

**NORTH HERTFORDSHIRE
DISTRICT COUNCIL**



Annual Report on Risk Management

April 2020 to March 2021

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

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Annual Report on Risk Management

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1 Introduction

1.1 This report provides Council with a summary of risk management at NHDC during 2020/21. The 2019/20 report was presented to Council on 24 September 2020.

1.2 It aims to:

- Confirm the Council's commitment to managing risks and considering associated opportunities to enable the achievement of its objectives and the successful delivery of its projects, initiatives and services.
- Summarise changes to the Council's Corporate Risks.
- Summarise the progress of previously identified actions and propose additional actions for 2021/22 that will further enhance the Council's Risk Management Framework.

2 Recommendations

2.1 Council notes the development of the Risk Management Framework, which supports the overarching governance framework.

2.2 Council notes the changes to the Corporate Risks during 2020/21.

3 Overview

3.1 Throughout 2020/21, the Finance, Audit and Risk (FAR) Committee received quarterly reports on the management of Corporate Risks and associated risk issues, and where necessary, referred items to Cabinet.

3.2 The Executive Member for Finance and IT in his role as the Member Risk Management Champion was a regular attendee at the quarterly Risk Management Group (RMG) meetings. The items discussed at these meetings informed the content of the committee reports.

3.3 The RMG is chaired by the Service Director – Resources, the Officer Champion for Risk Management, who is responsible for the risk management function at a strategic and operational level. This function is delivered 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, one new Corporate Risk was introduced, two were archived and two overall risk scores were changed. No Corporate Risks were re-classified as Operational Risks. Section 4 provides further details.

3.5 In November 2020, the Shared Internal Audit Service (SIAS) issued its audit report on the Risk Management Framework, which provided overall satisfactory assurance. Section 5 provides further details.

- 3.6 Hertfordshire County Council (HCC) delivers the Council's insurance services and their Risk and Insurance Manager attends RMG meetings. This enables the Council to obtain an insight into emerging risks and issues at both HCC and other Hertfordshire local authorities. The SIAS Client Audit Manager also attends RMG meetings, helping to inform the group's understanding of wider risk issues.

4 Significant Changes to Corporate Risks

- 4.1 The Corporate Risks are the responsibility of the Senior Management Team and Cabinet, with Cabinet ensuring the risks are managed appropriately and proportionately. These key risks are those that cut across the delivery of all services, relate to key projects or could significantly affect the delivery of Council objectives. They are likely to require a high level of resources to manage and need to be monitored at a strategic level.
- 4.2 The quarterly reporting of Corporate Risks to Cabinet via the FAR Committee allows details of the top risks facing the Council and how we are managing them to be approved and monitored accordingly.
- 4.3 The following paragraphs highlight significant changes to Corporate Risks reported to the FAR Committee and Cabinet last year.

Archived Corporate Risks

September 2020

4.4 Route Optimisation of Collection Rounds

In March/April 2020, the relevant committees agreed that the risk should not be archived and should be retained until further information was provided. Following this, the Service Manager for Waste and Recycling provided the information requested. This confirmed that the route optimisation of rounds was complete and collection services were operating within normal expected parameters. Rounds were completed each day and missed collections were at acceptable levels. The Performance Management Regime monitored missed collections, and this was reported to the Executive Member and recorded on Pentana. The Waste team was also working with IT to develop mapping of collection routes and this data would soon be available on the intranet. As the work had been completed and appropriate risk mitigation measures were in place, the risk was again proposed for archiving and this was recommended and approved by the relevant committees.

March 2021

4.5 Workforce Planning

The RMG proposed to archive the risk, as the actions in place to manage it were embedded into current HR practices. There were no new significant actions to be implemented and it was assessed as being at the target risk level. Over time, there will be recruitment and retention issues relating to specific service areas and these will continue to be recorded via individual service risks if appropriate. The proposal to archive the risk was recommended and approved by the relevant committees.

