

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

17 September 2024

Report of the Director of Finance

Strategic Risk Register (2024-25 Quarter 1)

1. Purpose

- 1.1 The Financial Regulations require the Audit Committee to review the Council's strategic risk register every six months.

2. Information and Analysis

- 2.1 The strategic risk register contains the most significant risks to the council that are subject to active monitoring and control. The content of the strategic risk register has been reviewed by the corporate management team (CMT) since the last report. The key changes are:

- Retitled 'Impact of a prolonged recovery and a funding gap' to 'The County Council does not operate within the level of funding available'.
- Deleted 'Increase in demand for Council services' as this a contextual risk and covered by 'The County Council does not operate within the level of funding available'.
- Added 'Not achieving the full benefits of the devolution deal' as this a significant corporate risk.
- Added 'Inability to meet Placement sufficiency Duty' as this is now a significant corporate risk.
- Retitled 'Failure to determine the future use and VFM of the council's New Waste Treatment Facility' to 'Failure to deliver Cabinet decision to reinstate Waste Treatment Centre and best value for residents' to better reflect the current risk.
- Reinstated 'Ineffective organisational change management' following a review by the Director of People & Organisational Change.

- Reinstated 'Ineffectual workforce planning' following a review by the Director of People & Organisational Change.

2.2 A summary of the register, which includes the overall risk severity for each risk at the end of 2024-25 Quarter 1 (Q1), is shown in Table 1 below. Further detail about each risk is provided in Appendix 2. More detailed information about each risk, including narrative updates recording progress with each risk, is recorded on APEX for review by senior officers and can be provided to the Audit Committee if required.

Table 1 – Summary of current strategic risks (2024-25 Q1)

| Risk description (Risks over target are highlighted in Amber) | Risk owner | Target score | Latest score (2024-25 Q1) |
|--|-------------------|---------------------|-------------------------------------|
| The County Council does not operate within the level of funding available | Mark Kenyon | Green | Red |
| Not achieving the full benefits of the devolution deal | Joe Battye | Green | Green |
| Failure to manage contracts across the county council | Mark Kenyon | Green | Amber |
| Failure to understand or respond adequately to new or changing legislation and regulation | Helen Barrington | Green | Green |
| Protection of vulnerable adults | Simon Stevens | Green | Amber |
| Protection of vulnerable children | Carol Cammiss | Green | Green |
| Inability to meet Placement sufficiency Duty | James Gracey | Green | Amber |
| Failure to adapt to climate change | Claire Brailsford | Green | Red |
| Failure to deliver Cabinet decision to reinstate Waste Treatment Centre and best value for residents | Claire Brailsford | Green | Red |
| Failure to deliver critical services in emergency situations | Julian Gould | Green | Green |
| Failure to respond to emergency situations | Julian Gould | Green | Amber |
| Maintenance of property assets | Janet Scholes | Green | Amber |
| Failure to maintain highways assets | Julian Gould | Green | Amber |
| Failure to maintain countryside sites and waterways | Claire Brailsford | Green | Amber |
| Information governance and data security | Mark Kenyon | Green | Amber |
| Ineffective organisational change management | Jen Skila | Green | Amber |
| Ineffectual workforce planning | Jen Skila | Amber | Amber |

- 2.3 The target score represents the acceptable level of risk. Twelve risks are currently over target (highlighted in amber in Table 1). This means that not all the identified risk management controls are in place, working effectively or are sufficient to fully control the risk. This is being actively monitored by CMT and action is being taken by Executive Directors with their management teams to bring these risks to the acceptable level at the earliest opportunity.
- 2.4 The risk owner for 'Information governance and data security' has recently changed from Mark Kenyon (Director of Finance) to Leonardo Tantari (Director of Digital). This will be reflected in the next report.
- 2.5 The overall severity of one risk changed in 2024-25 Q1. The change is summarised in Table 2.

