

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

22 September 2020

Report of the Director of Finance and ICT

Annual Strategic Risk Register Review

1 Purpose of the Report

To advise Members of the updated Strategic Risk Register.

2 Information and Analysis

Strategic Risk Register

The Strategic Risk Register is due to go before CMT on 6th October 2020 in order to allocate the identified risks to specific risk owners. The Strategic Risk Register is contained in Appendix A, whilst Appendix B summarises changes to the Strategic and Departmental Risk Registers.

This will enable the Executive Directors to have full oversight of the risks that could directly impact the ability of the Council to achieve its plans, whilst having an overview of the mitigations to be implemented.

The risks noted require a further workshop to identify the mitigations and owner of each risk. Unfortunately, COVID-19 has interrupted the initial timetable, however, it is hoped that this will resume in the coming months by the new Senior Risk Officer.

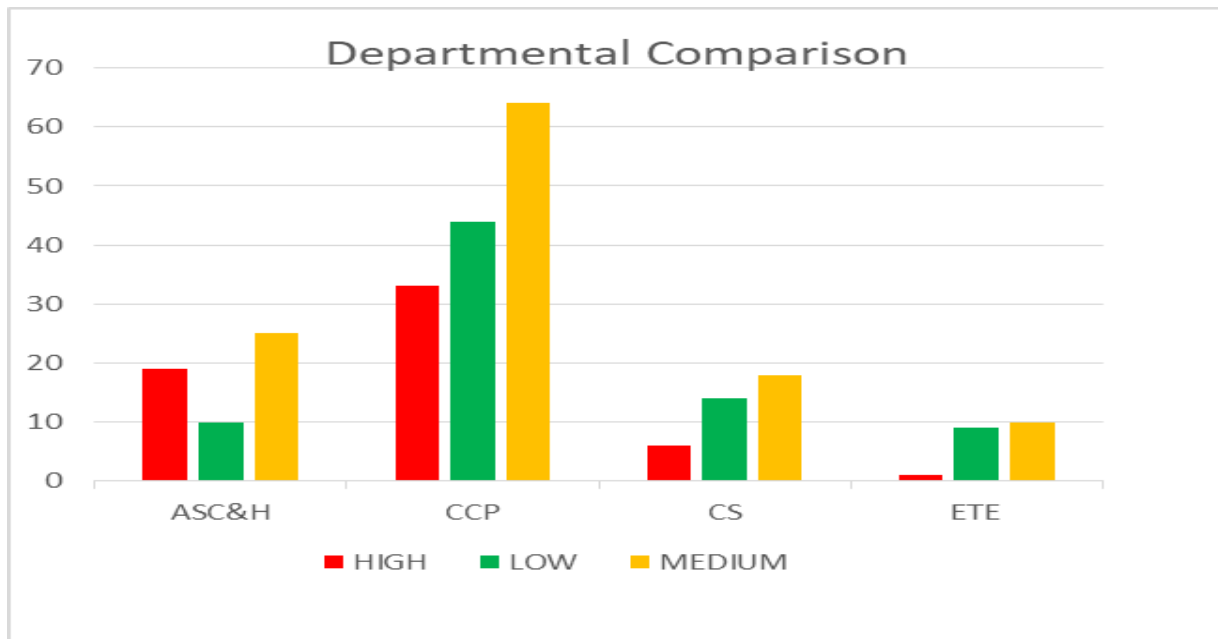
Upon finalisation of these details, the Strategic Risk Register will be linked to APEX to allow for live risk reporting, which will provide further assurance that risks are being actively managed within the Council. This will also link into performance monitoring.

COVID-19 Risk Register

The Council has compiled a risk register specific to the COVID-19 pandemic in order to actively manage the risks that this has presented. The COVID specific risk register is contained in Appendix C, however, a summary is detailed in the tables below.

In order to respond to the COVID-19 quickly, it was decided to reduce the risk rankings to three headings rather than the Council's usual four as is detailed in the Departmental Risk Register.

