

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 JUNE 2015 – RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2014/15**11. RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2014/15**

The Performance and Risk Manager presented the report of the Head of Finance, Performance and Asset Management which provided an update on Risk Management and the Annual Report on Risk Management 2014/15.

The Performance and Risk Manager advised that, where due for review, Top Risks had been updated, but that this had not resulted in any amendments to the assessment of them.

The Performance and Risk Manager drew attention to the Annual Report on Risk and Opportunities Management 2014/15 set out at Appendix A to the report, which summarised the Risk Management Framework and changes made to the Top Risks in 2014/15. As business continuity and the management of health and safety were key to risk management, sections on these matters had been included in the annual report. The Risk and Opportunities Management Strategy stipulated that the annual report should be referred to Cabinet and then to Full Council.

In connection with the Waste and Street Cleansing Contract Renewal Risk, a Member commented that there appeared to be anomalies in the frequency that certain roads were cleared of fallen leaves and wanted this considered in the specification for the new contract. The Member requested that the Area Committees were consulted on the contract specification. The Performance and Risk Manager undertook to refer this matter to the Contract Manager for Waste Services, with a request that the Member be provided with a response.

RESOLVED: That the update on the management of the Strategic/Corporate risks owned by the Senior Management Team (SMT) and Cabinet be noted.

RECOMMENDED TO CABINET: That the Annual Report on Risk and Opportunities Management 2014/15, as set out at Appendix A to the report be supported and referred to Council for approval.

REASON FOR DECISION: To comply with the requirements of the Risk and Opportunities Management Strategy.

The following is the report to be considered by the Finance, Audit & Risk Committee at its meeting to be held on 15 June 2015.

TITLE OF REPORT: RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2014/15

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

1. SUMMARY

1.1 To provide the Committee with an update on the management of the Strategic/Corporate risks owned by the Senior Management Team (SMT) and Cabinet.

1.2 To provide the Committee with an Annual Report on Risk Management for referral to Cabinet and then Council.

2. RECOMMENDATIONS

2.1 That the Annual Report on Risk Management, attached at Appendix A, be referred to Cabinet for onward referral to Council.

3. REASONS FOR RECOMMENDATIONS

3.1 The Risk and Opportunities Management Strategy stipulates that an annual Risk management report is taken to Council

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There are no alternative options that are applicable.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 Consultation has been undertaken with the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion') on 14 May 2015. Councillor Hone was content with the annual report and the Group agreed to review the Top Risks of Sustainable Development of the District; the Local Plan; Asset Management and Increased Homelessness and the use of B & B at the next meeting.

5.2 In addition, Lead Officers discuss these risks with the relevant Executive Member.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The Finance, Audit and Risk Committee received an update report on the Top Risks at its March 2015 meeting. The Committee recommended to Cabinet the Waste & Street Cleansing Contract Renewal risk was amended to include a number of sub risks as follows:

Commingled Waste
Northern Transfer Station and Ancillary Facilities

Trade Waste
Waste & recycling Service for Flats
Street Cleansing
Shared Procurement Opportunity

This lead to the removal of the Northern Transfer Station and Ancillary Facilities and Commingled Waste as separate Top Risks

- 7.2 At the March 2015 meeting of this Committee it was noted that the Top SMT risks of the Payroll System/Service and Procurement, Tendering and Letting of Contracts were treated as operational rather than Top Risks. A new SMT risk of Increased Homelessness and Use of B & B was added that replaced Welfare Reforms and Interest Rates.
- 7.3 The Council's Risk and Opportunities Management Strategy describes the role of this Committee as to "oversee the effective management of risk by the Council by receiving and considering the Top Risks and risk management reports. Any changes to the Top Risks are referred to Cabinet".

8. AMENDMENTS TO TOP RISKS

- 8.1 Where due for review, top risks have been updated but this has not resulted in any amendments to the assessment of them. The Top Risks are available for the Committee to view on Covalent the Council's Performance & Risk Management system.
- 8.5 Tables 1 and 2 illustrate the current Top Risks.

Table 1: Risk Matrix – Cabinet Risks June 2015

likelihood	3 high	4	7 Sustainable Development of the District	9 Local Plan North Hertfordshire Museum & Hitchin Town Hall
	2 medium	2	5 Office Accommodation Churchgate and the surrounding area Asset Management	8 Waste & Street Cleansing Contract Renewal Managing the Council's Finances
	1 low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

Table 2 – SMT Top Risks June 2015

likelihood	3 high	4	7	9
	2 medium	2	5 Workforce Planning	8 Development of Careline Increased Homelessness & use of B & B
	1 low	1	3	6
		1 Low	2 Medium Impact	3 High

9. ANNUAL REPORT

9.1 An annual report summarising the risk management framework and changes made to the Top Risks in the financial year 2014/15 is attached as Appendix A. As business continuity and the management of health and safety are key to risk management sections on these have been included in the report as well.

9.2 The Risk and Opportunities Management Strategy stipulates the annual report should be referred to Cabinet and then to Full Council.

10. LEGAL IMPLICATIONS

10.1 No legal implications arise from this report. There is a legal requirement for Councils operating Executive arrangements to appoint an overview and scrutiny committee with remit to review decisions and other actions taken.¹

10.2 As such a Committee, the Terms of Reference include the effective development and operation of risk management and corporate governance in the council.² This report gives the Committee the opportunity to review and comment on how the risks have and are proposed to be managed.

11. FINANCIAL IMPLICATIONS

11.1 Any additional resources to complete risk management actions are included in the Corporate Business Planning process. There are no direct financial implications from this report.

¹ S9F Local Government Act 2000

² 6.3.5 (l) Constitution 09.04.14

12. RISK IMPLICATIONS

- 12.1 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Top Risks. Failure to provide the Committee with regular updates would be in conflict with the agreed Strategy and would mean that this Committee could not provide assurances to Cabinet that the Council's identified Top Risks are being managed.

13. EQUALITIES IMPLICATIONS

- 13.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 13.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 13.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 13.3 Reporting on the management of risk provides a means to monitor whether the council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risks of not delivering a service in an equitable, accessible manner. This then fulfils the council's obligations arising from the Public Sector Equality Duty.

14. SOCIAL VALUE IMPLICATIONS

- 14.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 13.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no direct Human Resource implications arising from this report but it should be noted that there is a separate Top Risk relating to Workforce Planning.

16. APPENDICES

- 16.1 Appendix A – Annual Report on Risk and Opportunities Management 2014/15.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 The risks held on Covalent the Council's Performance and Risk Management IT system.
- 18.2 The Risk & Opportunities Management Strategy 2014-17. <http://web.north-herts.gov.uk/aksnherts/images/att8713.doc>