Table 2: Strategic risk register - changes in risk severity in 2024-25 Q1

| Risk description | Risk owner | Target score | Latest score (2024-25 Q1) | Change from last quarter |
|--|--------------|--------------|---------------------------|---------------------------|
| Inability to meet Placement sufficiency Duty | James Gracey | Green | Amber | Severity reduced from Red |

- 2.6 Due to national shortages the council continues to find it difficult to deliver on its statutory duty of suitable Children in Care placements. Whilst every child is found a placement due to sufficiency sometimes these are not the most suitable for that child. This means there is a risk that children are in placements not in line with their care plans, that there are not enough suitable placements to meet demand and, consequently, that the Council faces higher costs of provision. Current work to improve placement planning, sufficiency and cost control has reduced the risk from Red (in 2023-24 Q4) to Amber. Further work is planned to reduce this risk to the target level.
- 2.7 The target scores for three risks were changed in 2024-25 Q1. The changes are summarised in Table 3.

Table 3: Strategic risk register - changes in target scores in 2024-25 Q1

| Risk description | Risk owner | Target score | Latest score (2024-25 Q1) | Change from last quarter |
|---|-------------|--------------|---------------------------|----------------------------|
| The County Council does not operate within the level of funding available | Mark Kenyon | Green | Red | Target increased from Blue |

| | | | | |
|--|-------------------|-------|-------|----------------------------|
| Failure to Cabinet decision to reinstate Waste Treatment Centre and best value for residents | Claire Brailsford | Green | Red | Target increased from Blue |
| Failure to maintain countryside sites and waterways | Claire Brailsford | Green | Amber | Target increased from Blue |

2.8 Changes to target scores reflect a more realistic expectation by risk owners about the acceptable level of these risks to the Council. The assessments take account of the potential impacts, likelihood and cost to control these risks at the revised level.

3. Alternative Options Considered

3.1 This is a regular report on the strategic risk register required by the Financial Regulations.

4. Implications

4.1 Implications are discussed in Appendix 1.

5. Consultation

5.1 The information in Appendix 2 was provided by risk owners.

6. Background Papers

6.1 Electronic files are held by Risk and Insurance, Finance Division, County Hall and on the APEX corporate risk database.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Strategic Risk Register.

7.3 Appendix 3 – Risk severity matrix and tables.

9. Recommendations

9.1 That the Audit Committee notes this report.

10. Reasons for recommendations

10.1 The Audit Committee is charged with providing assurance to the Council about risk management.

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Implications

Financial

- 1.1 Financial implications in relation to specific risks are noted in the strategic risk register where applicable.

Legal

- 2.1 Legal implications in relation to specific risks are noted in the strategic risk register where applicable.

Human Resources

- 3.1 Human Resources implications in relation to specific risks are noted in the strategic risk register where applicable.

Information Technology

- 4.1 Information technology implications in relation to specific risks are noted in the strategic risk register.

Equalities Impact

- 5.1 Equalities impact implications in relation to specific risks are noted in the strategic risk register where applicable.

Corporate objectives and priorities for change

- 6.1 The strategic risk register and corporate risk management strategy underpin the successful delivery of the Council's objectives and deliverables set out in the Council Plan and service delivery plans.
- 6.2 The corporate risk management strategy is designed to strengthen risk management arrangements to underpin improved performance across the Council, and to deliver greater public value from its work.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 All other implications in relation to specific risks are noted in the strategic risk register where applicable.

Strategic Risk Register

2024-25 Quarter 1 (30 June 2024)

The County Council does not operate within the level of funding available

The amount of funding available to the Council to deliver its services is set out and agreed as part of the annual budget process. Should the Council be unable to deliver its services within the agreed funding it will be required to either utilise its reserves to support services, which is unsustainable over time, or reduce the cost of services delivered. If the Council is unable to set a balanced budget (expenditure is projected to exceed income) the Director of Finance (Section 151 Officer) will be required to issue a Section 114 Notice under the Local Government Finance Act 1988.

This risk was created in April 2024 by merging the ‘Impact of a prolonged recovery and a funding gap’ (URN 518) and ‘Funding availability’ (URN 325) risks.

APEX Unique Risk Number (URN): 533

Risk Owner: Mark Kenyon, Director of Finance

Assessment history:

| | | | | | | | |
|--|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target Green (9) by 31/03/25 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Probable (4) |
| | Impact: Moderate (3) | Red (25) | Red (25) | Red (25) | Red (20) | Red (20) | Impact: Substantial (5) |

Reputation impact assessment: Moderate

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 1 update:

Outturn for the 23/24 was £21.656m overspend, whilst representing an improvement on outturn forecast on those reported throughout the year, this is to a large extent due to increased income and use of reserves. There remains a significant challenge to the council's finances and, whilst the risk likelihood shows as probable the overall risk to the council's finances remains until such time as the council adjusts its financial performance to meet the financial plan, failure to do so will mean this assessment reverts to "almost certain".

