

**Agenda Item No.4(a)**

**DERBYSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE**

**8 December 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 and Covid-19 Risk Register.

**2 Information and Analysis**

**Strategic Risk Register**

The Strategic Risk Register was considered by Corporate Management Team on 1 December 2020 in order to allocate the identified risks to specific risk owners. The Director of Finance & ICT will provide a verbal update at the meeting. . 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 will resume in the coming months co-ordinated by the new Senior Risk Officer, who is returning to post the week commencing 7 December 2020 following their secondment to the PPE hub.

Upon finalisation of these details, the Strategic Risk Register will be linked to the Councils performance management system, 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 and financial monitoring.

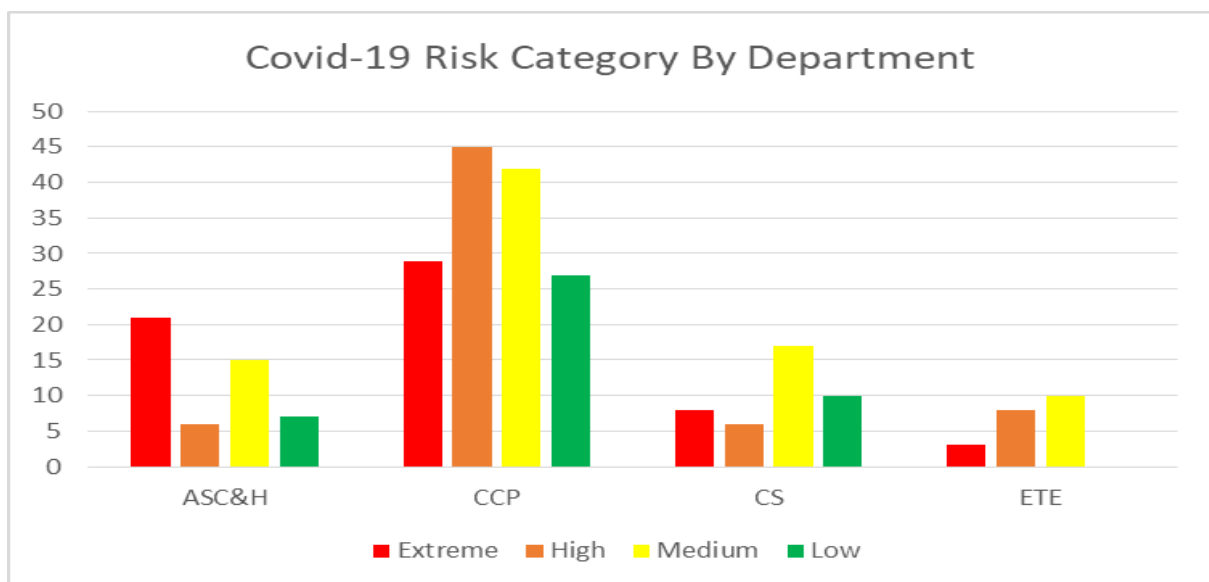
**COVID-19 Risk Register**

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-19

specific risk register is contained in Appendix C, however, a summary is detailed in the tables below.

In order to respond to the situation rapidly, it was initially decided to reduce the risk rankings to three risk ratings rather than the Council's usual four. However, these have now been reviewed and returned to the Council's standard ratings.

