

**FINANCE AUDIT AND RISK COMMITTEE**  
**15 December 2021**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: RISK MANAGEMENT UPDATE**

REPORT OF: 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 any proposed changes to these risks.

**2. RECOMMENDATIONS**

2.1. That the Committee notes the update on the Corporate Risks for the quarter, namely

- The review of the Covid-19 Leisure Management Contract Corporate risk with an unchanged risk score of 9 and a Target risk score of 6.
- The review of the Novel Coronavirus (Covid-19) Recovery Corporate risk with a current risk score of 9 and a target risk score of 6.
- The review of the Managing the Councils Finances Corporate risk with an unchanged current risk score of 9, and a target risk score of 3
- The proposal to downgrade the Impact of Anti-Social Behaviour on Council Facilities Corporate risk to a service risk.

2.2 That the Committee notes and refers to Cabinet the annual review of the Risk Management Framework.

**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 Leadership Team 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 20 August 2021.

#### **7. BACKGROUND**

- 7.1 At the September meeting, the Committee noted
- That there were no formal reviews of Corporate Risks in the last quarter.
  - The discussion at RMG relating to the Delivery of the Waste Collection and Street Cleansing Services Contract Corporate risk, with no change to the risk score.
  - The delay in the reviews of the Planning Corporate risks, pending receipt of the Planning Inspectors report.
  - The proposal to archive the Delivering the NHDC Climate Change Strategy service risk.
- 7.2 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 the Leadership Team. Members can 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.

<b>Likelihood</b>	<b>3 High</b>	<b>4</b>	<b>7</b> <ul style="list-style-type: none"> <li>• Income Generation (07.10.21) ↔</li> <li>• Increased Homelessness (19.08.21) ↔</li> <li>• National and Regional Planning Issues (28.09.21) ↔</li> </ul>	<b>9</b> <ul style="list-style-type: none"> <li>• Local Plan (28.09.21) ↔</li> <li>• Managing the Council's Finances (09.09.21) ↔ <i>(proposal to archive)</i></li> <li>• Novel Coronavirus (Covid-19) – Recovery (01.11.21) ↔</li> <li>• Covid-19 - Leisure Management Contracts (27.10.21) ↔</li> </ul>
	<b>2 Medium</b>	<b>2</b>	<b>5</b> <ul style="list-style-type: none"> <li>• Brexit (EU Transition) (08.10.21) ↔</li> </ul>	<b>8</b> <ul style="list-style-type: none"> <li>• Cyber Risks (20.10.21) ↔</li> <li>• Delivery of the Waste Collection and Street Cleansing Services Contract (23.07.21)</li> <li>• Sustainable Development - Neighbouring Authorities (28.09.21) ↔</li> </ul>
	<b>1 Low</b>	<b>1</b>	<b>3</b> <ul style="list-style-type: none"> <li>• Impact of Anti-Social Behaviour on Council Facilities (03.11.21) ↓ <i>(proposal to move to a service risk)</i></li> </ul>	<b>6</b> <ul style="list-style-type: none"> <li>• External Factors Affecting the Future Provision of Waste Services (23.07.21)</li> </ul>
		<b>1 Low</b>	<b>2 Medium</b>	<b>3 High</b>
		<b>Impact</b>		

8.2 The Group received an update on the Covid – 19 Leisure Management Contract Corporate risk. (Appendix A) A discussion took place on whether the current risk score of 9 was still appropriate, as the attendance levels are increasing, and other SLL facilities are also recovering well, reducing the chance of contractor failure. It was felt however, that the risk score should remain unchanged until the January attendance figures are known. This will give us a better idea of whether membership numbers are increasing, as there is normally a spike in January. The risk will be reviewed again in 3 months.

8.3 The Group received an update on the Novel Coronavirus (Covid-19) Recovery Corporate risk.(Appendix B) The risk has been updated to reflect that the focus is now on recovery. Parking usage/income is still down, there are still high homelessness costs and Environmental Health is still under considerable pressure. Although progress has been made, the current national picture relating to Covid cases and the forthcoming winter months means it is too early to reduce the current risk score of 9. The group agreed that we will have a better idea of how we are coping over the winter period at the next review in 3 months.

8.4 The Group received an update on the Managing the Councils Finances Corporate risk. (Appendix C) Although it was acknowledged that there will always be ongoing uncertainty and risk relating to the Council's financial position, with both a high likelihood and impact, the Council has embedded risk mitigation measures in place (e.g., quarterly monitoring, annual budget and MTFS processes), which inherently consider future risk. Monitoring this via the Risk Register as well adds no additional value or benefit. On the basis that if anyone views the Risk Register to see the greatest risks facing the Council, they will expect one of them to be financial, it was decided that it would remain on the register at summary level but actively monitored through other measures. Risk score remains the same (9).

8.5 The Group discussed the latest review of the Impact of Anti-Social Behaviour on Council Facilities Corporate risk. (Appendix D) The risk entry had been created when there had been significant issues at various locations. The Council has completed works to help manage the risks at each of the locations, leading to a reduction in the number of incidents. Even allowing for the relaxation of Covid restrictions, there have been big improvements at all locations, especially Burns Road and Howard Park, although there are still issues with littering at the Lairage car park and occasional incidents at Letchworth multi-storey. In view of the improvements seen, the risk score has been reduced from 7 to its target risk score of 3, and it is proposed that the risk entry should be removed as a Corporate Risk and managed as a service risk only.

## **9. ANNUAL REVIEW OF THE RISK MANAGEMENT FRAMEWORK.**

9.1 The Group received a summary update on the proposed changes to the Risk Management Framework. (included in Appendix E) As the Framework had only been introduced last year, the review has been relatively light touch. The changes reflect the new Council identity, changes to job titles and group names and the introduction of the E-Learning module and risk toolkit intranet page.

The Framework also includes the pre-emptive introduction of a risk questionnaire to be completed as part of the annual service planning process, which will form part of the proposed Council Delivery Plan. The Group were happy with the proposed changes.

9.2 The Group were notified of the Cabinet report proposal to change the way that Performance is monitored and reported for the 22/23 year. The Group were in favour of the proposal. This is the subject of a separate item on the agenda of this meeting.

## **10.0 LEGAL IMPLICATIONS**

- 10.1 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.

## **11. FINANCIAL IMPLICATIONS**

- 11.1 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 and Income Generation.

## **12. RISK IMPLICATIONS**

- 12.1 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.

## **13. EQUALITIES IMPLICATIONS**

- 13.1 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.
- 13.2 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.

## **14. SOCIAL VALUE IMPLICATIONS**

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

## **15. ENVIRONMENTAL IMPLICATIONS**

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

## **16. HUMAN RESOURCE IMPLICATIONS**

- 16.1 There are no direct human resource implications relating to this report.

## **17. APPENDICES**

- 17.1 Appendix A – Covid-19 Leisure Management Contract Corporate risk.
- Appendix B – Novel Coronavirus (Covid-19) Recovery Corporate risk.
- Appendix C – Managing the Councils Finances Corporate risk.
- Appendix D – The Impact of Anti-Social Behaviour on Council Facilities Corporate risk.
- Appendix E – Annual review of the Risk Management Framework, summary of proposed changes.

## **18. CONTACT OFFICERS**

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## **19. BACKGROUND PAPERS**

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