

Report to Audit Committee

Subject: Corporate Risk Management Scorecard Quarter 4 2020/21

Date: 29 June 2021

Author: Head of Finance and ICT

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

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

2. Background

It was agreed at the March 2020 that the Overview and Scrutiny Committee 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 will meet on 29 June to review the Q4 scorecard and any areas highlighted as concerning to its members would be reported verbally to this committee.

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.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.

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.

3. Corporate Risk Register

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.

The Corporate Risk Register and supporting comments as at the end of March 2021 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

The last update of the Corporate Risk Scorecard was presented to Audit Committee on 16 March 2021 which provided the 2020/21 quarter 3 position.

Members will be aware of the risks arising from the national outbreak of the coronavirus, Covid-19. The impact, as at quarter 4, 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 incorporating 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;
- The Annual Governance Statement and Statement of Accounts 2019/20 approved by this Committee in November 2020;
- The 2021/22 Revenue Budget and Medium Term Financial Plan approved by Council in March 2021

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, Period Ending 31 March 2021

Appendix 2 - Risk Management Scoring Matrix

Statutory Officer Approval

Approved by: Chief Financial Officer

Date: 21/06/21

Approved by: Monitoring Officer

Date: 21/06/21

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4 – Period Ending 31 March 2021

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 – IMPROVEMENT in current risk level from B3 (Low likelihood, serious impact) to B1 (low likelihood, negligible 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 4:</u></p> <ul style="list-style-type: none"> • Draft 2020/21 financial outturn produced showing net General Fund revenue underspend across all service areas of £322K. • The underspend has enabled the reversal of the use of earmarked reserves approved by Cabinet due to Covid related pressures and will allow Covid related grants to be used to assist manage the related demand in 2021/22. • Business rates income over the years from 2020/21 to 2023/24 will be £303K less than what previously assumed in Medium Term Financial Plan (MTFP) allowing the 2020/21 net expenditure position across services and business rates to largely offset each other.
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 (maintained at E4 very high likelihood/major impact £500k to £1m).</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 which remains unchanged as at quarter 4 2020/21.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • The annual budget, new efficiency programme and balanced MTFP together with the associated statement on robustness of estimates detailing risk issues was considered and approved by Council in March 2021. • The risk issues as detailed in quarter 3 continue to be relevant and the current assessed risk level is likely to continue until progress with the delivery of the efficiency programme is evident and secured, ongoing Covid impacts are clearer and there is more certainty over the future of local government funding. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • 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: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact)</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"> • All SLT and Heads of Service have been asked to provide interim emergency evacuation cover and are currently being trained. This is a temporary measure until the procedures can be re-evaluated once stage 4 of the Covid roadmap restrictions are known. • All Heads of Service have been requested to complete the annual declarations on all risk assessments to demonstrate that all are current. • The Health and Safety Officer provided a template for all service areas on AssessNET for Managers to ensure completion of Covid secure risk assessments before the return of staff to the offices. <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; • Periodic reviews of Covid secure risk assessments in light of most recent government advice. • 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 (David Archer)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C2 significant likelihood/minor impact).</p> <p>Definition:</p>

Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.

Key Risk Driver: Service Provision

Raw Risk Value: Serious – Significant elements of a service suspended / reduced

Corporate Risk Register Outstanding Controls:

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.

Actions completed during quarter 4:

- The Workforce Strategy is now fully approved post consultation and the implementation of the action plan will progress in 2021/22. This will seek to ensure that staff are creative, flexible and have the right skills to respond positively to the challenges that lie ahead.
- Implementation of phase 2 of the senior management restructure is complete with the recruitment of Corporate Director (Environment and Communities) and the Head of Finance and ICT bringing to full capacity.
- The implementation of the Agile Working Strategy is ongoing and a review of the IT needs for each service area has commenced to facilitate cost effective flexible working on a more permanent basis

Actions Outstanding:

- Phase 3 of the staff restructure is underway with full implementation expected by quarter 3.
- Final approval and implementation of the Agile Working Strategy business case.

5 FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS

Owner: Alison Ball (H of F&IT)

Current Risk and Direction of Travel: AMBER – NO CHANGE in current risk level (maintained at C3 significant likelihood/serious impact).

Definition:

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.

Key Risk Driver: Objectives

Raw Risk Value: Major – Directorate objectives not met

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 4:

- Managers have been reminded to ensure all staff have completed virtual GDPR training. A majority of the workforce have now completed it and it will be required for all new starters.
- A cyber risk internal audit was completed and recommendations reported to Audit Committee in March. This will inform the completion of the cyber risk register for consideration by SLT.

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. Risk management consultants have provided a proposal for a cyber risk assessment to form a baseline and identify control gaps.
- 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.
- A review of the ICT service to evaluate the current service provision and ensure the service is adequately resourced (in both numbers and expertise) to meet current and anticipated future demands.

6

FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS

Owner: Mike Hill

Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).

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 4:

- The general condition surveys of Council Buildings continues to progress and is around 85% complete;
- 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;
- The Tree Inspection Officer role was approved by Council in March and recruitment planned in Q1 of 2021/22;
- New risk added – Mapperley Tunnel access to be restricted to prevent trespassing and improve public safety.

Actions outstanding:

- A tree register is to be developed to support the parks risk review work;
- Completion of the asset condition and suitability surveys;
- Approval and implementation of the actions arising from the Counter Terrorism Review.

	<ul style="list-style-type: none"> • Work to be undertaken to restrict illegal access to Mapperley Tunnel
7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Fran Whyley</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).</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"> • Universal Credit implementation is ongoing. All government guidance is monitored but the pace of roll-out is slower than predicted. • As capacity reduces in the legal team, this presents a potential risk as legal officers need to ensure they remain up to date on legislative changes which impact the Council. • Temporary support has been introduced for emergency planning/Covid related functions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • 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 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.

	<p>This may have consequences for all employers nationally – the outcome is awaited and the impact for the Council will be determined.</p>
8	<p>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact).</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"> • Work is ongoing to implement the contract management module in the procurement system; • Successful implementation and compliance with the post Brexit procurement regulations as required from 1 Jan 2021. <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 any 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: Fran Whyley</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at A3 very low likelihood/serious impact).</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: <u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • No outstanding actions <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 (however a link to an action outstanding corporate risk 7 is recognised i.e. the Supreme Court case considering annual leave and associated payment for irregular workers)</p>
10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Alison Ball (Fran Whyley)</p> <p>Current Risk and Direction of Travel: GREEN – IMPROVEMENT in current risk level from C3 (significant likelihood, serious impact) to B2 (low likelihood, minor impact).</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 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 in quarter 4 due, both to the government imposed restrictions, and the uncertainty of available staffing levels due to sickness, shielding and the</p>

	<p>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 the service indicates that customer call response remains high, service standards remain good and complaints are low. • A shift to digital channels during Covid ensured that customer service levels were maintained. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • To continue complaints monitoring and resume normal 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 to current risk level (maintained at B2 low likelihood/minor impact).</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></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 – IMPROVEMENT in current risk level from B2 (Low likelihood, minor impact) to B1 (low likelihood, negligible impact).</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"> • The Business Continuity promotion website page has been completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • No outstanding actions.
13	<p>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN - NO CHANGE to current risk level (maintained at B2 low likelihood/minor impact).</p> <p>Definition:</p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Serious– Adverse regional publicity</p> <p>Corporate Risk Register Outstanding Controls:</p>

<p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none">• No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none">• 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 was one high risk recommendation that arose during 2020/21. This was in respect of the Cyber Risk advisory review and related to anti-virus compliance. The recommendation was accepted by management.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

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