



**OPEN REPORT
GOVERNANCE AND RESOURCES COMMITTEE**

Governance and Resources Committee – 18 July 2024

RISK MANAGEMENT ANNUAL REPORT 2023/24

Report of the Chief Executive

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The Council's Risk Management Policy and Strategy requires the Chief Executive to report to Members, by way of an annual report, on the Council's risk management arrangements and how key strategic risks are being managed.

This report describes the Council's risk management processes and working practices, which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.

Recommendation

That the annual report and risk management arrangements be approved.

List of Appendices

Appendix 1 Internal Audit Review Recommendations
Appendix 2 Strategic Risk Register: Mitigating Actions

Background Papers

None

Consideration of report by Council or other committee

Not applicable

Council Approval Required

No

Exempt from Press or Public

No

Risk Management Annual Report 2023/24

1. Background

- 1.1 The Council's Risk Management Policy and Strategy, approved by this Committee in September 2023, requires the Chief Executive to report to Members, by way of an annual report on the Council's Risk Management arrangements and how key strategic risks are being managed.
- 1.2 This report describes the current risk management processes and working practices, which have been developed to ensure they continue to provide the Council with the correct levels of insight and support in relation to its risk exposure. The report illustrates the strategic risks and scores them as high (red), medium (yellow) or low (green). The report also shows the actions that are planned to mitigate or reduce the risks.
- 1.3 The Council operates a risk management programme whereby risks associated with the Corporate Plan, its key strategic objectives and individual Service Plan Key Actions are formally assessed. The Council identifies risks at two levels:
 - **Strategic Risks:** These are the risks that will significantly impact the Council in the delivery of its Strategic Objectives and Corporate Plan; and
 - **Operational (Service) Risks:** These are the risks which will impact on the delivery of each service at an operational level. Managing these risks will assist each Head of Service in the delivery of their Service Plan objectives and key actions.
- 1.4 Relevant individuals (the Risk Management & Continuity Group or RCG) meet on a quarterly basis to discuss the risks facing the Council and the delivery of its objectives. Those risks highlighted during these sessions are analysed and prioritised and further actions identified. These are captured within the Operational and Strategic Risk Registers.
- 1.5 An essential part of the process involves ensuring all risks have clear ownership. Service Managers are required to identify the key internal controls for each risk they are responsible for and to identify mitigating controls. The risk management methodology provides guidance for risks to be scored, enabling officers to report risks which may prevent them from achieving their required aims.
- 1.6 Risks are regularly reported to the Risk Continuity Group (which includes all members of the Corporate Leadership Team as well as other key colleagues), ensuring that risks, risk management etc. are challenged and reported effectively.

1.7 Further information and guidance on the Council's risk management processes and procedures can be found in the [Risk Management Policy and Strategy](#) for 2023 to 2025.

2. Key Issues for 2023/24

2.1 The Council remains committed to ongoing risk management activities. Risk management practices and procedures are well embedded. The Risk Continuity Group continues to be well attended. Key actions arising since the last annual report include:

- Regular reviews of the strategic risk register
- Checks that operational risk registers are being kept up to date
- Regular discussions relating to risks arising from events being held in the District;
- Discussions relating to changes to the Business Continuity Plan, Resilience and the Emergency Plan;
- Review of terms of reference and membership of group
- Preparation of the draft annual report
- Discussions relating to cyber security & the potential effect of cyber crime
- Discussing the progress of implementation of the recommendations of the internal audit review of risk management arrangements.

2.2 Internal Audit Review: An internal audit review of risk management arrangements was undertaken in 2022. The overall conclusion of the internal audit review was that the reliability of the internal controls operating in respect of risk management was assessed as **Reasonable**. (Reasonable is defined as *“the majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed”*). However, 8 recommendations were made by Internal Audit (5 low risk and 3 medium risks). The RCG has monitored the implementation of the recommendations. Details of the recommendations, and progress in implementing them, are set out in Appendix 1. At the time of writing this report two recommendations have not yet been fully implemented but are expected to be completed by 31st October 2024.