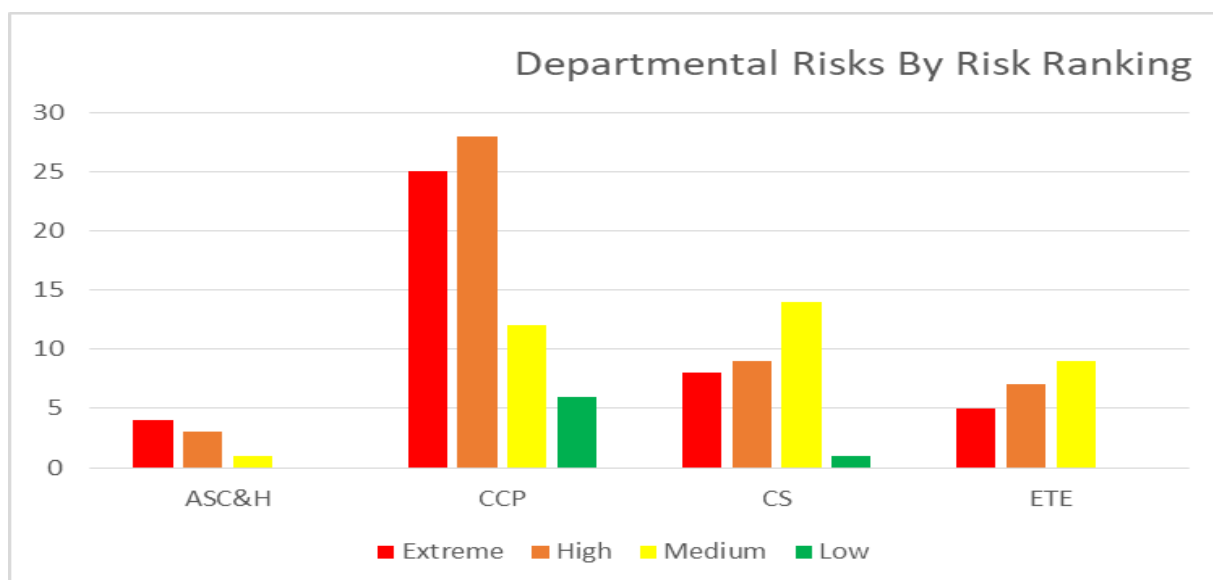
Rating	ASC&H	CCP	CS	ETE	Grand Total
EXTREME	21	29	8	3	61
HIGH	6	45	6	8	65
MEDIUM	15	42	17	10	84
LOW	7	27	10	0	44
<b>Grand Total of Risks</b>	<b>49</b>	<b>143</b>	<b>41</b>	<b>21</b>	<b>254</b>



### 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	4	25	8	5	42
HIGH	3	28	9	7	47
MEDIUM	1	12	14	9	36
LOW	0	6	1	0	7
<b>Grand Total of Risks</b>	<b>8</b>	<b>71</b>	<b>32</b>	<b>21</b>	<b>132</b>



### 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

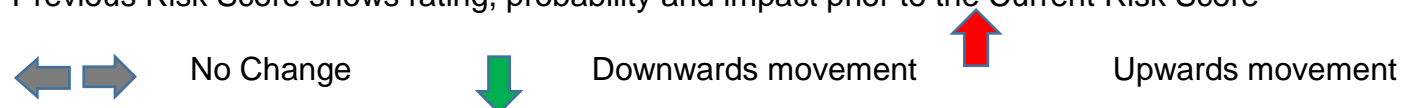
**Strategic Risk Movement Report:**
**Report Date:** November 2020


**Date of Previous Risk Score:** September 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




Risk Ref: 2011/1 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<b>Risk Description</b>  <b><i>Impact of a prolonged recovery and a funding gap</i></b>  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.	<b>Paul Stone</b>  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 2019 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	<div style="background-color: red; color: white; padding: 5px; text-align: center;"><b>EXTREME</b> 25</div> <b>Probability</b> Almost Certain 5  <b>Impact</b> Very High 5		<div style="background-color: red; color: white; padding: 5px; text-align: center;"><b>EXTREME</b> 25</div> <b>Probability</b> Almost Certain 5  <b>Impact</b> Very High 5	<div style="background-color: yellow; padding: 5px; text-align: center;"><b>HIGH</b> 12</div> <b>Probability</b> Probable 4  <b>Impact</b> Medium 3

Appendix A

		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.			
<b>Controls:</b>	<b><u>REF:</u></b>	<b><u>Control Description</u></b>	<b><u>Status</u></b>		<b><u>Owner</u></b>
	<b>2011/1</b> FIN001	Five Year Financial Plan is updated at least annually and following key Government announcements e.g. Spending Rounds.	In Place/Embedded		E Scriven
	<b>2011/1</b> 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
	<b>2011/1</b> 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

