

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 13 JUNE 2016 – RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2015/16**10. RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2015/16**

The Shared Risk Manager presented a report which provided an update on Risk Management and the Annual report on Risk Management 2015/16.

The Shared Risk Manager advised that Careline had had a successful first year and there were more opportunities that could be taken to “grow” the service. The service had recently been restructured and Hertfordshire County Council (HCC) remained committed to funding Careline. An internal audit had given substantial assurance, providing reassurance to both HCC and NHDC that the relationship was being well managed. In view of this, it was no longer considered a Top Risk for the Council, but was now designated as a Service risk. Details of the risk were attached as Appendix A to the report, which showed the work that had been completed to manage this risk. In the review of the Risk and Opportunities Management Strategy later in the year, the splitting of the ownership of Top Risks between Cabinet and SMT risks would be reconsidered.

The Shared Risk Manager explained that the Annual Report summarising the risk management framework and changes made to the Top Risks in the financial year 2015/16 was attached as Appendix A. As business continuity and the management of health and safety were key to risk management, sections on these 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 reply to a Member’s question in respect of the risk matrices contained in the report, the Shared Risk Manager commented that Risk Levels 7 to 9 equated to “red” status, Levels 4 to 6 to “amber” status, and Levels 1 to 3 to “green” status.

In response to a Member’s question regarding risk monitoring, the Strategic Director of Finance, Policy and Governance stated that this was the responsibility Executive Cabinet Members. Risk implications were contained in every committee report and were highlighted in the quarterly Revenue Budget monitoring reports to Cabinet. The Strategic Director of Finance, Policy and Governance undertook to provide Committee Members with the quarterly risk updates received by the Risk Management Group.

RESOLVED: That the SMT Top Risk of the Development of Careline be now treated as a service risk.

RECOMMENDED TO CABINET: That the Annual Report on Risk and Opportunities Management 2015/16, as set out at Appendix B to the report, be supported and referred to Council for approval.

REASON FOR DECISION: To comply with the Risk and Opportunities Management Strategy, which stipulates that an Annual Risk Management report is taken to Council.

The following is the report to be considered by the Finance, Audit & Risk Committee at its meeting to be held on 13 June 2016.

TITLE OF REPORT: RISK MANAGEMENT UPDATE AND ANNUAL REPORT OF RISK MANAGEMENT 2015/16

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 SMT Top Risk of the Development of Careline is now treated as a service risk.
- 2.2 That the Annual Report on Risk Management is 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 RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has been undertaken with the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion') on 3 May 2016. Councillor Hone was content with the recommendations in this report.
- 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 2016 meeting. The Committee recommended to Cabinet the removal of "Churchgate and the surrounding area" as a Top Risk.

7.2 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.

8.2 Tables 1 and 2 illustrate the current Top Risks.

Table 1: Risk Matrix – Cabinet Risks June 2016

likelihood	3 high	4	7 Sustainable Development of the District	9 Local Plan North Hertfordshire Museum & Hitchin Town Hall Managing the Council’s Finances Increased Homelessness & use of B & B
	2 medium	2	5 Office Accommodation Asset Management	8 Waste & Street Cleansing Contract Renewal (and sub risks)
	1 low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

Table 2 – SMT Top Risks June 2016

likelihood	3 high	4	7	9
	2 medium	2	5 Workforce Planning	8 <i>(Development of Careline - to be a service risk)</i>
	1 low	1	3	6
		1 Low	2 Medium Impact	3 High

8.3 Careline has had a successful first year and there are more opportunities that can be taken to “grow” the service. The service has recently been restructured and HCC remain committed to funding Careline. An internal audit has given substantial assurance providing reassurance to both HCC and NHDC that the relationship is being well managed. In view of this, it is no longer considered a Top Risk for the Council but is now designated as a Service risk. Details of this risk is attached as Appendix A, and this shows the work that has been completed to manage this risk.

8.4 In the review of the Risk and Opportunities Management Strategy later in the year, the splitting of the ownership of Top Risks between Cabinet and SMT risks will be reconsidered.

9. ANNUAL REPORT

9.1 An annual report summarising the risk management framework and changes made to the Top Risks in the financial year 2015/16 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. Legal implications for specific projects are considered as part of those projects. Paragraph 10.1.5(t) of the Council’s Constitution states that the Committee’s terms of reference include “to monitor the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet”. 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.

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; conversely, there may also be 'opportunities' which may increase access to services, or improve the manner in which it is delivered. The risks of NHDC failing in its Public Sector Equality Duty are recorded separately 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 – The Development of Careline risk.

16.2 Appendix B – Annual Report on Risk and Opportunities Management 2015/16.

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 2015-18.