

TITLE OF REPORT: ITEM REFERRED FROM CABINET: 13 JUNE 2017 – RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

The following is an extract from the Draft Minutes of the Cabinet meeting held on 13 June 2017.

6. ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 12 JUNE 2017 – RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

The Vice-Chairman of the Finance, Audit and Risk Committee presented the following referral from that Committee, made at its meeting held on 12 June 2016, in respect of a Risk Management Update and Annual Report on Risk Management 2016/17 (Minute 12 refers):

“RECOMMENDED TO CABINET:

- (1) That the reduction in the score for the “Increased Homelessness and use of B & B” risk from a 7 to a 5 be approved;
- (2) That the reduction in the score for the “Office Accommodation” risk from a 7 to a 5 be approved;
- (3) That a reduction in the likelihood score for the “Sale of Materials” sub-risk to a 2 – Medium – be approved; and
- (4) That the Annual Report on Risk and Opportunities Management 2016/17, as set out at Appendix B to the report, be supported and referred to Council for approval.”

The Cabinet was pleased that the “Increased Homelessness and use of B & B” risk was proposed to be reduced in score. It was noticed that the Risk matrix which formed part of the Annual Report on Risk and Opportunities Management 2016/17 showed the aforementioned risk as 5 score when at that time it should have been a 7 score. This was an error, which would be corrected in the version of the Annual report which would be submitted to Council on 19 July 2017.

RESOLVED:

- (1) That the reduction in the score for the “Increased Homelessness and use of B & B” risk from a 7 to a 5 be approved;
- (2) That the reduction in the score for the “Office Accommodation” risk from a 7 to a 5 be approved;
- (3) That a reduction in the likelihood score for the “Sale of Materials” sub-risk to a 2 – Medium – be approved; and

RECOMMENDED TO COUNCIL: That the Annual Report on Risk and Opportunities Management 2016/17, as set out at Appendix B to the report, and as amended, be approved.

REASON FOR DECISION: To comply with the requirements of the Risk and Opportunities Management Strategy.

The following is the report considered by the Cabinet at its meeting held on 13 June 2017.

TITLE OF REPORT: RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 To provide the Committee with an update on the management of the Corporate risks

2. RECOMMENDATIONS

2.1 That the Committee notes and refers the changes in the Corporate risks to Cabinet.

2.2 That the Annual Report on Risk Management 2016/17 (attached at Appendix B) is referred to Cabinet for onward referral to Council.

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 March meeting of the Finance, Audit and Risk Committee the increase in the likelihood of the "Shared Procurement Opportunity" sub-risk that falls under the umbrella of the overarching "Waste & Street Cleansing Contract Renewal" risk and the addition of "Cyber Risks" as a new Corporate risk were approved and referred on to Cabinet.

8. RELEVANT CONSIDERATIONS

8.1 The Risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Covalent, the Council's performance and risk management software. The changes to the assessment of the current Corporate risks & opportunities are outlined in sections 8.2, 8.3 and 8.4.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Income Generation Projects • Sustainable Development (2 x Sub Risks) 	9 <ul style="list-style-type: none"> • Local Plan • Managing the Council's Finances • North Hertfordshire Museum and Hitchin Town Hall Project
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness and Use of B&B (<i>Reduced from 7</i>) • Office Accommodation (<i>Reduced from 7</i>) • Workforce Planning 	8 <ul style="list-style-type: none"> • Cyber Risks • Waste and Street Cleansing Contract Renewal (8 x Sub Risks)
	1 Low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

8.2 **Increased homelessness and use of B&B** In March 2017, officers reviewed this risk again and reduced the likelihood risk score to "Medium" (2). Use of B&B accommodation has consistently reduced over the last year and at the time of the review, there were no homeless households being accommodated in B&B. The current level of homelessness within the district is being managed using available temporary accommodation units. However, officers noted that this is a challenging issue and that demand can be unpredictable. Therefore, the risk will be subject to quarterly reviews. This proposed change will move the Homelessness risk from a 7 to a 5 on the Matrix

8.3 Office Accommodation

Willmott Dixon commenced work on site on 6 March 2017. They are currently undertaking asbestos removal and demolition works and are on schedule. Some unforeseen issues have been identified during the works and these are being assessed. Any solutions required will be financed from existing budgets. In view of the progress made and the Council's commitment to complete the refurbishment, Officers have reduced the Likelihood risk score to "2- Medium. This proposed change will move the Office Accommodation risk from a 7 to a 5 on the Matrix.

8.4 Sale of Materials Sub Risk

The likelihood risk score has been reduced to 2-Medium, as a new contract has been procured for mixed recycling services until May 2018. Currently, a saving against budget is predicted. This proposed change has no effect on the placement of the Waste and Street Cleansing Contract Renewal risk, which remains as 8 on the Matrix.

9. LEGAL IMPLICATIONS

- 9.1 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 high level Risks and have they have and are proposed to be managed.

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 Corporate 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 / Corporate Risks are being managed.

12. EQUALITIES IMPLICATIONS

- 12.1 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, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 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

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

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 Corporate Risk relating to Workforce Planning.

15. APPENDICES

- 15.1 Appendix A – The Corporate risks & opportunities with changed assessments.
Appendix B – Annual Report on Risk Management 2016/17.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 The risks held on Covalent the Council’s Performance and Risk Management IT system.