Bolsover District Council

Executive

16th September 2019

Strategic Risk Register and Partnership Arrangements

This report is public

Report of the Portfolio Holder - 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 31st March 2019, as part of the suite of Finance, Performance and Risk reports.

- To seek approval for the Joint Strategic Director – People, to undertake a comprehensive review of the Council's Risk Management Framework.

1   Report Details

Background

1.1.   The Council's Strategic Risk Register has been developed with consideration to 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 31 March 2019 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 remove 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 preparation of the 2018/19 Annual Governance Statement the key issues highlighted were the continued uncertainties associated with Brexit, failure of the Local Plan to progress to submission stage and to be found sound at independent examination and the ability to recruit and retain appropriately qualified staff. In addition, in light of the level of savings that are 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 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**. The failure of the Local Plan to progress to submission stage and to be found sound at independent examination is included in **Appendix 1** as Strategic Risk 11.

Partnership Arrangements.

1.6   As part of the Council's Risk Management Strategy (including Partnership Working) 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 Strategy and Policy Team to Executive twice a year which sets out the range of partnerships it works directly with. While the Partnership Strategy and Policy 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.

1.7   While there will invariably be an overlap between the two reports, 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.

1.8   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.

1.9   The risks facing the Council are many and varied, the approach to managing those risks should be applied within all decision making processes to one degree or another. The risks facing the Council have, do and will change over time – some will continually change. The approach to risk management too should be continual and the risks and approach to managing them should be reviewed regularly. It is proposed therefore, that a comprehensive review of the Council's Risk Management Framework is undertaken to ensure that the continued effective and systematic management of risk is achieved.

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

5.1.1 There are no additional financial implications arising out of this report at this stage. 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

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

5.2 Legal Implications including Data Protection

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

5.3   <u>Human Resources Implications</u>

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

6   <u>Recommendations</u>

6.1   That Executive approves the Strategic Risk Register as at 31st March 2019 as set out in **Appendix 1.**

6.2   That Executive approves the Joint Strategic Director – People, to undertake a comprehensive review of the Council's Risk Management Framework.

7   <u>Decision Information</u>

Is the decision a Key Decision?
 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:
 BDC: Revenue - £75,000
          Capital - £150,000 ☐
 NEDDC: Revenue - £100,000 ☐
          Capital - £250,000 ☐
 ☑ *Please indicate which threshold applies*
	No

Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	None directly
Links to Corporate Plan priorities or Policy Framework	All

8   <u>Document Information</u>

Appendix No	Title
1	Strategic Risk Register as at 31st March 2019
Background Papers (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	

Report Author	Contact Number
Lee Hickin – Joint Strategic Director People	7218

STRATEGIC RISK REGISTER SUMMARY AS AT: 31ˢᵗ MARCH 2019

		Risk	Consequences	Risk Score (Likelihood x Impact)	Risk Score (Likelihood x Impact)Taking into Account Current Controls	Risk Owner / Lead Officer
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.	• Unable to deliver a package of services that meet changing local needs and aspirations. • Reduced influence over delivery of local services. • Unable to effectively support local communities. • Increased demands on Council services at a time when Council resource base is reducing.	4,4, **16**	3,4 **12**	SAMT / Political Leadership
	• 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. • The Council has effective political and managerial (governance) arrangements in place to manage change. • Appropriate levels of financial reserves / investment funding are maintained to fund strategic shifts in service delivery. • Effective engagement with staff to ensure they embrace necessary change.						
2		Failure to deliver a balanced budget in line with the MTFP, at a time when	• Impact upon ability to deliver current level of services.	4,4 **16**	3,4 **12**	Political Leadership / Chief Executive /

	the Council's reserves are limited to 'adequate' levels.	• Unable to resource acceptable levels of service. • Significant adverse reputational Impact.			Chief Financial Officer / SAMT
	• The Council has effective financial and wider management arrangements in place to ensure budget / service delivery arrangements are robust. • The current MTFP indicates challenging but manageable savings targets. A key risk is that under 'localism' there is less certainty concerning income (NNDR, NHB). • The Council has 'adequate' financial reserves in place to cushion against any loss of income for a period of at least one financial year.				
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 corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council.	• A significant service failure associated with a major impact on the local community, leading to a wider detrimental corporate impact. • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, impacting on other services. • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery.	3,5 **15**	2,5 **10**	SAMT / Assistant Directors

