

Risk Management Strategy Assurance Review - December 2020

The purpose of this summary is to present a six-monthly overview of the status of the delivery of our Corporate Risk Management Strategy and Risk Management Handbook.

Key themes within our Strategy and Handbook	Current RAG status	Supporting comments
<p>Roles and responsibilities in the Risk Management Strategy and Handbook</p>	<p>GREEN</p>	<ul style="list-style-type: none"> • The Risk Management Strategy and supporting Handbook were updated and approved in November 2020, to ensure that there are clear roles and responsibilities identified supporting an effective and robust risk management framework. • Each Directorate has at least one Risk Management Champion that attends the Corporate Risk Management Group regularly. • The Corporate Risk Management Group meets in line with its terms of reference, with good attendance from Risk Champions and Subject Matter Experts. All actions agreed through the group are documented and followed-up as part of the groups action control process. Highlight reports are requested from service leads to ensure appropriate identification and consideration of issues and risks; alongside the quarterly risk management reports. • There is regular reporting on risks to identified leads, as set out within our risk management roles and responsibilities. • There was a targeted session with Corporate Resources Heads of Service to consider risk management in October 2020. • All Directorate Leadership Teams and the Corporate Leadership Team have considered and challenged the latest directorate and strategic risks. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> • Communication of the updated Risk Management Strategy and Handbook, to support in the delivery of identified roles and responsibilities. • Nomination of more Risk Champions to support the development of our risk culture, making risk management everyone’s business.
<p>Risk Management Process</p>		
<p>Risk identification</p>	<p>AMBER</p>	<ul style="list-style-type: none"> • All departments have risks identified in their business plans – there are however a small number of plans which are incomplete. • All directorate and strategic risks are reviewed by the Assurance Team every quarter, with the routine identification of new risks and emerging issues. • There are new risks appropriately added to risk registers, as they become known (i.e. introduction of the Covid-19 risks in the quarter two monitoring report to Cabinet). • All priority projects have risk registers in place, which are subject to routine review by the Assurance Team and the Programme Management Office as part of Gateway processes. • There are emerging risk and issues logs in place, ‘held’ by the Assurance Team to support strategic risk identification. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> • 6-monthly review of department risk registers. • The identification of ‘risk opportunities’ as part of the refreshed framework, from 2020/21 quarter 3 onwards.

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Risk analysis	AMBER	<ul style="list-style-type: none"> Refreshed risk matrix introduced to include analysis of threats and opportunities from 2020/21 quarter 3 onwards. All risks in strategic, directorate, department and project risks registers are scored in line with the 4x4 risk matrix. Two risks identified to pilot the risk opportunity matrix during quarter 2 of 2020/21. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> Strategic and directorate risks to be re-assessed under the new risk threat and opportunity matrix from the end of December 2020 onwards. Review and challenge of risk tolerance scores to better understand whether, with the identified treatments these are achievable (<i>particularly in areas where mitigations are identified as established and effective, but the risk score remains above the identified tolerance/target level</i>).
Risk treatment	GREEN	<ul style="list-style-type: none"> All risks are assessed every quarter against the 4T's (transfer, terminate, tolerate or treat). Where there are inconsistencies in the control updates, risk score and/or treatment proposed this is identified and challenged by the Assurance Team. <p>Identified opportunity for improvement</p> <ul style="list-style-type: none"> 6-monthly review of risk treatments by the Corporate Risk Management Group (CRMG), to inform the identification of risks for deep-dive reviews in 2021.
Completing the risk register	GREEN	<ul style="list-style-type: none"> All strategic and directorate risk registers are up to date and maintained by the Assurance Team. Project leads are responsible for maintaining project risk registers, with appropriate review through the Programme Management Board, as part of Gateway processes. All risk registers are in consistent formats, to ensure all required factors are considered. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> 'Best case' assessments to be completed to inform a strategic understanding and analysis of risk opportunities. Templates to be updated to include the four 'treatment' categories for risk opportunities.
Monitoring, reporting and reviewing risks	GREEN	<ul style="list-style-type: none"> Risk Owners update their risks at least every three months, to inform strategic analysis and reporting. Strategic risks are reported to the Corporate Risk Management Group, Corporate Leadership Team and Cabinet every quarter. The latest strategic risk register is published on iDerby. The contents of the risk registers are subject to challenge and scrutiny by the Assurance Team, with identified risks/issues for discussion at Directorate Leadership Teams, the Corporate Risk Management Group and the Corporate Leadership Team Performance Meeting. There have been deep-dive risks reviews and Risk Surgeries hosted in the last 12-months, evidencing effective monitoring, review and challenge of our risk identification, analysis and controls. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> 6-monthly review of department risk registers. Review of priority project risk registers by the Corporate Risk Management Group (CRMG), where there is associated strategic risks.