Not achieving the full benefits of the devolution deal

Derbyshire County Council doesn't align resources or have sufficient time to support in development of the East Midlands Combined County Authority (EMCCA) prior to inauguration or to delivering required activity and influence post inauguration.

APEX Unique Risk Number (URN): 514

Risk Owner: Joe Battye, Director of Economy & Regeneration

Assessment history:

| | | | | | | | |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target Green (9) by 31/12/25 | Likelihood: Possible (3) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Green (6) | Green (6) | Green (9) | Green (9) | Green (9) | Impact: Moderate (3) |

Reputation impact assessment: High

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 1 update:

Proposed investment pipeline shared with EMCCA Mayor and agreed by D2 leaders. Ongoing work to priorities D2 projects and establish internal working arrangements within DCC.

Failure to manage contracts across the county council

Failure to manage contracts effectively could lead to unforeseen increased costs; risk of contracts collapsing; increased carbon footprint.

APEX Unique Risk Number (URN): 520

Risk Owner: Mark Kenyon, Director of Finance

Assessment history:

| | | | | | | | |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target Green (9) by 19/09/23 | Likelihood: Possible (3) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Red (25) | Amber (12) | Amber (12) | Amber (16) | Amber (12) | Impact: Significant (4) |

Reputation impact assessment: High

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 1 update:

This risk has been active for many months and time and time again the council is facing incidents of service failure or significant overspend on contracts. However, this is simply not recognised as a failure to manage contracts appropriately. Until professional contract management is supported more fully this will remain a significant risk to the Council.

Failure to understand or respond adequately to new or changing legislation and regulation

Lack of knowledge and understanding of statutory duties meaning the Council is at increased risk of special measures, HSE investigation, corporate manslaughter charges, personal prosecution and insurers refusing to provide indemnity on property or liability claims.

APEX Unique Risk Number (URN): 524

Risk Owner: Helen Barrington, Director of Legal & Democratic Services

Assessment history:

| | | | | | | | |
|--|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target Green (9) by 31/03/24 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Amber (15) | Blue (5) | Green (9) | Green (9) | Green (9) | Impact: Moderate (3) |

Reputation impact assessment: High

Financial impact assessment: Band 7 (Loss between £10 million and £20 million)

Quarter 1 update:

No change.

Protection of vulnerable adults

Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage. An Adult

Social Care (ASC) Quality Assurance Strategy has been developed which is the foundation from which we will ensure that all ASCH functions drive the delivery of high-quality services for the people of Derbyshire and work to continuously improve quality based on a clear understanding of expectations and requirements. This strategy has been incorporated into policy and is being driven by an overarching Quality Assurance Board. A specific Quality Assurance Framework is applied across all the directly provided services such as residential care, homecare, shared lives, supported living and day care activity.

APEX Unique Risk Number (URN): 469

Risk Owner: Simon Stevens, Executive Director of Adult Social Care & Health

Assessment history:

| | | | | | | | |
|---------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target | Likelihood: Possible (3) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Red (20) | Red (20) | Red (20) | Amber (15) | Amber (15) | Impact: Substantial (5) |

Reputation impact assessment: High

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 1 update:

Additional capacity funded via targeted investment of market sustainability and improvement fund continues to deliver increased capacity for managerial assurance activity, including supervision and management of safeguarding work, and activity to reduce waiting lists. DSAB continues to deliver a partnership workplan to improve safeguarding performance and reduce risk for individuals. DCC ASC and ADASS tools being used in assurance activity.

Protection of vulnerable children

Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage. Risk can never be eliminated entirely, however Derbyshire continuously seeks to strengthen risk management and practice in cases known to the Authority. As demonstrated recently, heightened media attention at times of national or local tragedy can impact on referral rates and capacity to respond for a variety of reasons. However, the overall impact on the Council would be expected to be moderate. A range of robust mitigation measures are in place and will continue.