	• The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed. • 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.				
4	It becomes increasingly difficult to recruit to key posts or to replace key staff who leave, (for example, qualified environmental health and planning officers). Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances.	• Deterioration in services to the public. • Increasing inefficiencies in service provision. • Weakening of Internal Control arrangements. • Increased pressure on other members of staff.	3,4 **12**	2,4 **8**	SAMT / Asst Director HR
	• The Council has effective communication and working with staff as validated by securing 'silver' accreditation at IIP. • There is sufficient funding to bring in agency staff where required to maintain service performance. • 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. • Appropriate training budges are in place to ensure that staff receive necessary training to maintain service quality. • The Council will look at introducing appropriate apprenticeship / training schemes in order to develop employees to meet our requirements.				

5	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.	• New initiatives are not delivered in a cost-effective manner. • Failure to maintain / improve services in line with local aspirations. • Failure to generate the savings required to balance the budget. • Financial savings measures weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues.	3,4 **12**	2,4 **8**	SAMT / Chief Executive
	• The Council has effective prioritisation and project management arrangements in place to ensure resources are directed at key objectives. • 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. • The Council has a robust performance management framework intended to highlight emerging issues.				
6	Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc. The Council is exposed to cyber crime with a loss of data / systems resulting in a potential inability to provide	• Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams.	3,4 **12**	2,4 **8**	Chief Executive / SAMT

	core services and incurring reputational damage.	• Business Continuity Plans prove ineffective in practice.			
	- 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. - 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. - 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. - The Council has put in place industry standard measures to minimise the risk of cyber crime.				
7	Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction.	- Failure to deliver high quality services which address national and local priorities. - Deterioration in Governance Arrangements. - Refocus of current services necessary with associated disruption.	3,4 **12**	2,4 **8**	Chief Executive / Political Leadership Team
	- There are appropriate structured training arrangements in place for both Members and Officers. - 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.				
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.	- Adverse Impact upon Service Quality. - Failure to deliver high quality services which address national and local priorities. - Significant adverse reputational impact.	3,4 **12**	2,4 **8**	Chief Financial Officer / Monitoring Officer

- The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed.
- The Council has an active Standards Committee and Audit Committee which provide independent review of the Governance arrangements in the Council.
- The Annual Governance Report sets out an evidence based structured assessment of the operation of the Council's governance arrangements.

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 main arterial routes during construction. 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.	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,**20**	4,5,**20**	SAMT / Political Leadership
	- CEX and senior management actively engaged with HS2 staff to discuss proactive business mitigation measures. - Political leadership working with relevant community groups and agencies lobbying for enhanced mitigation measures. - Contributing to the East Midlands HS2 growth strategy and also that we part of the mitigation study				

10	Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults.	• Profile of safeguarding is poor • Staff and members do not know what safeguarding is and their role within it • Staff and members do not know how to spot the signs • Staff and members do not know how to report it and to who? • Lack of public confidence in Council policies plans and staff • Reputational damage • Potential significant harm to individuals resulting from abuse and neglect of Children and/or Vulnerable Adults possibly leading to personal harm, injury and death	4,4, **16**	2,4, **8**	SAMT/Political Leadership
	• 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. • 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. • Staff recognised as appropriate to do, are DBS/CRB checked • All staff receive mandatory safeguarding training • 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 • The Council has an internal safeguarding group which meets quarterly which has representation from all service areas of the Council. • The Council host and Chair the Countywide Derbyshire Safeguarding Leads Sub Group of the Derbyshire Safeguarding Childrens Board and Derbyshire Safeguarding Adults Board • The Council are represented on both the Derbyshire Safeguarding Children's Board (DSCB) and the Derbyshire Safeguarding Adults Board (DSAB)				

11	Failure of BDC Local Plan to be found sound at independent examination.	• Potential Government intervention • Undermining the local plan • Reputational damage • Loss of control of planning and development	4,4, **16**	2,4, **8**	SAMT / Political Leadership
	• 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. • Successfully avoided Government intervention in the plan-making process and it is important that the revised timetable continues to be met. • 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.				