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Our risk culture		
Risk assurance	GREEN	<ul style="list-style-type: none"> Over the last 6-months there have been a number of targeted risk reviews. <ul style="list-style-type: none"> Risk Surgery on Sinfin (June 2020) Risk Surgery on Demand Management (June 2020) Deep-dive review of the two strategic HR risks, considered by the CRMG in October 2020 (Staffing – capacity, skills and knowledge and Above average working days lost due to sickness absence) – these reviews resulted in the risks being re-defined, and new risks being introduced at Directorate level on recruitment and retention. Progress with the Written Statement of Action (WSOA) strategic risks was subject to scrutiny and challenge by the Department for Education and NHS England in October 2020, with a further review scheduled for January 2021. In addition to areas of targeted review, there are a number of areas where the activity of internal audit is aligned to our strategic risks to provide further assurance. The 2021/22 Audit Plan will be further aligned to our risk registers. Performance, project and risk reporting are aligned to assist in the identification of our risk control and impact measures (i.e. demand management, SEND WSoA and in-year budget risks). The majority of risks contained within the strategic risk register are subject to regular overview and scrutiny by our wider governance boards and working groups, which will support in the early identification of issues and challenges on the effectiveness of our controls. <p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> 2021/22 Audit Plan to be informed by latest risk registers. Corporate Risk Management Group deep-dive review programme to be developed for 2021/22 to inform regular risk conversations on the strategic and directorate risk registers. Further challenge of risk controls for our strategic risks through the Corporate Risk Management Group.
Risk appetite	N/A	<ul style="list-style-type: none"> Initial discussions on our risk appetite at a Corporate Resources Heads of Service session in October 2020. <p>Identified opportunity for improvement</p> <ul style="list-style-type: none"> To be scheduled for discussion at the Corporate Risk Management in January 2020, to inform recommendations to the Corporate Leadership Team and Cabinet for discussion; alongside the consultation on our Recovery Plan and priorities for 2021/22.
Risk maturity	N/A	<p>Identified opportunities for improvement</p> <ul style="list-style-type: none"> To be considered through the Organisational Recovery Plan. Model for review and assessment to be presented to the Corporate Risk Management Group for discussion in 2021 (alongside proposals for understanding and developing our risk appetite).

Criteria for RAG ratings/status

	Ineffective
	In place, but further development is required
	Effective and embedded
N/A	New area, baselines to be established to inform further assurance evaluations

Risk Assurance – Strategic Risk Register Mid-Year Assurance Review

Presented below is a summary of assurance for each of the Council's strategic risks, as at the end of September 2020.

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
Staffing – capacity, skills and knowledge: Increasing demands on existing resources	9 No change	GREEN Four identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two identified additional actions assessed by the risk owner as 'on track', with regular reviews and updates.	GREEN Risk has been reviewed by the risk owner, Assurance Team and Corporate Risk Management Group. As a result of this review the risk has been re-defined.	GREEN Personnel Committee	AMBER Internal audit of People Management in progress, as part of the 2020/21 Audit Plan. HR Strategy Audit was completed in 2019/20 (bought forward into 2020/21 reporting).
Cyber threats to our systems: Vulnerability of the Council 's IT estate to cyber attacks	12 No change	GREEN Five identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER Two additional actions, one 'completed', but there is 'some slippage' reported on the second (GDPR training completion rates).	GREEN Risk is under regular review through the identified strategic boards and working groups.	GREEN Information Governance Board Information Governance Working Group	AMBER A number of related audits are underway as part of the 2020/21 Audit Plan (i.e. Microsoft 365 Security, File Server Security Risk, ExtPays Data Security Risk and Boundary Defence) 2019/20 audits bought forward into 2020/21 reporting include: CMIS – Information Security, SIRO / Caldicott Guardian, IKEN System Security - Follow Up and Home Drive Security
Non-compliant condition of Council properties: Some of our assets (land and buildings) are not compliant with statutory health and safety requirements and our duty of care obligations due to a lack of capacity/resources	12 No change	GREEN Two identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER Three additional actions identified, 'some slippage' on one (development and approval of policies in key areas), with 'major slippage' reported on two (Audits of leased properties and a review of the Building Manual).	Risk is scheduled for review by the Corporate Risk Management Group in January 2021	GREEN Corporate Property Board Four policies taken to Policy Committee and to then be considered by NJCC	

