

EAST HERTS COUNCIL

AUDIT COMMITTEE – 18 MARCH 2015

EXECUTIVE – 8 JUNE 2015

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND
SUPPORT SERVICES

RISK MANAGEMENT STRATEGY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The Risk Management Strategy has been updated to reflect current best practice.

RECOMMENDATIONS FOR AUDIT COMMITTEE:

That:

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| (A) | the updated Risk Management Strategy be scrutinised; and |
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| (B) | the Executive be advised of any recommendations. |
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RECOMMENDATIONS FOR THE EXECUTIVE:

That:

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| (A) | the comments of Audit Committee be received; and |
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| (B) | the Executive recommend to Council that the updated Risk Management Strategy be approved. |
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1.0 Background

1.1 The Risk Management Strategy should be reviewed annually. This report details the minor amendments made.

2.0 Report

- 2.1 Risk management can be defined as:
The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).
- 2.2 By managing risks effectively, the Authority is in a stronger position to deliver services in accordance with corporate priorities. By managing opportunities, it is better positioned to provide continuous improvement in its services and better value for money.
- 2.3 The current strategy was prepared in 2013 following an overhaul. The Committee cycle was completed on 16 October 2013.
- 2.4 The Strategy should be subject to annual review, but the review scheduled for autumn 2014 was intentionally delayed to coincide with the new financial year. This has been reported verbally at previous Audit Committee meetings.
- 2.5 The Director of Neighbourhood Services, the Director of Finance and Support Services, the Head of Governance and Risk Management, and the Risk Assurance Officer have reviewed the Strategy to reflect changes in Council structure and procedure, and ensure that best practice continues to be followed.
- 2.6 The strategy is based largely on a 'toolkit' prepared by the Association of Local Authority Risk Managers. This remains in place. Minimal changes were therefore required. These are detailed in the following paragraphs (2.7 to 2.9).
- 2.7 Outdated text concerning the Localism Act has been deleted from page 4.
- 2.8 The figures contained in the financial elements of the risk scoring matrix have been rounded up. The former method of calculation, a percentage of the general reserve, has ceased. However, the matrix still clearly defines the Council's 'risk appetite', i.e. the level of service disruption, financial loss or reputation damage that the authority can tolerate.
- 2.9 The process for monitoring corporate risks has been tidied up on pages 8, 11 and 16. The changes are very minor and only reflect

tweaks to internal processes including linkages to the Corporate Operational Risk Management Group.

- 2.10 The Institute of Risk Management has updated its definition; however, the previous version shown on page 4 of Essential Reference Paper B is preferred and has been retained. (The Institute of Risk Management's new definition is 'The systematic process of understanding, evaluating and addressing risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable. Risk management also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities').
- 2.11 The risk identification and challenge processes are still considered to be robust and remain unchanged.
- 2.12 The Corporate Operational Risk Management Group is running well with risk monitoring being challenged and / or agreed by attendees. One major project has resulted. A corporate land management policy is currently being drafted with risk assessed standards of inspection and maintenance drafted for all services. A review of lone working arrangements for all services is also underway.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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