APEX Unique Risk Number (URN): 522

Risk Owner: Carol Cammiss, Executive Director of Children's Services

Assessment history:

| | | | | | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|
| Target Green (9) by 25/11/24 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Amber (12) | Green (9) | Green (9) | Green (9) | Green (9) | Impact: Moderate (3) |

Reputation impact assessment: High

Financial impact assessment: Band 3 (Loss between £100,000 and £1 million)

Quarter 1 update:

Risk remains moderate. Likelihood of a significant incident occurring is possible though we continue to have robust risk mitigations in place alongside assurance activity to support our knowledge base concerning good practice and emerging areas of risk. The QA framework, supported by the QA Board, continue to support organisational awareness, learning and development.

Inability to meet Placement sufficiency Duty

Due to national shortages the council continues to find it difficult to deliver on its statutory duty of suitable Children in Care placements. Whilst every child is found a placement due to sufficiency sometimes these are not the most suitable for that child. This therefore demonstrates there is a risk that children are in placements that are not in line with their care plans and that there are not enough suitable Children in Care placements to meet demand. Along with the risk of difficulty in finding suitable placements in line with care plans, there is also a substantial risk to the council regards escalating costs and financial implications where Children in Care placements are inflated due to placement type and/or supply vs. demand.

APEX Unique Risk Number (URN): 517

Risk Owner: James Gracey, Director of Strategic Commissioning, Quality & Performance

Assessment history:

| | | | | | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|
| Target Green (9) by 25/09/23 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Probable (4) |
| | Impact: Moderate (3) | Green (8) | Green (8) | Red (20) | Red (20) | Amber (16) | Impact: Significant (4) |

Reputation impact assessment: Low

Financial impact assessment: Band 6 (Loss between £5 million and £10 million)

Quarter 1 update:

Continued work including tender opportunities now in place to ensure that there is greater oversight and management around placements, sufficiency and costs. Placement planning moves to become more strategic and joined up ensuring better flow. Still significant risk due to financial constraints and pressures and the national context.

Failure to adapt to climate change

The Council faces a challenge in relation to an increase in extreme weather patterns including increased rainfall, drought, heatwaves and unseasonal weather. This will result in risks of increased frequency of flooding; damage to infrastructure; risk to health, well-being and productivity; water and energy shortages; risks to natural capital; and interruption of supply chains. This is already impacting Council services, particularly crucial public-facing services such as Public Health and Highways. The severity and frequency of these impacts is predicted to increase, worsening current levels of vulnerability and introducing new areas of vulnerability within Council services.

APEX Unique Risk Number (URN): 405

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

| | | | | | | | |
|---------------|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Probable (4) |
| | Impact: Moderate (3) | Red (20) | Red (20) | Red (20) | Red (20) | Red (20) | Impact: Substantial (5) |

Reputation impact assessment: High

Financial impact assessment: Band 8 (Loss over £20 million)

Quarter 1 update:

Current work includes:

- Preparation of a report to Defra by the end of December 2024 setting out the main climate change and extreme weather risks facing the Council's services and function

and associated adaptation measures. This is being carried out through consultation with relevant service areas.

- Preparation of the Local Nature Recovery Strategy for Derbyshire, which will be a key reference point on how the natural environment is vulnerable to climate change and how and where nature can be improved and protected to build resilience to climate change impacts (flooding, heatwaves, drought etc).
- Implementation of the Tree and Woodland Strategy for Derbyshire, which includes actions that will help improve the resilience of Derbyshire's built and natural environment to the impacts of climate change.
- Engaging with the city, district and borough councils across EMCCA, and also Nottinghamshire County Council and the Environment Agency, to scope a programme of collaborative work on climate risk and adaptation. This will enable regional vulnerabilities to be better understood and projects and areas of focus (including potential funding streams) to be defined.
- Collaboration between the Climate Change Team and relevant services on service-specific risks, to help develop and deliver actions to reduce impacts and increase levels of resilience within service delivery – such as Public Health (overheating in care homes and schools, for example) and highways (flooding and overheating risks).

