



**North
Herts**
Council

Annual Report on Risk Management

April 2021 to March 2022

**A progress report on Risk Management at
North Herts Council**

Annual Report on Risk Management **April 2021 to March 2022**

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1 Introduction

1.1 This report provides Council with a summary of risk management at North Herts Council during 2021/22. The 2020/21 report was presented to Council on 8 July 2021.

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 2022/23 that will further enhance the Council's Risk Management Framework.

2 Recommendations

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

2.2 Council notes the changes to the Corporate Risks during 2021/22.

3 Overview

3.1 Throughout 2021/22, 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 From 2022/23, the reporting arrangements for key risks will change. In March 2022, Cabinet agreed that risks impacting on the delivery of the Council Plan and linked projects will now be reported to the Overview and Scrutiny (O&S) Committee, along with details of projects and associated performance indicators. This forms part of the new Council Delivery Plan combined performance monitoring arrangements. Although the FAR Committee will no longer receive quarterly reports on specific risks, it will receive reports relating to the development and operation of the Council's strategic approach to risk management. In addition, the Chairs of both the FAR and O&S Committees will be invited to quarterly Risk Management Group (RMG) meetings, so they will have the opportunity to comment on specific items there.

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

3.4 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.

- 3.5 During the year, no new Corporate Risks were introduced, none were archived, and one overall risk score was changed. One Corporate Risk was reclassified as an Operational Risk. Section 4 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 Leadership Team and Cabinet, with Cabinet ensuring the risks are managed appropriately and proportionately. These key risks were those that cut across the delivery of all services, related to key projects or could significantly affect the delivery of Council objectives. They were likely to require a high level of resources to manage and needed to be monitored at a strategic level.
- 4.2 The quarterly reporting of Corporate Risks to Cabinet via the FAR Committee allowed details of the top risks facing the Council and how we were 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.

Reclassified Corporate Risks

- 4.4 **Impact of Anti-Social Behaviour on Council Facilities (December 2021)**
The proposal to downgrade the risk from a Corporate Risk to an Operational Risk was approved, as actions implemented had resulted in a positive impact, evidenced by a reduction in the number and scale of issues.

Changes to Corporate Risk Scores

- 4.5 As part of the regular review process, officers re-assessed 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.
- 4.6 **Brexit (EU Transition) (June 2021)**
The FAR Committee recommended the proposal to reduce the risk score from 9 to 5, as although there were still complexities associated with the EU transition, the Council was dealing with the related issues in an effective way. Cabinet subsequently approved this.
- 4.7 Section 14 presents a summary risk matrix, which shows the position of each Corporate Risk as reported to and noted by the FAR Committee on 16 March 2022 (i.e., the last meeting of the year).

5 Review of the Risk Management Framework

- 5.1 This was reported to the FAR Committee and Cabinet in December 2021. As the Risk Management Framework was only introduced in 2020/21, the review was relatively light touch. The changes reflected 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 updated Framework also included the introduction of a risk questionnaire to be completed as part of the annual service planning process, which has subsequently been incorporated into the new Council Delivery Plan data collection template. This formed part of wider proposals to create and monitor an integrated Council Delivery Plan, which aims to integrate performance, risk, and project monitoring procedures. These wider proposals were subsequently approved by Cabinet and introduced for 2022/23.

6 Risk Awareness and Appetite

- 6.1 The Council 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 The Council's risk appetite is its willingness to accept risks to realise opportunities and achieve objectives. We must take risks and 'be brave' 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 The Council 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 reported to the FAR Committee on 16 March 2022, 12 Corporate Risks had a score of 4 or above:
- Covid-19 -Leisure Management Contracts - 9
 - Local Plan - 9
 - Managing the Council's Finances - 9
 - Novel Coronavirus (Covid-19) - Recovery - 9
 - Cyber Risks - 8
 - Delivery of the Waste Collection and Street Cleansing Services Contract - 8
 - Sustainable Development - Neighbouring Authorities - 8
 - Income Generation - 7
 - Increased Homelessness - 7
 - Sustainable Development - National and Regional Planning Issues - 7
 - External Factors Affecting the Future Provision of Waste Services – 6
 - Brexit (EU Transition) - 5
- 6.5 The FAR Committee has a role in monitoring how effectively the Council delivers against its strategic approach to 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 Seven claims were received from the public relating to the policy year 2021/22, as at 31 March 2022. 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.
- 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 2022, there are no outstanding claims with MMI.

