

Strategic Risk Register 2020/21 quarter 3

Appendix 2

Old format, with changes tracked, for comparison

	Title	Description	Current		Target		Owner	Controls introduced or planned in 2020/21 quarter 3.
			likelihood score	impact score	likelihood score	impact score		
1	Resources	<ul style="list-style-type: none"> The lockdown has caused a loss of income of approximately £800,000 per month. <u>The third national lockdown will be reviewed in mid-February but with the new variants of the virus and the vaccination programme underway the base planning assumption is that some form of restriction will remain in place until June at the earliest. Once restrictions are eased we expect a cautious and gradual lifting on a regional basis with close examination of data so it is likely to take some time for people to return to</u> 	3	3	3	3	Head of Strategic Finance and Property	<u>Minimum Balances held on risk assessment basis to cushion impact over short term (max 2 years)</u> <u>Modelling of impact of grant settlement scenarios and function and funding changes</u> <u>Three year MTFP savings programme.</u> <u>Transformation Programme in scoping stage to deliver savings and efficiencies through an emphasis on: digital self-service; process automation; agile working leading to a much reduced accommodation requirement.</u> <u>Financial Sustainability Committee considering investments in</u>

their previous patterns of behaviour.~~The restrictions are now easing but it is likely to take some time for people to return to their previous patterns of behaviour.~~

- Medium Term Financial Plan included a range of projects to reduce net expenditure. At the moment it is unclear when, and in some cases if, these projects can be delivered.
- Total Government support of just over £1.72.9 million has been received. A further £63.6 million has been received by the Council and paid out to support business and the community in East Herts.~~However, it remains unclear whether all of the Council's losses will be funded by central government.~~
- Government has committed to the income compensation scheme for the first quarter of

infrastructure or operational assets that yield income or cost reductions that are not caught PWLB lending rules. New capital programme items must make a return for the investment in cost reductions or income on top of covering the interest and MRP costs Charges will be required to be in conformity with proposed corporate policy on charging recovering total costs and concessions will need to be justified in policy terms and funded by higher charges for others. Council is in receipt of funding that compensates for loss of transactional income but not items such as rent on investment properties. Rent payments have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would

	<p><u>2021/2 and it is possible that they would extend the scheme to cover periods of restrictions beyond quarter 1.</u></p> <ul style="list-style-type: none">• <u>Once the pandemic has ended and the economy has started to recover, the Government will have to determine how it will manage public finances going forward. It is likely that a new phase of austerity may well follow and central funding for district councils is likely to be limited or reduced. The government may well change the local taxation system by abolishing Business Rates and Council Tax and replacing it with some other form of property related or land value taxation. The Government may also decide to impose</u>						<p><u>have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses as part of the new rent agreement.</u></p> <p><u>A detailed set of savings proposals and the detailed budget and MTFP work is underway and will be reported to Audit & Governance Committee in due course but includes costs benchmarking and also a transformation programme focused on agile working.</u></p> <p><u>Leadership Team and Service Managers have looked at agile working proposals and validated the likely maximum number of desks required going forward. Indicative figures at this stage indicate that Wallfields is not suitable and officers are now exploring options around sharing space with HCC or relocation elsewhere.</u></p>
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		<p><u>reorganisation on local government to reduce the number of Councils significantly.</u> Once the economy has started to recover, the Government will have to determine how it will manage public finances going forward. It is possible that a new phase of austerity may follow and central funding for district councils is likely to be limited.</p>						<p><u>Corporate policy on charging to be developed to ensure consistency across charges – there have been a number of below cost charges agreed with no clear policy or justification in the past that are having to be dealt with as part of aligning charges with North Herts for joint commercial waste services.</u></p>
2	Political change (local or national)	<ul style="list-style-type: none"> • Planning policy changes. • Devolution. • Leadership / management culture. • Environmental sustainability and the need for carbon reduction across the council with an ambition to become carbon neutral by 2030. • Brexit risks: <ul style="list-style-type: none"> • Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties. • Settled status for EU 	3	3	3	2	Chief Executive	<p>It is likely that we will see significant changes to both national and local policies following from COVID-19.</p> <p>Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies.</p> <p>Officers are considering the lessons from how the Council has been able to operate during the crisis. It is evident that working from home is possible on a greater scale and this will</p>

