

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

- 2.1 That the Committee notes and refers to Cabinet the increased assessment of the likelihood of the “Office Accommodation” Top Risk.
- 2.2 The Committee notes the increase in likelihood for the “sale of materials” sub-risk to the “Waste & Recycling Contract Renewal” Top Risk.
- 2.3 That the Committee notes minor changes have been made to the Risk and Opportunities Management Strategy and Policy.

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.
- 3.2 This Committee has responsibility to monitor the effective development and operation of risk management.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options that are applicable.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has been undertaken with SMT and the Risk Management Group (this includes Councillor T Hone as Risk Management Member ‘champion’) and these recommendations were supported. Lead Officers discuss these risks with the relevant Executive Member.

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 At the September meeting, the Finance, Audit and Risk Committee agreed to the following:
- An increase in likelihood of the “Increased Homelessness and use of Bed & Breakfast” risk plus a change from an SMT to a Cabinet Top Risk.
 - An increase in likelihood of the “Managing the Council’s Finances” Top Risk.
 - The introduction of a new sub-risk to the “Waste & Recycling Renewal” risk of the “Sale of Materials”.
- 7.2 The Top Risks have 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 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 “Office Accommodation” Top Risk is identified as a key project in 2015/16. It supports the priority of “Living within our Means”.

8. REVISED TOP RISKS

- 8.1 The following top risks have had changes to their assessments so have been highlighted in this report.

8.1.1 Office Accommodation

Due to capacity issues and the project entering into the implementation phase in 2016, the likelihood of the risk has increased from a 2 to a 3¹. In the event of capacity causing delays to the project, a Financial Risk has been included within the budget for 16/17 to enable additional support to be acquired if needed.

8.1.2 Waste & Street Cleansing Contract Renewal

This Top Risk has a number of sub-risks that record what the Council needs to consider such as the complex and evolving statutory environment for waste & recycling and changes in the disposal infrastructure and opportunities for collaborative working. The sub risk of “Sale of Materials” has an increased likelihood score (moving from a 2 to a 3) but the overall assessment of the main risk currently remains unaltered.

Sale of Materials

The income that the Council receives from the sale of commingled recycling has dropped over the past 12 months. A gate fee is now being charged to process the commingled recycling we collect from households. Previously we have been receiving an income for the sale of this processed material.. The income received or gate fee charged is calculated based on the compositional make up of the commingled material we send and global market prices. Prices in recent months have fallen sharply for some of the higher value products such as aluminium and steel cans having a significant impact on the ‘basket price calculated for our material. In addition our material composition has changed and includes a proportion of contamination which is costly to dispose of and in some instances for example food waste contamination can have a negative impact of the sale price of other products. A communications plan is

¹ A “3” likelihood assessment reflects that “The event will occur on numerous occasions (4 or more times) within the next 12 months”

being implemented to try to address contamination through better education of the consequences in the first instance.

- 8.2 The full risk entries for the Top Risks outlined in paragraph 8.1 are included in Appendix A. These risk entries detail the work completed and planned work to mitigate these risks.
- 8.3 Tables 1 and 2 illustrate the current and proposed changes to the Top Risks.

Table 1: Risk Matrix – Cabinet Risks December 2015

| | | | | |
|------------|-------------|----------|---|--|
| likelihood | 3 high | 4 | 7 Sustainable Development of the District Office Accommodation (5) ↑ | 9 Local Plan North Hertfordshire Museum & Hitchin Town Hall Managing the Council's Finances Increased Homelessness & use of B & B |
| | 2 medium | 2 | 5 Churchgate and the surrounding area Asset Management | 8 Waste & Street Cleansing Contract Renewal |
| | 1 low | 1 | 3 | 6 |
| | | 1 Low | 2 Medium Impact | 3 High |

Table 2 – SMT Top Risks December 2015

| | | | | |
|------------|-------------|----------|--------------------------------|-------------------------------------|
| likelihood | 3 high | 4 | 7 | 9 |
| | 2 medium | 2 | 5 Workforce Planning | 8 Development of Careline |
| | 1 low | 1 | 3 | 6 |
| | | 1 Low | 2 Medium Impact | 3 High |

9. RISK & OPPORTUNITIES MANAGEMENT STRATEGY & POLICY

9.1 The Risk & Opportunities Management Strategy is not due for review at the present time as it covers the period 2014-17. However, due to the changes to the Objectives for 2016, the Strategy has been amended to note these. As this change is relatively minor and no fundamental changes are proposed to the risk management frame work at the Council, the revised Strategy has not been appended to this report.

10. LEGAL IMPLICATIONS

10.1 No legal implications arise from this report. The Committee’s Terms of Reference include “to monitor the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet.” This report gives the Committee the opportunity to review and comment on the Top Risks and have they have and are proposed to be managed.

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 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.
- 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, and especially to its most vulnerable residents such as those who are homeless

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 paragraph 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 Office Accommodation and the sub-risk to the Waste & Street Cleansing Contract of Sale of Materials.

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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 2014-17.