

Report to Overview and Scrutiny Committee

Subject: **Corporate Management Risk Scorecard Quarter 3**

Date: 26th April 2021

Author: Democratic Services Officer

PURPOSE OF THE REPORT

To update members of the Overview and Scrutiny Committee on the current level of assurance that can be provided against each corporate risk as agreed at the last Committee.

RECOMMENDATION

That the Overview and Scrutiny Committee:

- Note the progress of actions identified in the Corporate Risk register and any concerns identified by the Audit Committee.
- Identify any Risks about which they would like additional information.

1 Background

1.1 It was agreed at the 9th March 2020 Overview and Scrutiny Committee it would receive quarterly updates on the Corporate Risk Scorecard and specifically those issues that are identified by the Audit Committee to be of concern. The Audit Committee on the 16th March 2021 identified no issues of concern.

1.2 The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017. The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management

framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

- 1.3 The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.
- 1.4 Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

2 Corporate Risk Register

- 2.1 This approach has meant that some of the risks included within the corporate risk register have been set at a relatively high score with the expectation that as mitigation measures are properly recorded or actions taken, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring.
- 2.2 Members are fully aware of the risks arising from the national outbreak of the coronavirus, Covid-19. The impact, as at quarter 3, has been updated in the risk register. The impact and risks of Covid-19 has been reflected in a number of reports to Members throughout the year:
 - Two Cabinet reports on 18 June 2020 detailing Gedling's response to the pandemic, proposing a Reset Strategy to include a review of the Gedling Plan to ensure that it remains fit for purpose and incorporates any new work streams arising from Covid-19 impacts;
 - Quarter 1 (August 2020), quarter 2 (November 2020) and quarter 3 (January 2021) Cabinet budget monitoring and performance reports; and
 - the Annual Governance Statement and Statement of Accounts 2019/20 approved by the Audit Committee in November 2020;
 - the 2021/22 Revenue Budget and Medium Term Financial Plan approved by Council in March 2021.

3 Financial Implications

3.1 None arising directly from this report.

4 Legal Implications

4.1 None arising from this report

5 Equalities Implications

5.1 None arising from this report

6 Carbon Reduction/Environmental Sustainability Implications

6.1 None arising from this report

7 Appendices

7.1 **Appendix 1** - Corporate Risk Register Monitoring – Quarter 3, December 2020

Appendix 2 - Risk Management Scoring Matrix

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3 December 2020

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| 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: AMBER – IMPROVEMENT in current risk level from D3 (high likelihood, serious impact £50k-£500k) to B3 (low likelihood, serious impact).</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 3:</u></p> <ul style="list-style-type: none">• The Quarter 3 budget monitoring report to Cabinet details the estimated projected outturn for the year and indicates that expenditure will be contained within the budget approved at Quarter 2; ie after the approved use of earmarked reserves to fund Covid impacts;• The Quarter 3 report recognised the increased risks presented by the resurgence of the virus and the implementation of further national lockdown restrictions requiring further response activity and the closure of facilities, with the main impact being on leisure income, however these additional impacts are expected to be offset by other savings identified;• Whilst there remains a risk that the final outturn will be overspent due to the ongoing uncertainty the likelihood of the budget now overheating is considered to be low. The 2020/21 budget will continue to be closely monitored. |
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| 2 | <p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – NO CHANGE to current risk level (E4 major impact £500k to £1m)/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>An increased risk level was reported in quarter 4 of 2019/20 due to the risks arising from the Covid-19 pandemic and remains unchanged as at quarter 3 2020/21.</p> <p><u>Actions completed during quarter 3:</u></p> <ul style="list-style-type: none"> • The MTFP has been fully reviewed as part of the 2021/22 budget process. Significant risks still remain in securing a sustainable MTFP; • Due to Covid-19 the planned Local Government finance reforms have been deferred for a second year running; resulting in a one year local government finance settlement and therefore inhibiting effective medium term financial planning; • Gedling has been recognised as the worst affected Council in England in terms of the Government's Core Spending Power measure. A covid-support package is available but it is not projected to cover the estimated covid pressures in full. The MTFP assumes that a reclassification of earmarked reserves of £0.5m will be required to support the future budget; • As reported last quarter a review of the current efficiency |

programme of £1.7m has been completed and new proposals of £0.6m to replace items at high risk of non-delivery have now been approved by Budget Council.

- In the absence of additional funding following the next Comprehensive Spending Review and anticipated multi-year Settlement, additional ongoing savings of £0.6m will be required starting in 2022/23. In order to achieve a sustainable MTFP and mitigate this risk the Council will not be complacent and work will continue in 2021/22 to develop options for budget reductions.

Actions outstanding:

- 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

FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES

Owner: Alison Ball

Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.

Definition:

Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.

Key Risk Driver: Health & Safety

Raw Risk Value: Major – Loss of life/major illness

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 3:

- Periodic reviews of Covid secure risk assessments in light of the most recent government advice are ongoing;
- The number of Covid related risk assessments continues to increase with over 100 completed for the year to date, equivalent to a 16% rise.