Appendix A


	<b>2011/1</b> 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
	<b>2011/1</b> 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
	<b>2011/1</b> FIN006	Positive use of Better Care Fund and alignment of health and social care priorities for integrated working.	In progress/Taking effect	H Jones
	<b>2011/1</b> FIN007	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.	In progress/Taking effect	P Handford
	<b>2011/1</b> FIN008	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.	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
<p><b>Risk Description</b></p> <p><i>Failure to have adequate business continuity plans in place</i></p> <p>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.</p>	<p><b>TBC</b></p> <p><b>Executive Director Environment, Transport and Economy</b></p>	<p>Following the outbreak of the Coronavirus, 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</p>	<p><b>HIGH</b> 10</p> <p><b>Probability</b> Unlikely 2</p> <p><b>Impact</b> Very High 5</p>	<p></p>	<p><b>EXTREME</b> 25</p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> Very High 5</p>	<p><b>HIGH</b> 10</p> <p><b>Probability</b> Unlikely 2</p> <p><b>Impact</b> Very High 5</p>

## Appendix A

<b>Controls:</b>	<b><u>REF</u></b>	<b><u>Control Description</u></b>	<b><u>Status</u></b>	<b><u>Owner</u></b>
	<b>2011/05</b> 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	<b>E Partington</b>
	<b>2011/05</b> 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	<b>E Crapper</b>
	<b>2011/05</b> ETE001	Departments hold in-depth reviews of their continuity arrangements to ensure key services can continue.	In progress/Taking effect	<b>T Gregory</b>
	<b>2011/05</b> ETE001	ICT and procurement to work with departments to ensure systems procured provide resilience.	In progress/Taking effect	<b>T Gerrard</b>
	<b>2011/05</b> ETE001	Cross departmental working in place to support key areas. Skills and training identified.	In progress/Taking effect	<b>E Crapper</b>



Risk Ref: 2020/01 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><b><i>Increase in Demand on Council Services</i></b></p> <p>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 changes could lead to core services being reduced leading to significant impact upon stakeholders and partnerships; potential litigation; fines; risk of injury or death.</p>	<p>TBC</p>	<p>A new risk owner needs to be identified to ensure that the Council has robust plans to manage increased demands across all departments.</p> <p>The mitigations need to be aligned across all departments.</p> <p>The Enterprising Council Board has a number of workstreams examining a range of service issues including demand management.</p>	<p><b>EXTREME</b> 20</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Very High 5</p>	<p></p>	<p><b>EXTREME</b> 20</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Very High 5</p>	<p><b>HIGH</b> 12</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Medium 3</p>
	<p><u>Ref:</u></p>	<p><u>Control Description</u></p>	<p><u>Status</u></p>		<p><u>Owner</u></p>	


Risk Ref: 2011/19 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><b>Effective Change Management</b></p> <p>The Council is undergoing significant organisational change from financial pressure or political change which could 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 employee engagement also carries health and attendance risks.</p> <p>The lack of effective change management can lead to significant impact upon</p>	TBC	<p>A new risk owner needs to be identified to ensure that the Council has robust plans to manage effective change management across all departments.</p> <p>The mitigations need to be aligned across all departments.</p>	<p><b>EXTREME</b> 20</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Very High 5</p>		<p><b>EXTREME</b> 20</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Very High 5</p>	<p><b>HIGH</b> 12</p> <p><b>Probability</b> Probable 4</p> <p><b>Impact</b> Medium 3</p>

Appendix A


stakeholders and partnerships; potential litigation; fines; risk of injury or death and unplanned spending increases.						
	<b><u>Ref:</u></b>	<b><u>Control Description</u></b>		<b><u>Status</u></b>		<b><u>Owner</u></b>

Risk Ref: 2011/20 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><b>Supply Chain Failure</b></p> <p>Failure to manage outsourced contracts could lead to unforeseen increased costs; risk of contracts collapsing; increased carbon footprint.</p>	<p>TBC</p>	<p>A new risk owner needs to be identified to ensure that the Council has robust plans to manage effective change management across all departments.</p> <p>The mitigations need to be aligned across all departments.</p>	<p><b>EXTREME</b> 25</p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> Very High 5</p>	<p>↔</p>	<p><b>EXTREME</b> 25</p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> Very High 5</p>	<p><b>MODERATE</b> 6</p> <p><b>Probability</b> Unlikely 2</p> <p><b>Impact</b> Medium 3</p>
	<p><u>Ref:</u></p>	<p><u>Control Description</u></p>		<p><u>Status</u></p>	<p><u>Owner</u></p>	