8 Business Continuity

Business Continuity Work Programme

- 8.1 A new Resilience Team structure is now in place, following a review in July 2021 and the retirement of the previous Emergency Planning Officer in September 2021, and includes a part-time Resilience Manager and full-time Resilience Officer. The Council has withdrawn from the Hertfordshire Authorities Resilience Partnership (HARP) with effect from April 2022. The new Resilience Manager will provide the training and exercise sessions that would have previously been facilitated by the HCC Resilience Officer under the HARP agreement.
- 8.2 Since early 2020 the annual work programme had been suspended due to the response to the Covid-19 pandemic. Following the establishment of the new Resilience structure in September 2021 the Resilience work programme has been reviewed and has now resumed.

Business Impact Analysis Review 2022

- 8.3 The Council has identified (from a Business Impact Analysis process) the critical service functions which must be continued in the event of severe internal business disruption. This is based upon identified risks to service delivery, safety, financial loss, performance, reputation and environment. Leadership Team monitor the critical service functions, while Service Directors have responsibility for lower level risks in their service areas. The critical functions identified are then included in Service Business Continuity Plans. The critical functions identified, with effect up to April 2022 were:
- 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
- 8.4 A full Business Impact Analysis review was commenced by the Resilience Team in April 2022. The process will provide an updated list of critical service functions and lower level risks for each Directorate. Service Business Continuity Plans for critical functions will be reviewed and an updated template provided for services to use.
- 8.5 The Civil Contingencies Act places a statutory responsibility on the Council, and all Category 1 responders, to maintain business continuity plans to ensure that ‘they can continue to exercise their functions in the event of an emergency, so far as is reasonably practicable’. Our comprehensive Business Continuity Plan structure consists of a number of plans:
- The Resilience Plan providing direction on the Council’s response to an emergency or to a major business disruption
 - Corporate Level Cross Council Plans:
 - IT Recovery Plan
 - Recovery Plan
 - Pandemic Plan
 - Communications Plan
 - Mass Staff Absence Plan
 - Operational Service Continuity Plans for critical service functions
- These plans will be reviewed during 2022 taking into account learning from the response to the Covid-19 pandemic and recent audit reports. The development of a ‘Loss of Building’ plan being drafted pre-pandemic will also be reviewed in light of working experiences during the pandemic.
- 8.6 Once all the business continuity plans have been reviewed and updated, a training programme will be provided. The programme will include business continuity training for staff and a series of exercises to test the new arrangements. Exercises will include business continuity tabletop and discussion based exercises to test corporate arrangements, and service level exercises.
- Working in Partnership**
- 8.7 The Hertfordshire Local Resilience Forum takes a lead role in Business Continuity Planning and therefore promotes a broader understanding of issues. Council officers have good relationships with local organisations and contractors. The Council works closely with neighbouring authorities on other topics such as cybercrime, reception centres, managing equipment, and mutual aid.
- Business Continuity Promotion**
- 8.8 Business Continuity awareness work has been focused on promoting Government and Public Health guidelines regarding Covid-19. With the return to a normal work programme this year, awareness activities will be reviewed. Promotional work will include topics such as Business Continuity Awareness Week, which takes place on 16-20 May 2022 with the theme ‘Building Resilience in the Hybrid World’.
- 8.9 Business Continuity information is available on the Council website along with links to additional advice and guidance from HCC and Government.

