

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 27 AUGUST 2013

AUDIT COMMITTEE – 18 SEPTEMBER 2013

EXECUTIVE – 1 OCTOBER 2013

REPORT BY THE LEADER OF THE COUNCIL

11. RISK MANAGEMENT STRATEGY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

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

RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY COMMITTEE : that

(A)	The updated Risk Management Strategy be scrutinised; and
(B)	The Executive be advised of any recommendations.

RECOMMENDATION FOR AUDIT COMMITTEE: that:

(A)	The comments of Corporate Business Scrutiny Committee be received; and
(B)	The Executive be advised of any recommendations.

RECOMMENDATION FOR THE EXECUTIVE: that

(A)	The comments of Corporate Business Scrutiny Committee be received; and
(B)	The updated Risk Management Strategy be approved.

1.0 Background

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

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 Director of Neighbourhood Services, the Manager of Corporate Risk and the Risk Assurance Officer have revised the Strategy to reflect current legislation, best practice, and to simplify policy and procedures. The review was delayed pending an Internal Audit report, and also release of a toolkit from ALARM, the Association of Local Authority Risk Managers. Both documents are reflected in the revised strategy. The Strategy will in future be reviewed annually and any significant amendments will be reported to Corporate Business Scrutiny Committee, Audit Committee and The Executive.

2.4 Key changes to the previous version of the strategy are detailed in the following paragraphs (2.5 to 2.11). The strategy document is attached as **Essential Reference Paper 'B'**.

2.5 **Scoring** – The risk scoring matrix has been simplified, and now clearly defines the Council's 'risk appetite', i.e. the level of service disruption, financial loss or reputation damage that the authority can tolerate. More consistent scoring can be expected in future, and it is hoped that Members and officers will receive more assurance regarding the likelihood or levels of exposure, particularly financial.

2.6 **Timetable** – Risk reporting periods have been following the Audit Committee timetable as best as possible. This was originally requested to ensure that risk registers were received in a timely

manner shortly after the reporting period. However, these timing issues have continued.

2.7 Other negative consequences of following the Audit Committee timetable are:

- Risk registers are not produced quarterly. Two reports span a period of two months and two reports span four months. There can be limited information to capture due to the short time span between service planning and risk report preparation, or report preparation and the next round of risk discussions at team meetings.
- The risk year commences in May so does not mirror the financial year. This causes confusion and Covalent has frequently been updated with controls for the wrong period.
- Consequently we have reverted to a quarterly reporting cycle for 2013/14, commencing April 2013.

2.8 **Frequency of monitoring** – Risk management will become a standing item on monthly Departmental Management Team meeting agendas in order that critical risks ('red risks') can be discussed regularly. Covalent will be updated quarterly unless there has been significant movement.

2.9 All strategic and operational risks, including control commentary completed by officers, can be viewed at any time on Covalent by all Members.

2.10 **Operational Risk Management Group** – The group was not as productive as originally envisaged; membership has therefore been reconsidered. More senior officers will attend in future so that the group can:

- manage corporate risks, e.g. IT performance, data protection, contract management, and determine the level of risk facing the Authority.
- produce consistent policies across the Authority, e.g. land management and inspection, lone working arrangements.
- advise on and support reviews of existing policy or new initiatives, e.g. HR and IT policies, health and safety, anti-

fraud measures, internal controls, data protection, business continuity planning and project management.

- monitor existing procedures, e.g. receive health and safety or data protection compliance reports.
- 2.11 It is expected that the first meeting of the new Operational Risk Management Group will consider lone working, front line staff safety and land inspection regimes.
- 2.12 There has been **no** changes to the way in which risks are explained to Members in committee reports, but any weak commentary should be challenged and assurance sought.
- 2.13 The risk identification process is considered to be robust, and remains **unchanged**. Service planning requires completion of a risk register, which is scrutinised by a panel of officers and also at Departmental and Corporate Management Team meetings. Risk registers are compared with other local authorities, emerging trends and guidance from professional bodies.
- 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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