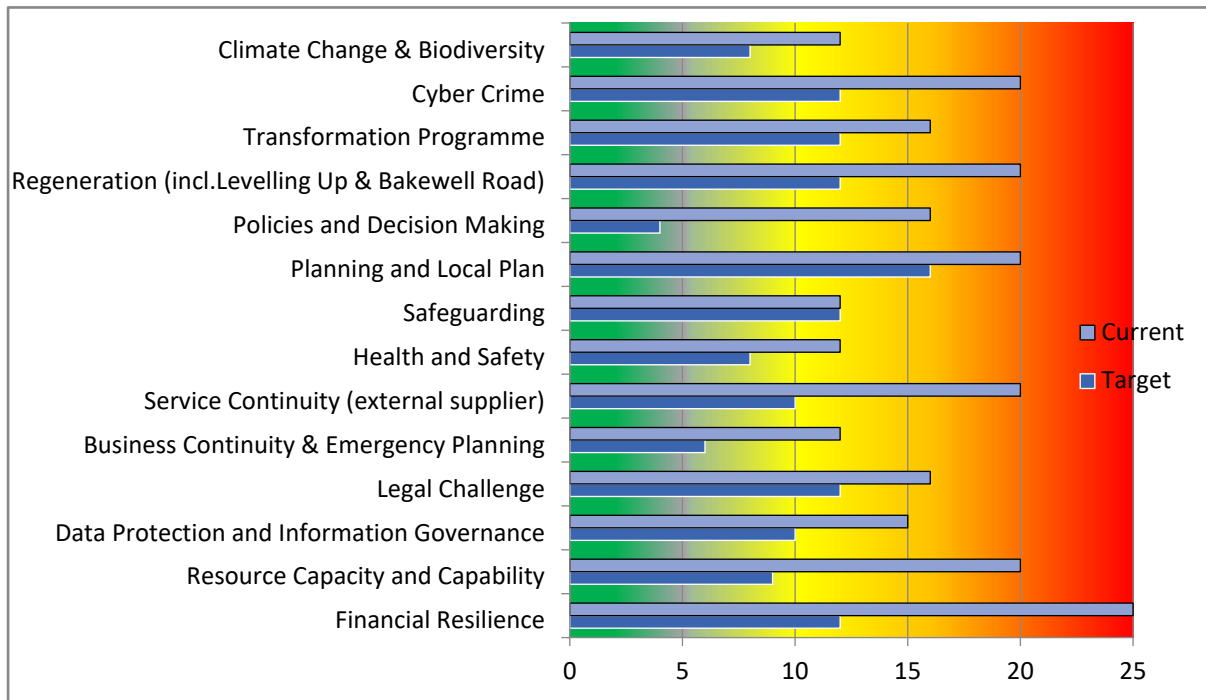
2.3 Risk Assessments: Strategic Risks are considered by relevant officers and documented within the Strategic Risk Register. Those risks identified and scored by the RCG at the meeting in June 2024 are set out in Chart 1 below.

The chart shows that the Council currently has 14 risks on its strategic risk register. It also shows that there are eight strategic risks currently scored as “high”. These high risks are:

- Financial Resilience (score of 25),
- Cyber Crime (20),
- Legal Challenge (20),
- Planning & Local Plan (20),
- Policies and Decision-making (20),
- Service Continuity (External Supplier) (20)

- Regeneration (20), and
- Resource Capacity & Capability (20).

Chart 1: Strategic Risk Scores (June 2024)



2.4 A comparison of current risks with the chart shown in last year’s report shows that 3 risk areas have moved from “medium” to “high”, as illustrated in table 1 below.

Table 1: Change in risk levels 2023 to 2024

Level of Risk	Rating	Number of risks at each level June 2023	Number of risks at each level June 2024	Change
Low	1 - 4	0	0	-
Medium	5 - 16	9	8	- 1
High	17 - 25	5	6	+1

There is one area where the risk level has increased from “Medium” to “High”. This is “Planning and Local Plan”. This is because of increased aspirations from Members to include policies on a very wide range of commitments, not all of which might be achievable in the timescale of the current local plan.

- 2.5 Service managers and the Risk Continuity Group have identified that actions are required to further mitigate strategic risks, moving risk scores closer to targets, and to reduce the Council's risk profile. These mitigating actions are shown in Appendix 2.

3. Options Considered and Recommended Proposal

- 3.1 It is recommended that the annual report and risk management arrangements be approved.

