

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 Senior Management Team (SMT) and Cabinet.

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 its February 2011 meeting. A report was prepared for the June meeting of this Committee but this was withdrawn as it had not been circulated outside of five clear working days.
- 3.2 The Senior Management Team reviewed and challenged the Top Risks at its meeting on 23rd August 2011.
- 3.3 The annual report on Risk Management was considered by the July Cabinet meeting and was reported to Council on 8th September.

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 two Top Risks where the Lead Officer has amended the assessment (impact/probability) score of the risk. These are detailed in sections 4.3 to 4.4 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 Senior Management Team has an increased probability score of a “2”.

Deleted Cabinet risks

- 4.5 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.
- 4.6 Following the very successful completion of the vacation of Town Lodge and the offices above Letchworth Museum, the Office Accommodation risk has been closed. This project affected all members of staff and has now been concluded. The ongoing residual risks relating to the future use of Town Lodge and the District Council Offices, will continue to be monitored via the Asset Management risk.

Deleted SMT risks

- 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 SMT Risks but is still to be monitored via a Risk Register entry.
- 4.8 The completion of the Baldock Town Centre Enhancement, work on Fish Hill in Royston and the refurbishment of Letchworth Town Centre by the Heritage Foundation has led to the removal of Implementing Town Centre Strategies as a Top Risk. This risk will continue to be reviewed and monitored as a Risk Register entry. Implementation of the Hitchin Town Centre Strategy is included in the Hitchin Town Centre Top Cabinet risk.

New SMT risks

- 4.9 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 SMT. 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.
- 4.10 SMT are ensuring mitigating actions are put in place to protect the Council from procurement challenges and to make the NHDC processes simpler and quicker, wherever possible. In the meantime, this has been recognised as a Top Risk for SMT. The risks around Procurement were previously considered to be a Top Risk but became a Risk Register entry in 2008/09.

5. LEGAL IMPLICATIONS

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

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 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.
- 6.2 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Top Risks.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 There are no direct Human Resource implications arising from this report.
- 7.2 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation which created a new Public Sector Equality Duty, which came into force on the 5th April 2011.
- 7.3 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give **due regard** to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not (this can mean removing or minimising disadvantage; meeting people's needs; taking account of disabilities; encouraging participation in public life).
 - Foster good relations between those people who share a protected characteristic and those who do not (such as tackling prejudice and promoting understanding).
- 7.4 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.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

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

9. RECOMMENDATIONS

It is recommended that the Committee :

- 9.1 Notes there have been amendments to the Top Risks and specifically refers to Cabinet the reduction in the probability assessment to a "1" of Implementing the Sustainable Community Strategy.
- 9.2 Refers the deletion of the Corporate Plan/Priorities for the District and Office Accommodation Top Risks to Cabinet.
- 9.3 Notes the increase in the likelihood of the SMT Workforce Planning risk .
- 9.4 Notes the re assignment of the SMT Business Continuity Management and Implementing Town Centre Strategy risks as Risk Register entries rather than Top Risks.
- 9.5 Notes the addition of the New Ways of Working and Procurement, Tendering and Letting of Contracts as Top Risks to be managed by SMT.

10. REASONS FOR RECOMMENDATIONS

- 10.1 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 Senior Management Team.
- 10.2 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. APPENDICES

- 11.1 Appendix A – Risk Matrix
- 11.2 Appendix B - risk description for the New Ways of Working and Procurement Tendering and Letting of Contracts Top Risks

12. CONTACT OFFICERS

12.1 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

THIS PAGE IS BLANK