		<p>nationals with only half of the 4,000 registered in District having applied for settled status. (June 2019 data.)</p> <ul style="list-style-type: none">• Risk to business growth.						<p>have implications for our future accommodation needs.</p> <p><u>Brexit tariffs do not appear to be an issue due the UK/ EU trade deal, however there may be short term impact on supply chains as businesses adapt to new import / export requirements.</u></p>
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3	Performance, resilience and security of IT systems	<ul style="list-style-type: none"> • Risk of data breach / loss, business continuity incident or poor performance impacting service delivery. • Changing demand on council services and the requirement to invest in and encourage online interaction with customers. 	2	2	2	2	Deputy Chief Executive	<p>IT provision was greatly tested following the lockdown due to COVID-19. We were able to respond swiftly and effectively, enabling over 700 staff across the shared service to continue in their roles working from home. Road map implemented for ensuring IT security. Digital By Design work stream established and One Page Plan completed. Employees and members continue to deliver council services remotely and meetings are now conducted through video conferencing. In general IT systems have held up enabling the council to continue to support residents and businesses. We continue to deliver tightened cybersecurity and are now required by the Government to comply with Cyber Essentials, which we are now working towards. The Digital By Design group continues to explore more online interaction and a proof of concept for the use of webchat has commenced.</p>
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							<p><u>Despite continued cyber-attack attempts, we have been successful in blocking all such attempts. Our cyber security is reviewed monthly with reporting. There are plans to conduct a Cyber resilience exercise in the New Year to test our resilience further.</u></p> <p><u>November's report showed that: 3,752 spam emails were blocked 7 impersonation attempts were blocked. 14 emails containing malware were blocked.</u></p> <p><u>Digital By Design is continuing to progress improved online interactions with the public. We are waiting on the results of the recent webchat trial. Online forms have been developed and added to the website in record time to enable businesses to claim government grants during the pandemic. We are starting to review the benefits and challenges that agile working has brought in order that we can harness where improvements have resulted.</u></p>
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4	Capacity and skills to deliver services	<ul style="list-style-type: none"> Recruitment and retention of staff. Capability and skills to deliver services and projects. Succession planning. 	3	2	2	2	Head of HR and Organisational Development	<p>The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This appears to be working well. This is working fairly well with issues resolved with Matrix where they arise to improve the pooling. The Indeed EHC branded website appears to be working well with only one post re-advertised externally before filling. A new online presence has been set up with Indeed to both improve the employer brand and to provide a more cost effective online recruitment presence; this went live from 1st of June 2020 and initial 4 vacancies on Indeed have performed well. Ongoing work has continued with the Communications team and HR to improve the online presence and promote the employer brand further. <u>Case studies are being developed to support welcoming diversity.</u> Staff turnover had reduced for the 19/20 (1/4/19-31/3/2020) period to 10.1% from</p>
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							<p>followed up on to ensure staff are supported during the pandemic alongside a number of wellbeing and effective ways of working initiatives to further support employee wellbeing and the retention of staff. The Wellbeing survey will be<u>was</u> re-run alongside a full staff survey in December 2020 <u>and the staff satisfaction rates received are high which is positive.</u> <u>In line with savings required a-</u> All recruitment must be approved by Leadership Team with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post.</p> <p><u>The development of agile working and costs/income planning are the current key focus in terms of staffing, resources and workforce planning for EHC moving forward in line with pandemic impact and the new ways of working required.</u></p> <p>Government has brought in tThe</p>
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								<p>£95k exit payment cap <u>implementation that is still being considered by LGPS. Unions have lodged several legal cases which need to be heard to provide further clarity.</u> includes pension strain costs in the calculations. The Government Actuary's Department estimates that 86% of staff made redundant would be affected. Staff being made redundant at 55 and having access to their pension as required by law, would lose all of their redundancy pay, including the statutory element and their pension would be reduced by around 40%. The inclusion of pension strain in the cap calculation therefore means that compulsory redundancy will leave the majority of officers with no severance pay and a substantial reduction in pension benefits that could seriously affect their expected retirement lifestyle and potentially cause poverty in retirement. It is understood the Government plan to amend the Regulations requiring immediate access to</p>
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									<p>pension to become voluntarily agreed between employer and employee but they have introduced the cap without that amendment. It is further understood that legal challenges are being brought against Government by various unions.</p>
5	Poor performance or failure of key partner or contractor	<ul style="list-style-type: none"> • Risk that supplier, contractor or key third sector partner fails or fails to deliver. • Impact on services. • Delays to key projects and financial consequences. • Increased costs to maintain service delivery. 	2	3	1	3	Chief Executive	<p>Risk of contractor failure increased due to Covid. Regular discussions are continuing with contractors and key third sector partners to ensure no failures in delivery.</p> <p>Credit risk scores are obtained for major contracts during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health.</p> <p>Waste-related business continuity plans regularly reviewed. Brexit may impact on the sale of materials contracts and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative business continuity planning options.</p>	

