

**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.
- 1.2 To provide the Committee with an update on the Risk Management audit completed by the Shared Internal Audit Service (SIAS) in the first quarter of 2014/15.

**2. RECOMMENDATIONS**

- 2.1 That the Committee notes and refers the new risk of the Waste & Street Cleansing Contract Renewal to Cabinet.
- 2.2 Note the new SMT Top Risk of Development of Careline.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 The responsibility for ensuring the management of the risks referred to in Section 2.1 of this report is that of Cabinet.
- 3.2 SMT Top Risks are monitored by this Committee.

**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 the June 2014 meeting. The Committee recommended the change in the assessment of the risk of Managing the Council's Finances to Cabinet. In addition, various changes to the risks surrounding waste and recycling were recommended to Cabinet.
- 7.2 The Top Risks have been reviewed. The new Top Risks have also been reviewed and agreed by SMT. All of the Top Risks are summarised on the Risk Matrices in Tables 1 and 2. Members are able to view the current risk descriptions on Covalent, the Council's performance and risk management software.
- 7.3 The Council's Risk and Opportunities Management Strategy describes the role of this Committee as to "oversee the effective management of risk by the Council by receiving and considering the Top Risks and risk management reports. Any changes to the Top Risks are referred to Cabinet".
- 7.4 The Waste & Street Cleansing Contract Renewal and the Careline projects have been included as key projects in the Priorities for the District 14/15. They are both supporting the priority of "Living Within our Means"; additionally, the work on the development of Careline contributes not only to the district's commitment under the Public Health agenda to support and protect vulnerable people, especially those being cared for at home, but also across the wider county.

## **8. NEW TOP RISKS**

### **8.1 Waste & Street Cleansing Contract Renewal**

The waste and street cleansing contract is due for renewal on 1 April 2017. This has been recommended as a Top Risk due to the high value of the contract and the impact of this service on all North Herts residents. The Contract Renewal Strategy will need to address a complex and evolving statutory environment, changes in the disposal infrastructure and opportunities for collaborative working.

### **8.2 Development of Careline.**

This has been included as a Top SMT risks as there are a number of opportunities to develop the business of Careline and support independent living for the residents of Hertfordshire. In view of the requirement to mobilise quickly by Hertfordshire County Council there are a number of risks to ensuring the Council makes the most from this and other opportunities to develop this business.

8.3 The full risk descriptions for the new risks outlined in paragraphs 8.1 to 8.3 are included in Appendix A.

8.4 Tables 1 and 2 illustrate the current and proposed changes to the Top Risks.

**Table 1: Risk Matrix – Cabinet Risks September 2014**

<b>likelihood</b>	<b>3</b> high	4	7 Sustainable Development of the District	9 Local Plan  Northern Transfer Station & Ancillary Facilities
	<b>2</b> medium	2	5 Office Accommodation  Churchgate and the surrounding area  Asset Management	8  Delivery of Outcomes from the Museum FSR  <i>Waste &amp; Street Cleansing Contract Renewal (New)</i>  Comingled waste Managing the Council's Finances
	<b>1</b> low	1	3	6
		1 Low	2 Medium	3 High
		<b>Impact</b>		

**Table 2 – SMT Top Risks June 2014**

<b>likelihood</b>	<b>3</b> high	4	7 Replacement payroll system / payroll service	9
	<b>2</b> medium	2	5 Procurement, Tendering & Letting of Contracts  Workforce Planning  Welfare Reform and Interest Rates	8 <i>Development of Careline (New)</i>
	<b>1</b> low	1	3	6
		1 Low	2 Medium Impact	3 High

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## **9. INTERNAL AUDIT REVIEW OF RISK MANAGEMENT**

- 9.1 The final SIAS report on risk management provided a Full level of assurance (There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.)
- 9.2 One “Merits Attention” recommendation was made. This was that the Risk Management Group should review Operational risks that have a high risk assessment/ are long standing etc. and the manager responsible for these risks should be present for that review. The Risk Management Group considered this recommendation and agreed that the best way to challenge and review these risks was at service team meetings instead.
- 9.3 The operational risks for that service would be included in a Performance & Risk report for consideration at that team meeting and include not only the service risks but also any outstanding audit actions; performance indicators; outstanding audit actions and progress on delivering the Priorities for the District. This would enable a local challenge by managers within that service who would have a better understanding of the operational service risks, including new and emerging risks relevant to that service, than necessarily those members of the Risk Management Group. This type of report has been presented to the Leisure & Environment service and risk assessments and new risks have been reviewed and identified successfully through the peer challenge it generated.

## **10. LEGAL IMPLICATIONS**

- 10.1 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

## **11. FINANCIAL IMPLICATIONS**

- 11.1 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.

## **12. RISK IMPLICATIONS**

- 12.1 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.

## **13. EQUALITIES IMPLICATIONS**

- 13.1 The Equality Act 2010 came into force on the 1<sup>st</sup> October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5<sup>th</sup> 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.

- 13.2 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.
- 13.3 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.

#### **14. SOCIAL VALUE IMPLICATIONS**

- 14.1 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 13.

#### **14. HUMAN RESOURCE IMPLICATIONS**

- 15.1 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.

#### **16. APPENDICES**

- 16.1 Appendix A – The Top Risks of Development of Careline and Waste & Street Cleansing Contract renewal.

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**18. BACKGROUND PAPERS**

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

18.2 The Risk & Opportunities Management Strategy 2013-16. <http://www.north-herts.gov.uk/aksnherts/images/att6979.doc>