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Ineffective project management governance: Variable approaches across the Council in the management and delivery of major capital projects to agreed objectives and budget	9 No change	GREEN Three identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two identified additional actions assessed by the risk owner as 'on track', with regular reviews and updates. One new additional action was also proposed at the end of September 2020.	GREEN The risk score has reduced from the end of March 2020. The PMO Board has been reviewed and refreshed.	GREEN Programme Management Office (PMO) Board	AMBER Targeted review of priority projects and our transformation agenda to be completed in 2021. Regular reporting on the status of projects to Cabinet to understand delivery status and risks.
Ineffective contract management: Inconsistent and/or poor contract management arrangements that are not in line with our agreed standards	8 No change	GREEN Three identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER One action assessed as 'on track', but 'major slippage' reported in two areas (e-learning completion and training)	GREEN Procurement update considered by Performance CLT in November 2020.	GREEN Strategic Leadership Team Corporate Leadership Team	
Poor data and records management: Poorly defined, inconsistent records management systems and processes	9 No change	GREEN Four identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	<i>No additional actions identified – the 'target risk is however 4'.</i>	GREEN Risk is under regular review through the identified strategic boards and working groups	GREEN Information Governance Board Information Governance Working Group	AMBER 2020/21 Internal audits completed on Back Up Files – Follow Up. 2019/20 audit bought forward on Backups remains in progress. Data quality and performance management audit from the 2020/21 audit plan is yet to be allocated.

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
Above average working days lost due to sickness absence: Higher than average number of working days lost due to sickness, impacting on our ability to deliver current and future service priorities in affected service areas	12 No change	GREEN Four identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN One identified additional action assessed by the risk owner as 'on track', with regular review and updates.	GREEN Risk has been reviewed by the risk owner, Assurance Team and Corporate Risk Management Group. As a result of this review, the risk has been re-defined.	GREEN Personnel Committee	AMBER Q2 performance monitoring activity, which showed a slight year on year reduction in the total number of working days lost, despite the impacts of Covid-19. 2019/20 internal audit bought forward to 2020/21 on Attendance Management - First Care remains in progress.
Budget overspend due to high numbers of children in care: Continued high demand for statutory children's social care services, with insufficient numbers of Derby Foster Carers to reduce our spend on external IFA placements	16 No change	GREEN Nine identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	RED Two actions identified, one was 'on hold' (Adult Social Care front door review) due to Covid-19, and the other was reported as 'major slippage' (Phase 2 Children's Homes). Two new actions identified in quarter 2.	GREEN Audit and Accounts Committee Risk Surgery in June 2020.	GREEN Corporate Demand Management Board Corporate Fostering Board	GREEN Monthly quality assurance activity, which includes assessments of thresholds. Annual Ofsted discussion in March 2020, with update in November 2020, which considered both demand and sufficiency. Demand management audit identified in the 2020/21 Audit Plan – not yet allocated.
BREXIT transition affects delivery of services: BREXIT transition impacting the delivery of council services and wider outcomes for the city	6 No change	GREEN Three identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER One action assessed as 'on track', but 'some slippage' reported in other action area (creation of a Recovery Plan)	GREEN Review activity has been coordinated through the Brexit Working Group and the risk score was increased from the position reported at the end of March 2020; due to the national uncertainty.	GREEN Brexit Planning Group	GREEN Draft Recovery Plan presented to Cabinet for consultation in December 2020, which includes key actions on our economic recovery. Regular Brexit bulletins to support readiness.