6	Infrastructure / growth	<ul style="list-style-type: none"> • Delivery of strategic projects and the risk that residents and key stakeholders are not supportive. • Management of housing growth to ensure that new developments are controlled, provide sustainable communities and with appropriate infrastructure in place. Threat to existing employments sites and the need to ensure that new sites are provided. • Reliance on partners and stakeholders. 	2	3	2	3	Chief Executive	<p>Grange Paddocks and Northgate End construction work is underway.</p> <p>Delays to the Hertford Theatre and Hartham Leisure Centre projects but public consultations now undertaken. and Hartham <u>planning application submitted</u> <u>contract currently out to tender.</u></p> <p>Old River Lane project final business case planning is underway and will be reported to a future Council meeting.</p> <p>Project delivery will be kept under constant review as government guidance changes.</p> <p><u>Construction insurance presentation held in November and quotes to be sought for relevant covers.</u></p>
7	Legal	<ul style="list-style-type: none"> • Risk of avoidable data breach caused by action of staff, contractors or partners, or resilience of systems. • Use of third party systems for virtual meetings during 	2	3	2	3	Head of Legal and Democratic Services	<p>Training provided re Zoom and centralised controls imposed on the East Herts corporate account requiring increased security features be enabled.</p>

		<p>COVID-19 pandemic and potential security problems associated with this.</p> <ul style="list-style-type: none"> • Capacity to respond to changing legislation after Brexit. • Alternative service delivery models. • Effective management of both large scale development projects and major procurement exercises. 						<p>COVID-19 restrictions re holding physical meetings have been intensified again, meaning that plans to move back to in-person Council meetings have been put on hold and these will continue as virtual meetings, most probably until the spring.</p> <p>Steps being taken to address long term capacity and capability to respond quickly. Recruitment for an Information Governance and Data Protection Manager as well as 4 new permanent lawyer posts are underway, meaning that the service will be far more resilient if/once they are all recruited to..</p> <p>Linked to above, one of the 4 lawyer posts is a Contracts and Procurement Lawyer, which if successful in recruiting to will provide much better in house control over major project work. <u>Successfully recruited an Information Governance and Data Protection Manager who started at the beginning of 2021, providing the Council with</u></p>
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							<p><u>greater resilience against data breaches.</u></p> <p><u>Four new solicitors starting with the Council following a successful recruitment process. First solicitor started in January, the final one set to join in April. The Contracts Lawyer, starting in March 2021, will allow for much greater control over the Council's major project work.</u></p> <p>Mandatory data protection and fraud awareness e-learning for staff.</p>
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8	Business economy	<ul style="list-style-type: none"> • Ability to attract, sustain and nurture businesses within the District. Insufficient space for existing business to grow. • Risk of being unable to ensure employment land is provided alongside new developments, or that employment land is lost to housing development. • Likelihood of a global recession following COVID-19 pandemic increased leading to increase in unemployment, low business growth and commercial property values decreasing significantly. • Loss of low skilled labour and exchange rates post Brexit could further increase risk to businesses. 	3	3	2	2	Head of Communications, Strategy and Policy	<p>2 stage approach to mitigating recession following COVID-19:</p> <p><u>In the first lockdown the Council has supported over 2200 businesses with £30m of government funded grants and £18m of reliefs. A further £6.8m has been paid out since November through different government grant schemes and a further 600 businesses have benefitted on top of the 2,200 above.</u></p> <p><u>£132,000 of ERDF funding has been allocated to support safe re-opening of High Streets and has covered work such as traffic management on high streets to encourage social distancing. Due to the second national lockdown retail businesses are again facing significant challenges and our most recent response has been to introduce a shop local campaign focused on on-line buying and takeaways / click and collect services.</u></p>
