

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

That the Committee notes and refers the changes to the following risks to Cabinet:

- 2.1 The Waste and Recycling Service risk has been amended to remove the sub risks of the Alternative Financial Model, Food Waste and Cardboard. These three sub risks having been replaced with one new sub risk relating to the New Waste and Recycling Service.
- 2.2 The Asset Management risk has been updated following the formation of a new Top Risk for Office Accommodation. The description now includes failure to reach agreement on the future development of the Gernon Road site (that includes Town Lodge).
- 2.3 The addition of a new Cabinet Top Risk for Office Accommodation.
- 2.4 A substantial change to the description of the Sustainable Development Top Risk. In order to more clearly describe and manage the risks to NHDC, this is now divided into two sub risks of National and Regional Planning issues and Neighbouring Authorities Plans and Consultations. In addition, the overall impact of the risk has reduced from a “3” to a “2” (risk matrix score reduced from “9” to “7”).
- 2.5 Deletion of the risk of Hitchin Town Centre Development and its replacement with “Churchgate and the Surrounding Area”. This has a lower impact score (reduced from a “3” to a “2”). The risk matrix score is now reduced from an “8” to a “5”.
- 2.6 The addition of the Local Plan as a new Top Risk.

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. Further details relating to the change in each risk is included under Section 8 of this report.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There are no alternative options that are applicable.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 Consultation has been undertaken with SMT and the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion'). Lead Officers discuss these risks with the relevant Portfolio Holder.

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 Finance, Audit and Risk Committee received an update report on the Top Risks at its June 2013 meeting. The Committee noted:

- A reduction in the assessment of the Hitchin Town Centre risk;
- A reduction in the assessment of the Community Right to Bid sub risk (covered under the main risk of Organisational Workload);
- The addition of a new SMT risk relating to the Replacement Payroll System/Service.

7.2 The Top Risks have been reviewed and the changes circulated to SMT. All of the Top Risks are summarised on the Risk Matrices in Tables 1 and 2. The changed/new Top Risks covered in this report are attached as Appendix A.

8. SIGNIFICANT AMENDMENTS TO TOP RISKS

8.1 Waste And Recycling Service

At its meeting in September 2012, it was noted that the Waste and Recycling Service Top Risk was described by the following sub risks:

- The Alternative Financial Model;
- Cardboard;
- Food Waste;
- The Northern Transfer Station.
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It was agreed that the overall matrix score was increased to a "7".

8.1.1 Due to the changes made to the waste and recycling service during the summer, the alternative financial model, cardboard and food waste do not pose such a significant risk to the Council. It is, therefore, proposed that these sub risks are deleted and replaced with one relating to the New Waste and Recycling service. This risk mainly relates to the cost of the new service and the introduction of the new recycling service to flats. The Northern Transfer Station still poses a risk for NHDC and has been retained as a sub-risk. Overall the risk matrix score remains at a "7".

8.2 **Asset Management**

This is an existing Top Risk for Cabinet. The description of the risks to NHDC from managing its assets has been amended. This makes clear reference to the failure to reach agreement on the future development of the Gernon Road site (that includes Town Lodge). Negotiations continue with the Letchworth Garden City Heritage Foundation over the future of this site.

- 8.2.1 The Asset Management risk previously covered office accommodation but this has now been separated out into a separate risk entry.

8.3 **Office Accommodation**

This is a new Top Risk for Cabinet. Negotiations to purchase the District Council Offices are continuing. There will be risks arising from the refurbishment of the building and in encouraging third parties to share the accommodation.

8.4 **Sustainable Development of the District**

This has been a Cabinet Top Risk for a number of years. In order to more clearly describe and manage the risks to NHDC, this is now divided into two sub risks of National and Regional Planning issues and Neighbouring Authorities Plans and Consultations. These two risks have the same types of exposure for NHDC namely:

- failure to protect the environment for our communities;
- failure to protect the green belt and rural areas from inappropriate development;
- failure to provide the right mix of residential/commercial development to meet local needs;
- failure to productively co-operate with neighbouring authorities.

- 8.4.1 The two sub risks have different assessments. National and Regional Planning issues has a risk matrix score of "7" whereas Neighbouring Authorities Plans & Consultations has a score of an "8". Overall the "umbrella" risk of Sustainable Development has been given an assessment of an "7". This is reduction in the previous assessment which was previously a "9".

8.5 **Hitchin Town Centre Development**

The existing Top Risk had been replaced with one focussed on Churchgate and the Surrounding Area. The remaining risks around development of the Northern Area of Paynes Park and the Post Office site have been included in the service risk register relating to Town Centre Strategies. Additionally Town Centres are highlighted in the risk description for the new Top Risk relating to the Local Plan.

- 8.5.1 The previous Top Risk for Hitchin Town Centre Development had a risk matrix score of an "8". That assessment was considered by the June 2013 meeting of this Committee. It is proposed that the risk matrix score for the new Top Risk of Churchgate and the Surrounding Area is a "5". The risk description and assessment would be amended should a development proposal be received.

8.6 **Local Plan.**

This is a new Top Risk proposed for Cabinet. This relates to the risks arising from the preparation of the Local Plan and in obtaining the final approval from the Inspector at Examination. There are a number of events that could derail obtaining approval for the Local Plan and these are listed within the risk description.

- 8.7 The revised Top Risks as described in paragraphs 8.1 to 8.6 are summarised on the risk matrices in Tables 1 and 2. There have been no changes to the assessments of the SMT risks shown in Table 2.

Table 1: Risk Matrix – Cabinet Risks

likelihood	3 high	4	Waste & Recycling Service 7 Sustainable Development of the District ↓ (9)	9 Delivery of Outcomes from the Museum FSR Managing the Council's Finances <i>Local Plan (new)</i>
	2 medium	2	5 Asset Management Office Accommodation (new) Churchgate and the surrounding area (new)	8 Hitchin Town Centre Development (replaced)
	1 low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

Table 2 – SMT Top Risks

likelihood	3 high	4	7	Replacement payroll system / payroll service 9
	2 medium	2	5 Procurement, Tendering & Letting of Contracts Workforce Planning Organisational Workload	8
	1 low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

9. LEGAL IMPLICATIONS

- 9.1 No legal implications arise from Risk Management updates to the Finance, Audit and Risk Committee. The Committee's Terms of Reference make it responsible for monitoring the effective development and operation of risk management and corporate governance in the council

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 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.
- 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. 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.

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 12.

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

- 16.1 Appendix A – Amended Top Risks referred to in Section 8 of this report

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 None other than the risks held on Covalent the Council's Performance and Risk Management IT system.