9 Health and Safety

- 9.1 This section focuses on the latest Health and Safety updates and therefore includes activities that have continued in to the 2022-23 year.
- 9.2 The focus for elections was once again on delivering them in a Covid safe way. Health and Safety were involved in reviewing all the risk assessments that were produced last year and to make changes to the existing controls to ensure current legislation and Central Government guidance was considered. Following the review, the decision was taken to keep the majority of controls in place at the polling stations and for the count, with a few adjustments made to the provision of screens. Greater emphasis was placed on guidance and advice where the statutory requirement for certain controls had been lifted i.e., wearing of masks in indoor areas, social distancing etc.
- 9.3 Risk assessments around the use of the District Council Offices main building have also been subject to review following the decision to reopen the building for greater occupation. The risk assessment for the use of the Council Chamber and meeting rooms has also been reviewed and the controls updated to allow greater use of the areas with the move away from “you must” to “strongly advised” where there have been changes in guidance from Central Government.
- 9.4 A project is underway to review the Council’s approach to risk assessment. This will include a new risk assessment template design along with updated risk assessment guidance for managers.
- 9.5 Another project is looking at the Council’s Incident Register, including updated guidance around the use of the stored information to ensure it is in line with GDPR but still be able to provide important health and safety information to all staff that would need it. The project will also be looking at the suitability of the current “Incident register app”, which will consider the current design and which staff it is made available to. Communication of updated information will also be considered during the review.
- 9.6 The contract to provide statutory Display Screen Equipment (DSE) risk assessments to staff has been renewed for a further three years and this will allow staff to continue to access the software and carry out their own DSE self-assessments with after assessment support being supplied via the software and by the Council’s DSE assessor.

10 Achieving the Key Actions for 2021/22

- 10.1 Last year’s Annual Report detailed the following key actions for 2021/22 to enhance the Risk Management Framework:

Action	Due Date
Ensure that 100% of Risk Owners and Risk Assignees complete the Risk Management e-learning module.	30/09/21
Continue work with Officers and Councillors on what the Council’s risk appetite is and ensuring that actions reflect that target.	31/03/22
Ongoing development of the Risk Management toolkit.	31/03/22
Annual review of the Risk Management Framework documents.	31/03/22

- 10.2 Further targeted promotion of the e-learning module is underway, as not all current Risk Owners and Risk Assignees have completed it (currently a 58% completion rate). In practical terms, the Performance & Risk Officer continues to provide guidance and support to officers undertaking risk reviews.
- 10.3 Discussions on risk appetite have taken place, particularly among the Officer Leadership Team and the Officer/Cabinet Leadership Team. This has determined that we will assess our risk appetite on a project-by-project basis. This allows the benefits of a project to be balanced against both the resources and risks involved. Overall the aim is for the Council to be risk aware, and take appropriate risks.
- 10.4 Although work to develop the Risk Management toolkit continued, only limited progress was made due to competing priorities. Development and enhancement of the toolkit will be a priority during the coming year, and it will then continue to be updated on an ongoing basis.
- 10.5 As detailed in Section 5, a review of the Risk Management Framework documentation was undertaken in late 2021 and this was reported to Members in December 2021.

11 Key Actions for 2022/23

- 11.1 The implementation of the following actions in 2022/23 will ensure the continued development of risk management at the Council:

Action	Due Date
Undertake the annual review of Risk Management Framework documentation.	31/12/22
Continue to develop the Risk Management toolkit throughout the year.	31/03/23
Refine the new Council Delivery Plan combined performance monitoring arrangements throughout the year.	31/03/23
Undertake Insurance tender.	31/03/23
Completion of Performance Management Framework guidance documents (action will span more than one year, as requirements evolve).	31/03/24

12 Conclusion

- 12.1 The Council continued to implement the Risk Management Framework throughout 2021/22, 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 - March 2022

14.1 As reported to and noted by the FAR Committee on 16 March 2022.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Income Generation • Increased Homelessness • National and Regional Planning Issues 	9 <ul style="list-style-type: none"> • Local Plan • Managing the Council's Finances • Novel Coronavirus (Covid-19) – Recovery • Covid-19 - Leisure Management Contracts*
	2 Medium	2	5 <ul style="list-style-type: none"> • Brexit (EU Transition) 	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	3 High
		Impact		

* The Leisure Management Contracts risk score was reduced from 9 to 8 between the last Risk Management Group in February and the end of the year. This reflected the generally improving position. As this will no longer be a Corporate Risk (in this format) from April 2022, Cabinet are not being asked to approve this change in the risk score.