

**Bolsover District Council**

**Audit Committee**

**20th November 2018**

**Strategic Risk Register and Partnership Arrangements**

**Report of the Head of Finance & Resources**

This report is public

**Purpose of the Report**

- To enable the Audit Committee to consider the attached report concerning the Strategic Risk Register which will be considered by Executive at its meeting of 3 December 2018.

**1 Report Details**

- 1.1 To update Members of the Audit Committee concerning the Strategic Risk Register. Any comments expressed by the Audit Committee will be taken into account in developing both the Council's risk management reports and wider risk management arrangements.

**2 Conclusions and Reasons for Recommendation**

- 2.1 These are detailed in the attached report.

**Reasons for Recommendation**

- 2.2 To ensure that the Audit Committee are kept informed concerning the Council's latest position regarding Risk Management and Partnership working and are able to exercise effective influence on the Council's Risk Management arrangements.

**3 Consultation and Equality Impact**

**Consultation**

- 3.1 There are no issues arising from this report which necessitate a detailed consultation process.

**Equalities**

- 3.2 There are no direct implications arising from this report.

#### **4 Alternative Options and Reasons for Rejection**

4.1 These are detailed in the attached report.

#### **5 Implications**

##### **5.1 Finance and Risk Implications**

###### **Financial**

These are detailed in the attached report.

###### **Risk**

These are detailed in the attached report.

##### **5.2 Legal Implications including Data Protection**

These are detailed in the attached report.

##### **5.3 Human Resources Implications**

These are detailed in the attached report.

#### **6 Recommendations**

6.1 That the Audit Committee note the report and make any comments that they believe to be appropriate with regards to the attached report which will be considered by Executive at its meeting on 3 December 2018.

#### **7 Decision Information**

<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed</b>	Yes
<b>District Wards Affected</b>	None directly
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

**8 Document Information**

Appendix No	Title	
1	Executive Report 3 December 2018 –Strategic Risk Register and Partnership Arrangements	
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)		
Service Plan Risk Registers Strategic Risk Register		
Report Author		Contact Number
Dawn Clarke – Head of Finance & Resources		7658

**Bolsover District Council**

**Executive**

**3 December 2018**

**Strategic Risk Register and Partnership Arrangements**

This report is public

**Report of Cllr B Watson, Portfolio Holder with Responsibility for Finance & Resources**

**Purpose of the Report**

- To update Members concerning the current position regarding Risk Management and Partnership Arrangements and to seek approval for the revised Strategic Risk Register as at 30 September 2018, as part of the suite of Finance, Performance and Risk reports.

**1 Report Details**

**Background**

- 1.1. The Council's Strategic Risk Register has been developed in the light of a consideration of the strategic and operational risks which have been identified by Elected Members and Officers as part of the Council's risk, service management and quarterly performance arrangements.
- 1.2. In its approach to Risk Management, the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In order to appreciate the importance of Risk Management it is useful to reiterate these objectives:
  - To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
  - To strengthen the overall managerial arrangements of the Council. From a Governance perspective the effective operation of Risk Management is a key element of the managerial framework operating within an authority.

- Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.
- The identification of the risks attached to existing service delivery, or to a project or new initiative helps enable a fully informed decision to be made, and helps ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in ensuring the organisation has a good awareness of its overall risk exposure, whilst helping determine an appropriate level of financial reserves.

### **The Strategic Risk Register**

- 1.3. The revised Strategic Risk Register as at 30 September 2018 is set out in **Appendix 1** for consideration by Executive. The intention is that this review of the Register will secure the following objectives:
  - Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved to maintain a focus on current risks.
  - To revisit risk scores assessments and ensure that appropriate mitigation remains in place.
- 1.4. Overall a key theme which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current performance in respect of service delivery, performance and governance and of ensuring that the Council mitigates the risk of a catastrophic event or service failure impacting upon our community. This objective needs to be secured against a background of both declining and less certainty concerning financial resources. Allied to the financial position local authorities are faced with significant legislative change impacting upon Housing, Planning, the welfare system, devolution and finance. These developments are anticipated to entail some significant changes in the manner in which our services to local residents are delivered with the level of change required clearly having the potential to disrupt service provision.
- 1.5 During the recent round of Quarterly Performance meeting one of the key issues discussed was the uncertainties associated with Brexit, the roll out of Universal Credit, the pace of legislative change and the ability to recruit and retain appropriately qualified staff were all viewed as remaining of concern. In addition, in light of the level of savings that needed to be identified over the period of the current MTFP, concerns were reiterated regarding the challenges in respect of securing these savings, against a background in which