New Corporate Risks

September 2020

4.6 Covid-19 - Leisure Management Contracts

Following a recommendation by the RMG, officers had split the existing operational risk entry relating to the leisure management contracts into two separate risk entries, one relating to the previously recorded ongoing operational risks and the other relating to the significant risks associated with Covid-19. The proposal to introduce the “Covid-19 – Leisure Management Contracts” risk as a new Corporate Risk with a risk score of 8 was recommended and approved by the relevant committees.

Changes to Corporate Risk Scores

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

September 2020

4.8 Impact of Anti-Social Behaviour on Council Facilities

The FAR Committee considered a proposal to reduce the risk score from 7 to 5 but recommended that it be retained at the current level. The proposed change reflected the measures that had been put in place and reducing number of incidents. However, it was unclear whether the reduction in incidents was more due to the Covid-19 pandemic. Cabinet subsequently approved that the score should remain at 7. The risk entry specifically relates to anti-social behaviour around Council facilities rather than general anti-social behaviour within the district.

4.9 Novel Coronavirus (Covid-19)

The FAR Committee considered a proposal to reduce the risk score from 9 to 8 but recommended that it be retained at the current level due to the likelihood of a second wave of the pandemic. Cabinet subsequently approved this. The proposal had been based on data provided in Director of Public Health Herts reports at the time and the mitigation processes in place.

Note that this risk was put in place as a new risk via a delegated decision in March 2020, following the cancellation of the Cabinet meeting due to the Covid-19 pandemic. The FAR Committee had met just before restrictions were put in place and recommended that it was introduced.

December 2020

4.10 Covid-19 - Leisure Management Contracts

The FAR Committee recommended the proposal to increase the risk score from 8 to 9, in view of the huge financial pressures placed on Stevenage Leisure Ltd by Covid-19. Cabinet subsequently approved this.

March 2021

4.11 Increased Homelessness

The FAR Committee recommended the proposal to increase the risk score from 5 to 7, in view of the increased levels of homelessness and use of temporary accommodation. Cabinet subsequently approved this.

- 4.12 Section 14 presents a summary risk matrix, which shows the position of each Corporate Risk as at 31 March 2021.

5 Review of NHDC's Risk Management Framework

- 5.1 During the year, SIAS undertook an audit of the Risk Management Framework and the report published in November 2020 provided overall satisfactory assurance. The report contained one medium priority recommendation relating to risk reviews. There were also three low priority recommendations relating to the implementation of target risk scores and SMART actions, awareness and understanding of the Risk Management Framework and information reported to the Senior Management Team.
- 5.2 The management response to these recommendations resulted in changes to the previously agreed framework and further clarification of certain processes in framework documentation. These amendments were noted and approved by the FAR Committee and Cabinet in December 2020 and are summarised below:

Risk reviews	Risks with a red status will be reviewed every three months rather than monthly. Risks with an amber status will be reviewed every six months rather than quarterly. Frequencies changed to reflect what is achievable with available resources.
Implementation of target risk scores and SMART actions	As risks are reviewed, target risk scores will be set (where missing). SMART actions will be identified, where appropriate, to manage the risk to the target score. Actions (both business-as-usual and SMART) will be reviewed and updated, as part of the review process. Monthly Pentana Directorate overviews will ensure oversight and highlight if framework requirements are not being met.
Awareness and understanding of Risk Management Framework	The Controls, Risk and Performance Team is responsible for providing training, where required. The Team developed an e – learning module (available on GROW Zone from March 2021), which provides relevant officers with the training they need. This also provides a record of officers who have completed the training.
Information reported to SMT	New and archived operational risks will be reviewed by the Risk Management Group and SMT prior to the Pentana updates being accepted. If archiving of a risk is not accepted, the Pentana entry will be re-activated with the agreed score. Other changes to operational risks will be the responsibility of the assigned officer and should be discussed with the relevant Service Director.