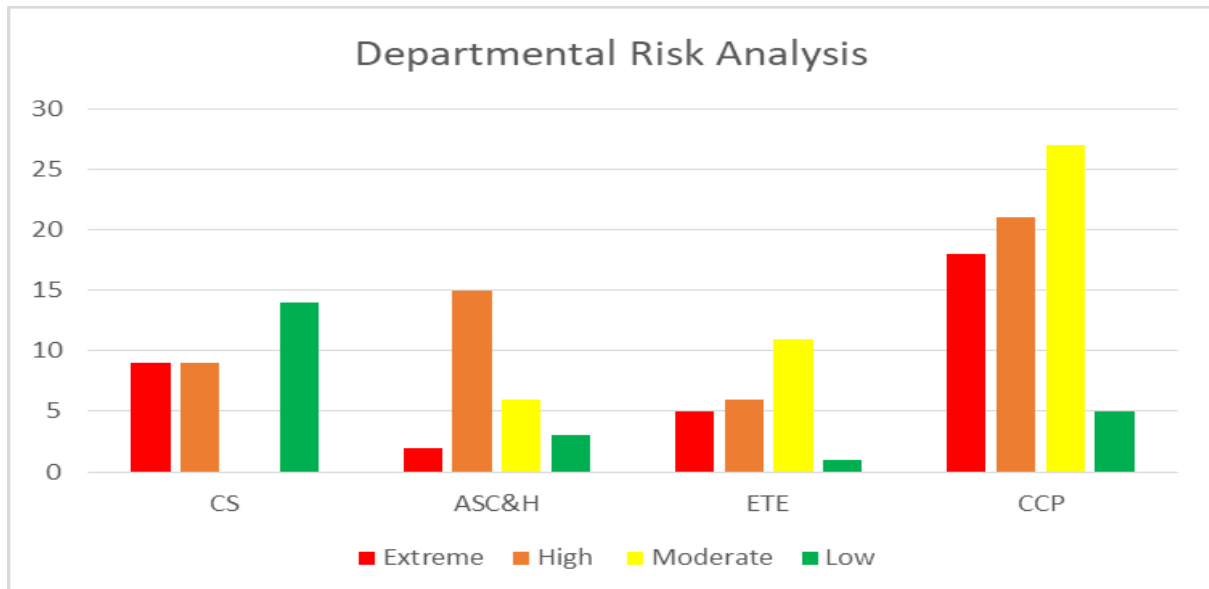
Rating	ASC&H	CCP	CS	ETE	Grand Total	Reported May 2020
HIGH	19	33	6	1	59	75
LOW	10	44	14	9	77	64
MEDIUM	23	64	18	10	115	128
Grand Total of Risks	52	141	34	20	251	267



Departmental Risk Register

An analysis of the Departmental registers is detailed below in risk ranking order.

Rating	ASC&H	CCP	CS	ETE	Grand Total
EXTREME	2	18	9	5	34
HIGH	15	21	9	6	51
MEDIUM	6	27	0	11	44
LOW	23	5	14	1	43
Grand Total of Risks	46	71	32	23	152



3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, transport and social value considerations.

4 Officer's Recommendation

That Audit Committee:

- i) note the Strategic Risk Register
- ii) note the Covid-19 Risk Register

PETER HANDFORD

Director of Finance & ICT

Strategic Risk Movement Report:




Report Date: 16/09/2020


Date of Previous Risk Score: May 2020

Notes: References highlighted **Purple** have been added since the previous report.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, probability and impact prior to the Current Risk Score


 No Change
  Downwards movement
  Upwards movement

Risk Ref: 2011/1 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Impact of a prolonged recovery and a funding gap</i> In the event that the Authority does not develop sufficient and timely proposals to deal with the ongoing or further reductions in funding/resources, there is a risk that the need to close the funding gap may result in identifying measures for unplanned reductions in service spend leading to deterioration or interruption of front line service delivery.	Paul Stone Assistant Director Finance	The Council has updated its Five Year Financial Plan alongside the setting of the Revenue Budget 2020/21 in February 2020. The update reflects the outcomes of the Spending Round 2020 and the Local Government Finance Settlement 2020/21. The continuation of mainstream funding for local authorities at 2019/20 levels is welcome, together with the additional funding for social care including the implementation of the Adult Social Care precept. This additional funding has allowed the Council to invest in critical services, such as adults and children's' social care. However, savings of £65m+ are still required over the medium in order to maintain a balanced annual budget.	<div>EXTREME</div> <div>25</div> <div>Probability</div> <div>Almost Certain</div> <div>5</div> <div>Impact</div> <div>Very High</div> <div>5</div>		<div>EXTREME</div> <div>25</div> <div>Probability</div> <div>Almost Certain</div> <div>5</div> <div>Impact</div> <div>Very High</div> <div>5</div>	<div>High</div> <div>12</div> <div>Probability</div> <div>Probable</div> <div>4</div> <div>Impact</div> <div>Medium</div> <div>3</div>


