

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, March 2020

1	<p>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: GREEN – No Change</p> <p>Definition:</p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none">• Quarter 4 budget monitoring has been completed and the 2019/20 Outturn report has been prepared for Cabinet consideration on 2 July. The budget outturn report presents a minor overspend of £57,435, or 0.49% against the Net Council Budget, and a minor shortfall on the financing budgets, including business rates, of £13,261. The outturn position, which requires a slightly higher contribution from balances than estimated, is primarily due to a loss of income following the closure of the Council's leisure centres in March due to the restrictions arising from the Covid-19 pandemic, and a required increase in bad debts provisions, which are not covered by established earmarked reserves. However, total reserve balances at the year-end are higher than estimated by £501,000 mainly due to the receipt of grant funding. Given the extent of the financial challenges facing the Council this presents a robust outturn position for the Council. <p>There are no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk at the end of quarter 4.</p> <p>However, it should be noted that that the financial impacts of Covid-19 are expected to be significant in 2020/21, with an estimated net budget pressure of up to £2.8m, after accounting for the emergency government funding of £1.2m received at the time of writing this report. In addition, a new budget pressure has been identified: the pay award offered is 0.75% higher than projected. It is anticipated that there will</p>
---	---

	<p>be a significant increase in the risk level at the end of quarter 1 in 2020/21 and mitigation measures are currently being considered by SLT.</p>
<p>2</p>	<p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – Deterioration from D4 (major impact/high likelihood to E4 (major impact/very high likelihood)</p> <p>Definition:</p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Critical - £1m+</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The Council's financial position remains extremely challenging and future funding remains uncertain.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • A full review of the Council's 5 year MTFP was completed as part of the 2020/21 budget process and was approved by Budget Council in March. The MTFP sets out the estimated future funding position and the associated risks due to the uncertainties surrounding the Fair Funding Review, Business Rates Retention and New Homes Bonus. The Government confirmed a one year only local government finance settlement for 2020/21 which meant the reviews for the future funding of local government were deferred for a year. This continues to inhibit effective medium term financial planning and the achievement of a sustainable financial position. • The future efficiency 2020/21-2022/23 programme totalling £1.924m was approved by Budget Council on 5 March and its effective delivery is recognised as essential to the achievement of a balanced and sustainable Medium Term Financial Plan (MTFP). The programme includes a new target of £250,000 to be delivered from 2020/21 which is not yet supported by outline business plans which means this aspect of the plan is less robust. However, as savings were not proposed for delivery until year 2 of the MTFP this provided a good lead in time to enable the development of detailed plans; • As detailed above in Risk 1 the financial impacts of Covid-19,

	<p>which emerged during quarter 4, are expected to be significant in 2020/21, with an estimated net budget pressure of up to £2.8m. In the absence of further emergency funding from government, this shortfall will need to be funded from Reserves or other spending reductions in order to balance the budget. This will have a knock on impact on achieving a sustainable MTFP which is currently predicated on the availability of reserve balances to support the budget whilst the efficiency programme is delivered. Also, due to Covid-19, the Government announced a further deferral of the Fair Funding and Business Rates review for a another year to 2022/23 prolonging the uncertainties around future funding. These increased risks are the reason for the deterioration in the assessed risk level which may need to be raised again during quarter 1 depending upon the availability of government funding and the identification of other mitigation measures;</p> <ul style="list-style-type: none"> • Monitoring of the Brexit impact, which is recognised as an additional risk to the achievement of a balanced Medium Term Financial Plan, is ongoing. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • <i>New Action:</i> Review the MTFP to reflect the risks arising from the impact of the Covid-19 pandemic, the expected economic downturn and the uncertainties of future local government funding; • Updated Action: Review the efficiency programme to incorporate the new efficiency target of £250k approved by Council and the impact of emerging budget pressures; • Implementation of Advertising, Sponsorship and Marketing strategies to generate additional funding; • Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing.
3	<p>FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • None completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Full implementation of emergency evacuation templates at each council location; • New Action: all services to complete Covid-19 secure risk assessments prior to staff moving back into our buildings when restrictions are lifted and we re-instate services.
4	<p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.</i></p> <p>Key Risk Driver: Service Provision</p> <p>Raw Risk Value: Serious – Significant elements of a service suspended / reduced</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>As a consequence of budget pressures, decreasing workforce, increasing workload and higher customer expectations we are seeing an impact on capacity and resilience which may result in a potential reduction in performance. Work is needed to help improve organisational capacity and resilience by developing the skills and abilities of key leaders and staff.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Implementation of the Agile Working Strategy is ongoing and was accelerated to enable the rapid implementation of home working due to Covid-19 restrictions; • A draft employee benefit statement has been completed with its distribution now planned for June 2020. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Development of a Workforce Strategy was delayed as staff were

	<p>diverted to provide support to the Covid-19 response work. The Strategy will seek to ensure that staff are creative, flexible and have the right skills to respond positively to the challenges that lie ahead.</p>
5	<p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: RED – NO CHANGE</p> <p>Definition:</p> <p><i>The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.</i></p> <p>Key Risk Driver: Objectives</p> <p>Raw Risk Value: Major – Directorate objectives not met</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • An agreement has been reached with partners and the software provider of Abritas Housing Needs system for the separation of the database to secure GDPR compliance. The work will be completed by September 2020; • General Data Protection Regulations – the delivery of the project plan to ensure that the Council responds to the requirements of the Act is nearing completion but has been delayed due to Covid-19. Information Asset Registers have been completed but some Data Protection Impact Assessments are still outstanding; • Ongoing implementation of the Digital Strategy annual action plan which sets out a requirement that the technological solutions we invest in are used to their full potential; • A resource development bid for an additional IT Technical Officer to support the delivery of key digital projects and ensure that the robustness of cyber system security processes are maintained, was approved by Budget Council in March. • Implementation of the actions arising from the IT Controls internal audit was commenced. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Cyber Security risk assessment – the first draft has been considered by SLT and further information requested but the response has been delayed due to Covid-19. The Internal Audit