some services were experiencing increased pressures as a result of other agencies withdrawing services. The uncertainties arising from Brexit, the roll out of Universal Credit and legislative changes are incorporated within the same Strategic Risk (Risk 1) as outlined in Appendix 1. The issue of the loss of key staff and the difficulties being experienced in finding suitable replacements continues to be a widespread concern expressed by managers. This issue already featured within the Strategic Risk Register and is detailed as Strategic Risk 5 within Appendix 1, while the issue of financial pressures is covered by Strategic Risk 2 within Appendix 1.

- 1.6 There were no new risks added to the Strategic Risk Register but risk number 9 relating to HS2 has been amended to reflect the publication of the Working Draft Environmental Statement.
- 1.7 In order to develop the understanding of risk together with a culture of risk management throughout the organisations a series of training sessions for senior managers which covered the issue of Risk Management were held in early summer 2017. Likewise, as part of the Budget Scrutiny Meeting in September 2015 there was a presentation to Members concerning Risk Management. A further series of training will be undertaken during the next year.

#### **Partnership Arrangements.**

- 1.8 As part of the Council's Risk Management (including Partnership Working) Strategy a range of strategic partnerships are reported on and monitored within the Council's quarterly report in respect of Risk. These are complementary to the Partnership Funding and Performance Monitoring reports prepared by the Partnership Team to Executive twice a year which sets out the range of partnerships it works directly with. While the Partnership Team co-ordinate the Council's work with these external organisations it should be noted that many of these have been assessed as being of relatively limited risk, with officers adopting a 'light touch' approach in developing appropriate working relationships.
- 1.9 While there will invariably be an overlap between the two reports but this report will focus on what might be termed as the Council's strategic partnerships. These are as follows:
  - The relationship with the North Midlands authorities (Derbyshire and Nottinghamshire) and Sheffield City Region in progressing the economic development and devolution agenda.
  - The strategic alliance with North East Derbyshire District Council which is central to the transformation agenda of delivering services at lower costs whilst enhancing service resilience.
  - Arrangements with Derbyshire County Council amongst others to secure aligned services across the public sector in areas such as health and economic development.

- The Community Safety Team and associated statutory partners including the Police.

Although the Partnerships outlined above are very different in terms of scope and working arrangements they all have in place formal governance arrangements between the partners, supported by appropriate internal governance arrangements which cover performance, finance and risk. Appropriate approvals have been agreed through the Council's formal committee arrangements, with partnership issues and developments being considered as is required within this Council's constitution. The arrangements in place are intended to be both risk based and proportionate to the risk exposure of this Council.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 The Strategic Risk Register is intended to highlight those areas where the Council needs to manage its risks effectively. One of the key purposes of this report is to set out the risks that have been identified (see Appendix 1) and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers appropriately cover all of the issues facing the Council. The section of Partnerships serves to highlight the extent of these working arrangements, together with the mechanisms which are in place for their successful management.

### **Reasons for Recommendation.**

- 2.2 To enable Executive to consider the risks identified within the Strategic Risk Register / Partnership Arrangements in order to assist in maintaining effective governance arrangements, service and financial performance.

## **3 Consultation and Equality Impact**

### **Consultation**

- 3.1 There are no issues arising from this report which necessitate a formal consultation process.

### **Equalities**

- 3.2 There are no equalities issues arising directly out of this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 Under the relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is in part intended for Members and Officers to consider whether

the Council has adopted an appropriate approach to its management of risk and partnerships. Given that this report is part of the approach to help ensure the effective management of risk / partnerships there is not an alternative to the presentation of a formal report.

## **5 Implications**

### **5.1 Finance and Risk Implications**

#### **Financial**

There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

#### **Risk**

Risk Management Issues are covered throughout the body of the main report.