Appendix A

Controls:	<u>REF:</u>	<u>Control Description</u>	<u>Status</u>	<u>Owner</u>
	2011/1 FIN001	Five Year Financial Plan is updated at least and following key Government announcements e.g. Spending Rounds.	In Place/Embedded	E Scriven
	2011/1 FIN002	Departmental budget reductions programmed developed together with a plan of lead-in times for consultation, where appropriate and the identification of workforce reductions.	In Place/Embedded	P Handford
	2011/1 FIN003	Budget Management Strategy Group established to ensure a cohesive approach to the monitoring of departmental budget saving targets, associated consultation activity and budget setting procedures. Departmental representatives following agreed terms of reference are meeting at least monthly with an expectation that the frequency of meetings will be more regular during the budget setting period.	In Place/Embedded	P Handford
	2011/1 FIN004	Budget Monitoring Policy ensures that there is regular reporting to SMTs and Members. The Director of Finance meets with Executive Directors and Cabinet Members to discuss the latest monitoring position. The position is reported to Cabinet and Council on a quarterly basis (effective from 1/4/2020).	In Place/Embedded	E Scriven
	2011/1 FIN005	The Reserves Policy stipulates that the Council's level of reserves will be reviewed at least annually. This includes a projection of the General Reserve balance to ensure that is maintained at an adequate risk assessed level.	In Place/Embedded	E Scriven
	2011/1 FIN006	Positive use of Better Care Fund and alignment of health and social care priorities for integrated working.	In progress/Taking effect	H Jones
			In progress/Taking effect	P Handford


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	2011/1 FIN007 2011/1 FIN008	<p>Lobby Government in ensuring fair funding for Derbyshire. The Council responds to all key Government consultations in respect of the Funding Review which is currently ongoing.</p> <p>Monitor the impact of the National Funding Formula for schools and closely monitor the implications of the High Needs Block level of funding ensuring compliance with the revised Government regulations.</p>		In progress/Taking effect		C Allcock
Risk Ref: 2011/05 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Failure to have adequate business continuity plans in place</i> The Council's ability to respond to a major incident, such as severe weather (eg. climate change based flooding), fire damage, loss of power or pandemics, and to maintain its critical services to the public. The emerging risk environment, the number and type of emergency and the interdependencies of services 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.	Mike Ashworth Executive Director Environment, Transport and Economy	Following the outbreak of the Corona Virus, the Council has engaged in significant scenario planning across all departments to ensure that the Council is equipped to respond to ensure continuity of services on a priority basis	<div>High</div> <div>10</div> <div>Probability</div> <div>Unlikely</div> <div>2</div> <div>Impact</div> <div>Very High</div> <div>5</div>		<div>EXTREME</div> <div>25</div> <div>Probability</div> <div>Almost Certain</div> <div>5</div> <div>Impact</div> <div>Very High</div> <div>5</div>	<div>High</div> <div>10</div> <div>Probability</div> <div>Unlikely</div> <div>2</div> <div>Impact</div> <div>Very High</div> <div>5</div>