	<p>Team (BDO) are due to undertake an advisory cyber risk review which will support the conclusion of the risk assessment;</p> <ul style="list-style-type: none"> • A Britas Housing Needs system amendments to be implemented; • Ongoing implementation of the Digital Strategy action plan. The Strategy will be refreshed to ensure that it effectively supports the future three year Gedling Plan.
6	<p>FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS</p> <p>Owner: Mike Avery</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • The rolling programme of condition surveys for all council-owned buildings is continuing, with pavilions and public convenience now completed; • A refresh of the Asset Management Plan and the Property Review has been completed and is awaiting Director approval; • Parks Risk Review – 70% of the improvement actions arising from the risk assessment of parks assets have been implemented with the remaining 30% to be completed by October 2020. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • A tree register is to be developed to support the parks risk review work; • Counter Terrorism Review – report pending from the external agents, which will identify achievable actions to be implemented.
7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p>

	<p>Definition:</p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Major - £500k - £1m</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • General Data Protection Regulations and Data Protection Act 2018 – the delivery of the project plan to ensure compliance is nearing completion. A final review of information asset registers which was planned for quarter 4 has been delayed due to Covid-19. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Universal Credit implementation has been deferred by Central Government; • Any outcomes from the Recycling and Waste Strategy consultation. Requirements may include an increase in recycling requirements and consequent funding implications; • A new risk identified was identified in quarter 3: the Supreme Court is currently considering a case in respect of annual leave and associated payments for irregular workers e.g. casual workers, which may have consequences for all employers nationally – the outcome is awaited and the impact for the Council will be determined.
8	<p>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Implementation of the contract management module of the new procurement system is ongoing and the transfer of legacy information into the contracts register has commenced with completion expected in quarter 1 of 2020/21; • Procurement and Contract Standing Orders and Contract Management Risk training sessions have been delivered. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Contract management processes are to be developed and implemented as part of the new e-procurement system.
9	<p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • None to be delivered. <p><u>Actions outstanding:</u></p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – Deterioration (from a</p>

	<p>fully controlled risk B1 to C3 Significant Impact/Significant Likelihood)</p> <p>Definition:</p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The emergence of the Covid-19 pandemic has caused the deterioration in the assessed level of risk. Covid-19 resulted in a number of service closures and suspensions in quarter 4 due, both to the government imposed restrictions, and the uncertainty of available staffing levels due to sickness, shielding and the prioritisation of critical services. The consequence is a possible adverse impact on service standards and customer satisfaction. Improvements in the risk level are expected as service levels return to normal but this could be impacted by a second outbreak of Covid 19. The impact is not expected to continue in the longer term.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Monitoring of complaints received for Covid-19 related impacts has commenced. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • To continue complaints monitoring and resume service levels when the risks are reduced and staffing levels and government guidance enable us to do so.
11	<p>FAILURE TO PREVENT DAMAGE TO THE COUNCIL’S REPUTATION</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Related to the Council’s reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u> Quarterly monitoring of performance information by SLT is an embedded process and timely management action is taken to address any service quality issues arising.</p> <p><u>Actions outstanding:</u> There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
12	<p>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: AMBER – Deterioration from fully controlled to Serious Impact/Low Likelihood</p> <p>Definition:</p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The emergence of the Covid-19 pandemic revealed some gaps in existing Business Continuity Plans meaning that some control gaps existed and the previously assessed risk level was too low.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • A new Business Continuity Impact Assessment template was adopted and Business Continuity Plans were completed by all service areas to address the Covid-19 risks. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Request Cabinet approval for a Business Continuity Policy and Business Continuity Impact Assessment Guidance; • All Business Continuity Impact Assessments to be reviewed in accordance with the Policy to ensure a full suite of plans covering all risk events is completed by September 2020.

13

FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS

Owner: Mike Hill

Current Risk and Direction of Travel: GREEN - NO CHANGE

Definition:

Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.

Key Risk Driver: Reputation

Raw Risk Value: Serious– Adverse regional publicity

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 4:

- The Senior Leadership Team receives economic indicator reports on a bi-annual basis that reports over the themes of homelessness, new homes, benefits and income, and local economy. SLT reflect on these demographic trends and ensure they are fully reflected in service planning processes to ensure needs continue to be met.

Actions outstanding:

- To undertake a 'Visioning' exercise to identify longer term forecasts for socio-economic trends and how these will be reflected in the longer term priorities for the Council to ensure services can meet future needs within available resources.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:

There are no high risk audit recommendations from previous years that have not been addressed and implemented.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:

There have been 3 high risk recommendations reported during 2019/20 all of which were included in the IT General Controls audit. An explanatory report from the Director for Organisational Development is included elsewhere on this agenda.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

L i k e l i h o o d	Very High	E				2	
	High	D					
	Significant	C		4	6, 7, 10	5	
	Low	B	1	11, 13	3, 8, 12		
	Very Low	A			9		
			1	2	3	4	5
			Negligible	Minor	Serious	Major	Critical
			I m p a c t				