### **5.2 Legal Implications including Data Protection**

There are no legal or data protection issues arising directly out of this report.

### **5.3 Human Resources Implications**

There are no human resource issues arising directly out of this report.

## **6 Recommendations**

- 6.1 That Executive approves the Strategic Risk Register as at 30 September 2018 as set out in Appendix 1.

## **7 Decision Information**

<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC:</i>      <i>Revenue - £75,000</i>                    <i>Capital - £150,000</i>      <input type="checkbox"/></p> <p><i>NEDDC:</i> <i>Revenue - £100,000</i>      <input type="checkbox"/>                    <i>Capital - £250,000</i>      <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	No
<p><b>Has the relevant Portfolio Holder been informed</b></p>	Yes
<p><b>District Wards Affected</b></p>	None directly

<b>Links to Corporate Plan priorities or Policy Framework</b>	All
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**Document Information**

<b>Appendix No</b>	<b>Title</b>
1	Strategic Risk Register as at 30 June 2018
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Service Plan Risk Registers	
<b>Report Author</b>	<b>Contact Number</b>
Dawn Clarke – Head of Finance & Resources	01246 217658

## STRATEGIC RISK REGISTER SUMMARY AS AT: 30 September 2018

	<b>Risk</b>	<b>Consequences</b>	<b>Risk Score (Likelihood x Impact)</b>	<b>Risk Score (Likelihood x Impact) Taking into Account Current Controls</b>	<b>Risk Owner / Lead Officer</b>
1	Government Legislation / Parliamentary uncertainty / impact of Brexit / adverse external economic climate has an accelerating impact on Council (poor financial settlement), or upon the local economy, to which Council is unable to adopt an appropriate change of Strategic direction.	<ul style="list-style-type: none"> <li>• Unable to deliver a package of services that meet changing local needs and aspirations.</li> <li>• Reduced influence over delivery of local services.</li> <li>• Unable to effectively support local communities.</li> <li>• Increased demands on Council services at a time when Council resource base is reducing.</li> </ul>	4,4, <b>16</b>	3,4 <b>12</b>	SAMT / Political Leadership
	<ul style="list-style-type: none"> <li>• The Council is outward looking and actively works to understand proposed changes and the approaches that might be adopted to mitigate any adverse impacts of these.</li> <li>• The Council has effective political and managerial (governance) arrangements in place to manage change.</li> <li>• Appropriate levels of financial reserves / investment funding are maintained to fund strategic shifts in service delivery.</li> <li>• Effective engagement with staff to ensure they embrace necessary change.</li> </ul>				

2	Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are limited to 'adequate' levels.	<ul style="list-style-type: none"> <li>• Impact upon ability to deliver current level of services.</li> <li>• Unable to resource acceptable levels of service.</li> <li>• Significant adverse reputational Impact.</li> </ul>	4,4 <b>16</b>	3,4 <b>12</b>	Political Leadership / Chief Executive / Chief Financial Officer / SAMT
<ul style="list-style-type: none"> <li>• The Council has effective financial and wider management arrangements in place to ensure budget / service delivery arrangements are robust.</li> <li>• The current MTFP indicates challenging but manageable savings targets. A key risk is that under 'localism' there is less certainty concerning income (NNDR, NHB).</li> <li>• The Council has 'adequate' financial reserves in place to cushion against any loss of income for a period of at least one financial year.</li> </ul>					
3.	The Council is affected by a operational service failure which has a major impact upon the local community, this impact being reflected in the Council's sustainability and reputation. Failure could arise from services – inc Data Protection – failing to adhere to best practice. Resulting in a potential impact upon the Council's ability to secure its	<ul style="list-style-type: none"> <li>• A significant service failure associated with a major impact on the local community, leading to a wider detrimental corporate impact.</li> <li>• Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents.</li> <li>• Significant staff and financial resources required to resolve position, impacting on other services.</li> <li>• A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery.</li> </ul>	3,5 <b>15</b>	2,5 <b>10</b>	SAMT / Assistant Directors

