

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 22 MARCH 2017 – RISK MANAGEMENT UPDATE

The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 22 March 2017.

78. RISK MANAGEMENT UPDATE

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

The Shared Risk Manager advised that the sub-risk of Shared Procurement Opportunity underlying the Corporate risk of the Waste and Street Cleansing Contract renewal had been subject to an increased likelihood due to the time being taken to finalise the specification. This had been due to infrastructure and the client management and customer service elements of the contract, following a change to the preferred procurement option in January 2017. The contract would now no longer be awarded in line with the original timeframe of May 2017, which may have further impacts on the bidders' willingness to participate in the procurement. New timelines would be developed once agreement had been reached on the final scope of the outstanding elements of the specification. Despite the increase in the sub-risk score, the overarching Waste and Street Cleansing Contract renewal risk had remained at the same assessment level.

The Shared Risk Manager explained that, due to several high profile cyber attacks across the public and private sector, and the current public awareness about cyber security, this former service level risk was now proposed as a new Corporate risk. Although the Council had very good levels of security in place, this risk could not be fully mitigated. The most likely spread of any virus or download of ransomware would be through an officer or Member inadvertently opening an attachment they received via e-mail. Training in data protection for all was a high level recommendation in a recent SIAS audit.

The Shared Risk Manager stated that full details of mitigation actions for both of the above risks were set out in Appendix A to the report.

A Member questioned the risk level relating to the "Increased Homelessness and use of Bed and Breakfast" risk, in view of the fact that he understood that the Council's performance in this area had improved. The Head of Finance, Performance and Asset Management and Shared Risk Manager undertook to investigate the matter and review the risk at the next meeting of the Risk Management Group.

RECOMMENDED TO CABINET: That the increase in the score for the sub-risk of the Shared Procurement Opportunity relating to the overarching risk of the Waste and Street Cleansing Contract Renewal corporate risk, and the addition of a new risk in respect of Cyber risks, be approved.

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

The following is the report considered by the Finance, Audit & Risk Committee at its meeting held on 22 March 2017.

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 Corporate risks.

2. RECOMMENDATIONS

2.1 That the Committee notes and refers the changes in the Corporate risks to Cabinet.

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.

3.2 This Committee has responsibility to monitor the effective development and operation of risk management.

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 SMT and the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion') and these recommendations were supported. 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 At the December meeting of the Finance, Audit and Risk Committee the revised Risk & Opportunities Management Policy and Strategy were presented and referred on to Cabinet.

7.2 The Risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Covalent, the Council's performance and risk management software. The changes to the assessment of the current Corporate risks & opportunities are outlined in sections 7.4 and 7.5.

7.3 **Table 1. Corporate Risk & Opportunities Matrix**

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

7.4 **Shared Procurement Opportunity (*Waste & Street Cleansing Contract Renewal*)**. This risk has had an increased likelihood due to the time being taken to finalise the specification. This has been due to infrastructure and the client management and customer service elements of the contract following a change to the preferred procurement option in January 2017. The contract will now no longer be awarded in line with the original timeframe of May 2017 which may have further impacts on the bidders willingness to participate in the procurement. New timelines will be developed once agreement has been reached on the final scope of the outstanding elements of the specification.

Despite the increase in the sub risk score, the overarching Waste & Street Cleansing Contract renewal risk has remained at the same assessment level.

7.5 **Cyber risks**

Due to several high profile cyber attacks across the public and private sector, and the current public awareness about cyber security, this former service level risk has been proposed as a new Corporate risk. Although the council has very good levels of security in place, this risk cannot be fully mitigated. The most likely spread of any virus or download of ransom ware will be through an officer or member inadvertently opening an attachment they receive via email. Training in data protection for all is a high level recommendation in a recent SIAS audit. Full details of mitigation actions are included in the risk in Appendix A.

8. LEGAL IMPLICATIONS

- 8.1 No legal implications arise from this report. 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 the high level Risks and have they have and are proposed to be managed.

9. FINANCIAL IMPLICATIONS

- 9.1 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.

10. RISK IMPLICATIONS

- 10.1 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Top / Corporate 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 / Corporate Risks are being managed.

11. EQUALITIES IMPLICATIONS

- 11.1 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.
- 11.2 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.
- 11.3 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, and especially to its most vulnerable residents such as those who are homeless

12. SOCIAL VALUE IMPLICATIONS

- 12.1 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 paragraph 11.

13. HUMAN RESOURCE IMPLICATIONS

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

14. APPENDICES

- 14.1 Appendix A – The Corporate risks & opportunities with changed assessments.

15. CONTACT OFFICERS

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16. BACKGROUND PAPERS

- 16.1 The risks held on Covalent the Council's Performance and Risk Management IT system.