4 Consultation

- 4.1 This report does not seek a decision to make changes to policy or procedure and therefore it has not been subject to consultation.

5 Timetable for Implementation

- 5.1 The recommendations arising from the Internal Audit Review (shown in Appendix 1) are all expected to be implemented by 31st October 2024.
- 5.2 Further mitigating actions (shown in Appendix 2) will be implemented as soon as practicable.

6 Policy Implications

- 6.1 This report addresses the requirement within the Risk Management Policy and Strategy for an annual report on risk management activities to be presented to the Governance & Resources Committee.
- 6.2 Effective Risk Management provisions enable significant risks to be identified, mitigated and monitored thus contributing to the provision of all services and priorities.

7 Financial and Resource Implications

- 7.1 The cost of insurance cover and other mitigating actions is usually contained within existing budgets. Where a significant mitigating action is identified to address a high risk, and there is insufficient budget, the relevant service director will prepare a report for the relevant policy committee or Council to seek a supplementary revenue budget. The financial risk of this report's recommendations is assessed as low.

8 Legal Advice and Implications

- 8.1 This report describes the Council's risk management processes and working practices, which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.

8.2 The report documents an effective system of risk management, which aims to identify, control and mitigate risk. It is recognised that not all risks can be mitigated.

8.3 There are two recommended decisions connected to this report and the legal risk associated to these decisions have been assessed as low.

9 Equalities Implications

9.1 There are no direct equality or diversity issues arising from this report, so it has not been necessary to prepare an Equality Impact Assessment.

10 Climate Change and Biodiversity Implications

10.1 There are no direct implications for CO2 Emissions and Climate Change arising from this report.

10.2 Climate change risks are assessed and monitored on the strategic risk register. More detailed operational risk assessments for specific climate change projects, such as the Public Sector Decarbonisation Scheme, are held in the regulatory services department.

11. Risk Management

11.1 This report addresses the Council's Risk Management Policy and Strategy, which is designed to ensure that risk management arrangements continue to be effective, timely and fit for purpose and to provide the Council with the correct levels of insight and support in relation to its risk exposure.

11.2 Risk management can help ensure that potential barriers to the delivery of its priorities and services are identified and addressed in advance. It can help to direct resources to areas of most need, including areas of innovation and efficiency.

Report Authorisation

Approvals obtained from Statutory Officers :-

	Named Officer	Date
Chief Executive	Paul Wilson	04/07/2024
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	10/07/2024
Monitoring Officer (or Legal Services Manager)	Helen Mitchell	10/7/2024

Recommendations from the Internal Audit Review of Risk Management

Recommendations		Priority (High, Medium, Low)	Original Target		Progress at
			To be Implemented By:		06 June 2024
			Officer	Original Target	
R1	Operational risk registers should be reviewed and brought up to date as soon as possible (where not recently reviewed).	Med	Chief Executive (for HR) & Directors of Housing and Resources	Before next RCG meeting on 21 September 2022	Completed: At the RCG meeting in September 2023 operational risk registers were reviewed and found to be up to date.
R2	The Risk Continuity Group should monitor operational risk registers on a half yearly basis to check that departmental risk registers are being reviewed and updated regularly to ensure all risks identified are being well managed and updated/reviewed in accordance with the Risk Management Policy and Strategy.	Low	RCG	From the next RCG meeting on 21 September 2022	Completed: At the RCG meetings in September 2023 and March 2024 operational risk registers were reviewed and found to be up to date.
R3	A register of all current and future projects should be created and maintained. This should be reviewed by the Risk Continuity Group on a periodic basis to ensure that risks in relation to projects are identified, documented, assessed and monitored. It should then be determined if a specific risk register is required for individual projects	Low	RCG	From the next RCG meeting on 21 September 2022	Completed: A new business case template has recently been agreed by CLT as well as a template for reports to CLT, both of which have a section on risk management.
R4	The Risk Management Policy when next reviewed should be updated to reflect how the RCG group report to CLT and Members.	Low	Director of Resources	At the time of the next policy update which is due by February 2023	Completed: An updated policy was approved by The Governance & Resources Committee in September 2023. The updated policy included details of how the