Failure to deliver Cabinet decision to reinstate Waste Treatment Centre and best value for residents

Derby City and Derbyshire County Councils took a decision in February 2023 to reinstate and operate the Waste Treatment Centre at Sinfin - as the best option on strategic waste, environmental sustainability, and value for money grounds. The process for implementing this decision is challenging and contains a number of risks which need to be mitigated through robust management.

APEX Unique Risk Number (URN): 404

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

| | | | | | | | |
|-------------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| Target | Likelihood: | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: |
| | Possible (3) | | | | | | Probable (4) |
| Green (9) by tba | Impact: | Red (20) | Amber (15) | Amber (15) | Red (20) | Red (20) | Impact: |
| | Moderate (3) | | | | | | Substantial (5) |

Reputation impact assessment: High

Financial impact assessment: Band 7 (Loss between £10 million and £20 million)

Quarter 1 update:

The County Council is now in formal dispute with the City Council. It is not possible to provide any further update at this time. Target increased to Green (9) from Blue (4).

Failure to deliver critical services in emergency situations

The emerging risk environment, the number and type of emergency and the interdependencies of services is increasingly making business continuity or "resilience" a significant focus for the Council. This is a corporate risk across all departments. The Council's corporate business continuity plan provides a strategic framework around which staff can work to enable critical functions to be maintained, or quickly restored to minimise any effect on service delivery to the community. The corporate business continuity plan concentrates on services provided at County Hall headquarters, Chatsworth Hall, John Hadfield House and Shand House, and identifies priority functions which need to be maintained or restored in order to provide critical services. Work is being undertaken to look at services provided at other locations, partnership working and external suppliers and test the effectiveness of the plan.

APEX Unique Risk Number (URN): 394

Risk Owner: Julian Gould, Director of Highways

Assessment history:

| | | | | | | | |
|---------------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target Green (9) by tba | Likelihood: Possible (3) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Unlikely (2) |
| | Impact: Moderate (3) | Amber (15) | Green (8) | Green (8) | Green (8) | Green (8) | Impact: Significant (4) |

Reputation impact assessment: Moderate

Financial impact assessment: Band 5 (Loss between £3 million and £5 million)

Quarter 1 update:

Corporate Business Continuity Plan undergoing full update. Business Continuity Group has met, new terms of reference, membership, governance and standard agenda for meetings drafted for discussion. Action log created for 8 recommendations on the BC audit. Consideration of Business Continuity Officer post (previously identified) to further develop the BC work.

Failure to respond to emergency situations

The Council's ability to provide an effective response to an emergency situation, including major incidents such as severe weather (e.g. climate change-based flooding), fire, loss of utilities or pandemics, whilst maintaining its critical services to the public. The emerging risk environment, the number and type of emergencies is increasingly making continuity or "resilience" a significant focus for the Council. Budget cuts and rationalisation (including resourcing reductions) also challenge the Council in its ability to fulfil its Category 1 Responder statutory duty under the Civil Contingencies Act 2004.

APEX Unique Risk Number (URN): 403

Risk Owner: Julian Gould, Director of Highways

Assessment history:

| | | | | | | | |
|---------------|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Green (10) | Amber (15) | Amber (15) | Amber (15) | Amber (15) | Impact: Substantial (5) |

Reputation impact assessment: High

Financial impact assessment: Band 5 (Loss between £3 million and £5 million)

Quarter 1 update:

2 new SEPO positions filled with new staff starting in June 2024, not yet trained to be duty officer on call as still in induction phase. 1

SEPO due to be retiring in August 2024.

Maintenance of property assets

Failure to maintain our property assets could lead to significant fines; significant litigation; decreased staff morale; reputational damage; HSE investigation.

APEX Unique Risk Number (URN): 523

Risk Owner: Janet Scholes, Director of Property

Assessment history:

| | | | | | | | |
|--|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target Green (9) by 01/04/25 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Amber (15) | Amber (15) | Amber (15) | Amber (12) | Amber (12) | Impact: Significant (4) |

Reputation impact assessment: Moderate

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 1 update:

Monitor impact of additional budget throughout 2024-25 Q2.

