

FINANCE, AUDIT & RISK COMMITTEE
20 September 2012

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

6

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. 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 June 2012 meeting. The Committee referred to Cabinet the annual Risk Management report.
- 3.2 The Committee noted the addition of two sub risks to the SMT Organisational Workload Top Risk. These were related to risks arising from the Localism Act (in addition to risks specific to planning) and the Public Health and Social Care Bill.
- 3.3 The Committee considered whether New Ways of Working should be a Cabinet Top Risk. Following referral to Cabinet it was agreed this should be an SMT risk. This would change on a decision to proceed with a Shared Support services arrangement with Stevenage Borough Council and East Herts Council at which point implementation would be a Cabinet risk.
- 3.4 The Senior Management Team have had the opportunity to review and challenge the Top Risks on 4 September 2012.

4.0 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.
- 4.2 It is proposed that the Cabinet Top Risk of Waste and Recycling has an increased probability score. This has increased the overall risk matrix score to a 7 from a 2. The risk is attached in Appendix B and the Committee will note that it has now been described as a number of sub-risks covering the following:
- the Alternative Financial Model;
 - Cardboard;
 - Food Waste;
 - the Northern Transfer Station.
- 4.3 The probability score of the SMT Top Risk of Shared Services and New Ways of Working has been increased and the risk matrix score has increased from 5 to 7. This risk is presented in full in Appendix B. This risk is being closely monitored as the detailed business case is being finalised. If the Cabinet decision is taken to proceed with Shared Support Services then it is likely that the risks arising from implementation will be owned by Cabinet.
- 4.4 The impact and probability score for the SMT risk of Procurement, Tendering and letting of Contracts has been reviewed and reduced and the description more condensed. This reduces the overall matrix score from a 9 to a 5 and is a more realistic assessment when compared to the other Top Risks.

5.0 LEGAL IMPLICATIONS

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

6.0 FINANCIAL AND RISK IMPLICATIONS

- 6.1 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. Key financial risks are recognised by each Head of Service/Corporate Manager and cross referenced to the risk register. These risks that, should they arise, might impact on the General Fund were considered and built into the General Fund balance for 2012/13.
- 6.2 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Top Risks.

7.0 HUMAN RESOURCE IMPLICATIONS

- 7.1 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.

8.0 EQUALITIES IMPLICATIONS

- 8.1 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 9.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 8.2 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.
- 8.3 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. This then fulfils the council's obligations arising from the Public Sector Equality Duty.

9.0 CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

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

10.0 RECOMMENDATIONS

It is recommended that the Committee :

- 10.1 Refers the revised risk for Waste and Recycling which includes an overall increase in likelihood to Cabinet.
- 10.2 Notes the increase likelihood for the SMT risk of Shared Services & New Ways of Working.
- 10.3 Notes the reduction in the impact and likelihood scores for Procurement Tendering and Letting of Contracts

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11.0 REASONS FOR RECOMMENDATIONS

- 11.1 The Cabinet are owners of the Top Risk of the Waste and Recycling Service.
- 11.2 The SMT Top Risks are monitored by the Finance, Audit and Risk Committee.

12.0 APPENDICES

- 12.1 Appendix A – Summary Matrix for the Top Risks
- 12.2 Appendix B – Top risks of Waste and Recycling and Shared Services & New Ways of Working.

13.0 CONTACT OFFICERS

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