

# **East Herts Council Report**

## **Audit and Governance Committee**

**Date of meeting: 9 November 2021**

**Report by: Executive Member for Corporate Services**

**Report title: Strategic Risk Register – Monitoring 2021/22 quarter two**

**Ward(s) affected: All**

**Summary** – The report provides details the changes to the Strategic Risk Register for quarter two.

### **RECOMMENDATIONS FOR Audit and Governance Committee:**

**a) The 2021/22 quarter two Strategic Risk Register be reviewed and officers advised of any further action that could be taken to manage risk.**

#### **1.0 Proposal(s)**

1.1 This report details the controls introduced during quarter two.

#### **2.0 Background**

2.1 Leadership Team reviews the content of the Strategic Risk Register quarterly and provides updates that are relayed within this monitoring report to Audit and Governance Committee.

#### **3.0 Reason(s)**

3.1 The Strategic Risk Register details significant business risks; essentially those that could prevent the council meeting its objectives.

3.2 Leadership Team has set a risk tolerance level. Risks above the tolerance levels are actively managed and regularly reviewed in order to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Heads of Service but these are often delegated. (Heads of Service are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the council.)

3.3 A summary of business risks and the risk tolerance line is shown in the matrix below. Risks in the red area of the grid are those actively managed by Leadership Team in accordance with the Risk Management Strategy.

<b>Impact</b>	<b>A</b>	7, 9, 13	10	3	1, 8, 12
	<b>B</b>		4, 11	2	
	<b>C</b>			6	5
	<b>D</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>Likelihood</b>				

	Description	Likelihood of occurrence	Probability of occurrence
<b>Likelihood</b>	4 High	Monthly	The event is expected to occur or occurs regularly
	3 Medium	Annually	The event will probably occur
	2 Low	1 in 5 years	The event may occur
	1 Very Low	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances

	Description	Financial	Reputation	Service / operation
<b>Impact</b>	A Critical	> £1m p.a.	Serious negative media	Catastrophic fall in service quality or long term disruption to services
	B Significant	£400,000 to £1m p.a.	Adverse national media	Major fall in service quality or serious disruption to services
	C Marginal	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	D Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

1	Financial resources
2	Corporate governance and external political environment
3	Performance, resilience and security of IT systems
4	Staff capacity and skills to deliver services
5	Poor performance or failure of key partner or contractor
6	Judicial review and or major legal challenge
7	District Plan
8	Climate change
9	Child / vulnerable adult protection
10	Equalities
11	Internal control
12	Outbreak of disease in humans
13	Business Continuity Plan / Emergency Plan

## 4.0 Options

4.1 No new strategic risks have been identified in quarter two and no risks have become obsolete.

4.2 Leadership Team has not proposed any changes to scores.

The scoring of the IT risk (item 3) was considered specifically given the request at the last Audit and Governance Committee, plus the subsequent downtime. However it is proposed that the likelihood score remains the same, pending the outcome of the current cyber security audit. There has been a successful migration to the new network reducing single points of failure.

4.3 The council's most significant risks at present remain:

4.3.1 The current financial climate and the impact on the council's medium and long term financial planning.

4.3.2 The response to the pandemic has seen a higher demand for services. Managing the council's response has impacted productivity and some critical work. Supply chains have been affected and costs have increased. However there have been benefits such as a reduced carbon footprint due to blended working (working from home part of the week) and reduced commuting, and increased levels of self-service.

4.3.3 Climate change and the need to reduce the council's carbon footprint.

4.3.4 Performance, resilience and security of IT systems.

4.4 The impact of the pandemic continues to influence a number of risks:

4.4.1 Risk 1 - Financial resources: the uncertainty over post Covid economic and policy agenda, and the demand on council services.

4.4.2 Risk 2 – Corporate Governance and the external political environment: Administering Covid support grants, business rate relief and funding to support the safe reopening of high streets in the District. The pandemic has also presented an opportunity to develop customer self-help options given the reduction in visits to council offices.

4.4.3 Risk 4 – Staff capacity and skills to deliver services: The uncertainty over the future demand for council services, or support that the council may have to provide to partners including the NHS.

Staff turnover had reduced during the pandemic but there has been an increase as the employment market stabilised.

4.4.4 – Risk 5 – Poor performance or failure of key partner or contractor: Risk of business failure has increased due to the pandemic. The national shortage of HGV drivers places additional pressures on the waste contract and has caused supply chain difficulties and financial pressures for major projects.

4.4.5 – Risk 8 – Climate change: The pandemic had resulted in a reduction of the council's carbon footprint with fewer journeys to the office and reduced energy consumption. The blended

working proposition put forward means that most employees will remain at home for half of their work pattern.

4.4.6 – Risk 13 - Business continuity and emergency planning generally.

## **5.0 Risks**

5.1 This report details the top business risks facing the council.

## **6.0 Implications/Consultations**

6.1 Leadership Team reviewed on 12 October 2021. The Executive Member for Corporate Services has also been consulted.

## **Community Safety**

No

## **Data Protection**

None specific but the topic features within the Strategic Risk Register.

## **Equalities**

None specific but the topic features within the Strategic Risk Register.

## **Environmental Sustainability**

None specific but climate change features within the Strategic Risk Register.

## **Financial**

None specific but risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated and the annual audit plan is risk based.

## **Health and Safety**

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

None specific but legal matters feature within the Strategic Risk Register.

## **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

7.1 Please see the Strategic Risk Registers at Appendices 1 and 2.

## **Contact Member**

Councillor George Cutting, Executive Member  
for Corporate Services

[george.cutting@eastherts.gov.uk](mailto:george.cutting@eastherts.gov.uk)

## **Contact Officer**

Steven Linnett, Head of Strategic Finance and  
Property

Contact Tel. No. 01279 50 2050

[steven.linnett@eastherts.gov.uk](mailto:steven.linnett@eastherts.gov.uk)

## **Report Author**

Graham Mully, Insurance and Risk Business  
Advisor

[graham.mully@eastherts.gov.uk](mailto:graham.mully@eastherts.gov.uk)