

FINANCE AUDIT AND RISK COMMITTEE
23 June 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 Cyber risks with no change to the Current risk score of 8 and a Target Risk score of 6.
- The review of the Brexit (EU Transition) Risk with a decrease in the Current risk score from a 7 to a 5, and a Target risk score of 3.

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 February 2021.

7. BACKGROUND

At the March meeting, the Committee noted

- 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 with an original risk score of 5 and a final risk score of 5.

The FARC recommended the 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 (07.05.21) ↔ • Income Generation (10.05.21) ↔ • Increased Homelessness (01.02.21) • National and Regional Planning Issues (08.02.21) 	9 <ul style="list-style-type: none"> • Local Plan (08.02.21) • Managing the Council's Finances (07.05.21) ↔ • Novel Coronavirus (Covid-19) (23.03.21) ↔ • Covid-19 - Leisure Management Contracts (22.04.21) ↔
	2 Medium	2	5 <ul style="list-style-type: none"> • Brexit (EU Transition) (08.04.21) ↓ 	8 <ul style="list-style-type: none"> • Cyber Risks (22.04.21) ↔ • Delivery of the Waste Collection and Street Cleansing Services Contract (21.04.21) ↔ • Sustainable Development - Neighbouring Authorities (08.02.21)
	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 19 May, the Group received a detailed update on the Cyber Risks Corporate risk. (Appendix A) Discussion centred around the ongoing threats and the level of actions which could be taken. It was accepted that there was a need to avoid complacency and ensure that attention is focussed on the continuing management of the ever- evolving threats. The Group agreed that the current risk score of 8 and the target risk score of 6 was appropriate and should be retained at this time. The ongoing work included an important action in relation contracting an external Cyber Security Specialist to assess our systems. This can not take place until we are back to operating in a more normal way. If this assessment is successful then that would be a

key aspect of reducing down to the target risk score. It must be noted that no actions will eliminate the possibility of a cyber attack, but should reduce the chance of an attack that has a high impact. The biggest issue is always likely to be user error (e.g. clicking on an unsafe weblink) and communications with Officers and Councillors will continue to focus on that.

8.3. The RMG reviewed a comprehensive update on the Brexit (EU Transition) risk (Appendix B). The service area proposed a decrease in the Risk Score from 7 to 5. The Group agreed with the lowering of the risk score. The risk entry demonstrates the complexity of the EU transition and that NHDC is dealing with the remaining associated issues in an effective way.

8.4 The Group discussed the Annual Risk Management Report to be reported to FARC, Cabinet and Council, providing a summary of the Risk Management activity already reported throughout the 20/21 year. (Appendix C) The report covers significant changes to Corporate Risks, the annual review of the Risk Management Framework, as well as an Insurance, Health and Safety and Business Continuity updates for the year. Key actions to be taken forward for the 21/22 year include increased roll out of the Risk Management e-learning and working with Officers and Members on the risk appetite of the Council, ensuring that actions reflect the target. The Group agreed that members of FARC should also undertake the risk management e-learning module as well as Officers.

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 – Cyber Risks
Appendix B – Brexit (EU Transition)
Appendix C – 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.