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| | <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Full implementation of emergency evacuation templates at each council location, delayed due to Covid-19; • Transfer all completed risk assessments on to the e-system. |
| 4 | <p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.</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 3:</u></p> <ul style="list-style-type: none"> • The Workforce Strategy is now approved by the Appointments and Conditions of Service Committee and formal consultation was commenced. The target date for implementation of the Strategy is 1 April 2021 and the implementation of identified actions will then commence; • The implementation of the Agile Working Strategy is ongoing and a review of the IT needs for each service area has commenced |

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| | <p>to facilitate cost effective flexible working on a more permanent basis;</p> <ul style="list-style-type: none"> Phase 2 of the senior management restructure designed to support effective service delivery within the resources available is now complete and implemented. Potential risks associated with general capacity and recruitment have been recognised and are being actively monitored. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> Formal approval and implementation of the Workforce Strategy. 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; Final approval and implementation of the Agile Working Strategy business case. |
| 5 | <p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – IMPROVEMENT in current risk level from C4 (significant likelihood/major impact) to C3 (significant likelihood/serious impact).</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 3:</u></p> <ul style="list-style-type: none"> The Abritas system database has now been successfully split ensuring all partner authorities now only have access to their own data. This was tested by all parties and went live as |

planned in mid-December 2020. The system is now GDPR compliant;

- Virtual GDPR training has now commenced;
- The cyber risk advisory internal audit was completed during quarter 3 with a draft report received for consideration in quarter 4. SLT will consider the cyber security risk assessment following the audit conclusion.

Actions outstanding:

- Completion of the 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 risk assessment will now be considered following the conclusion of the cyber risk internal audit;
- Ongoing implementation of the Digital Strategy action plan. The Strategy will be refreshed to ensure that it effectively supports the Gedling Plan.

6 FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS

Owner: Mike Hill

Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.

Definition:

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.

Key Risk Driver: Health & Safety

Raw Risk Value: Major – Loss of life / major illness

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 3:

- The general condition surveys of Council Buildings continues to

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| | <p>progress and is now around 85% complete;</p> <ul style="list-style-type: none"> • The suitability and sufficiency surveys of the Councils assets are ongoing and have been completed for the: Civic Centre, Community Centres, Offices Car Parks and Land to date. Assessments are still to be carried out for Parks and Leisure Centres; • The civic centre security counter terrorism review is complete and action plans are being developed for consideration by SLT; • A service development bid for a Tree Inspection Officer to manage the related risks was proposed for consideration by Council and was approved in March, with recruitment planned for early 2021/22. • A proposal for the acquisition of a site safe for assets held at Carlton cemetery was developed for consideration by Council and was approved in March. <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 following the recruitment of the Tree Inspection Officer as detailed above; • Completion of the asset condition and suitability surveys; • Approval and implementation of the actions arising from the counter terrorism review. |
| 7 | <p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Francesca Whyley</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.</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> |

Raw Risk Value: Major - £500k - £1m

Corporate Risk Register Outstanding Controls:

Actions completed during quarters 3:

- Universal Credit implementation is ongoing. All government guidance is monitored but the pace of roll-out is slower than predicted.

Actions outstanding:

- Implement any outcomes from the Recycling and Waste Strategy consultation. Requirements may include an increase in recycling requirements and consequent funding implications but the outcome of the consultation is still awaited;
- A new risk identified was identified in 2019/20: 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 FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES

Owner: Alison Ball

Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.

Definition:

Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.

Key Risk Driver: Financial Impact

Raw Risk Value: Serious - £50k - £500k

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 3:

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| | <ul style="list-style-type: none"> • Work to implement the electronic contracts register has been delayed but work is now underway. Training has been arranged with the system provider for delivery in quarter 4; • Procurement processes have been updated to reflect the post Brexit transition period requirements e.g. From 1 January 2021 a new e-notification service called Find a Tender (FTS) will be used to post and view public sector procurement notices; • Contractor health & safety arrangements and additional covid instructions have been developed for implementation. <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; • A review of procurement and supply chain issues related to Brexit subsequent to trade negotiations. |
| 9 | <p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Francesca Whyley</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level.</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 3:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> |

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| | <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p> |
| <p>10</p> | <p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level.</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 in quarter 4 of 2019/20. Covid-19 resulted in a number of service closures and suspensions during 2020/21, 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. The impact is not expected to continue in the longer term.</p> <p><u>Actions completed during quarter 3:</u></p> <ul style="list-style-type: none"> • Monitoring of complaints received for Covid-19 related impacts is continuing. Increased incidents of customer frustration have emerged due to full service levels not being possible in all areas due to Covid; • Covid outbreak management and compliance work continues to take priority. <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 |

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| | 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 to current risk level.</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 3:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk. |
| 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: GREEN – NO CHANGE to current risk level.</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> |

Corporate Risk Register Outstanding Controls:

The emergence of the Covid-19 pandemic revealed some gaps in existing Business Continuity Plans meaning that some control gaps existed but this was quickly addressed and improvements to the risk level were reported at quarter 2.

Actions completed during quarter 3:

- A Business Continuity promotion webpage was established in November 2020.

Actions outstanding:

- No outstanding actions.

13 FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS

Owner: Mike Hill

Current Risk and Direction of Travel: GREEN - NO CHANGE to current risk level.

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 3:

- None to report.

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 is one high risk recommendation reported to date during 2020/21. This is arising in the Cyber Risk advisory review and relates to anti-virus compliance. The recommendation has been accepted by management.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

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|-------------------|-------------|---|---------------|----------|---------------|-------|----------|
| Likelihood | Very High | E | | | | 2 | |
| | High | D | | | | | |
| | Significant | C | | 4 | 5, 6, 7,10 | | |
| | Low | B | | 11,12,13 | 1,3,8, | | |
| | Very Low | A | | | 9 | | |
| | | | 1 | 2 | 3 | 4 | 5 |
| | | | Negligible | Minor | Serious | Major | Critical |
| | | | Impact | | | | |