

North Somerset Council

Report to the Audit Committee

Date of Meeting: 29th January 2021

Subject of Report: Risk Management

Town or Parish: All

Officer/Member Presenting: Richard Penska Interim Director of Finance

Key Decision: No

Reason:

Information item

Recommendations

The Audit Committee consider and note the Corporate Risk Management arrangements and those exercised over the COVID 19 pandemic and Brexit.

1. Summary of Report

The report provides the Audit Committee with following Risk Registers:

- a. Corporate Risk Register
- b. COVID 19 Risk Register
- c. EU Transitions Risk Register

These registers are used by the Corporate Leadership Team (CLT) to respond to, manage and mitigate risks emerging in a challenging operating environment. There is inevitably a degree of duplication within the registers, for example some risks contained within the Corporate Strategic Risk Register may be exacerbated by COVID or EU transition and will therefore appear in both.

The report is submitted to the Audit Committee to provide assurance that risks are being reviewed and mitigated where possible and to allow the Committee to seek further assurances on risks they may wish to focus on in their formal forward plan or internal briefings.

2. Policy

The council's Financial Regulations stipulates that "Sound governance requires effective and efficient management of risk and maximising opportunities, covering all forms of risk, not just financial" and that "The Section 151 Officer shall report all strategic risks (threats and opportunities) to the Corporate Management Team, the Audit Committee and the Executive as appropriate".

3. Details

The Corporate Risk Register, attached at Appendix 1, covers the key strategic risks for the council and is formally reviewed on a quarterly basis by CLT as part of its review of quarterly performance monitoring. The risks themselves are continually managed by the identified risk owners and separate reports and updates provided to CLT within its weekly meetings. The register contains the following risks:

Risks
Risk that we do not maximise the opportunities to retain an influential role in the West of England area to deliver continued economic growth, skills and funding through the WEP/LEP & City Deal.
Risk that we are unable to deliver the priorities of the Council by not planning to meet the Medium Term Financial Challenge.
Risk that we do not manage budgets effectively in-year by not implement and delivering the transformational projects required to meet the Financial Challenge
Risk that over reliance on IT & Digital provision does not constrain the flexibility and adaptability of services to implement transformational change to support customers and clients of the Council
Risk that despite protecting the Council's systems and essential data from Cyber attacks, malicious attempts to damage critical services within the Council could be disruptive.
Risk that we are unable to secure sustainable funding for the MetroWest scheme and expose the Council to unnecessary financial risk
Risk that we do not possess the appropriate procurement & commissioning skills & capacity or design appropriate processes and systems to manage external providers/contractors and deliver on key priorities for the Council.
Risk that we do not work effectively in partnership with the Health Sector in supporting joined up services to the most vulnerable in our community, e.g. use of the BCF and joint commissioning with Health.
Risk that we do not fulfil our statutory duties to safeguard Children and Adults.
Risk that we are unable to meet the increased costs of looking after children with complex needs in a sustainable way whilst safeguarding the most vulnerable.
Risk that we do not manage the market demands and demographic changes on the cost of childrens and adult social care within available resources.
Risk that we do not ensure our Economic Plan delivers a cohesive economic strategy to support employment and economic growth across the area and reduce inequalities.
Risk that we do not deliver sustainable solutions to the housing needs for the wider community as detailed in the Council's development plan and meeting our targets for affordable housing.
Risk that we do not plan for and manage investment in our infrastructure at a local and regional level to meet housing & transport needs in our community including delivery of key projects.
Risk that the Council does not adapt its own operations to reduce the impacts of Climate Change and provide a community leadership role to reduce carbon emissions.
Risk that we are unable to recruit and retain appropriate levels of staff to ensure delivery of services to the public and prevent reduced performance, increased sickness and staff turnover.

Risk that we are unable to adequately safeguard the Health, Safety and Welfare of our staff
Risk that we are unable to protect customer and citizen data and ensure compliance with GDPR (Data Protection Act 2018).
Risk that the Council's reputation is severely damaged or subject to legal challenge arising from a failure in Corporate Governance, i.e. inability to make essential decisions or failure to engage key stakeholders in key decisions or changes to service delivery.
Risk that negative consequences of a no deal Brexit cannot be mitigated adequately.
Risk that we are unable to respond to major incidents and protect the community and ensure continued operation of critical services in the case of emergencies.
Risks to the council's operational effectiveness due to the demands of the pandemic.

