

EAST HERTS COUNCIL

AUDIT COMMITTEE – 18 SEPTEMBER 2013

REPORT BY THE LEADER OF THE COUNCIL

RISK MANAGEMENT MONITORING REPORT (APRIL TO JUNE 2013)

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report relates to action taken to mitigate and control strategic risks in the period April to June 2013.

RECOMMENDATION FOR AUDIT COMMITTEE: That:

(A)	The action taken to mitigate and control strategic risks be approved.
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1.0 Background

The Strategic Risk Register was considered by Audit Committee on 10 July 2013. The register has been updated to reflect controls implemented between April and June 2013 and is attached at **Essential Reference Paper ‘B’**.

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 Managing threats and opportunities helps to create an environment of “no surprises” and 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 Council's Risk Management Strategy has been revised, and will be presented at this meeting. A new risk scoring matrix has been introduced with the following system of rating adopted:

The following scores are used to rate the potential impact if the risk was to occur:

- 4 Sum involved is greater than £280,000 and/or National criticism and/or catastrophic fall in service quality.
- 3 Sum involved is between £140,000 and £280,000 and/or Regional criticism and/or major long term fall in service quality.
- 2 Sum involved is between £50,000 and £140,000 and/or Long term local media criticism and/or minor long term or major short term fall in service quality.
- 1 Sum involved is less than £50,000 and/or Short-term local media criticism and/or short-term fall in service quality.

The following scores are used to rate the likelihood of occurrence:

- 4 The event is likely to occur within a year.
- 3 The event may occur within, or more than once in three years.
- 2 The event could occur less frequently than every three years.
- 1 The event could occur in exceptional circumstances.

These scores are further assessed to classify whether risks are considered to be critical, caution / contingency or control.

2.4 All strategic and operational risks were reviewed ahead of the new risk year following completion of service plans. This followed on from consideration of new and emerging risks identified by other local authorities and other sources, and discussions at both Departmental and Corporate Management Team meetings.

2.5 The eight strategic risks from 2012/13 remain, and a new risk concerning the welfare reforms has been added for 2013/14. (Reference 13-SR9).

2.6 The Strategic Risk Register, **Essential Reference Paper 'B'**, has been updated to reflect controls implemented between April and June 2013. In previous years the Audit Committee timetable has been followed, but quarterly reporting has been re-introduced to

mirror the financial year. This has resulted in a one month overlap with the final report of 2012/13.

2.7 This information was presented to the Executive on 3 September 2013. There are no comments to relay.

2.8 The new matrix, and all strategic and operational risks, can be viewed on the Council's performance management system, Covalent (www.covalentcpm.com/eastherts).

2.9 At the Audit Committee meeting on 10 July 2013, Members enquired whether issues relating to the District Plan have been considered as part of the risk monitoring process. This has been picked up through Neighbourhood Services as Operational Risk 13-NS16 'Strategic planning issues - risk of loss of planning control by virtue of slow or insufficiently robust delivery of District Plan'.

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

Risk Monitoring Report February to April 2013 – Audit Committee 10 July 2013.

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