

FINANCE AUDIT AND RISK COMMITTEE
8 March 2021

***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 INCLUSIVE AND EFFICIENT 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 and recommends to Cabinet, the reviews of the Corporate Risks for the quarter, namely
- The review of the Corporate Planning risks with no change to the risk score.
 - The review of the Increased Homelessness Corporate risk with an increase in the risk score from 5 to 7 and a target risk score of 6.
 - The review of the Waste Corporate risks with no change to the risk score.
 - The proposal to archive the Workforce Planning Corporate Risk. Original Risk score 5, Final Risk score 5.

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 Covid 19 Leisure Management Contract Corporate risk with an increase in the risk score from an 8 to a 9 and a Target risk score of 6.
- The review of the Income Generation Corporate Risk with no change to the risk score.
- The amendments to the Risk Management Framework to reflect the outcome of the Risk Management audit.

The FARC recommended the Risk Management Framework changes, and these were referred on to Cabinet and approved.

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 (29.01.21) ↔ • Income Generation (25.01.21) ↔ • Increased Homelessness (01.02.21) ↑ • National and Regional Planning Issues (21.10.20) 	9 <ul style="list-style-type: none"> • Brexit (EU Transition) (11.01.21) ↔ • Local Plan (21.10.20) • Managing the Council's Finances (29.01.21) ↔ • Novel Coronavirus (Covid-19) (18.01.21) ↔ • Covid-19 - Leisure Management Contracts (02.02.21) ↔
	2 Medium	2	5 <ul style="list-style-type: none"> • Workforce Planning (08.01.21) Proposed for Archiving 	8 <ul style="list-style-type: none"> • Cyber Risks (25.01.21) ↔ • Delivery of the Waste Collection and Street Cleansing Services Contract (18.01.21) ↔ • 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 (18.01.21) ↔
		1 Low	2 Medium	3 High
		Impact		

8.2. At the Risk Management Group (RMG) on the 8 February, the Group received an update on the Local Plan, National and Regional Planning Issues and the Neighbouring Authorities Corporate Risks (Appendix A). The group discussed related issues including the Masterplan for Baldock. As the previous updates remain valid and there are a number of pending actions and decisions, the group agreed that the risk scores should remain as they are, but the risks should be reviewed and updated again at the end of March 2021.

- 8.3. The RMG received an overview of the recently updated Increased Homelessness Corporate Risk (Appendix B). The service area proposed an increase in the score from a 5 to a 7, in order to reflect the increased levels of homelessness, and use of temporary accommodation. The Group agreed to the change in risk score.
- 8.4. The RMG discussed the review of the Waste Corporate Risks (Appendix C) and noted that no change had been made to the risk scores. The group discussed the target risk score of the "Delivery of the Waste Collection Street Cleansing Services Contract", which is currently set as 8. The financial risks were greater in the early period of the contract and the position has now improved. It was confirmed that the contract will be reviewed next year to review options for extension or retendering, and this will need to be aligned with East Herts Council.
- 8.5. The Group suggested that the target risk score should reflect a more normal position outside of the current Covid-19 one. It should reflect the low likelihood of a major impact and the higher likelihood of a low/medium impact. After some discussion, it was proposed that the target risk score be set as 6 and that the ongoing work be kept up to date to reflect what we can do to lower the current risk level. Once the target risk level has been achieved, the group should then consider the need to retain it as a Corporate Risk or move it to a Service risk.
- 8.6. The Group agreed that the overall risk score for "External factors affecting the future provision of Waste Services, with a risk score of 6 was appropriate.
- 8.7. The RMG considered the proposal to archive the Workforce Planning Corporate Risk (Appendix D). Original Risk score 5, Final Risk score 5. This has been a Corporate Risk for some time and the actions in place to manage the risks are embedded into current HR practices. There is nothing new to be implemented and it is believed to have reached its target risk score. There will always be recruitment and retention issues relating to specific service areas and these will continue to be recorded via individual service risks. Therefore, the RMG recommends that this should go forward as a deletion.

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 – Planning Corporate Risks
Appendix B – Increased Homelessness Corporate Risk
Appendix C – Waste Corporate Risks.
Appendix D – Archived Corporate Risks

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

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