The COVID and EU Transitions Risk Registers are reviewed on a fortnightly basis as part of the council's emergency response to both these issues. The emergency response is primarily focussed on COVID, the management of this response has necessarily generated frequent liaison meetings with partners in order to ensure that council actions are informed by the latest intelligence and are co-ordinated and consistent across the region. CLT continues to meet at least weekly to co-ordinate the COVID response, and informally weekly with the Executive to keep Executive Members apprised. The council's COVID Risk Register is attached at Appendix 2 and includes the following risks:

Risks
Viability of our providers, contractors, suppliers including concerns around sustainability of key markets and failure to provide essential services.
In year - Council financial viability – liquidity, sustainable budget position.
MTFP 21/22 onwards Council financial viability – liquidity, sustainable budget position.
Safeguarding of vulnerable adults & children during lockdown.
Infection prevention and control (including PPE) within the Care Sector.
Widening of inequalities across the District with service/population impacts.
Advice and enforcement activity for regulatory services.
Failure to capture & maximise opportunities (e.g. community engagement) and continue to use additional capacity generated by volunteers and community groups
Ability to transition the public environment into safe & vibrant spaces (transition out of lockdown)
Recessional economic impacts & recovery including impacts on the housing market.

Further decline of Town Centres and High Streets in particular WSM.
Long term impacts on public transport infrastructure and providers and ability to maintain progress around active travel.
Delivery of public facing services through transition and service reconfiguration.
Ability to effectively work remotely/ Workforce management.
Support employee mental health & wellbeing.
Ability to transition into a new way of working within an office.
Ensuring that Risk Assessments are completed and all mitigating measures are followed for different working arrangements - office working, home visiting, reception opening, etc .
Increased cyber security threat during crisis.
Increased of COVID infection cases within workforce.
Mobilisation of Government grants - particularly Business grants and Free School Meals assistance.

The EU Transitions Risk Register is attached at Appendix 3 and covers the following risks:

Risks
The council has insufficient resources to manage our organisational risks around Brexit
Assistance is needed by the Environment Agency or Food Standards Agency from council health and safety and reg services officers.
Council staff who are EU citizens have not applied for settled status and/or may leave the UK.
ICT Hardware and support suppliers based in the EU may impact supply of goods and services.
Data flow between EU and UK may be illegal if we leave without a deal given the gap between placing GDPR into DP 2019 law.
An increase in demand for information from the community on subjects such as settled status scheme and government preparedness for Brexit.
Inconsistency of communications at a local level versus a national level.
Waste was previously exported to Sweden and the Netherlands. This was a risk due to uncertainty of export and delays.
Initial change in environmental targets and law may not be understood.
Increase in food export certificates.
Port health function – food.
Potential Food shortages.
Potential Fuel shortages.
Potential Medicine shortages

Availability of veterinary medicine
Imports regulatory function - animal feed
Imports regulatory function - organic products
Reduction in council tax collection rates affecting MTFP
Reduction in business rates affecting MTFP
Increase risk of public disorder and public protests
Increase in hate crimes/reduced community cohesion
Concern local business are not prepared for Brexit and Business Continuity plans do not reflect Brexit risk
Impact on local infrastructure such as, sea/air ports and transport routes ability to deliver key supplies.
Potential Increased costs for care homes
Children's Services impacts

4. Consultation

Not applicable.

5. Financial Implications

None specifically related to this report.

Costs

N/A

Funding

N/A

6. Legal Powers and Implications

None specifically, but individual risks will potentially have legal implications.

7. Climate Change and Environmental Implications

None specifically related to this report

8. Risk Management

Risk Management is an essential component of the council's local code of corporate governance. Significant risks to the council can occur which include lack of internal control, failures of governance, failure to follow statutory obligations or make poor decisions. A sound risk management framework assists the council in helping to identify risks, mitigate those risks and improve decision making and resource allocation.

9. Equality Implications

None specifically related to this report

10. Corporate Implications

Failure to establish a sound risk management framework and manage risks may result in an inability to protect the council's assets and resources, ensure statutory obligations are complied with and provide assurance to officers, members and the public of the soundness of the council's corporate governance

11. Options Considered

Not applicable

Author:

Richard Penska, Interim Director of Finance

Appendices:

Appendix 1 – Corporate Risk Register

Appendix 2 – COVID Risk Register

Appendix 3 – EU Transitions Risk Register

Background Papers:

None.