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
Adverse Outcome to estimated fair value determination: Adverse outcome to estimated fair value determination of Long-Term Waste Management Contract	16 No change	Yes Two identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	<i>No additional actions identified – the ‘target risk is however 8’.</i>	Yes Audit and Accounts Committee Risk Surgery in June 2020.	Yes Waste Board	AMBER Risk is subject to external review, as part of the estimated fair value determination process. Sinfin Waste Plant Audit identified in the 2020/21 Audit Plan – audit is underway.
Inability to deliver a balanced Medium-Term Financial Plan (MTFP): Changes in Government Funding frameworks alongside increasing local budget pressures	16 Risk score increased	GREEN Five identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER Three additional actions, two assessed as ‘on track’, with ‘some slippage’ reported on the third (Review of current MTFP and new rolling MTFP)	GREEN Review on-going in line with the development of the MTFP.	GREEN Strategic Leadership Team Corporate Leadership Team	GREEN Draft budget proposals presented to Cabinet in December 2020, to commence consultation activity and deliver a balanced budget. Budget management audit and impact of Covid on financial reporting audits in the 2020/21 Audit Plan. Main Accountancy Audit in 2019/20 found substantial controls in place
Failure to deliver against our annual revenue budget: Insufficient resources to meet planned expenditure; external impacts which may impact on long-term financial resilience such as Covid-19	12 No change	GREEN Three identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	<i>No additional actions identified – risk assessment at the end of September 2020 was to tolerate the current risk level.</i>	GREEN Reviewed through our established Financial Monitoring Reports.	GREEN Strategic Leadership Team Corporate Leadership Team	AMBER Overspend/budget pressures of over £7million reported at the end of September 2020. Draft budget proposals presented to Cabinet in December 2020. Budget management audit and impact of Covid on financial reporting audits in the 2020/21 Audit Plan.

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
						Main Accountancy Audit in 2019/20 found substantial controls in place
Financial unsustainability, as a result of the Covid-19 pandemic: Financial unsustainability, as a result of loss of income and/or increased spend in response to the Covid-19 pandemic	12 No change	<i>Please see the finance risks identified above.</i>				
Failure of Local Authority and Local Area (Local Authority and key local Health partners jointly) to implement the SEND reform: Failure to make sufficient progress against the WSoA before next OFSTED inspection	8 No change	GREEN Seven identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two identified additional actions assessed by the risk owner as 'on track', with regular reviews and updates.	GREEN Progress with the written statement of action is reviewed monthly through the SEND Local Area Board, including an analysis of both quality and impact.	GREEN SEND Local Area Board SEND Delivery Group SEND Impact and Analysis Group	AMBER Regular review on the progress with the Written Statement of Action by the Department for Education and NHS England (last review October 2020, with one scheduled in January 2021) 2019/20 internal audit of SEND reported limited controls, with a number of audit recommendations outstanding (moderate and low risk) Performance monitoring of priority measures is showing some improvements in priority areas (i.e. processing times for EHCP's received since April).

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
<p>Increase in number of individuals/households 'in need' following COVID: Increase in the numbers of individuals and families in the city identified as 'in need' following COVID-19, which may include 'unmet' need during that pandemic</p>	<p>16 No change</p>	<p>GREEN Six identified controls. All assessed by the risk owner as in place, with regular reviews and updates.</p>	<p>AMBER One additional action identified, assessed as 'completed' at the end of September 2020. <i>Despite mitigations in place the risk remains above the target/tolerance score of 8.</i></p>	<p>AMBER Demand considered as part of the Audit and Accounts Committee Risk Surgery in June 2020.</p>	<p>GREEN Derby and Derbyshire Safeguarding Children Partnership Derby Adults Safeguarding Board Corporate Demand Management Group CYP Improvement Board ASC Finance and Performance Meeting</p>	<p>Risks is on the COVID 19 System Wide Risk Register and is considered regularly by the System Escalation Cell (SEC). Demand management audit identified in the 2020/21 Audit Plan – not yet allocated. Performance monitoring continues to include key demand measures and there are targeted reports to senior leaders on our 'front doors' and demand, by levels of need. There has however been an increase in safeguarding referrals for both adults and children's social care.</p>
<p>Business resilience and loss of jobs: Business resilience and loss of jobs in light of COVID-19</p>	<p>12 Increased risk score</p>	<p>GREEN Four identified controls. All assessed by the risk owner as in place, with regular reviews and updates.</p>	<p>GREEN Two identified additional actions assessed by the risk owner as 'on track', with regular review and updates. One new action added at the end of September 2020.</p>	<p>GREEN Risk is under regular review through the Economic Recovery Steering Group and proposed Recovery Plan will be subject to consultation.</p>	<p>GREEN Economic Recovery Steering Group Derby Partnership Board</p>	<p>GREEN Draft Recovery Plan presented to Cabinet for consultation in December 2020, which includes key actions on our economic recovery. 2020/21 audit of Covid19 Business Support Grants completed. Economic dashboard to be developed to monitor risk triggers and impact measures.</p>