Appendix A

Risk Ref: 2011/2 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><i>Failure to meet waste management targets</i></p> <p>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.</p>	<p>Claire Brailsford</p> <p>Assistant Director of Environment</p>		<p><b>EXTREME</b> 20</p> <p>Probability Probable 4</p> <p>Impact Very High 5</p>	<p></p>	<p><b>EXTREME</b> 25</p> <p>Probability Almost Certain 5</p> <p>Impact Very High 5</p>	<p><b>MODERATE</b> 6</p> <p>Probability Unlikely 2</p> <p>Impact Possible 3</p>
	<p><u>Ref:</u></p>	<p><u>Control Description</u></p>			<p><u>Status</u></p>	<p><u>Owner</u></p>

Risk Ref: 2020/02 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><i>Failure to comply with GDPR and Cyber resilience</i></p> <p>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.</p>	<p>Peter Handford</p> <p>Director of Finance and ICT</p>	<p>TBC</p>	<p><b>EXTREME</b> 15</p> <p>Probability Possible 3</p> <p>Impact Very High 5</p>	<p>↔</p>	<p><b>EXTREME</b> 15</p> <p>Probability Possible 3</p> <p>Impact Very High 5</p>	<p>High 12</p> <p>Probability Possible 3</p> <p>Impact Medium 4</p>
	<p><u>Ref:</u></p>	<p><u>Control Description</u></p>			<p><u>Status</u></p>	<p><u>Owner</u></p>


Risk Ref: Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><i>Adapting to Climate Change</i></p> <p>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.</p>	<p>Helen Jones</p> <p><b>Executive Director, Adult Social Care &amp; Health</b></p>	<p>TBC</p>	<p><b>MODERATE</b> 8</p> <p><b>Probability</b> Unlikely 2</p> <p><b>Impact</b> High 4</p>	<p></p>	<p><b>High</b> 12</p> <p><b>Probability</b> Possible 3</p> <p><b>Impact</b> High 4</p>	<p><b>MODERATE</b> 6</p> <p><b>Probability</b> Possible 2</p> <p><b>Impact</b> Medium 3</p>
	<p><u>Ref:</u></p>	<p><u>Control Description</u></p>			<p><u>Status</u></p>	<p><u>Owner</u></p>

Appendix A

Risk Ref: 2011/9 Category: Strategic	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p><b>Risk Description</b></p> <p><i>Protection of Children and Vulnerable Adults</i></p> <p>Failure to protect the most vulnerable in our society could lead to significant fines; special measures; litigation; decreased staff morale; reputational damage</p>	<p>Helen Jones Strategic Director Adult Social Care and Health</p> <p>Jane Parfremment Director or Children's Services</p>	TBC	<p><b>EXTREME</b> 15</p> <p>Probability Possible 3</p> <p>Impact Very High 5</p>		<p><b>EXTREME</b> 15</p> <p>Probability Possible 3</p> <p>Impact Very High 5</p>	<p><b>HIGH</b> 10</p> <p>Probability Unlikely 2</p> <p>Impact Very High 5</p>
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>




Appendix A

Risk Ref: 2012/2 Category:	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<b>Risk Description</b>  <b>Maintenance of Assets</b>  Failure to maintain our assets could lead to significant fines; significant litigation; decreased staff morale; reputational damage; HSE investigation	<b>Dave Massingham</b> Director of Property  <b>Geoff Pickford</b> Service Director - Highways	TBC	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> <b>EXTREME</b> 15                     </div> Probability Possible 3  Impact Extreme 5		<div style="background-color: red; color: white; padding: 5px; text-align: center;"> <b>EXTREME</b> 15                     </div> Probability Possible 3  Impact Extreme 5	<div style="background-color: yellow; padding: 5px; text-align: center;"> <b>MODERATE</b> 6                     </div> Probability Unlikely 2  Impact Medium 3
	<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

Appendix A

<b>Risk Description</b>  <b><i>Failing to comply with Statutory Duties</i></b>  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	<b>EXTREME</b> <b>25</b>		<b>EXTREME</b> <b>25</b>	<b>MODERATE</b> <b>10</b>
	<b>Probability</b> Almost Certain 5  <b>Impact</b> Very High 5	<b>Probability</b> Almost Certain 5  <b>Impact</b> Very High 5	<b>Probability</b> Unlikely 2  <b>Impact</b> Very High 5			
	<u>Ref:</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>