6 Risk Awareness and Appetite

- 6.1 NHDC is committed to the proactive identification and management of key external and internal risks that may affect the delivery of objectives. This allows us 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 to realise opportunities and achieve objectives. We must take risks to evolve and to continue to deliver services effectively, deciding what risks we want to take and what ones we want to avoid, whilst acknowledging that we cannot or should not avoid all risks. The Risk Management Framework recognises that risks accompany all new objectives and opportunities and it 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 will vary over time. The Risk Management Framework specifies that we will actively manage and monitor risks scoring 4 or higher on the risk matrix. This includes monitoring the completion of risk management activities and assessing their effectiveness.
- 6.4 As at 31 March 2021, 13 Corporate Risks had a score of 4 or above:
- Brexit (EU Transition) - 9
 - Covid-19 (Leisure Management Contracts) - 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
 - Sustainable Development (Neighbouring Authorities) - 8
 - Impact of Anti-Social Behaviour on Council Facilities - 7
 - Income Generation - 7
 - Increased Homelessness - 7
 - Sustainable Development (National and Regional Planning Issues) - 7
 - External Factors Affecting the Future Provision of Waste Services - 6
- 6.5 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."
The FAR Committee has 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 final 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 Four claims were received from the public relating to the policy year 2020/21 as at 31 March 2021. 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. Liability has been accepted on one of the claims for property damage and a partial payment made.
- 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 insurer (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 2021, there was one outstanding claim with MMI.
- 7.5 From time to time, insurers make risk improvement recommendations or requirements. It had been recommended that a policy for driving Council vehicles be implemented and a new policy has recently been implemented to clarify how Council vehicles can be used. Following a remote survey on the North Herts Leisure Centre, it is a requirement that fire suppressant equipment is installed above the deep fat fryer and this is in the process of being arranged. Although not currently a requirement for Hitchin Swim Centre, a fire suppressant system for the café is also being considered.

8 Business Continuity Plans

- 8.1 Covid-19 has been keeping the Emergency Planning staff busy since December 2019 and as a result the rest of the workplan has suffered, particularly training and testing. Much of the time away from the direct response to Covid-19 has been spent dealing with its impacts, such as making sure that Emergency Reception Centres are Covid-19 secure in the event of an incident, with new guidelines, instructions and equipment.
- 8.2 The small part time team of 3 x 0.2 FTEs meanwhile has been reduced by 33% as the Herts County Council Emergency Planning expert was withdrawn back to County at a time when most needed. The two remaining officers have worked flexibly and additional hours to reduce the impact. The plan is to review the current arrangements.
- 8.3 Covid-19 has been a somewhat unusual emergency; as the team were more used to dealing with a short event such as a fire, explosion or accident and then focusing on an effective recovery. NHDC is required by law to be able to continue to function throughout a major emergency such as Covid-19 but despite this, NHDC is still performing well. Although the long-term effects of so many staff home working upon corporate effectiveness and team working is, as yet, unknown, there appears to be an increase in mental health/welfare issues.
- 8.4 As a Category 1 responder, NHDC still has legal duties to be able to respond to other emergencies. NHDC entered this pandemic with a pre-prepared emergency Recovery Response Plan which deals with both internal crisis and external emergencies. This was reviewed last year as part of the preparations for Covid-19. NHDC is also part of a countywide Recovery Group.

Business Impact

- 8.5 NHDC has already identified its Core Critical Functions which were reviewed last year during the pandemic and are still appropriate today. They are the business areas which, in the event of a catastrophic failure of all services, would be the first areas needed to be set up based upon identified risks to service delivery, safety, financial loss, performance, reputation and environment. These are:

- 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

8.6 SMT regularly monitor these Core Critical Functions, whilst individual Service Directors retain responsibility for lower scale risks in their areas.

8.7 NHDC's 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

8.8 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.

Working in Partnership

8.9 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 other topics such as cybercrime, reception centres, managing equipment, mutual aid and formerly Brexit.

Business Continuity Promotion

8.10 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 the local community and businesses.

8.11 Business Continuity awareness work has all been focused on making sure businesses have been prepared for Brexit and promoting Government and Public Health guidelines and messages as well as signposting to help and advice.

8.12 There is a NHDC Resilience Planning booklet containing advice on Business Continuity. This is available on the NHDC website along with additional information and direction to Hertfordshire County Council for further guidance.