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Controls:	REF	Control Description		Status		Owner
	2011/05 ETE001	Corporate Business Continuity Plans updated and tested on an annual basis. Plan is held on an external system to which key staff have access to in the event of an emergency.		In Place/Embedded		E Partington
	2011/05 ETE002	In the event of an emergency, key corporate staff will meet at appropriate intervals, escalating in frequency as required in order to co-ordinate the response.		In Place/Embedded		E Crapper
	2011/05 ETE001	Departments hold in-depth reviews of their continuity arrangements to ensure key services can continue.		In progress/Taking effect		M Ashworth
	2011/05 ETE001	ICT and procurement to work with departments to ensure systems procured provide resilience.		In progress/Taking effect		T Gerrard
	2011/05 ETE001	Cross departmental working in place to support key areas. Skills and training identified.		In progress/Taking effect		E Crapper
Risk Ref: 2020/01 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Increase in Demand on Council Services</i> As demand for services changes, the Council may need to adapt the services it currently offers in order to provide the new or additional services. Failing to manage the	TBC	A new risk owner needs to be identified to ensure that the Council has robust plans to manage increased demands across all departments. The mitigations need to be aligned across all departments.	<div>EXTREME</div> <div>20</div> <div>Probability Probable</div>		<div>EXTREME</div> <div>20</div> <div>Probability Probable</div>	<div>High</div> <div>12</div> <div>Probability Probable</div>

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changes could lead to core services being reduced leading to significant impact upon stakeholders and partnerships; potential litigation; fines; risk of injury or death.		Refer to Appendix C	4 Impact Very High 5		4 Impact Very High 5	4 Impact Medium 3
	<u>Ref:</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	Refer to Appendix B					
Risk Ref: 2011/19 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description Effective Change Management The Council is undergoing significant organisational change which will create significant workforce issues around having the right skills, productivity and capacity, each of which may adversely impact upon service delivery if not managed. The effect of reducing the Council workforce and pressure for increased productivity without effective change management and	TBC	A new risk owner needs to be identified to ensure that the Council has robust plans to manage effective change management across all departments. The mitigations need to be aligned across all departments. Refer to Appendix C	<div>EXTREME</div> <div>20</div> <div>Probability Probable 4</div> <div>Impact Very High 5</div>		<div>EXTREME</div> <div>20</div> <div>Probability Probable 4</div> <div>Impact Very High 5</div>	<div>High</div> <div>12</div> <div>Probability Probable 4</div> <div>Impact Medium 3</div>

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employee engagement also carries health and attendance risks. The lack of effective change management can lead to significant impact upon stakeholders and partnerships; potential litigation; fines; risk of injury or death and unplanned spending increases.						
	<u>Ref:</u>	<u>Control Description</u>		<u>Status</u>		<u>Owner</u>
	Refer to Appendix B					
Risk Ref: 2011/20 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Supply Chain Failure</i> Failure to manage outsourced contracts could lead to unforeseen increased costs; risk of contracts collapsing; increased carbon footprint.	TBC	A new risk owner needs to be identified to ensure that the Council has robust plans to manage effective change management across all departments. The mitigations need to be aligned across all departments. Refer to Appendix C	<div>EXTREME</div> <div>25</div> <div>Probability</div> <div>Almost Certain</div> <div>5</div> <div>Impact</div> <div>Very High</div> <div>5</div>		<div>EXTREME</div> <div>25</div> <div>Probability</div> <div>Almost Certain</div> <div>5</div> <div>Impact</div> <div>Very High</div> <div>5</div>	<div>MODERATE</div> <div>6</div> <div>Probability</div> <div>Unlikely</div> <div>2</div> <div>Impact</div> <div>Medium</div> <div>3</div>
	<u>Ref:</u>	<u>Control Description</u>		<u>Status</u>		<u>Owner</u>



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	Refer to Appendix B					
Risk Ref: 2011/2 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Failure to meet waste management targets</i> The Council is faced with challenges of presenting alternatives to landfill whilst considering environmental impact, increasing financial costs and reputational impacts arising from decisions over types of waste management employed.	Claire Brailsford Assistant Director of Environment	Refer to Appendix C	<div>EXTREME</div> <div>20</div> <div>Probability Probable 4</div> <div>Impact Very High 5</div>	<div>↑</div>	<div>EXTREME</div> <div>25</div> <div>Probability Almost Certain 5</div> <div>Impact Very High 5</div>	<div>MODERATE</div> <div>6</div> <div>Probability Unlikely 2</div> <div>Impact Possible 3</div>
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	Refer to Appendix B					
Risk Ref: 2020/02 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score