<b>Risk Ref: 2018/4</b> <b>Category: Strategic</b>	<b>Risk Owner</b>	<b>Progress Update</b>	<b>Previous Risk Score</b>	<b>Movement Direction</b>	<b>Current Risk Score</b>	<b>Target Risk Score</b>
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Appendix A

<p><b>Risk Description</b></p> <p><b><i>Ineffectual workforce planning</i></b></p> <p>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 lost leading to service delivery issues</p>	<p><b>Emma Crapper</b></p>	<p><b>TBC</b></p>	<p><b>EXTREME</b> <b>25</b></p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> High 5</p>	<p></p>	<p><b>EXTREME</b> <b>25</b></p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> High 5</p>	<p><b>EXTREME</b> <b>20</b></p> <p><b>Probability</b> Almost Certain 5</p> <p><b>Impact</b> High 4</p>
	<p><b><u>Ref:</u></b></p>	<p><b><u>Control Description</u></b></p>			<p><b><u>Status</u></b></p>	<p><b><u>Owner</u></b></p>
	<p><b>TBC</b></p>					

**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 Public Health have not provided an updated departmental risk register, and no new risks scoring over 12 were reported on Adult Care, Children’s Services or ETE.

<b>Dept</b>	<b>Dep’t Risk Identifier</b>	<b>Description</b>	<b>Impact</b>	<b>Score</b>	<b>Link to Strategic Risk</b>	<b>Impact on Council Plan</b>
CCP	70	Non-compliance with hot works procedures	Hot works which includes, roofing, plumbing & heating. Risk to service delivery. Disruption to services, PMP delivery delays, operations teams work being stopped, non-compliance, deteriorating buildings due to procurement delays. Potential for the Council's insurance provider to	<b>20</b>	2012/2 Maintenance of Assets	<ul style="list-style-type: none"> <li>High performing council services</li> </ul>

			prohibit or suspend hot working practices by Property delivery teams			
CCP	71	Failure to improve property risk	Leads to increased premiums and potential no insurance on hot works carried out by DCC property. Meaning any losses caused by Property as a result of hot works being carried out will be uninsured and costs to be borne by Council	<b>25</b>	2012/2 Maintenance of Assets	<ul style="list-style-type: none"> <li>High performing council services</li> </ul>

*Risks on Departmental Registers Increasing scoring above 12*

<b>Dept</b>	<b>Dep't Risk Identifier</b>	<b>Description</b>	<b>Impact</b>	<b>Old Score</b>	<b>New Score</b>	<b>Link to Strategic Risk</b>	<b>Impact on Council Plan</b>
CCP	52	Failure to deliver priorities set out in Council Plan and Service Plans 2020/21	Council Plan may be delayed or not delivered	<b>6</b>	<b>12</b>	2011/19 Effective Change Management	<ul style="list-style-type: none"> <li>High performing Council Services.</li> </ul>

*Risks on Departmental Registers Decreasing scoring to below 12*

<b>Dept</b>	<b>Dep't Risk Identifier</b>	<b>Description</b>	<b>Impact</b>	<b>Old Score</b>	<b>New Score</b>	<b>Link to Strategic Risk</b>	<b>Impact on Council Plan</b>
ETE	20	Failure to follow procurement regulations or undertake effective contract management	Open to legal challenge. Financial and reputational damage	12	9	2011/20 Supply Chain Failure	<ul style="list-style-type: none"> <li>• High performing Council Services.</li> </ul>
CCP	41	Financial viability of Concertus and/or Vertas as a JV Partner for DCC	Financial and reputational damage	25	6	2011/19 Effective Change Management	<ul style="list-style-type: none"> <li>• Value for money</li> </ul>
CS	32	Education, Health and Care Plans - failure to meet the statutory timetable or quality standards as a result of capacity constraints within the service and increasing demand. Timeliness of new EHCPs and Annual Reviews has dropped as a consequence of focus on conversions	Potential for reputational damage, complaints and children not getting the benefit of the new reforms as quickly as they should	16	4	2011/9 Protection of Children and Vulnerable Adults	<ul style="list-style-type: none"> <li>• A focus on prevention and early intervention</li> </ul>