

FINANCE AUDIT AND RISK COMMITTEE
3 December 2020

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: RISK MANAGEMENT UPDATE

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

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

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 Covid 19 Leisure Management Contract risk with a proposed increase in the score from 8 to 9.

2.2 That the Committee notes and recommends to Cabinet the amendments to the Risk Management Framework as part of the Management response to the SIAS Audit.

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 14 August 2020.

7. BACKGROUND

At the September meeting, the Committee noted

- The review of the Impact of Anti- Social Behaviour on Council Facilities Corporate risk with a reduction in the risk score from a 7 to a 5 and proposed Target score of 3.
- The review of the Novel Coronavirus (covid19) Corporate risk with a reduced score of 8.
- The New Corporate Risk, Covid19 – Leisure Management Contract with a proposed score of 8.
- The recommendation that the Route Optimisation of Collection Rounds risk be archived.

Following discussion at the meeting, the following changes were recommended to Cabinet.

- That the Corporate Risk for the impact of Anti-Social Behaviour on Council Facilities be retained at a risk score of 7 instead of reduced to 5;
- That the Novel Coronavirus (covid19) Corporate risk be retained at a risk score of 9 instead of reduced to 8;

The FARC recommendations were subsequently approved by Cabinet and changes actioned on Pentana.

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. Guest Login details can be found at the link below.

<https://intranet.north-herts.gov.uk/search/node/pentana%20quest%20login>

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 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 (15.09.20) ↑ • Income Generation (28.10.20) ↔ • National and Regional Planning Issues (21.10.20) ↔ 	9 <ul style="list-style-type: none"> • Brexit (EU Transition) (26.10.20) ↔ • Local Plan (21.10.20) ↔ • Managing the Council's Finances (02.09.20) ↔ • Novel Coronavirus (Covid-19) (02.11.20) ↑ • Covid-19 - Leisure Management Contracts (02.11.20) ↑
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness (02.09.20) ↔ • Workforce Planning (15.05.20) 	8 <ul style="list-style-type: none"> • Cyber Risks (19.10.20) ↔ • Delivery of the Waste Collection and Street Cleansing Services Contract (28.01.20) • Sustainable Development - Neighbouring Authorities (21.10.20) ↔
	1 Low	1	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) on the 11 November, The Group received an update on the Covid 19 Leisure Management Contract Corporate risk. (Appendix A) Following the commencement of a second national lockdown and the subsequent closure of leisure facilities, the risk score has been increased from 8 to 9, with a Target risk score of 6, as it is extremely difficult to assess what will happen next. Prior to the recent closure of facilities, the recovery plan had been progressing well, although this

will now need to be reviewed. Senior officers and Members continue to monitor the ever-changing picture and to meet with SLL. Both Stevenage and Central Bedfordshire also have recovery plans in place. The Group agreed the revised score was appropriate.

- 8.3. As requested at the last meeting of this committee, the RMG considered the Income Generation risk. As is usual practice, members of this committee were invited to attend the meeting, and two were able to attend. The risk was presented by the Service Director: Commercial. The group were content that the risk adequately reflected the current position, and there was not a proposal to change the risk score. The RMG also received updates on the Brexit and Novel Coronavirus risks, with no changes proposed.
- 8.4. The new Risk Management Framework (RMF) came into force in March 2020. SIAS subsequently conducted an audit into the application of the RMF. The Management response to some of the recommendations has resulted in proposed changes to the Framework. The Audit report is included as Appendix B and the Summary of Key changes document is included as Appendix C, along with the tracked changes Policy and Strategy documents. The main change relates to the frequency of reviews. It was proposed that Red Risks be reviewed every 3 months (currently monthly) and Amber risks should be reviewed every 6 Months (currently 3 monthly) The changes reflect the resources available and the proposed frequencies are felt to be more effective and realistic. The Group were happy with the proposed changes.

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 – Covid 19 Leisure Management Contracts
Appendix B – SIAS Audit Risk Management Framework
Appendix C – Summary of Changes to the Risk Management Framework and tracked change Framework documents.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

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