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Risk Description <i>Failure to comply with GDPR and Cyber resilience</i> The Council manages a significant amount of personal data and information in relation to service users and employees in the delivery of services using a range of systems and mediums. With data held in a vast array of places and in varying formats, it becomes susceptible to loss, protection, availability, misuse and privacy risks particularly with increased use of electronic transfer, and management (including use of the Government Public Sharing Network). The Council is exposed to financial penalties and reputational impact.	Peter Handford Director of Finance and ICT	TBC Refer to Appendix C	<div>EXTREME</div> <div>15</div> <div>Probability Possible 3</div> <div>Impact Very High 5</div>	<div>↔</div>	<div>EXTREME</div> <div>15</div> <div>Probability Possible 3</div> <div>Impact Very High 5</div>	<div>High</div> <div>12</div> <div>Probability Possible 3</div> <div>Impact Medium 4</div>
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	Refer to Appendix B					
Risk Ref: Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score



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Risk Description Adapting to Climate Change The Council faces a challenge in relation to an increase in inclement weather patterns (flood, heat waves, drought, windstorm, increased snow fall) building the right infrastructure and new statutory flood and water risk management duties. Having sufficient financial resources and flexibility to address these challenges may become increasingly difficult.	Geoff Pickford Service Director, Highways	TBC Refer Appendix B	MODERATE 8 Probability Unlikely 2 Impact High 4		High 12 Probability Possible 3 Impact High 4	MODERATE 6 Probability Possible 2 Impact Medium 3
	Ref: Refer to Appendix B	Control Description			Status	Owner
Risk Ref: 2011/9 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description Protection of Children and Vulnerable Adults Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage	Helen Jones Strategic Director Adult Social Care and Health Jane Parfremment Director or Children's Services	TBC Refer to Appendix B	EXTREME 15 Probability Possible 3 Impact		EXTREME 15 Probability Possible 3 Impact	HIGH 10 Probability Unlikely 2 Impact

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			Very High 5		Very High 5	Very High 5
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	Refer to Appendix B					
Risk Ref: Category:	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Maintenance of Assets</i> Failure to maintain our assets could lead to significant fines; significant litigation; decreased staff morale; reputational damage; HSE investigation	Dave Massingham Director of Property Geoff Pickford Service Director - Highways	TBC Refer to Appendix B	<div>EXTREME</div> <div>15</div> <div>Probability Almost Certain 5</div> <div>Impact Medium 3</div>	<div>↔</div>	<div>EXTREME</div> <div>15</div> <div>Probability Almost Certain 5</div> <div>Impact Medium 3</div>	<div>MODERATE</div> <div>6</div> <div>Probability Unlikely 2</div> <div>Impact Medium 3</div>
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	Refer to Appendix B					
Risk Ref: 2018/5 Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score

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Risk Description <i>Failing to comply with Statutory Duties</i> Lack of knowledge and understanding of Departmental Legislative 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.	TBC	TBC	<div>EXTREME</div> <div>25</div> <div>Probability Almost Certain 5</div> <div>Impact Very High 5</div>		<div>EXTREME</div> <div>25</div> <div>Probability Almost Certain 5</div> <div>Impact Very High 5</div>	<div>MODERATE</div> <div>10</div> <div>Probability Unlikely 2</div> <div>Impact Very High 5</div>
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
Risk Ref: 2018/4 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Risk Description <i>Ineffective workforce planning</i> A failure to recruit and retain experienced staff; a lack of succession planning in order to ensure effective continuity of key skills and knowledge at all levels including leadership skills. Resulting in unfilled posts, accepting a lower calibre of staff, increasing training requirement to upskill new staff, vital knowledge	Emma Crapper	TBC	<div>EXTREME</div> <div>25</div> <div>Probability Almost Certain 5</div> <div>Impact High 5</div>		<div>EXTREME</div> <div>25</div> <div>Probability Almost Certain 5</div> <div>Impact High 5</div>	<div>EXTREME</div> <div>20</div> <div>Probability Almost Certain 5</div> <div>Impact High</div>

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lost leading to service delivery issues						4
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	TBC					

Strategic Risk Register – Summary of Changes

None.

Summary of Risks Which Will No Longer Appear on the Strategic Register

None

Departmental Risk Registers**New Risks on Departmental Registers scoring over 12**

The Committee is asked to note that ASC&H have not provided an updated departmental risk register, and no new risks scoring over 12 were reported on ETE or CS risk registers.

