another cyber security accreditation. However, this cannot take place until we return to normal day-to-day working in the offices. Plans to implement a new Cyber Security Basics Mandatory e-learning package are underway. It was agreed that the current Risk Score of 8 remained appropriate, with a recommendation that a Target Risk Score should be set at the next review in October 2020.
- 8.4. A new Service risk had been set up for Delivering the NHDC Climate Change Strategy, with a risk score of 3. (Appendix C) It is included in this report despite being recommended as a Service risk, due to previous discussions at this Committee and the commitment to responding to the Climate Change emergency declared by NHDC. RMG felt that the impact of not delivering the strategy should be high, particularly given the political focus on climate change. There was also some discussion as to whether the additional challenges presented by Covid 19 would affect the likelihood of non-achievement. It is acknowledged that all Service plans will need to be reviewed considering Covid19. After discussion with the risk owner, the score was increased to a 6 (i.e. high impact, low likelihood).
- 8.5. The Annual report on Risk Management was reviewed and agreed by the RMG. The report summarises the changes to the Corporate Risks approved by Cabinet (and monitored by Finance, Audit and Risk Committee) throughout 2019/20. The report is included as Appendix D. Recommendation 2.2 is that this report is referred to Cabinet and Full Council.

9. LEGAL IMPLICATIONS

- 9.1. The Committee's Terms of Reference include monitoring the effective development and operation of risk management and corporate governance, agreeing actions (where appropriate) and making recommendations to Cabinet. This report gives the Committee the opportunity to review and comment on the high-level risks and how it is proposed they are managed.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report. However, it should be noted that there is a separate Corporate risk relating to Managing the Councils Finances.

11. RISK IMPLICATIONS

- 11.1. The Risk and Opportunities Management Strategy requires the Finance Audit and Risk Committee to consider regular reports on the Councils Corporate Risks. Failure to provide the Committee with regular updates would conflict with the agreed Strategy and would mean that this Committee could not provide assurance to Cabinet that the Councils identified Corporate Risks are being managed.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. Reporting on the management of risk provides a means to monitor whether the Council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Councils risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risk of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents, such as those who are homeless.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1.1 There are no direct human resource implications relating to this report, but it should be noted that there is a separate Corporate risk relating to Workforce Planning.

16. APPENDICES

- 16.1. Appendix A – Novel Coronavirus
- Appendix B – Cyber Risks
- Appendix C – Delivering the NHDC Climate Change Strategy
- Appendix D – Annual report on Risk Management

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1. The risks held on Pentana, the Councils Performance and Risk Management software.