Failure to maintain highways assets

Failure to maintain highways assets resulting in risk of damage or harm to the public and/or employees as well as the environment and/or failure to comply with statutory duties, obligations, guidance or good practice. Under-investment is now being addressed - particularly through the Highways Capital programme, which is designed to deliver the Council Plan commitment for £120m capital investment over 3 years. Issues such as landslips, retaining walls and ageing structures cannot all be addressed in the short-term or within current budgets. The county's highways assets are prone to climate change issues such as landslips. Derbyshire's approach to Highways Asset Management is set out in the 2016 Code of Practice for Well-Managed Highway Infrastructure which requires local authorities to adopt a risk based, integrated asset management approach to maintaining highway infrastructure.

APEX Unique Risk Number (URN): 406

Risk Owner: Julian Gould, Director of Highways

Assessment history:

| | | | | | | | |
|---|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target Green (9) by tba | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Probable (4) |
| | Impact: Moderate (3) | Red (20) | Red (20) | Amber (16) | Amber (16) | Amber (16) | Impact: Significant (4) |

Reputation impact assessment: Moderate

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 1 update:

Maintaining highway assets to the required standard needs sustained investment over the longer term, something that is challenging given levels of funding and unforeseen adverse weather events. Delivery of the 2024/25 Highways Capital Programme will support the Council commitment for continued capital investment in Derbyshire's highways assets. What is desirable is long term funding certainty with further clarity awaited on future DfT funding profiles and additional monies through EMCCA. In the meantime, implementation of the Derbyshire Highways Programme is continuing supported by the Professional Services Partnership to gear up for future opportunities.

Failure to maintain countryside sites and waterways

Failure to maintain countryside sites and waterways resulting in risk of damage to human health, the environment or assets and/or failure to comply with statutory duties, obligations, guidance or good practice. The Countryside Service has in excess of 121 assets ranging from 4,478 acres of land including Sites of Special Scientific Interest (SSSIs), reservoirs, canals, Greenways and physical structures. A key area of focus is the management of Waterbodies. Particular areas of focus remain the development of asset management regimes for waterbodies notably reservoirs and canals; structures (e.g. bridges) and HWRCs. Heads of Service are responsible for ensuring asset management systems and inspection regimes are in place in accordance with statutory duties and good practice in the relevant field.

APEX Unique Risk Number (URN): 407

Risk Owner: Claire Brailsford, Director of Environment & Transport

Assessment history:

| | | | | | | | |
|---------------|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Amber (15) | Amber (12) | Amber (12) | Amber (12) | Amber (12) | Impact: Significant (4) |

Reputation impact assessment: High

Financial impact assessment: Band 4 (Loss between £1 million and £3 million)

Quarter 1 update:

Currently recruiting to the senior waterbodies project officer role - interviews planned for July 2024. Finalising JPP for the new structure post will go out to advert shortly.

Countryside staff have continued to work on identifying assets not on the structural assets register - further work required with the structures team to establish whether they will require adding to the register. Work starting on commissioning repairs to railway bridge at the Field, Shipley Country Park. Spring reservoir inspections are complete. Work continues on section 10 works at Osbornes Pond and Shipley Lake.

Information governance and data security

The Council's information governance policies, processes and systems insufficiently protect personal, commercial and other sensitive data, leading to potential harm to vulnerable persons, employees and commercial relationships, legal action, financial penalties and reputational damage.

APEX Unique Risk Number (URN): 521

Risk Owner: Mark Kenyon, Director of Finance (SIRO)

Assessment history:

| | | | | | | | |
|--|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Target Green (9) by 19/09/23 | Likelihood: Possible (3) | 2023- 24 Q1 | 2023- 24 Q2 | 2023- 24 Q3 | 2023- 24 Q4 | 2024- 25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Amber (15) | Amber (12) | Amber (12) | Amber (12) | Amber (12) | Impact: Significant (4) |

Reputation impact assessment: High

Financial impact assessment: Band 3 (Loss between £100,000 and £1 million)

Quarter 1 update:

Data Management Strategy submitted to IGG for approval at its next meeting on 9 July 2024.

Ineffective organisational change management

There is a risk of ineffective change management when implementing the scale of organisational change required, when considering employee relations and impact on Council's workforce, coupled with pressure for increased productivity.