Recommendations		Priority (High, Medium, Low)	Original Target		Progress at
			To be Implemented By:		06 June 2024
			Officer	Original Target	
					RCG group report to CLT and Members.
R5	Not agreed	Low			N/A: Recommendation not accepted
R6	To ensure all employees and Members have a sound understanding of risk management a training programme to imbed risk management throughout the organisation should be implemented by the Risk Continuity Group. Information and material to aid the risk management process and to provide information to employees should be placed on the intranet as a point of reference	Med	Director of Resources	31 December 2022	In progress: Training material is being prepared & will be presented to RCG in September, after which it will be rolled out to all employees and members for completion by 31 October 2024.
R7	A process should be developed by RCG to ensure that risks associated with partnership working arrangements are recorded and regularly monitored. This should be undertaken in accordance with any specific requirements as detail within the relevant SLA's	Med	Relevant service director		N/A: Recommendation not fully accepted. Contract managers are expected to highlight high risks to CLT and/or on the operational risk registers.
R8	A formal process for reviewing credit checks of a critical supplier prior to contract award and during the contract period should also be discussed and developed if required. As part of the contract award process for high value/high risk procurement exercises, the Risk Continuity Group should discuss and provide guidance for the review and monitoring of critical risk supplier's business continuity plans.	Low	Originally the Risk Continuity Group, now to be undertaken by the Statutory	From the next RCG meeting on 21 September 2022	Partially Completed: A formal process for financial checks is now in place for potential new suppliers prior to contract award. This process is to be documented and then reviewed by the Statutory Officers Group, who will also determine whether periodic checks of financial standing

Recommendations		Priority (High, Medium, Low)	Original Target To be Implemented By:		Progress at 06 June 2024
			Officer	Original Target	
			Officers Group		<p>are required throughout a contract.</p> <p>The Statutory Officers Group will also assess the critical risk of suppliers' business continuity plans and the need for ongoing monitoring of business continuity plans for high risk / high value contracts..</p> <p>This is expected to be completed by 31 July 2024.</p>

Strategic Risk Register: Mitigating Actions as at June 2024

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
Financial Resilience	25 High	25 High	<ul style="list-style-type: none"> • Potential financial risk from Ashbourne Reborn capital project (see below) will be monitored regularly • Provisional LG Finance Settlement expected to be received mid December 2024 and the impact on the budget for 2025/26 will be assessed. Some indications were given for 2025/26 but the funding position for 2026/27 onwards is still very unclear and could have a significant impact on financial sustainability. • Clearer picture on outlook expected when government announces details of 75% rate retention and the results of the Fair Funding Review, but this is now thought to be likely to be after the next general election. • Assess high value contracts to identify possible levels of exposure to increased expenditure due to rising inflation - (see also S4 below) • Baseline assessments being undertaken • MTFP to be updated for approval at Council meeting in July 2024 • Increased engagement between Members & Officers to consider service planning & budget for 2025/26 	12 Medium
Resource: Capacity and Capability	20 High	20 High	<ul style="list-style-type: none"> • If required, neighbouring authorities could be approached for resource support and agency temps are being engaged (though at a significant cost). • Required in PDRs. Managers update Job descriptions and Job evaluations to ensure current and fair to retain and recruit • Delivery of Learning & Development Programme • Need to look at ways to possibly fund changes in pay spine for some grades to ensure can continue to recruit • Fully utilise E-Learning Platform, with annual review of mandatory courses 	9 Medium

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
			<ul style="list-style-type: none"> • Plan being developed to address age profile of depot employees and provide future resilience, as part of a wider review of the Clean and Green Service. Need to be mindful of age profile in other services and ensure succession planning is in place where appropriate • Need to manage the new council agenda (e.g. climate change) as there is a risk that too much focus on new projects will leave little capacity for ongoing service issues. • Arrangements being put in place for more extensive engagement with Members • Implementing new corporate plan that is member-led but will impact on capacity, human & financial • Changes to waste collection delivery method likely to have a significant impact on staffing resources (waste team, legal, finance, HR). • Senior Regeneration Officer post vacant following redesignation to LUF role (see below) • Interim development management staff recruited in short term and permanent staff being recruited in the medium term • Report to Council in July 2024 to consider Resilience, Resources & Priorities and interim staffing resources. • Corporate succession plan to be in place by 31 July 2024. 	
Data Protection & Information Governance	15 Medium	15 Medium	<ul style="list-style-type: none"> • Review contracts to ensure DPA and GDPR are addressed. • IGO to deliver training for non office-based employees. • There is a need to meet the requirements under the Accountability Principle. • All recommendations from Internal Audit Review 2020 to be implemented by agreed deadlines, including redaction training. • Provide awareness training for breach management. • Provide DPIA guidance and training. • Consider impact of guidance from ICO on data sharing agreements • Review CCTV against Surveillance Code of Practice (IGO) • Deliver mandatory training on data protection to employees and members, for all new starters and refreshed every two years • Review & update data protection policy 	10 Medium