Dept	Dep't Risk Identifier	Description	Impact	Score	Link to Strategic Risk	Impact on Council Plan
CCP	65	Procurement Renewal targets not met	failure to deliver these plans will result in more none compliant contract extensions which can be the subject of a legal challenge and also prevent departments meeting their	25	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services

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			strategic goals. The probability of this has increased due to the Covid-19 Pandemic			
CCP	66	The Council tender documents do not clearly set out how financial vetting will be undertaken as part of the tender evaluations process	this leaves the council at risk of a successful procurement challenge	12	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services
CCP	67	DPS operating for Community Transport does not have financial vetting for new or existing providers	This could result in supplier failure and substantial service disruption.	12	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services
CCP	68	Existing Suppliers unable to fulfil contracts due to Covi-19 restrictions	Multiple supplier failure could impact on some service delivery - suppliers may become non- viable. Need to undertake re-procurements at short notice and in a compliant manner.	20	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services
CCP	69	SAP Support and Maintenance	Existing contract was awarded from a framework in 2009 and was for 4 years only. The contract has not been formally extended but we have paid SAP every year since.	12	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services

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			External legal advice sought from Geldards and advice was that a direct award may be possible under regulation 32, providing certain conditions are evidenced. There is limited evidence to support the technical reasons for staying with SAP and not . The document is weighted towards cost reasons to justify the direct award.			
CCP	70	Uncertainty of impact on Supply Chain due to no deal Brexit.		15	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> High performing council services

Risks on Departmental Registers Increasing scoring above 12

Dept	Dep't Risk Identifier	Description	Impact	Old Score	New Score	Link to Strategic Risk	Impact on Council Plan
CCP	22	Library strategy. Inability to achieve major changes to service delivery within the required timescale due to resistance to change, potentially low levels of engagement by and with community organisations and long lead in times to achieve changes to staffing structures.	Resulting in a delay in meeting required savings targets.	12	16	2011/1 Impact of a prolonged recovery and a funding gap	<ul style="list-style-type: none"> Empowered and self-sufficient communities
CCP	23	Community Managed Libraries(CMLs) The initial proposal for CMLs was to sublet the property to the community group or organisation. There are now discussions around community organisations	If, after a period of time, the community group failed or service notice to the library service, DCC may not have access to a building or property to continue to provide a library service from	12	16	2011/19 Effective Change Management	<ul style="list-style-type: none"> Empowered and self-sufficient communities

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		taking over the lease from DCC.					
		Library Self Service procurement - The library Service currently uses 43 self-service machines in 25 of the larger and busier libraries which are now out of date and need replacing. The self-service machines reach the supplier's 'end of life' for contracted support and maintenance in August 2019. The supplier will continue to offer ad hoc support arrangements but further advise that they do not intend to support these machines beyond expected end of support for Windows 7 in Jan 2020.	The procurement project is now due to complete in Winter 2020 leaving machines unsupported between Jan and Dec 2020.	12	16	2011/19 Effective Change Management	<ul style="list-style-type: none"> Value for money

Risks on Departmental Registers Decreasing scoring to below 12

Dept	Dep't Risk Identifier	Description	Impact	Old Score	New Score	Link to Strategic Risk	Impact on Council Plan
CCP	40	Delay to Corporate Property 2020 Programme	<p>1. Asset Management Framework 2019-2022 - Inability to deliver the organisational arrangements, policy development or property/project specific work detailed in the action plan.</p> <p>2. Asset Management Governance Structure - Failure to form the corporate governance boards (e.g. the Corporate Asset Management Group), or failure of them to function correctly.</p> <p>3. Inability to develop and implement Repairs and Maintenance Strategy. Risk to the council of inconsistencies in the way its properties are maintained, impacting</p>	25	9	2011/19 Effective Change Management	<ul style="list-style-type: none"> High performing Council Services.

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			property running costs and property use and requirements				
CCP	57	Delay in taking forward work on Climate Change	The reduction in resource will lead to impaired service delivery and a potential reduction in traded income.	16	8	Adapting to Climate Change	<ul style="list-style-type: none"> • A prosperous Derbyshire