

TITLE OF REPORT: RISK MANAGEMENT UPDATE

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT

1. SUMMARY

- 1.1 To provide the Committee with an update on the management of the Strategic/Corporate risks owned by the Corporate Management Team (CMT) and Cabinet.
- 1.2 For the Committee to review and recommend the annual report for the financial year 2010/11 on Risk Management to Cabinet for onward referral to Council.

2. FORWARD PLAN

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

3. BACKGROUND

- 3.1 The Audit and Risk Committee received An update report on the Top Corporate /Strategic Risks at it's February 2011 meeting.
- 3.2 The Corporate Management Team reviewed and challenged the Top Risks at its meeting on 24th May 2011.
- 3.3 As part of the Council's Assurance Framework, Heads of Service and Corporate Managers have been completed Assurance Statements for 2010/11 which have been used for the compilation of the Annual Governance Statement. Each Head of Service and Corporate Manager has confirmed that Covalent, the Council's Performance & Risk software, is up to date and includes projects, partnerships, performance management, financial planning and policy making and review. The risks entered on Covalent any relevant Top Risks are used as evidence to support the production of the Annual Governance Statement.

4. TOP RISKS

- 4.1 The risks have been reviewed and where appropriate changes have been made to the scope of the risk and updates made to progress against the mitigating actions. Full details of the risks can be viewed by the Committee on Covalent (the Council's Performance & Risk Management software), otherwise, they are summarised in Appendix A.

Changed Assessments

- 4.2 There are a number of Top Risks where the Lead Officer has amended the assessment (impact/probability) score of the risk. These are detailed in sections 4.3 to 4.6 below:-
- 4.3 Following a review, the Cabinet owned risk of Implementing the Sustainable Community Strategy (SCS) has a reduced likelihood of a "1". This means that the overall matrix score for the risk is a "1" as well. The SCS and Local Strategic Partnership work to deliver it has been reduced as it is anticipated that the SCS requirement will be removed under the Localism and new Best Value guidance, plus the changed partnership agenda, removal of the Comprehensive Area Assessment which required the partners to demonstrate their joint delivery of the SCS plan, and general reduction in partnership resources.
- 4.4 In view of the unprecedented period of declining resources and growing demand for services, the "Workforce Planning" risk that is owned by the Corporate Management Team has an increased probability score of a "2".
- 4.5 As the Office Accommodation project is nearing completion the probability of the remaining risks occurring has been reduced from a "2" to a "1".

Deleted Cabinet risk

- 4.6 Full Council agreed the review and reduction in number of the key actions planned for 2011/12 under the Corporate Plan or "Priorities for the District". Additionally, each of the key projects to be delivered under the Corporate Plan or "Priorities for the District" has its own project risk log or appear as separate Top Risks. It is, therefore, proposed that this Top Cabinet Risk is deleted.

Deleted CMT risk

- 4.7 Due to the work completed to re-launch the Council's business continuity plans in 2010/11, the Business Continuity Management risk has been removed from the list of Top CMT Risks but is still to be monitored via a Risk Register entry.

New CMT risk

- 4.8 The risks for NHDC arising from the exploration of new ways of working such as the Shared Services programme with East Herts and Stevenage Council's have been described and are included as a new Top Risk for the CMT. The details of this risk are included in Appendix B. The programme risks will be kept as a risk log by the joint programme team.

5. ANNUAL REPORT FOR THE FINANCIAL YEAR 2010/11 ON RISK MANAGEMENT TO COUNCIL

- 5.1 The annual report for Cabinet and Council is enclosed in Appendix C.
- 5.2 The Report aims to:-
- Confirm the Council's ongoing commitment to the management of risks to ensure the achievement of our priorities, projects, service delivery and performance management
 - Summarise significant changes to the Top Risks in the year

- Summarise achievements against the risk management action plan for 2010/11
- Detail the proposed action plan for 2011/12 to ensure the continued robust performance by the Council in its risk management arrangements.

6. LEGAL IMPLICATIONS

- 6.1 No legal implications arise from Risk Management updates to the Finance, Audit and Risk Committee.

7. FINANCIAL AND RISK IMPLICATIONS

- 7.1 Any additional resources to complete risk management actions should be included in the Corporate Business Planning process. There are no direct financial implications from this report. Following the identification of key financial risks identified by each Head of Service and cross referenced to the risk register, risks that ,should they arise, might impact on the General Fund have been considered and built into the General Fund balance for 2011/12.
- 7.2 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Top Risks.

8. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 8.1 There are no direct Human Resource or Equalities implications arising from this report.

9. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 9.1 Consultation has been undertaken with the CMT and the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion').

10. RECOMMENDATIONS

It is recommended that the Committee :

- 10.1 Notes there have been amendments to the Top Risks and specifically refers the reduction in the probability assessment to a "1" of the following risks to Cabinet:-
- Implementing the Sustainable Community Strategy
 - Office Accommodation.
- 10.2 Refers the deletion of the Corporate Plan/Priorities for the District Top Risk to Cabinet.
- 10.3 Notes the increase in the likelihood of the CMT Workforce Planning risk .
- 10.4 Notes the re assignment of the CMT Business Continuity Management risk as a Risk Register entry rather than a Top Risk.
- 10.5 Notes the addition of the New Ways of Working Top Risk to be managed by CMT.

- 10.6 Refers the Annual Report on Risk Management to Cabinet for onward reporting to Council.

11. REASONS FOR RECOMMENDATIONS

- 11.1 The recommendations in section 4 of this report are presented in accordance with the Council's Risk & Opportunities Management Strategy. These changes have previously been scrutinised by the Corporate Management Team.
- 11.2 The Cabinet are the owners of the risks relating to Implementing the Sustainable Communities Strategy, Office Accommodation and the Corporate Plan/Priorities for the District.
- 11.3 In accordance with the Risk & Opportunities Management Strategy the annual report should be referred to Council. It should also be considered by Cabinet as the owners of some of the Top Risks.

12. APPENDICES

- 12.1 Appendix A – Risk Matrix
- 12.2 Appendix B - Risk description for the New Ways of Working Top Risk
- 12.3 Appendix C – Annual report for 2010/11

13. CONTACT OFFICERS

- 13.1 Fiona Timms
Performance & Risk Manager
Fiona.timms@north-herts.gov.uk
01462 474251

Andy Cavanagh
Head of Finance, Performance & Asset Management
andrew.cavanagh@north-herts.gov.uk