	<p>corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council.</p>				
	<ul style="list-style-type: none"> <li>• The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed.</li> <li>• The Council has a Performance Management Framework in place to help ensure that services are delivered in line with good practice and industry standards. On going monitoring and regular reporting will help ensure that any emerging issues re service performance are effectively identified and resolved at the earliest possible opportunity.</li> </ul>				
4	<p>It becomes increasingly difficult to recruit to key posts or to replace key staff who leave. Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances.</p>	<ul style="list-style-type: none"> <li>• Deterioration in services to the public.</li> <li>• Increasing inefficiencies in service provision.</li> <li>• Weakening of Internal Control arrangements.</li> <li>• Increased pressure on other members of staff.</li> </ul>	3,4 12	2,4 8	SAMT / Asst Director HR
	<ul style="list-style-type: none"> <li>• The Council has effective communication and working with staff as validated by securing 'silver' accreditation at IIP.</li> <li>• There is sufficient funding to bring in agency staff where required to maintain service performance.</li> <li>• At this stage the problematic areas are those where there are national 'shortages'. In the majority of areas it has proved possible to recruit appropriate replacement staff.</li> <li>• Appropriate training budgets are in place to ensure that staff receive necessary training to maintain service quality.</li> </ul>				

	<ul style="list-style-type: none"> <li>The Council will look at introducing appropriate apprenticeship / training schemes in order to develop employees to meet our requirements.</li> </ul>				
5	<p>Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives / projects and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity.</p>	<ul style="list-style-type: none"> <li>New initiatives are not delivered in a cost-effective manner.</li> <li>Failure to maintain / improve services in line with local aspirations.</li> <li>Failure to generate the savings required to balance the budget.</li> <li>Financial savings measures weaken Governance / Internal Control arrangements.</li> <li>Service deterioration / failure arising from capacity issues.</li> </ul>	3,4 <b>12</b>	2,4 <b>8</b>	SAMT / Chief Executive
	<ul style="list-style-type: none"> <li>The Council has effective prioritisation and project management arrangements in place to ensure resources are directed at key objectives.</li> <li>The Council has made efforts to ensure effective use of employees by utilising shared services to protect service resilience, by maintaining appropriate training arrangements and by investing in transformational ICT projects.</li> <li>The Council has a robust performance management framework intended to highlight emerging issues.</li> </ul>				
6	<p>Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu</p>	<ul style="list-style-type: none"> <li>Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire).</li> <li>Failure of IT infrastructure, leading to inability to effectively operate</li> </ul>	3,4 <b>12</b>	2,4 <b>8</b>	Chief Executive / SAMT

	<p>pandemic, natural disaster (flood), etc.</p> <p>The Council is exposed to cyber crime with a loss of data / systems resulting in a potential inability to provide core services and incurring reputational damage.</p>	<p>services and to safeguard income streams.</p> <ul style="list-style-type: none"> <li>• Business Continuity Plans prove ineffective in practice.</li> </ul>			
	<ul style="list-style-type: none"> <li>• The Council works in partnership with a range of partners on its Emergency Planning arrangements to ensure that we operate in line with best practice. There is an annual 'desktop' scenario to test officers understanding of the arrangements and that they are fit for purpose in a realistic 'trial' scenario.</li> <li>• All sections have Business Continuity plans in place which identify key risks and mitigation. Corporate IT systems have been tested against Industry standards for Business Continuity.</li> <li>• The Council works in partnership with a range of other agencies that should be able to provide support in the event of the Council's own procedures failing to be effective.</li> <li>• The Council has put in place industry standard measures to minimise the risk of cyber crime.</li> </ul>				
7	<p>Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.</p>	<ul style="list-style-type: none"> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Deterioration in Governance Arrangements.</li> <li>• Refocus of current services necessary with associated disruption.</li> </ul>	3,4 <b>12</b>	2,4 <b>8</b>	Chief Executive / Political Leadership Team
	<ul style="list-style-type: none"> <li>• There are appropriate structured training arrangements in place for both Members and Officers.</li> <li>• The Council is an outward looking organisation where both Members and Officers are encouraged to network with peer groups to ensure a developed awareness of the broader environment within which we operate.</li> </ul>				