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
			<ul style="list-style-type: none"> Interim Information Governance Manager has been appointed and will take steps to reduce the risks. 	
Legal challenge in respect of contracts etc.	16 Medium	16 Medium	<ul style="list-style-type: none"> Review contract standing orders and financial regulations Establish a corporate approach to contract management and deliver training to managers who manage contracts Provide guidance on consultation issues for relevant officers. Roll out PSS Live to ensure that there is a record of inspections, reducing the risk of successful compensation / insurance claims Review limit of indemnity for official indemnity insurance Due diligence over insurance limits of liability & contractual terms of contractors If rising inflation causes increased costs, managers need to consider measures to mitigate cost increases & service disruption - see S1 above and need to identify potential exposure. On-going review of best practice and changes in legislation etc. Reminder to all staff about timely consideration etc. Deliver training on consultation for relevant officers Ethical Fortnight to be held in September. 	12 Medium
Business Continuity & Emergency Planning	12 Medium	12 Medium	<ul style="list-style-type: none"> Consider impacts on strategic partners e.g. CAB~ Build resilience within CLT and SMT, especially below gold command level~ Interim review of business continuity arrangements to include consideration of splitting and rostering staff e.g. flooding events lasting several days. Current pressures on human and financial resources to be monitored by CLT~ BC and multi-agency exercises to be planned Resilience direct exercise to be planned Continue to review the business continuity arrangements of contractors to ensure that they are fit for purpose Building up our pool of experienced people to work in an emergency. Increased capacity in LRF Martyn's Law training for Counter Terrorism: identified team before possible roll out wider 	6 Medium

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
			<ul style="list-style-type: none"> • Updating documentation for winter preparedness • Flood warden awareness / recruitment events to take place in June & September 2024 • Further member of CLT to be trained for Gold (Strategic) Command and another for Silver (Tactical) Command. • PROTECT(ACT) training scheduled for CLT /SMT in July 2024 	
Continuity of Service (where there is an External Supplier)	20 High	20 High	<ul style="list-style-type: none"> • Review contracts to ensure exit strategies are included and documented. Where these are not in place discuss with suppliers how these could be implemented. • Identify alternative/temporary solutions for key contracts and minimum delivery requirements. • Working with existing contractors to ensure continuity of service; Develop suite of contracts to include provisions to mitigate this risk. • Ensure new contracts have a sensible share of risks and liabilities; • Council to be asked to give approval to adopt temporary measures outside terms and conditions of waste management contract; • Deliver training for managers involved in managing contracts in relation to compliance and procurement 	10 Medium
Health & Safety	12 Medium	12 Medium	<ul style="list-style-type: none"> • Continue to grow and develop the Safety Committee. • Ensure that the RCG is informed of risks on a regular basis to reflect risks in the department and strategic risk registers. • Engage with providers to identify any proactive measures that the Council could take, if not already being performed. • Refine play equipment etc. inspection reporting regime to ensure regular inspections take place and are recorded • Review the asbestos register to ensure that this is up to date. • Continue to update fire risk assessments. • Continue to review Lovers Walk risk assessments in relation to rock falls and monitor in accordance with survey & develop maintenance programme for rock faces; • Health & safety training to be considered for SMT in 2023 	8 Medium