APEX Unique Risk Number (URN): 382

Risk Owner: Jen Skila, Director of People & Organisational Change

Assessment history:

| | | | | | | | |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target Green (9) by 31/12/25 | Likelihood: Possible (3) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Possible (3) |
| | Impact: Moderate (3) | Green (9) | Green (9) | Green (9) | Amber (16) | Amber (12) | Impact: Significant (4) |

Reputation impact assessment: Moderate

Financial impact assessment: Band 7 (Loss between £10 million and £20 million)

Quarter 1 update:

This risk has reduced in likelihood, though remains the same for impact, due to a review and sharpening up of the preventative and mitigating actions against this risk being realised. Functions across POC (People and Organisational Change) including Programme Management, OD, Comms and HR are owning a number of actions that will provide the organisation with a clear change narrative and timeline for the direction of travel and our change journey for our colleagues and stakeholders. In addition, a change management approach and framework to be applied as part of managing transformation and change activity, which considers timely comms, effective engagement, accessible training, collaborative business readiness conversations and robust planning and risk management will be supported by colleagues across POC.

Ineffectual workforce planning

Failure to recruit and retain experienced staff and a lack of future talent development and succession planning may restrict the organisation’s ability to ensure effective continuity of key skills and knowledge at all levels including leadership skills and behaviours. This could result in increased vacancy and attrition rates, and lack of resource and skills to enable effective service delivery.

APEX Unique Risk Number (URN): 389

Risk Owner: Jen Skila, Director of People & Organisational Change

Assessment history:

| | | | | | | | |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------------|
| Target Amber (12) by 31/03/25 | Likelihood: Probable (4) | 2023-24 Q1 | 2023-24 Q2 | 2023-24 Q3 | 2023-24 Q4 | 2024-25 Q1 | Likelihood: Probable (4) |
| | Impact: Moderate (3) | Green (9) | Green (9) | Green (9) | Amber (12) | Amber (12) | Impact: Moderate (3) |

Reputation impact assessment: Low

Financial impact assessment: Band 3 (Loss between £100,000 and £1 million)

Quarter 1 update:

The work on this risk has been re focused following the upgrade to SAP Hanna in terms of delivering the Structural Accuracy Programme of work given its importance and links to the strategic workforce plan. The Resourcing Managers and Business Partner resource is focused on supporting the data cleanse. This is critical to the provision of accurate data in order to support structural changes and transformation.

Risk severity matrix and tables

All corporate risks have a primary and secondary assessment.

Primary assessment

The primary assessment considers the main potential impacts of the risk event and the likelihood of the risk event occurring. The highest impact score is multiplied by the likelihood score to give an overall risk severity rating.

| | | | | | | | |
|---------------------|-------------|---|-------------------------|----------|----------|----------|----------------|
| Impact Score | Substantial | 5 | Blue | Green | Amber | Red | Red |
| | Significant | 4 | Blue | Green | Amber | Amber | Red |
| | Moderate | 3 | Blue | Green | Green | Amber | Amber |
| | Minimal | 2 | Blue | Blue | Green | Green | Green |
| | Negligible | 1 | Blue | Blue | Blue | Blue | Blue |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Rare | Unlikely | Possible | Probable | Almost certain |
| | | | Likelihood Score | | | | |

Secondary impacts

Secondary impacts result from the primary risk event occurring. Two assessments are made of the secondary impact on:

- Corporate reputation
- Net financial loss

The primary impact and likelihood scoring tables and secondary impact assessment tables are shown below.

Primary impact scoring

The highest scoring area (the 'primary impact') used to assess risk severity.

| | Impact grading | Public and employee health, safety and wellbeing | Community | Economy | Environment | Service Disruption | Skills capability | Legal | Contracts and Partnerships | Information Security |
|---|-----------------------|--|---|--|--|--|---|---|---|--|
| 5 | Extremely high | Substantial level of harm to the health, safety and wellbeing of the community, members of the public or employees | Substantial disadvantage to large parts of the community and/or many vulnerable residents | Substantial negative impact on the County's economy, including hard infrastructure | International and/or national environmental damage | Substantial external or internal disruption and/or loss of service (more than seven days) | Substantial under-performance from skills gaps and/or shortages | Substantial legal action, claims and/or penalties against or by the Council | Substantial impact on service delivery from a contract and/or partnership failure | Substantial breach; Information Commissioner Office (ICO) fine; loss of ISO 27001 certification |
| 4 | High | Significant level of harm to the health, safety and wellbeing of the community, members of the public or employees | Significant disadvantage to large parts of the community and/or some vulnerable residents | Significant negative impact on the County's economy, including hard infrastructure | Significant regional environmental damage and/or failure to meet all or most internal climate change targets | Significant external or internal disruption and/or loss of service (between three to seven days) | Significant under-performance from skills gaps and/or shortages | Significant legal action, claims and/or penalties against or by the Council | Significant impact on service delivery from a contract and/or partnership failure | Significant external breach with no loss of sensitive data; or minor external breach with loss of sensitive data |