9 Health and Safety

- 9.1 A year on from the start of the pandemic, Covid-19 still dominates the health and safety work being carried out.
- 9.2 Working closely with the elections team to help provide a safe election for both staff and the public has been the recent focus. Risk assessments have been produced across the whole activity including how to manage the postal vote opening in the DCO, the distribution of the ballot boxes, and delivering a Covid safe environment for the verification and count to take place at the North Herts Leisure Centre.
- 9.3 There have been some difficult challenges in finding the best controls to manage varying risks at some very diverse venues used as polling stations including the provision of a porta cabin, providing temporary power and welfare facilities and through setting up three separate polling stations within one building. Site inspections have been undertaken in most of the polling stations to ensure all controls are suitable for the buildings and meetings with building owners to offer reassurance on how the risks will be managed.
- 9.4 Going forward, the focus will be on the return to some sort of normal. The reinstatement of meetings in the Council Chamber will be necessary, due to the lapsing of the legislation that allows remote meetings. The return of working in Council buildings will also need to be considered. With the ever changing guidance and how the Government has to manage the pandemic nationally, a flexible approach will be taken when considering the level of controls that will need to be in place but also allow for a quick reaction to any changes implemented by Government.
- 9.5 Staff have adapted well to the changes in their working arrangements in terms of managing their own risks and issues with homeworking and there has been a very good take up on the offer of loan equipment. Results of the DSE assessments that have been completed have not seen a major increase in work related H&S issues. Surprisingly, when the results are compared to the previous three years results, this past year's figures are on par with previous ones, which demonstrates how quickly and successfully staff have adapted.

10 Achieving the Key Actions for 2020/21

- 10.1 Last year's Annual Report detailed the following key actions for 2020/21, to enhance the Risk Management Framework:

Action	Due Date
Development and launch of the Risk Management e-learning module.	31/08/2020
Development and launch of the Risk Management toolkit, providing operational guidance on implementing the Risk Management Framework.	30/11/2020

- 10.2 As detailed in Section 5, the Controls, Risk and Performance Team developed an e – learning module during the year and this was available on GROW Zone from March 2021.
- 10.3 A new Risk Management Toolkit intranet page was published in January 2021. Although the initial toolkit only offers limited guidance, this will continue to be developed and enhanced during the coming year and on an ongoing basis.

11 Key Actions for 2021/22

- 11.1 The implementation of the following actions in 2021/22 will ensure the continued development of risk management at NHDC:

Action	Due Date
Ensure that 100% of Risk Owners and Risk Assignees complete the Risk Management e-learning module.	30/09/2021
Continue work with Officers and Councillors on what the Council's risk appetite is and ensuring that actions reflect that target.	31/03/2022
Ongoing development of the Risk Management toolkit.	31/03/2022
Annual review of the Risk Management Framework documents.	31/03/2022

12 Conclusion

- 12.1 NHDC continued to implement the Risk Management Framework throughout 2020/21, including reviewing and reporting key risks. This, along with the further enhancement of related processes and practices, ensures a comprehensive understanding of the risks faced. This allows us to be risk aware and to determine the most cost-effective way to manage risks and exploit opportunities.

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 2021

14.1 As reported to and approved by the FAR Committee and Cabinet in March 2021.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Impact of Anti-Social Behaviour on Council Facilities • Income Generation • Increased Homelessness • Sustainable Development - National and Regional Planning Issues 	9 <ul style="list-style-type: none"> • Brexit - EU Transition • Covid-19 - Leisure Management Contracts • Local Plan • Managing the Council's Finances • Novel Coronavirus - Covid-19
	2 Medium	2	5	8 <ul style="list-style-type: none"> • Cyber Risks • Delivery of the Waste Collection and Street Cleansing Services Contract • Sustainable Development - Neighbouring Authorities
	1 Low	1	3	6 <ul style="list-style-type: none"> • External Factors Affecting the Future Provision of Waste Services
		1 Low	2 Medium Impact	3 High