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
			<ul style="list-style-type: none"> • Implement outstanding recommendations from Internal Audit Review (IOSH training; reporting) • Working with event organisers to assist with risk assessments for holding events safely where possible, resulting in a number of cancellations. • Continue to monitor accident reports and trends including RIDDOR • In-house health and safety trainer to deliver training to others • Health and safety arrangements being reviewed in light of the retirement of the Director of Regulatory Services. 	
Safeguarding	12 Medium	12 Medium	<ul style="list-style-type: none"> • Specific training for safeguarding officers • Continue mandatory training for Members & new employees and refresher training for other employees • Refresher training for taxi drivers with Derbyshire County Council now ongoing 	12 Medium
Planning & Local Plan	16 Medium	20 High	<ul style="list-style-type: none"> • Ongoing Local Plan monitoring • Further workshops and meetings of Local Plan Sub Committee scheduled • Further consultation to be undertaken • Keep under review changes to legislation and national policy • Careful programming of activities, workloads and risks to ensure that back stop date of submission of Plan to Sec State by June 2025 is achieved. • Ensure adequately resourced. Recruitment underway • Appeal against refusal by committee of recommendation to approve to be funded from General Reserve and Counsel and expert witnesses brought in • New Corporate Plan puts great emphasis on Local Plan policies - ability to deliver all Member aspirations to be kept under review • Improved links between Development Management and Planning Policy via Update meetings and joint team meetings 	16 Medium
	16	16	<ul style="list-style-type: none"> • Further training as necessary • In depth risk assessments for commercial projects 	4

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
Policies & Decision Making	Medium	Medium	<ul style="list-style-type: none"> Continue dialogue with members to work with them to review corporate priorities, ensuring that the plan is deliverable. 	Low
Regeneration	20 High	20 High	<ul style="list-style-type: none"> County Council capacity to deliver has been escalated Identify and address ongoing implications for costs & staff of projects Assess risks from regeneration projects. Risk registers in place & reviewed monthly Availability of officer support in Estates, Legal and Finance identified as a risk. The corporate project tracker aims to review, identify and plan for pinch points. Communications and engagement plan developed & to be delivered. Regular Member updates being provided for both Ashbourne Reborn and Bakewell Rd Estates Team managing DDDC contractors on Bakewell Rd project; Atkins appointed to provide project management (inc. CDM) and procurement capacity for main contract Consideration being given to consultancy approach re: Monitoring Surveyor for Ashbourne Reborn using Pagabo Framework Ability to progress brownfield sites requires master-planning; at risk due to lack of SRO, multiple landowners; impacting UKSPF spend Actions to take include Member prioritisation and business case formalisation; completion of existing programmes; and work to extract support from EMMCCA. Third attempt to recruit Senior Regeneration Officer (using incentive) unsuccessful; x3 recruitment agencies approached for interim SRO (initial approach for single SRO unsuccessful) 	12 Medium
Transformation Programme	16 Medium	16 Medium	<ul style="list-style-type: none"> Consider lessons learned from other programmes and implement learning where appropriate. Rollout of EDMS to be determined and resourced CLT need to keep under review capacity for project management and change Develop & report a Transformation Strategy to members 	12 Medium

Strategic Risk	June 2023 Risk Score	June 2024 Risk Score	Further Mitigating Actions or Controls	Target Risk Score*
Cyber Crime	20 High	20 High	<ul style="list-style-type: none"> • Review and update the ICT Strategy and Information Governance Strategy • Service managers to be asked to review BCP specifically related to a cyber attack • Cyber crime sub group of the Derbyshire Resilience Partnership is to be reintroduced in July / August 2024 • Cyber treatment plan progressing • Further workshops scheduled to review the continuity plans establish resilience improvement plans and projects. 	12 Medium
Climate Change and Biodiversity	12 Medium	12 Medium	<ul style="list-style-type: none"> • Seek further funding for planned capital works • Take advantage of funding opportunities as they arise - particularly through the new mayoral authority, links to Local Area Energy Planning to drive investment • Recalculate carbon footprint on annual basis • Climate Change Officer to take on role at officer groups and maximise opportunity • Develop project plan to deliver capital works • Develop Climate Change role outside the Council and within the community - ambition to set district wide target • Consider potential for renewable energy generation across the District • New & refreshed Climate Change working group • Harness staff and elected Member ideas • Develop role of the CCWG • Electrification of fleet vehicles - consider use of alternative fuels as 'quick win' • Review use of chemicals & type of equipment for Clean & Green • Developing a strategy for EV charging points in the community • Monitor risks associated with delay in delivering grant funded projects • Implement biodiversity action plan • Agree approach for offsetting residual emissions 	8 Medium

*after further mitigating actions have been implemented.