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							<p>Further work in each town centre underway in conjunction with town councils, police and business representative organisations. £132k of ERDF funding for re-opening the high streets safely will be administered between now and 31 March 2021 focusing on creating a safe environment (hand sanitizers, street furniture for traffic management, communications to businesses and residents)</p> <p>Council also <u>commissioning commissioned</u> a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and MS Teams. Service launched 5th October 2020. <u>As at 4 January 2021 only 32 individuals in EH had made use of the scheme however we anticipate referrals will increase one furlough schemes come to an end.</u></p>
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							<p>European Regional Development Fund project to support businesses has been agreed with MHCLG. This will provide a step change in our approach by targeting specific sectors as well as growing the Ware and Bishop's Stortford Launchpad. <u>Paper due to Executive 9th November. Dayton Bell has been awarded the business support contract and the project was officially launched on 4th January.</u></p> <p><u>As at 12 December 7,200 individuals with an East Herts address had applied for Settled Status. This indicates a strong appetite for EU citizens to remain in the district.</u></p> <p><u>Development of 20 Ha new employment land at key sites is being supported through the master planning process.</u></p> <p><u>Steps being taken to protect existing employment land through introduction of Article 4 Directions on designated sites in</u></p>
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								January 2021 and robust negotiations on mixed development schemes in key sites such as Caxton Hill and the Goods Yard.
9	COVID-19 (Coronavirus) pandemic	<ul style="list-style-type: none"> Business continuity incident and emergency planning response, specifically resulting from the COVID-19 pandemic. 	3	3	2	3	Head of Health and Housing	<p>Providing advice to businesses on compliance with regulations and legislation.</p> <p>Grants to support new burdens such as COVID Marshalls and local track and trace have been received or announced.</p> <p>Additional funding announced by government to support November 2020 heightened restrictions.</p> <p>Pandemic Business Continuity Plan updated. <u>Corporate Business Continuity Plan reviewed and updated and due to be submitted to Leadership Team in quarter four with proposals for new business impact assessment.</u></p> <p>Legal advice sought for all major contracts in terms of force majeure.</p> <p>Comprehensive guidance placed on the intranet on homeworking, health and safety and HR matters.</p>

Likelihood	Description		Likelihood of occurrence		Probability of occurrence			
	3	Probable	Annually		The event will probably occur			
	2	Possible	1 in 5 years		The event may occur			
	1	Unlikely	Less frequently than 1 in 5 years		The event may occur in exceptional circumstances			
Impact	Description		Financial		Reputation		Service / operation	
	3	Significant	> £400,000 p.a.		Adverse national media		Major fall in service quality	
	2	Moderate	£100,000 to £400,000 p.a.		Adverse local media		Significant fall in service quality	
	1	Minor	< £100,000		Public concerns restricted to local complaints		Little impact to service quality	

Impact	Significant 3			High
	Moderate 2		Medium	
	Minor 1	Low		
		Unlikely 1	Possible 2	Probable 3
		Likelihood		