| | Impact grading | Public and employee health, safety and wellbeing | Community | Economy | Environment | Service Disruption | Skills capability | Legal | Contracts and Partnerships | Information Security |
|----------|-----------------------|---|--|---|---|--|--|--|--|--|
| 3 | Moderate | Moderate level of harm to the health, safety and wellbeing of the community, members of the public or employees | Moderate disadvantage to large parts of the community and/or some vulnerable residents | Moderate negative impact on the County's economy, including hard infrastructure | Moderate regional and/or major local environmental damage and/or failure to meet many internal climate change targets | Moderate external or internal disruption and/or loss of service (between 24 to 48 hours) | Moderate under-performance from skills gaps and/or shortages | Moderate legal action, claims and/or penalties against or by the Council | Moderate impact on service delivery from a contract and/or partnership failure | Significant internal breach with no loss of sensitive data; or minor internal breach with loss of sensitive data |
| 2 | Low | Minimal level of harm to the health, safety and wellbeing of the community, members of the public or employees | Minimal disadvantage to the community and/or some vulnerable residents | Minimal negative impact on the County's economy, including hard infrastructure | Minimal regional and/or local environmental damage and/or failure to meet some internal climate change targets | Minimal external or internal disruption and/or loss of service (less than 24 hours) | Minimal under-performance from skills gaps and/or shortages | Minimal legal action, claims and/or penalties against or by the Council | Minimal impact on service delivery from a contract and/or partnership failure | Minor external or internal breach with no loss of sensitive data |
| 1 | None | No impact | No impact | No impact | No impact | No impact | No impact | No impact | No impact | No impact |

Likelihood scoring

| | | Time-based assessment | Relative assessment | Probability assessment |
|---|-----------------------|------------------------------|-----------------------------|---------------------------------|
| 5 | Almost certain | Will likely occur every year | Almost certainly will occur | 95% of more chance will occur |
| 4 | Probable | Could occur every year | Quite likely to occur | 60-94% chance will occur |
| 3 | Possible | Could occur every two years | Might occur | 30-59% chance will occur |
| 2 | Unlikely | Could occur every five years | Less likely to occur | 10-29% chance will occur |
| 1 | Rare | Unlikely to occur ever | Extremely unlikely to occur | Less than 10% chance will occur |

Reputation impact assessment

| | |
|-----------------------|---|
| Extremely High | Lasting or permanent national/local brand damage resulting from adverse comments in national press and media. Members/Officers almost certainly forced to resign. |
| High | Temporary national/local brand damage lasting up to two years from coverage in national and/or regional press/media. Members/Officers potentially forced to resign. |
| Moderate | Temporary local brand damage lasting up to one year from extensive coverage in regional press/ media. |
| Low | Temporary local brand damage lasting up to a few weeks from minor adverse comments in regional press/social media. |
| Extremely Low | Negligible local brand damage from limited adverse comments with minimal press/social media. |

Financial impact assessment

Each risk is assessed for the potential range of net capital and/or revenue loss to the Council if the risk materialised.

| | |
|---------------|--|
| Band 8 | Loss over £20 million |
| Band 7 | Loss between £10 million and £20 million |
| Band 6 | Loss between £5 million and £10 million |
| Band 5 | Loss between £3 million and £5 million |
| Band 4 | Loss between £1 million and £3 million |
| Band 3 | Loss between £100,000 and £1 million |
| Band 2 | Loss between £50,000 and £100,000 |
| Band 1 | Loss under £50,000 |
| Band 0 | No financial loss |