8	Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment.	<ul style="list-style-type: none"> <li>• Adverse Impact upon Service Quality.</li> <li>• Failure to deliver high quality services which address national and local priorities.</li> <li>• Significant adverse reputational impact.</li> </ul>	3,4 <b>12</b>	2,4 <b>8</b>	Chief Financial Officer / Monitoring Officer
<ul style="list-style-type: none"> <li>• The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed.</li> <li>• The Council has an active Standards and Audit Committee which provide independent review of the Governance arrangements in the Council.</li> <li>• The Annual Governance Report sets out an evidence based structured assessment of the operation of the Council's governance arrangements.</li> </ul>					
9	HS2 - Without considerable environmental mitigation measures, HS2 will have a significant impact on the visual amenity of the district, disruption to businesses, home owners and communities. It also has the potential to sterilise areas of development due to uncertainty. Impact on the motorway and	Without considerable environmental mitigation measures will have a negative impact on the visual amenity of the district, disruption to businesses, home owners and communities. It also has the potential to sterilise areas of development due to uncertainty.	4,5, <b>20</b>	4,5, <b>20</b>	SAMT / Political Leadership

	<p>main arterial routes during construction.</p> <p>Following the release of the Working Draft Environmental Statement, potential impacts and land take have increased. Therefore the impact score has been adjusted to reflect this.</p>				
	<ul style="list-style-type: none"> <li>• CEX and senior management actively engaged with HS2 staff to discuss proactive business mitigation measures.</li> <li>• Political leadership working with relevant community groups and agencies lobbying for enhanced mitigation measures.</li> <li>• Contributing to the East Midlands HS2 growth strategy and also that we part of the mitigation study</li> </ul>				
10	<p>Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.</p>	<ul style="list-style-type: none"> <li>• Profile of safeguarding is poor</li> <li>• Staff and members do not know what safeguarding is and their role within it</li> <li>• Staff and members do not know how to spot the signs</li> <li>• Staff and members do not know how to report it and to who?</li> <li>• Lack of public confidence in Council policies plans and staff</li> <li>• Reputational damage</li> <li>• Potential significant harm to individuals resulting from abuse and neglect of Children and/or Vulnerable Adults possibly leading to personal harm, injury and death</li> </ul>	4,4, <b>16</b>	2,4, <b>8</b>	SAMT/Political Leadership

	<ul style="list-style-type: none"> <li>• The Council has in place up to date policies for safeguarding both Children and Vulnerable Adults. These policies are aligned to DCC policies which in turn are in line with legislation, regulation and statutory duties placed on Local Authorities.</li> <li>• The Council has in place and maintain systems of working practice to safeguard children and vulnerable adults at Council activities and those who receive Council services.</li> <li>• Staff recognised as appropriate to do, are DBS/CRB checked</li> <li>• All staff receive mandatory safeguarding training</li> <li>• Safeguarding is widely promoted and embedded throughout the organisation with all staff being issued with a wallet sized 'safeguarding quick reference guide' which details what to look out for and what to do</li> <li>• The Council has an internal safeguarding group which meets quarterly which has representation from all service areas of the Council.</li> <li>• The Council host and Chair the Countywide Derbyshire Safeguarding Leads Sub Group of the Derbyshire Safeguarding Childrens Board and Derbyshire Safeguarding Adults Board</li> <li>• The Council are represented on both the Derbyshire Safeguarding Children's Board (DSCB) and the Derbyshire Safeguarding Adults Board ( DSAB)</li> </ul>				
11	Failure of BDC Local Plan to be found sound at independent examination.	<ul style="list-style-type: none"> <li>• Potential Government intervention</li> <li>• Undermining the local plan</li> <li>• Reputational damage</li> <li>• Loss of control of planning and development</li> </ul>	4,4, 16	2,4, 8	SAMT / Political Leadership
	<ul style="list-style-type: none"> <li>• At an advanced stage in preparation of the Local Plan. Public consultation on the main document took place in May 2018, and submitted at the end of August 2018.</li> <li>• Successfully avoided Government intervention in the plan-making process and it is important that the revised timetable continues to be met.</li> <li>• The Council has taken reasonable steps in the preparation of the Plan to ensure that it is based on sound evidence and meets procedural and legal requirements. This has included taking external legal advice and securing an advisory visit with the Planning Inspectorate.</li> </ul>				