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
Health and Wellbeing*: Perceived low levels of emotional health and wellbeing amongst council colleagues	New risk to be scored at Q3	GREEN Six identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two identified additional actions, both assessed by the risk owner as 'on track', with regular reviews and updates.	GREEN This is a new risk proposed to replace strategic risk – "Above average working days lost due to sickness absence"	GREEN Personnel Committee	AMBER Internal audit of People Management in progress as part of the 2020/21 Audit Plan. HR Strategy Audit was completed in 2019/20 (bought forward into 2020/21 reporting).
Capacity: There is a lack of capacity within some teams to deliver core service offers, and in some instances meet statutory duties	New risk to be scored at Q3	GREEN Three identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	AMBER Two identified additional actions, one is assessed as 'on track', with 'some slippage' reported on the other (identification and action in hotspot areas)	GREEN This is a new risk proposed to replace strategic risk – "Staffing – capacity, skills and knowledge"	GREEN Personnel Committee	
Localised outbreak of COVID-19: Outbreak of COVID-19 in Derby	16 New risk for Q2	GREEN Twelve identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN The one identified additional action was 'completed' at the end of September 2020	GREEN Risk is under daily review through the identified strategic boards and working groups	GREEN Joint COVID Health Protection Board and Local Resilience Forum Operational Outbreak Group Local Engagement Board Covid Programme Board Covid Strategic Group	AMBER There are a number of Covid-19 related internal audits identified and on-going as part of the 2020/21 Audit Plan: Covid19 Business Support Grants, Financial Reporting - Impact of Covid19, Test & Trace Support Payments, Covid 19 Discretionary Support Grants and Covid 19 - Community Hub There weekly infection rates published, with Derby moving to tier 3 based on data at the end of November 2020.

Strategic risks	Latest risk score and direction of travel*	Do we have controls in place that are assessed by the risk owner as effective?	Progress with additional actions and their effectiveness?	Has the risk been subject to any review activity in the last 12 months?	Is this risk regularly reviewed by a Strategic Board/Group?	Additional evidence of assurance
Inability to meet statutory duties in key service areas due to COVID: Inability to meet statutory duties in key service areas (Environmental Health, Trading Standards etc.) due to COVID	12 New risk for Q2	GREEN Six identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two additional actions identified – one is assessed by the risk owners as ‘on track’ and the other was ‘completed’ at the end of September 2020.	GREEN Risk is under daily review through the identified strategic boards and working groups	GREEN Covid Programme Board Covid Strategic Group	AMBER Review of re-allocation approach, in line with current and future strategic objectives – impact on future service delivery requires further consideration. Caseloads for children’s social care are monitored through the Safeguarding Assurance Meetings, alongside agency numbers – in most instances performance is stable.
Covid-19 exit plans are not sufficiently robust to support the long-term response to rough sleeping and homelessness in the city: Covid-19 exit plans are not sufficiently robust to support the long-term response to rough sleeping and homelessness in the city (including any extension plans in line with on-going lockdown measures)	12 New risk for Q2	GREEN Six identified controls. All assessed by the risk owner as in place, with regular reviews and updates.	GREEN Two identified additional actions, both assessed by the risk owner as ‘on track’, with regular reviews and updates.	GREEN Risk indicators are monitored monthly to identify new/emerging needs.	GREEN Joint COVID Health Protection Board and Local Resilience Forum Housing Local Forum Multi Agency Rough Sleeping Hub (MARSH) and through Vulnerable Peoples Subgroup.	

* The risk scores are those last presented to Cabinet in November 2020, as part of the Quarter 2 Performance Monitoring Report. The Q3 position will be reported between February 2021 and March 2021.

RAG rating

Red	Limited/poor assurance
Amber	Moderate assurance
Green	Evidence control/assurance is in place and effective
No colour	Insufficient information to provide an assurance level or not applicable