

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 22 SEPTEMBER 2016 – RISK MANAGEMENT UPDATE**

*The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 22 September 2016.*

**26. RISK MANAGEMENT UPDATE**

The Shared Risk Manager presented a report which provided an update on Risk Management.

The Shared Risk Manager advised that the Top Risks were summarised in the risk matrices in Tables 1 and 2 of the report. Details of all of the proposed changed risks were set out in Appendix A to the report. These risk descriptions included sections on completed and proposed risk mitigations.

The Shared Risk Manager proposed that the Asset Management Top Risk be deleted as there were a number of separate risks that covered the key causes highlighted in the risk description (eg. the Office Accommodation and North Hertfordshire Museum and Town Hall project Top Risks. In addition, there were service risks covering the risks arising from the disposal of land.

The Shared Risk Manager stated that the Increased Homelessness and use of Bed and Breakfast risk had a reduced impact score following ongoing work within the Housing Team to reduce the numbers in temporary accommodation, although there did need to be an increase in the overall provision of housing within the District to manage the risk in the longer term.

The Shared Risk Manager explained that the Outline Business Case for the renewal of the waste management contract included a new sub-risk relating to potential capital expenditure at the Buntingford Depot site. In view of this, a new sub-risk was proposed – “Depot/Transfer Station”. This brings the total number of sub-risks to eight, as follows (matrix score in brackets):

- Trade Waste (3)
- Waste & Recycling Service for Flats (3)
- Northern Transfer Station & Ancillary Facilities (6)
- Commingled Waste (5)
- Street Cleansing (5)
- Shared Procurement Opportunity (6)
- Sale of Materials (9)
- Depot/ Transfer Station (8)

The Shared Risk Manager advised that a new Top Risk had been proposed – “Income Generation Projects”. This risk described the risks arriving from the failure to deliver projects that should generate income for the Council.

**RECOMMENDED TO CABINET:**

- (1) That “Asset Management” be removed as a Top Cabinet Risk;
- (2) That the impact be reduced for the “Increased Homelessness and use of B & B” Top Cabinet Risk;
- (3) That the addition of a new sub-risk to the Waste & Street Cleansing Renewal Cabinet Top Risk of “Depot/Transfer Station” be agreed; and

- (4) That the addition of a new Top Risk entitled "Income Generation Projects" be agreed.

**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 22 September 2016.***

## **TITLE OF REPORT: RISK MANAGEMENT UPDATE**

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.

### **2. RECOMMENDATIONS**

2.1 The Committee to recommend to Cabinet the removal of "Asset Management" as a Top Cabinet Risk.

2.2 The Committee to recommend to Cabinet a reduction in impact for "Increased Homelessness and use of B & B".

2.3 The Committee to recommend to Cabinet the addition of a new sub-risk to the Waste & Street Cleansing Renewal Cabinet Top Risk of "Depot/Transfer Station".

2.4 The Committee to recommend to Cabinet the addition of a new Top Risk "Income Generation Projects".

### **3. REASONS FOR RECOMMENDATIONS**

3.1 The responsibility for ensuring the management of the risks referred to in Section 2 of this report is that of Cabinet.

### **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 2 August 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 June meeting of the Finance, Audit and Risk Committee noted the deletion of the Development of Careline as an SMT Top Risk as this is now considered a service risk (although it does have links to the new Top Risk of “Income Generation Projects”). The Committee recommended the Annual report to Cabinet.

## **8. AMENDMENTS TO TOP RISKS**

- 8.1 The Top Risks are summarised on the risk matrices in Tables 1 and 2. The proposed changes in section 2 of this report affects Cabinet Top Risks. All of the changed risks are attached in Appendix A. These risk descriptions include sections on completed and proposed risk mitigations.
- 8.2 It is proposed that this the Asset Management Top Risk is deleted as there are a number of separate risks that cover the key causes highlighted in the risk description. For example, the Office Accommodation and North Hertfordshire Museum and Town Hall project Top Risks. In addition there are service risks covering the risks arising from the disposal of land.
- 8.3 The Increased Homelessness and use of B & B has a reduced impact score following ongoing work within the Housing Team to reduce the numbers in temporary accommodation although there does need to be an increase in the overall provision of housing within the District to manage the risk in the longer term.
- 8.4 The report on the Outline Business Case for the renewal of the waste management contract included a new sub-risk relating to potential capital expenditure at the Buntingford Depot site. In view of this, a new sub risk is proposed – “Depot/Transfer Station”. This brings the total number of sub risks to eight. They are as follows (matrix score in brackets):
- Trade Waste (3)
  - Waste & Recycling Service for Flats (3)
  - Northern Transfer Station & Ancillary Facilities (6)
  - Commingled Waste (5)
  - Street Cleansing (5)
  - Shared Procurement Opportunity (6)
  - Sale of Materials (9)
  - Depot/ Transfer Station (8)
- 8.5 A new Top Risk has been proposed – “Income Generation Projects”. This risks describes the risks arriving from the failure to deliver the projects that should generate income for the Council.
- 8.6 Tables 1 and 2 illustrate the current Top Risks.

**Table 1: Risk Matrix – Cabinet Risks September 2016**

likelihood	3 high	4	7 Sustainable Development of the District Office Accommodation Increased homelessness and use of B & B ↓ (9) Income Generation Projects (new)	9 Local Plan North Hertfordshire Museum & Town Hall project Managing the Council's Finances
	2 medium	2	5 Asset Management (to be deleted)	8 Waste & Street Cleansing Contract renewal (and sub risks)
	1 low	1	3	6
		1 Low	2 Medium Impact	3 High

**Table 2 – SMT Top Risks June 2016**

likelihood	3 high	4	7	9
	2 medium	2	5 Workforce Planning	8
	1 low	1	3	6
		1 Low	2 Medium Impact	3 High

## **9. LEGAL IMPLICATIONS**

- 9.1 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.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 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.

## **11. RISK IMPLICATIONS**

- 11.1 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.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 The Equality Act 2010 came into force on the 1<sup>st</sup> October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5<sup>th</sup> 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.
- 12.2 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.
- 12.3 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.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 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.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 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.

## **15. APPENDICES**

- 15.1 Appendix A – Amended and new Top Risks.

## **16. CONTACT OFFICERS**

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## **17. BACKGROUND PAPERS**

- 17.1 The risks held on Covalent the Council's Performance and Risk Management IT system.
- 17.2 The Risk & Opportunities Management Strategy 2015-18.